

August 22, 2024

Mr. Kent Williams
Silverstein Properties, Inc.
250 Greenwich Street 38th Floor
New York, NY 10007

Re: Value Appraisals – 7 World Trade Center property
Consent to include within Quarter 2 2024 Financial Report

We hereby give our full consent to Silverstein Properties Ltd. to the inclusion of our Appraisal Report dated July 24, 2024 (effective date June 30, 2024) regarding the 7 World Trade Center property.

The report, in its entirety, can be included in accordance with the Israeli Securities Law within the Quarter 2 2024 Financial Report to be published by the Company during and no later than August 27, 2024 (“the Report”) and for the Israel Securities Authority.

In addition, we hereby give our full consent to the inclusion of a copy of this letter within the Company’s Report.

We appreciate this opportunity to provide valuation services to Silverstein Properties LTD.

JLL Value and Risk Advisory, LLC

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'D. Lyon', with a stylized flourish at the end.

David Lyon
Executive Director

Value and Risk Advisory

Client: Silverstein Properties
Property Name: 7 World Trade Center
Property Address: 250 Greenwich Street, New York, NY 10007
Report Date: July 24, 2024
JLL File #: VA-24-260567



7 World Trade Center
250 Greenwich Street
New York, NY 10007

July 24, 2024

Mr. Eitan Horwitz
Vice President - Asset Management
Silverstein Properties
7 World Trade Center, 250 Greenwich Street
New York, NY 10007

Re: Appraisal

7 World Trade Center
250 Greenwich Street
New York, New York County, NY 10007

File Number: VA-24-260567

Dear Mr. Horwitz:

At your request, we have prepared an appraisal for the above referenced property, which may be briefly described as follows:

The subject property site is a 58,256 square-foot (1.34-acre) parcel comprising a full city block within the World Trade Center submarket of Lower Manhattan, City, County and State of New York. The site is bounded by West Broadway to the east, Washington Street to the west, Vesey Street to the south, and the intersection of Greenwich Street and Barclay Street to the north. The site is identified as Block 84, Lot 36 on the New York County tax maps.

The site is improved with a 52-story, Class A+/Trophy office facility containing a total gross building area of 1,603,861 square feet, according to provided information, and a rentable area of 1,687,685 square feet, which is exclusive of storage, telecom, and management office space, and which utilizes a market-oriented loss factor. The improvements were constructed between 2002 and 2006 and represent the first structure to be completed within the new World Trade Center complex. The building was constructed to replace the original structure on the site, which was destroyed during the September 11th attacks of 2001. The lower floors of the building house a Con Edison electrical substation which provides power to much of Lower Manhattan. The site also contains an approximately 15,000 square-foot, triangular park with a central plaza and fountain that is situated at the east of the site, opposite the main entrance, between Greenwich Street, which bifurcates the site, and West Broadway.

The improvements are presently 94.4% leased to 18 tenants, not inclusive of telecom license agreements or storage space, with a weighted average lease term (WALT) of 6.1 years. Moody's is the anchor tenant within the building and presently leases 797,537 square feet, or 47.3% of the total rentable building area, through November 2027. Other major tenants within the building include Wilmer Hale, MSCI, Moet Hennessy, and Skidmore, Owings & Merrill (Moody's subtenant who has a direct lease upon expiration

commencing December 2027). Additionally, the facility is used as the NYC Headquarters of Silverstein Properties, who developed, operates, and owns the leasehold position in the building.

Moody's recently invested in significant upgrades to a portion of its space to incentivize its workers to return to the office, although the majority of the Moody's floors are reflective of their original buildout. Moody's has expressed interest in giving back 157,460 square feet of space across floors 11 through 15, and these floors are actively being marketed for lease, although there are reportedly no immediate plans for ownership to take back this portion of the Moody's space early. Given that Moody's is an investment-grade tenant with a BBB+ credit rating, we have processed the terms of the in-place lease through expiration and considered the likelihood of renewal/downsizing within our leasing and absorption assumptions.

The subject currently operates under a long-term ground lease between the Port Authority of New York and New Jersey (fee owner) and Silverstein Properties (leaseholder). The original ground lease commenced on January 1, 1981, and was amended as of February 6, 2003, subsequent to the destruction of the original building. The current ground lease term expires on December 31, 2026, and there are three (3) 20-year extension options thereafter at fair market rent, which is defined by the ground lease as an appropriate percentage of the fair market value of the underlying land, assuming the right to construct a building with the same gross square footage as the subject. In determining a market-oriented ground rent reset, we have analyzed recent land sales and interviewed brokers with expertise in this matter for further support.

The property receives a full tax exemption due to the ownership of the fee interest in the underlying land by the Port Authority. There is a PILOT agreement in-place for the duration of the ground lease obligating ownership to make payments in lieu of taxes, which are significantly below the market-based tax liability for the property based on the assessed value. Per the ground lease, the PILOT agreement would become void if the Port Authority were to sell its fee interest in the site to a private buyer, which would obligate the leaseholder to pay market taxes. We have considered this risk within our investment rate selection as well as in our fair market rent determination for the upcoming ground rent reset.

The subject is financed with Liberty Bonds exhibiting a blended interest rate of approximately 3.12% and with maturity dates between September 2043 and September 2052 (blended average September 2048). While our value conclusion does not explicitly assume a transfer subject to assumed financing, we have considered this as a reasonably likely scenario, given the duration of the financing and the below-market interest rates. We have employed the extraordinary assumption that the in-place debt is transferrable.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and applicable state appraisal regulations. This appraisal is also intended to be consistent with the requirements of IFRS Accounting Standards.

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), we have made the following value conclusion(s):

Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Fair Market Value As Is	Leasehold	June 30, 2024	\$1,230,000,000

Your attention is directed to the Limiting Conditions and Assumptions section of this report. Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, we note the following:

Extraordinary Assumptions & Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in the analysis which, if found to be false, could alter the appraiser's opinions of conclusions.

1. Ownership will place funds into a capital reserve account for future lease-up expenditures, thereby resulting in \$0 in percentage ground rent for the remaining ground lease term prior to the reset, as this is a function of the net cash flow inclusive of capital spending.
2. The in-place debt for the subject is transferable upon a sale.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is 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.

1. None.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

JLL Valuation & Advisory Services, LLC



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Certification Statement

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 future interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
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 estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. We certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
11. We have not performed any services, as an appraiser or in any other capacity, regarding the subject property within the three-year period immediately preceding acceptance of this assignment.
12. David C. Lyon, Benjamin N. Butler, and Andrew E. Frost have made a personal inspection of the property. Adam Dembowitz, MAI, MRICS, has not made a personal inspection of the property.
13. No one provided significant real property appraisal assistance to the persons signing this certification.
14. As of the date of this report, Adam Dembowitz, MAI, MRICS has completed the continuing education program for Designated Members of the Appraisal Institute.

15. As of the date of this report, David C. Lyon and Andrew E. Frost have completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.



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Summary of Salient Facts and Conclusions

Property Name	7 World Trade Center
Address	250 Greenwich Street New York, New York County, New York 10007
Property Type	Office Building
Owner of Record	
Leased Fee	The Port Authority of New York and New Jersey
Leasehold	7 World Trade Company, L.P.
Tax ID	Block 84, Lot 36
Land Area	1.34 acres; 58,256 SF
Gross Building Area (SF)	1,603,861 SF
Rentable Area (SF)	1,687,685 SF
Percent Leased	94.38%
Year Built	2006
Zoning Designation	C6-4; LM, General Central Commercial District; Special Lower Manhattan District
Highest & Best Use - As If Vacant	Multifamily development
Highest & Best Use - As Improved	Continued Office Use
Exposure Time; Marketing Period	9 to 18 months; 9 to 18 months

Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Fair Market Value As Is	Leasehold	June 30, 2024	\$1,230,000,000

The values reported above are subject to definitions, assumptions and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than the client and intended users may use or rely on the information, opinions and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions and limiting conditions contained therein.

Extraordinary Assumptions & Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in the analysis which, if found to be false, could alter the appraiser's opinions of conclusions.

1. Ownership will place funds into a capital reserve account for future lease-up expenditures, thereby resulting in \$0 in percentage ground rent for the remaining ground lease term prior to the reset, as this is a function of the net cash flow inclusive of capital spending.
2. The in-place debt for the subject is transferable upon a sale.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is 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.

1. None.

Summary Statistics

Value Indication As Is	\$1,230,000,000
Implied Capitalization Rate	
Year 1	6.20%
Year 2	6.17%
Year 3	5.85%
Year 4	3.24%
Year 5	2.07%
Five Year Average	4.71%
Average over Projected Hold	5.45%
Cash on Cash Returns	
Year 1	5.62%
Year 2	4.65%
Year 3	5.55%
Year 4	-8.93%
Year 5	1.23%
Five Year Average	1.63%
Average over Projected Hold	3.28%
Value/RBA	\$728.81

DCF Assumptions**6/30/2024****Rate Assumptions:**

Terminal Capitalization Rate	5.50%
Discount Rate	6.50%
Cost of Sale	4.00%

Revenue & Leasing Assumptions

% Leased	94.4%
Rent Growth Per Period	
Year 2	3.00%
Year 3	3.00%
Year 4	3.00%
Year 5	3.00%
Year 6	3.00%
Thereafter	3.00%
Stabilized Vacancy & Collection Loss	3.25%

Expense Assumptions

Expense Growth Rate	3.00%
Real Estate Tax Growth Rate	N/A - PILOT

Value Conclusions

Discounted Cash Flow	\$1,230,000,000
Direct Cap	Not Instructive
Sales Approach	\$1,200,000,000
Cost Approach	Not Instructive

Final Reconciled Value	\$1,230,000,000

SWOT Analysis

Strengths/Opportunities at the subject property include:

- Prominent full-block location within the World Trade Center submarket of Lower Manhattan, with excellent access to public transportation, complementary surrounding uses, and a dense residential base;
- Recently constructed trophy office building with modern infrastructure and design, including LEED Gold certification, floor to ceiling windows, column free interiors, and modern amenities;
- Excellent light and air characteristics, including panoramic views unobstructed by surrounding improvements;
- 94.4% leased to 18 tenants, which includes investment-grade tenancy, with a weighted average lease term (WALT) of 6.1 years; the subject has maintained high occupancy levels over the course of the pandemic;
- The contract rents exhibit upside, on average;
- The subject is tax exempt due to the fee ownership of the underlying site by the Port Authority, with the PILOT payments reflecting a significant discount to the market taxes;
- The in-place percentage ground rent offset by capital spending up until the rent reset period;
- The subject is financed with Liberty Bonds exhibiting a blended interest rate of approximately 3.12% and with maturity dates between September 2043 and September 2052 (blended average September 2048);
- There is a lease secured for floors 27 and 28 upon the Moody's expiration in 2027, and there is a lease proposal for floors 12, 14, and 15, with the potential to generate a termination payment from Moody's for an early termination for these floors;
- With an increase in conversions and a slowing of the development pipeline, the total New York office inventory is expected to decrease over the coming years, which is expected to tighten vacancy rates; and
- The subject property represents a core investment profile, and its status as a highly differentiated trophy asset should continue to attract demand from both tenants and investors

Weaknesses/Threats at the subject property include:

- The Moody's lease, which reflects approximately 47% of the total leased area, expires in November 2027, presenting re-leasing risk; significant lease-up costs are projected even in the event of a renewal;
- The subject reflects a leasehold interest with a finite duration and entailing the obligation of ground rent payments;
- There is an upcoming ground rent reset at the end of 2026 based on the underlying land value, which may be based upon a different highest and best use of the site than the use exhibited by the existing improvements, presenting risk with respect to the magnitude of the rent reset;
- The PILOT agreement would terminate if the Port Authority were to sell the fee position to a private buyer, which would obligate the leaseholder to pay market taxes; additionally, there would be an adjustment to the ground rent for the remainder of the current term;
- Worsened market-wide office leasing fundamentals post-Covid, including increased vacancy levels and concessions, and lower net effective rents; however, differentiated assets have been somewhat insulated from these effects due to the "flight-to-quality" dynamic;
- Competition from other Trophy product within the World Trade Center submarket and broader Manhattan market;
- Traditional office users continue to re-evaluate their need for physical office space, resulting in smaller footprints for new leases and reduced footprints for many renewals;
- Interest rates remain elevated, placing downward pressure on property values; and
The reduced availability of financing and a slowdown in market transaction activity.

Introduction

The subject property site is a 58,256 square-foot (1.34-acre) parcel comprising a full city block within the World Trade Center submarket of Lower Manhattan, City, County and State of New York. The site is bounded by West Broadway to the east, Washington Street to the west, Vesey Street to the south, and the intersection of Greenwich Street and Barclay Street to the north. The site is identified as Block 84, Lot 36 on the New York County tax maps.

The site is improved with a 52-story, Class A+/Trophy office facility containing a total gross building area of 1,603,861 square feet, according to provided information, and a rentable area of 1,687,685 square feet, which is exclusive of storage, telecom, and management office space, and which utilizes a market-oriented loss factor. The improvements were constructed between 2002 and 2006 and represent the first structure to be completed within the new World Trade Center complex. The building was constructed to replace the original structure on the site, which was destroyed during the September 11th attacks of 2001. The lower floors of the building house a Con Edison electrical substation which provides power to much of Lower Manhattan. The site also contains an approximately 15,000 square-foot, triangular park with a central plaza and fountain that is situated at the east of the site, opposite the main entrance, between Greenwich Street, which bifurcates the site, and West Broadway.

The improvements are presently 94.4% leased to 18 tenants, not inclusive of telecom license agreements or storage space, with a weighted average lease term (WALT) of 6.1 years. Moody's is the anchor tenant within the building and presently leases 797,537 square feet, or 47.3% of the total rentable building area, through November 2027. Other major tenants within the building include Wilmer Hale, MSCI, Moët Hennessy, and Skidmore, Owings & Merrill (Moody's subtenant who has a direct lease upon expiration commencing December 2027). Additionally, the facility is used as the NYC Headquarters of Silverstein Properties, who developed, operates, and owns the leasehold position in the building.

Moody's recently invested in significant upgrades to a portion of its space to incentivize its workers to return to the office, although the majority of the Moody's floors are reflective of their original buildout. Moody's has expressed interest in giving back 157,460 square feet of space across floors 11 through 15, and these floors are actively being marketed for lease, although there are reportedly no immediate plans for ownership to take back this portion of the Moody's space early. Given that Moody's is an investment-grade tenant with a BBB+ credit rating, we have processed the terms of the in-place lease through expiration and considered the likelihood of renewal/downsizing within our leasing and absorption assumptions.

The property receives a full tax exemption due to the ownership of the fee interest in the underlying land by the Port Authority. There is a PILOT agreement in-place for the duration of the ground lease, which obligates ownership to make payments in lieu of taxes, which are significantly below the market-based tax liability for the property per the assessed value. Per the ground lease, the PILOT agreement would become void if the Port Authority were to sell its fee interest in the site to a private buyer, which would obligate the leaseholder to pay market taxes. We have considered this risk within our investment rate selection as well as in our fair market rent determination for the upcoming ground rent reset.

The subject is financed with Liberty Bonds exhibiting a blended interest rate of approximately 3.12% and with maturity dates between September 2043 and September 2052 (blended average September 2048). While our value conclusion does not explicitly assume a transfer subject to assumed financing, we have

considered this as a reasonably likely scenario, given the duration of the financing and the below-market interest rates. We have employed the extraordinary assumption that the in-place debt is transferrable.

Subject Identification

Name	7 World Trade Center
Address	250 Greenwich Street, New York, New York County, NY 10007
Tax ID	Block 84, Lot 36
Owner of Record	The Port Authority of New York and New Jersey (Leased Fee) 7 World Trade Company, L.P. (Leasehold)
Legal Description	Lengthy - see appendix

Ownership and Transaction History

The subject currently operates under a long-term ground lease between the Port Authority of New York and New Jersey (fee owner) and Silverstein Properties (leaseholder). The original ground lease commenced on January 1, 1981, and was amended as of February 6, 2003, subsequent to the destruction of the original building. The current ground lease term expires on December 31, 2026, and there are three (3) 20-year extension options thereafter at fair market rent.

According to a provided document dated July 23, 2007, it was discovered subsequent to the completion of the improvements and occupancy by various tenants that fee title to certain portions of the ground leased site was held by the City and not the Port Authority. While the numerous conveyances by which the assemblage for the original World Trade Center was done in the late 1960's were all approved by the requisite governmental authorities, for an unknown reason, deeds for certain smaller parcels which were part of the site were never delivered to the Port Authority for recording. To remedy the situation without litigation, the leaseholder, Port Authority and the City entered into a Tri-Party Agreement dated as of November 16, 2006 which provided for certain conveyances between the Port Authority and the City, the net result of which was that the City would continue to hold title to the above-grade portion of Greenwich Street. This was done in order to satisfy the City's concern that it hold title to sufficient land in order to make Greenwich Street a through street if, in the future, it decides that re-opening that street is necessary and the leaseholder consents to it. The Tri-Party Agreement furthermore provides for the leaseholder, the Port Authority and the City to enter into a reciprocal easement agreement ("REA") granting (i) the City the right to approve any change in use by leaseholder of the triangular park located adjacent to Greenwich Street and (ii) the leaseholder the right to approve any changes to the use and configuration of Greenwich Street. Public records indicate various conveyances between the City, the Port Authority, the Lower Manhattan Development Corporation, and the Leaseholder occurring on December 5, 2007, which are understood to have been in connection with the aforementioned Tri-Party Agreement.

To the best of our knowledge, no sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date. Additionally, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date.

The salient terms of the ground lease are summarized by the following table.

Ground Lease Abstract

Landlord	The Port Authority of New York and New Jersey	
Tenant	7 World Trade Company, L.P.	
Premises	7 World Trade Center (Block 84, Lot 36)	
Original Commencement	1/1/1981	
Modification	2/6/2003	
Expiration Date - Current Term	12/31/2026	
	Start	End
Renewal Period 1	1/1/2027	12/31/2046
Renewal Period 2	1/1/2047	12/31/2066
Renewal Period 3	1/1/2067	12/31/2086
Ground Rent Calculation		
Base Ground Rent	Occupied rentable SF × \$6.75 × 0.7901	
Percentage Ground Rent	40% × (Net Cash Flow - Basic Annual Ground Rent)	
Year 1 Base Ground Rent Projection	\$8,520,909	
Year 1 Percentage Ground Rent Projection	<u>\$0</u>	
Year 1 Aggregate Ground Rent Projection	\$8,520,909	
Renewal Ground Rent	Fair Market Rent based on Underlying Land Value	
Ground Rent Reset Projection	\$20,300,000	

The base ground rent payments are based on the total occupied rentable area within the building multiplied by a factor of approximately 79%, which adjusts for the differences in rentable area measurement standards between the current date and when the ground lease was first implemented.

The percentage ground rent is offset by capital expenditures and reserves. Ownership will reportedly incrementally reserve approximately \$91M into an account between the date of value and the Moody's lease expiration date in anticipation of future lease-up costs and TI's. This is in addition to the approximately \$32M which has already been funded into the account. According to ownership projections, this is anticipated to result in no percentage ground rent payments through the remaining ground lease period. The table on the following page illustrates ownership's projections for the percentage ground rent payment for the 2024 year.

Percentage Ground Rent Payment - Ownership Projection

Item	Cost
Total Revenue	\$115,718,761
<u>Expenses</u>	
Renting	(\$304,916)
Administrative	(\$7,991,916)
Operating	(\$21,235,474)
Maintenance	(\$3,933,300)
Taxes	<u>(\$6,224,808)</u>
Total Expenses	(\$39,690,413)
Income Before Ground Rent	\$76,028,348
Total Ground Rent	(\$8,739,053)
Total Debt Service Interest	(\$14,147,910)
Total Debt Service Principal	<u>(\$1,630,000)</u>
Income After Ground Rent & Interest	\$51,511,384
<u>Capital Improvements</u>	
Landlord Work	(\$1,216,234)
Equipment	<u>(\$85,000)</u>
Total Capital Improvements	(\$1,301,234)
<u>Tenant Improvements</u>	
Tenant Improvements- Released space	(\$41,824,120)
Leasing Commissions- Released space	(\$1,681,658)
Legal Leasing - Released space	<u>(\$99,498)</u>
Total Tenant Improvements	(\$43,605,275)
Total Capital and Tenant Improvements	(\$44,906,510)
Net Cash Flow	\$6,604,875
Ground Rent Expense	<u>(\$8,739,053)</u>
Net Cash Flow Excess	(\$2,134,179)
Percentage Rate	40%
Percentage Rent Due	\$0

Source: provided material

We note that our Year 1 cash flow projections as of the June 30, 2024 date of value differ slightly from ownership's 2024 projection (which considers that Year 1 of the cash flow is shifted 6 months forward from the start of the 2024 year). Nonetheless, we assume that the landlord will optimize the timing of the reserves installments such that there will be no percentage ground rent through the reset date. Of the foregoing TI figure of \$41,824,120, it was reported that approximately \$32M will be attributable to the Moody's reserve by the end of the 2024 calendar year (inclusive of an additional \$16M to be reserved in H2 2024), with a remaining \$75M to be reserved from 2025 through 2026.

An analysis of the projected ground rent expense at the reset date will be provided in a following section.

Scope of Work

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s).

Scope of work is the type and extent of research and analyses involved in an assignment. To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the relevant characteristics of the subject property, and other pertinent factors. Our concluded scope of work is summarized below, and in some instances, additional scope details are included in the appropriate sections of the report.

Summary

Research

- We have inspected the property and its environs. Physical information on the subject was obtained from the property owner's representative, public records, and/or third-party sources.
- Regional economic and demographic trends, as well as the specifics of the subject's local area were investigated. Data on the local and regional property market (supply and demand trends, rent levels, etc.) was also obtained. This process was based on interviews with regional and/or local market participants, primary research, available published data, and other various resources.
- Other relevant data was collected, verified, and analyzed. Comparable property data was obtained from various sources (public records, third-party data-reporting services, etc.) and confirmed with a party to the transaction (buyer, seller, broker, owner, tenant, etc.) wherever possible. It is, however, sometimes necessary to rely on other sources deemed reliable, such as data reporting services.

Analysis

- Based upon the subject property characteristics, prevailing market dynamics, and other information, we developed an opinion of the property's Highest and Best Use.
- We analyzed the data gathered using generally accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value.
- The results of each valuation approach are considered and reconciled into a reasonable value estimate.

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations; and
- International Financial Reporting Standards (IFRS).

Client, Intended Use, and User(s)

Client: Silverstein Properties

Intended Use: The intended use of the appraisal is for financial reporting. This appraisal is used to aid the Intended Users in the preparations of financial statements to be published in the Tel Aviv Stock Exchange in Q2 2024. We confirm that we have given our full consent to the inclusion of the valuation in its entirety in any Financial Statements published in the Tel Aviv Stock Exchange or disclosed to the Israeli Security Authority. This report is not intended for any other use.

Intended User(s): The intended user(s) of the appraisal are Silverstein Properties and their respective direct or indirect equity owners, related entities, successors, and/or assigns. The appraisal is not intended for any other use or user. No party or parties other than Silverstein Properties and their respective direct or indirect equity owners, related entities, successors, and/or assigns may use or rely on the information, opinions, and conclusions contained in this report.

Purpose of the Appraisal

The purpose of the appraisal is to estimate the Subject's:

Appraisal Premise	Interest Appraised	Date of Value
Fair Market Value As Is	Leasehold	June 30, 2024

The date of the report is July 24, 2024. The appraisal is valid only as of the stated effective date or dates.

Approaches to Value

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Applicability and utilization of the approaches in this assignment is described as follows.

Approach	Description	Applicability	Utilization
Cost	A cost approach is most applicable in valuing new or proposed construction when the improvements represent the highest and best use of the land and the land value, cost new and depreciation are well supported.	Not Applicable	Not Utilized
Sales Comparison	A sales approach is most applicable when sufficient data on recent market transactions is available and there is an active market for the property type.	Applicable	Utilized
Income	An income approach is most applicable when the subject is an income producing property or has the ability to generate income in the future as an investment.	Applicable	Utilized

The cost approach is not applicable due to the age and condition of the improvements and noting the difficulty in estimating the physical depreciation. Further, market participants do not rely on this approach for properties like the subject. The omission of this approach does not impact the credibility of the results of this analysis.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services.

- We have not performed any services, as an appraiser or in any other capacity, regarding the subject property within the three-year period immediately preceding acceptance of this assignment.

Report Option

Based on the intended users understanding of the subject's physical, economic and legal characteristics, and the intended use of this appraisal, an appraisal report format was used, as defined below.

Appraisal Report	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses.

Definition of Values

Fair Market Value	In nontechnical usage, a term that is generally synonymous with the contemporary usage of <i>market value</i> . 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 or interpreted differently by court precedent. In some situations, the interpretation of fair market value is more directly comparable to the concept of fair value than to market value in exchange.

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022)

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.

IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a fair value hierarchy. The hierarchy categorizes the inputs used in valuation techniques into three levels.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. [IFRS 13:76]. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. [IFRS 13:77] If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price. [IFRS 13:80]

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. [IFRS 13:81] Level 2 inputs include: quoted prices for similar assets or liabilities in active markets quoted prices for identical or similar assets or liabilities in markets that are not active inputs other than quoted prices that are observable for the asset or liability, for example interest rates and yield curves observable at commonly quoted intervals implied volatilities credit spreads inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

Level 3 inputs are unobservable inputs for the asset or liability. [IFRS 13:86] Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available. [IFRS 13:87-89]

Source: International Accounting Standards Board and IFRS Foundation, IFRS 13, Fair Value Measurement, 2011.

Definition of Property Rights Appraised

Leasehold interest The tenant's possessory interest created by a lease.

Lease A contract in which rights to use and occupy land or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022)

Inspection

David C. Lyon, Benjamin N. Butler, and Andrew E. Frost personally performed an inspection on June 18, 2024. Adam Dembowitz, MAI, MRICS, has not personally performed an inspection.

Area Demographics and Market Analysis

New York MSA Area Demographics

The subject is located in the New York-Newark-Jersey City, NY-NJ-PA Metropolitan Statistical Area, hereinafter called the New York MSA, as defined by the U.S. Office of Management and Budget. The New York MSA is 6,685 square miles in size, and is the first most populous metropolitan area in the nation.

Population

The New York MSA has an estimated 2023 population of 20,181,143, which represents about the same population compared to the 2010 census amount of 20,140,470 over the 2020 - 2023 period, and its annual growth rate is greater than that of the State of New York.

Population Trends						
Area	Population				Compound Ann. % Chng	
	2010 Census	2020 Census	2023 Est.	2028 Est.	2020 - 2023	2023 - 2028
1 mi. radius	100,620	118,604	117,204	115,497	-0.4%	-0.3%
3 mi. radius	824,550	958,296	963,462	979,673	0.2%	0.3%
5 mi. radius	2,050,068	2,339,362	2,353,112	2,379,270	0.2%	0.2%
New York County	1,585,873	1,694,251	1,658,642	1,622,854	-0.7%	-0.4%
New York MSA	18,897,109	20,140,470	20,181,143	20,167,113	0.1%	0.0%
New York	19,378,102	20,201,249	20,113,414	19,995,476	-0.1%	-0.1%
United States	308,745,538	331,449,281	337,470,185	342,640,129	0.6%	0.3%

Source: Esri 2024. Compiled by JLL Valuation & Advisory Services, LLC.

Looking forward, the New York MSA's population will remain essentially the same from 2023 - 2028 without any appreciable growth or decline. The New York MSA growth rate is expected to exceed that of New York, which is projected to be 0.1%.

Employment

The current estimate of total employment in the New York MSA is 10,061,442 jobs. Since 2014, employment grew by 867,950 jobs, equivalent to a 9.4% gain over the entire period. There were gains in employment in eight of the past ten years despite the national economic downturn and slow recovery.

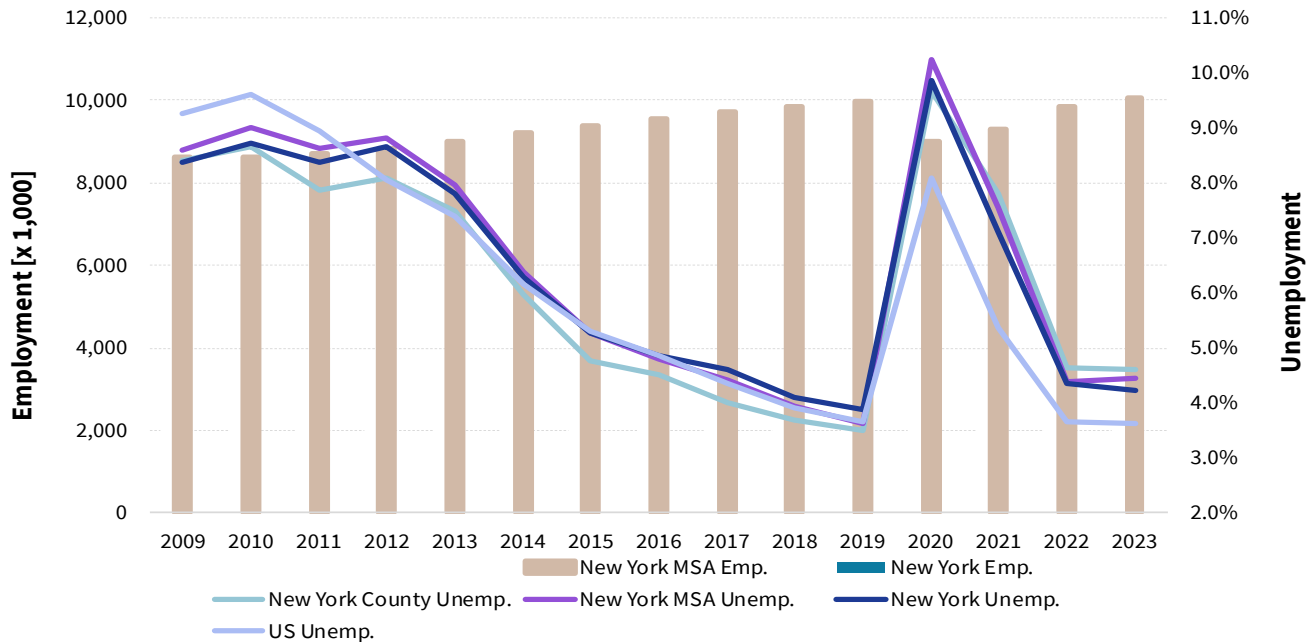
The New York MSA's rate of change in employment outperformed the State of New York, which experienced an increase in employment of 6.4% or 588,067 over this period.

Employment Trends

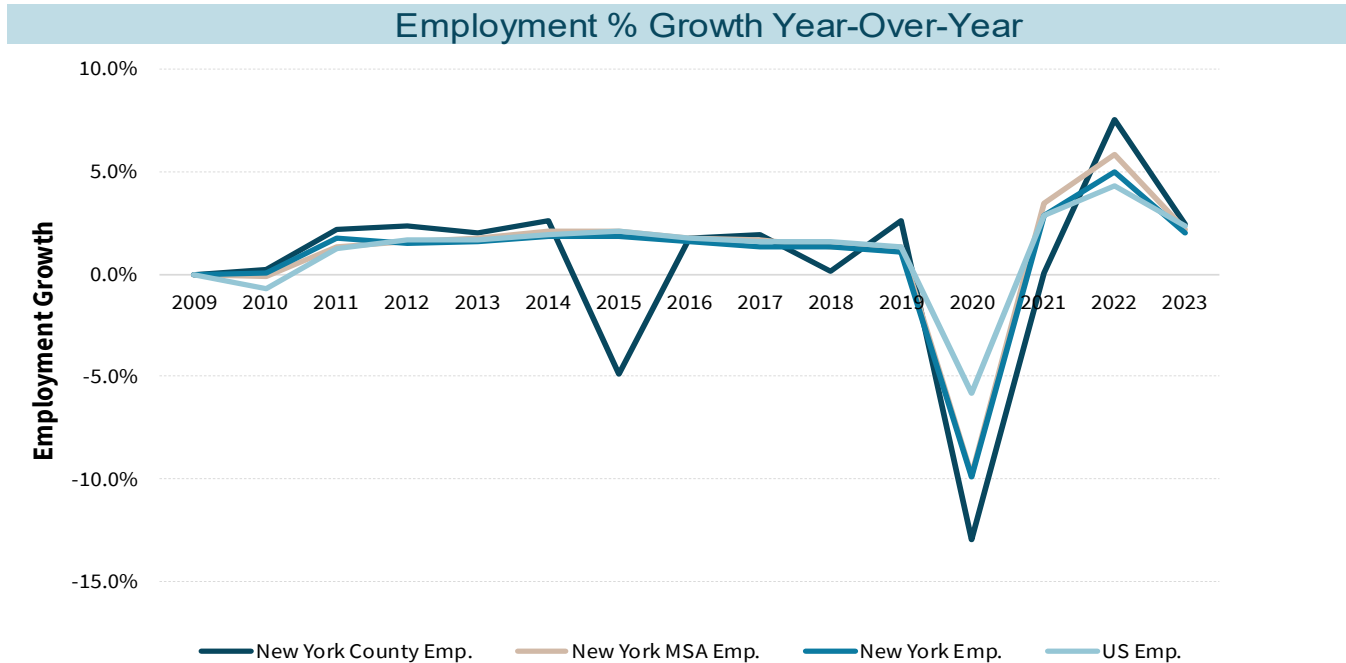
Year	Total Employment (Annual Average)								Unemployment Rate (Ann. Avg.)			
	New York County	Change	New York MSA	Change	New York	Change	United States	Change	New York County	New York MSA	New York	United States
2009	2,275,090	-	8,610,783	-	8,540,325	-	131,295,833	-	8.4%	8.6%	8.4%	9.3%
2010	2,280,092	0.2%	8,604,275	-0.1%	8,544,633	0.1%	130,344,500	-0.7%	8.6%	9.0%	8.7%	9.6%
2011	2,329,322	2.2%	8,719,208	1.3%	8,691,667	1.7%	131,914,333	1.2%	7.9%	8.6%	8.4%	9.0%
2012	2,383,607	2.3%	8,853,825	1.5%	8,819,875	1.5%	134,157,333	1.7%	8.1%	8.8%	8.6%	8.1%
2013	2,432,252	2.0%	9,006,617	1.7%	8,956,592	1.6%	136,363,250	1.6%	7.5%	8.0%	7.8%	7.4%
2014	2,495,683	2.6%	9,193,492	2.1%	9,122,600	1.9%	138,939,250	1.9%	6.0%	6.4%	6.3%	6.2%
2015	2,374,864	-4.8%	9,388,467	2.1%	9,291,858	1.9%	141,824,250	2.1%	4.8%	5.3%	5.3%	5.3%
2016	2,415,773	1.7%	9,553,858	1.8%	9,435,600	1.5%	144,335,333	1.8%	4.5%	4.8%	4.9%	4.9%
2017	2,461,393	1.9%	9,710,042	1.6%	9,560,925	1.3%	146,606,917	1.6%	4.0%	4.4%	4.6%	4.4%
2018	2,464,186	0.1%	9,841,775	1.4%	9,684,883	1.3%	148,908,333	1.6%	3.7%	3.9%	4.1%	3.9%
2019	2,527,343	2.6%	9,971,417	1.3%	9,786,242	1.0%	150,904,333	1.3%	3.5%	3.6%	3.9%	3.7%
2020	2,199,251	-13.0%	8,996,250	-9.8%	8,814,625	-9.9%	142,185,833	-5.8%	9.7%	10.2%	9.9%	8.1%
2021	2,201,025	0.1%	9,304,058	3.4%	9,064,283	2.8%	146,284,500	2.9%	7.8%	7.6%	7.1%	5.4%
2022	2,366,149	7.5%	9,845,750	5.8%	9,515,683	5.0%	152,519,917	4.3%	4.6%	4.4%	4.4%	3.7%
2023	2,423,176	2.4%	10,061,442	2.2%	9,710,667	2.0%	156,050,667	2.3%	4.6%	4.4%	4.2%	3.6%
10 Yr Change	-72,507	-2.9%	867,950	9.4%	588,067	6.4%	17,111,417	12.3%				
Avg Unemp. Rate 2014-2023									5.3%	5.5%	5.5%	4.9%
Unemployment Rate - Apr 2024									4.0%	4.0%	3.9%	3.5%

Source: Bureau of Labor Statistics. County employment is from the Quarterly Census of Employment & Wages (QCEW), all other areas use the Current Employment Survey (CES). Unemployment rates use the Current Population Survey (CPS). Data is not seasonally adjusted.

Employment / Unemployment Historical Trends



Source: Bureau of Labor Statistics. County employment is from the Quarterly Census of Employment & Wages (QCEW), all other areas use the Current Employment Survey (CES). Unemployment rates use the Current Population Survey (CPS). Data is not seasonally adjusted.

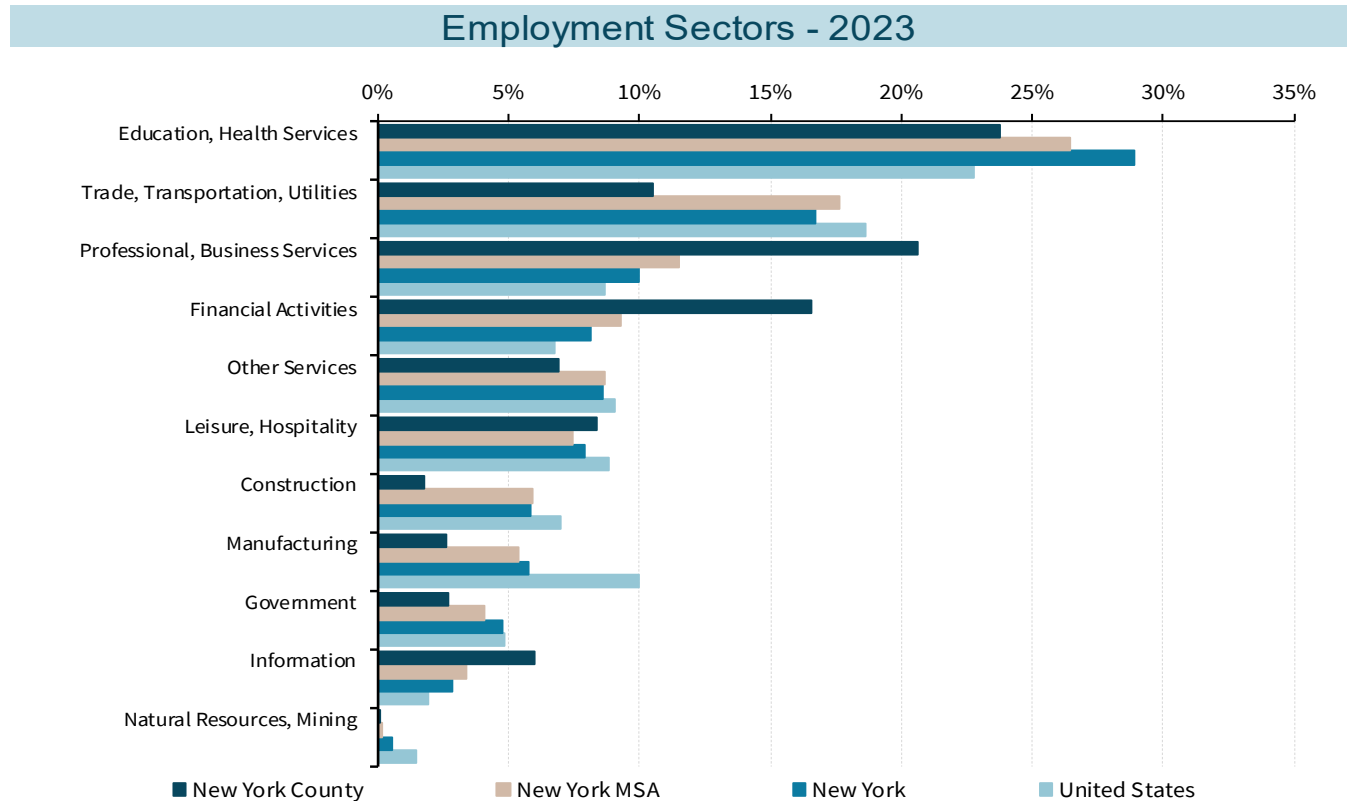


Source: Bureau of Labor Statistics. County employment is from the Quarterly Census of Employment & Wages (QCEW), all other areas use the Current Employment Survey (CES). Unemployment rates use the Current Population Survey (CPS). Data is not seasonally adjusted.

A comparison of unemployment rates is another way of gauging an area's economic health, where a higher unemployment rate is a negative indicator. Over the past decade, the New York MSA unemployment rate of 5.5% has been comparable to the New York rate. In the latter half of the decade the New York MSA has continued to perform similarly to New York. Recent data shows that the New York MSA unemployment rate is 4.0%, which was a comparable rate to New York. This similarity is further supported by the fact that the New York MSA and New York sustained a similar pace of job growth over the past two years.

Employment Sectors

The composition of the New York MSA job market is illustrated in the chart below, paired with that of New York. Total employment for the areas is stratified by eleven major employment sectors, ranked from largest to smallest based on the percentage of New York MSA jobs in each sector.



Source: Esri 2024. Compiled by JLL Valuation & Advisory Services, LLC.

The New York MSA has a greater percentage employment than New York in the following categories:

1. Trade, Transportation, Utilities - which accounts for 17.7% of New York MSA payroll employment compared to 16.7% for New York as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Professional, Business Services - which accounts for 11.5% of New York MSA payroll employment compared to 10.0% for New York as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
3. Financial Activities - which accounts for 9.3% of New York MSA payroll employment compared to 8.2% for New York as a whole. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.
4. Information - which accounts for 3.4% of New York MSA payroll employment compared to 2.9% for New York as a whole. Publishing, broadcasting, data processing, telecommunications, and software publishing are included in this sector.

The New York MSA is underrepresented in the following categories:

1. Education, Health Services - which accounts for 26.4% of New York MSA payroll employment compared to 28.9% for New York as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
2. Government - which accounts for 4.1% of New York MSA payroll employment compared to 4.8% for New York as a whole. This sector includes public administration at the federal, state, and county level, as well as other government positions.
3. Leisure, Hospitality - which accounts for 7.5% of New York MSA payroll employment compared to 7.9% for New York as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
4. Manufacturing - which accounts for 5.4% of New York MSA payroll employment compared to 5.8% for New York as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.

Major Employers

The table below contains major employers in the New York MSA.

Major Employers - New York MSA	
Name	Employees
1 Wendel North America, LLC	53,761
2 Cognizant Technology Solutions Corporation	41,100
3 New Omaha Holdings L.P.	29,010
4 Samsung Electronics America, Inc.	26,000
5 Sedgwick, L.P.	25,574
6 Sycamore Partners LLC	24,353
7 Blackstone Real Estate Partners VI L.P.	20,000
8 Ltimindtree Limited	20,000
9 Infor Software Parent, LLC	15,970
10 Pharmacia & Upjohn, Inc.	15,600
11 Sky Acquisition LLC	14,300
12 Castle Harlan Partners IV, L.P.	13,450
13 Arch Parent Inc.	12,898
14 Toshiba Nuclear Energy Holdings (us) Inc.	12,805
15 Net Work Inc.	12,136
16 Michaels Stores, Inc.	11,763
17 Regeneron Pharmaceuticals Inc	10,753
18 NBC Digital Health Network Inc	10,723
19 Sprain Brook Manor Rehab, LLC	10,583
20 Corcoran Group LLC	9,000

Sources(s): Dunn & Bradstreet "Top Employer MSA" 2024

Gross Domestic Product

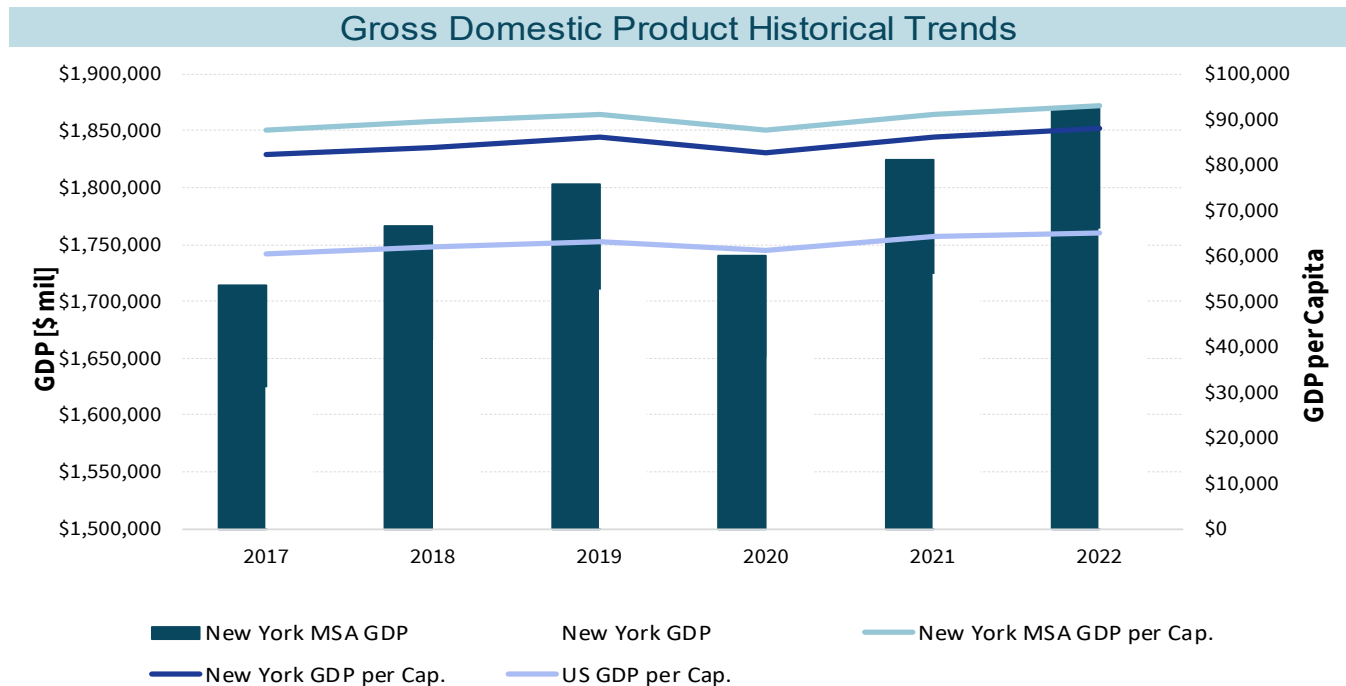
Based on Gross Domestic Product (GDP), the New York MSA ranks first out of all metropolitan area economies in the nation.

Economic growth, as measured by annual changes in GDP, has been somewhat higher in the New York MSA than New York overall during the past five years. The New York MSA has expanded at a 1.8% average annual rate while the State of New York has grown at a 1.7% rate. As the national economy improves, the New York MSA continues to outperform New York. GDP for the New York MSA rose by 2.5% in 2022 while New York's grew by 2.3%.

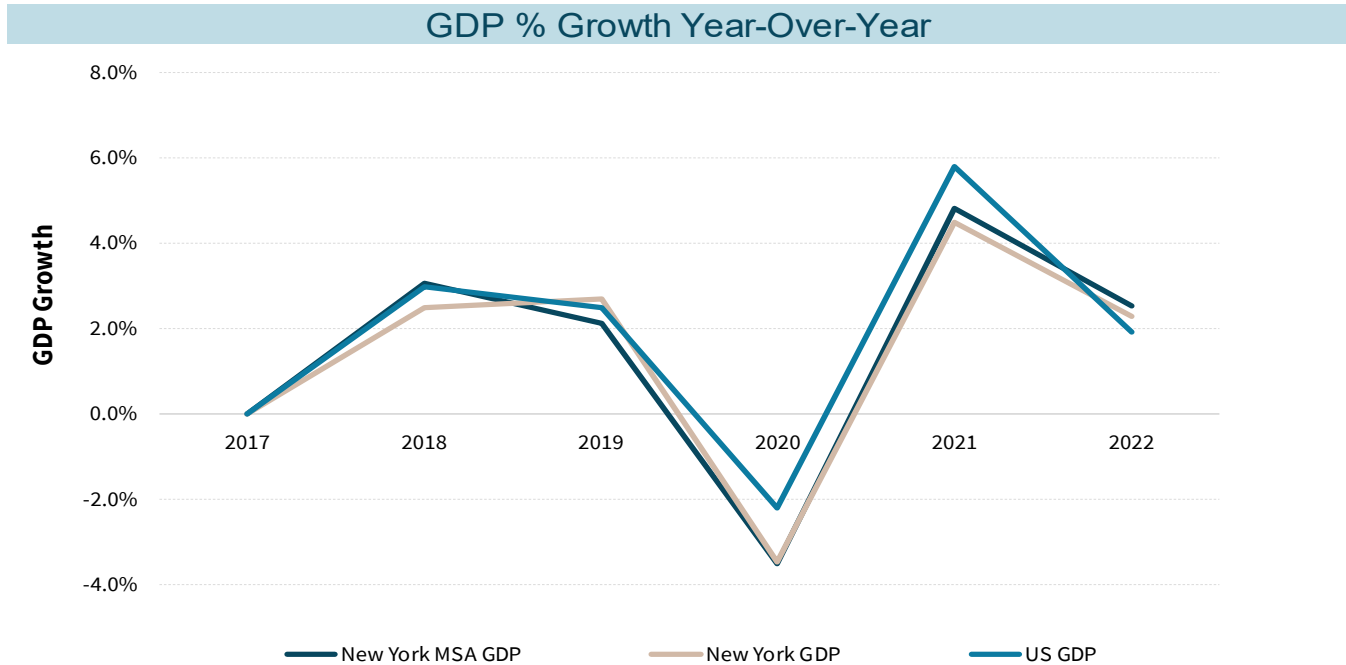
The New York MSA has a per capita GDP of \$93,129, which is 6.0% greater than New York's GDP of \$87,926. This means that the New York MSA industries and employers are adding relatively more value to the economy than their peers in New York.

Gross Domestic Product											
Gross Domestic Product (\$ mil)											
Year	New York County	Change	New York MSA	Change	New York	Change	United States	Change	New York MSA	New York	United States
2017	\$708,517	-	\$1,714,074	-	\$1,624,801	-	\$19,612,102	-	\$87,504	\$82,168	\$60,491
2018	\$726,431	2.5%	\$1,766,287	3.0%	\$1,665,187	2.5%	\$20,193,896	3.0%	\$89,717	\$83,971	\$61,864
2019	\$745,306	2.6%	\$1,803,715	2.1%	\$1,709,751	2.7%	\$20,692,087	2.5%	\$91,161	\$85,973	\$62,964
2020	\$722,112	-3.1%	\$1,740,098	-3.5%	\$1,650,567	-3.5%	\$20,234,074	-2.2%	\$87,509	\$82,761	\$61,159
2021	\$766,795	6.2%	\$1,823,942	4.8%	\$1,724,472	4.5%	\$21,407,692	5.8%	\$91,272	\$86,222	\$64,278
2022	\$780,966	1.8%	\$1,870,253	2.5%	\$1,763,525	2.3%	\$21,822,037	1.9%	\$93,129	\$87,926	\$65,090
6 Yr Change	\$72,449	2.0%	\$156,179	1.8%	\$138,724	1.7%	\$2,209,935	2.2%	\$5,625	\$5,758	\$4,598

Source: Bureau of Economic Analysis. The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted 'real' GDP stated in 2017 dollars. Per Capita GDP data are calculated by dividing the area GDP by its estimated population for the year shown.



Source: Bureau of Labor Statistics. County employment is from the Quarterly Census of Employment & Wages (QCEW), all other areas use the Current Employment Survey (CES). Unemployment rates use the Current Population Survey (CPS). Data is not seasonally adjusted.



Source: Bureau of Labor Statistics. County employment is from the Quarterly Census of Employment & Wages (QCEW), all other areas use the Current Employment Survey (CES). Unemployment rates use the Current Population Survey (CPS). Data is not seasonally adjusted.

Gross Domestic Product is a measure of economic activity based on the total value of goods and services produced in a specific geographic area. The figures in the table above represent inflation adjusted “real” GDP stated in 2017 dollars.

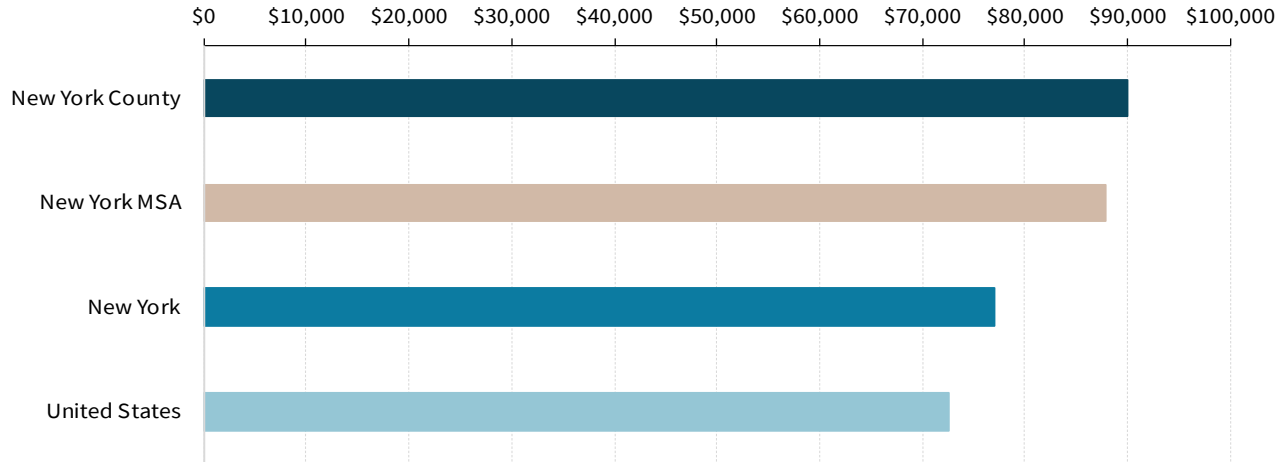
Household Income

The New York MSA has a much higher level of household income than New York. Median household income for the New York MSA is \$87,926, which is 14.1% higher than New York.

Median Household Income			
Area	Med. Household Income		Compound Ann. % Chng
	2023 Est.	2028 Est.	2023 - 2028
New York County	\$89,885	\$105,394	3.2%
New York MSA	\$87,926	\$99,857	2.6%
New York	\$77,077	\$85,392	2.1%
United States	\$72,603	\$82,410	2.6%

Source: Esri 2024. Compiled by JLL Valuation & Advisory Services, LLC.

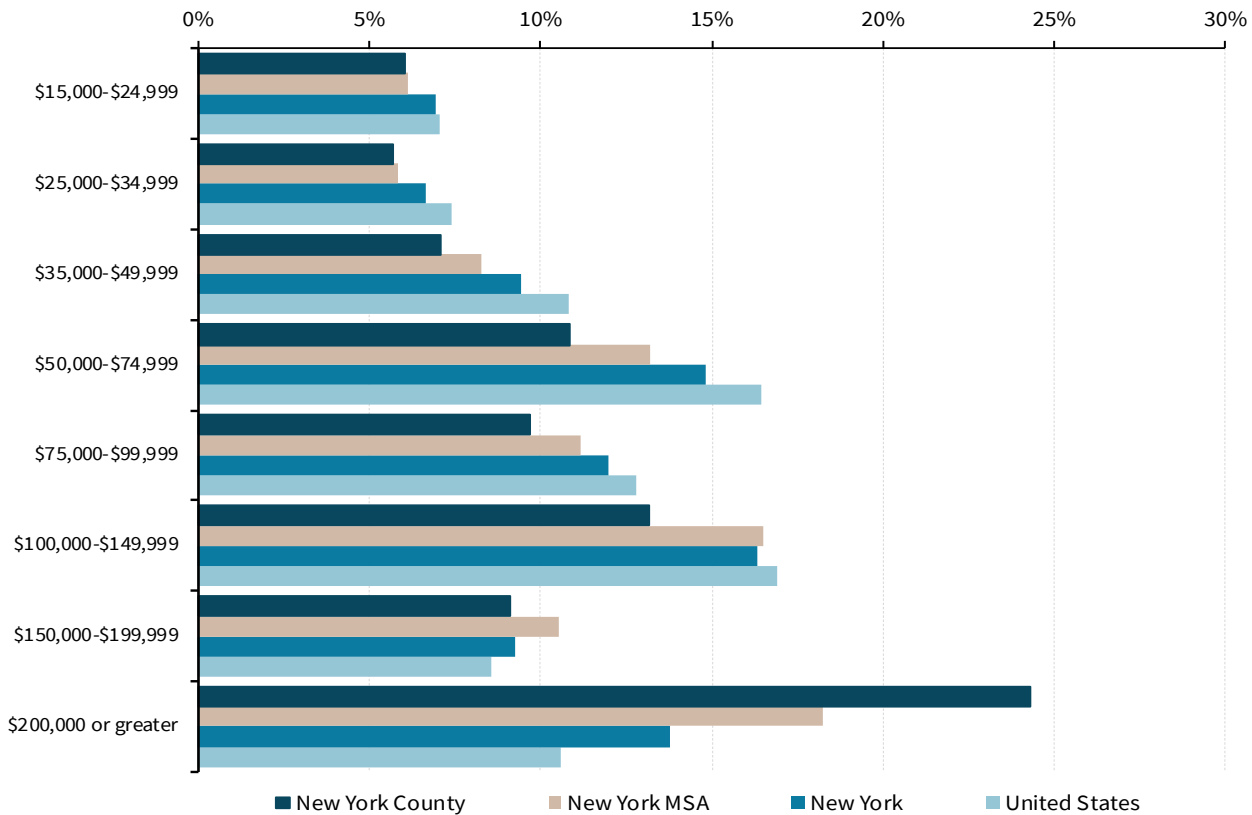
2023 Median Household Income Area Comparison



Source: Esri 2024. Compiled by JLL Valuation & Advisory Services, LLC.

The New York MSA has a smaller concentration of households in the lower income levels than New York. Specifically, 22% of the New York MSA households are below the \$35,000 level in household income as compared to 25% of New York households. A greater concentration of households exists in the higher income levels, as 56% of the New York MSA households are at the \$75,000 or greater levels in household income versus 51% of New York households.

2023 Median Household Income Distribution



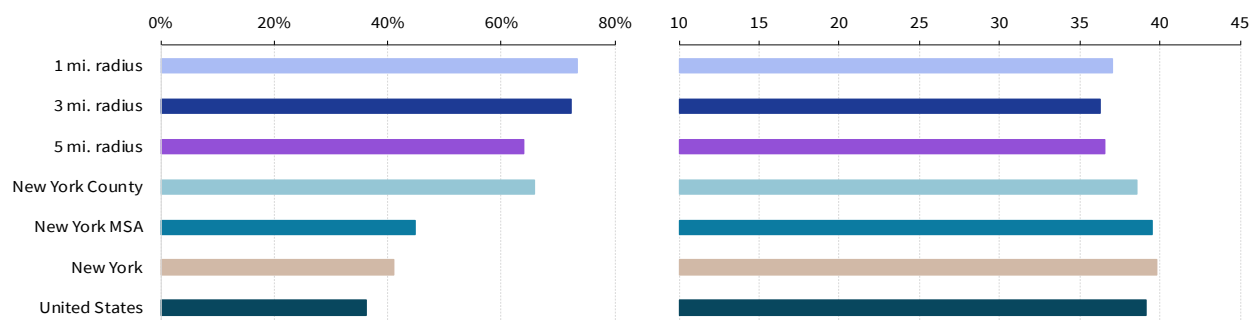
Source: Esri 2024. Compiled by JLL Valuation & Advisory Services, LLC.

Education and Age

Residents of the New York MSA have a higher level of educational attainment than those in New York. An estimated 44.9% of the New York MSA residents are college graduates with four-year degrees or higher, while New York residents have an estimated 41.0% with at least a four-year degree. People in the New York MSA are similar in age to their peers in New York. The median age of both the New York MSA and New York is 40 years.

Population % with at least 4-Year Degree

Median Age

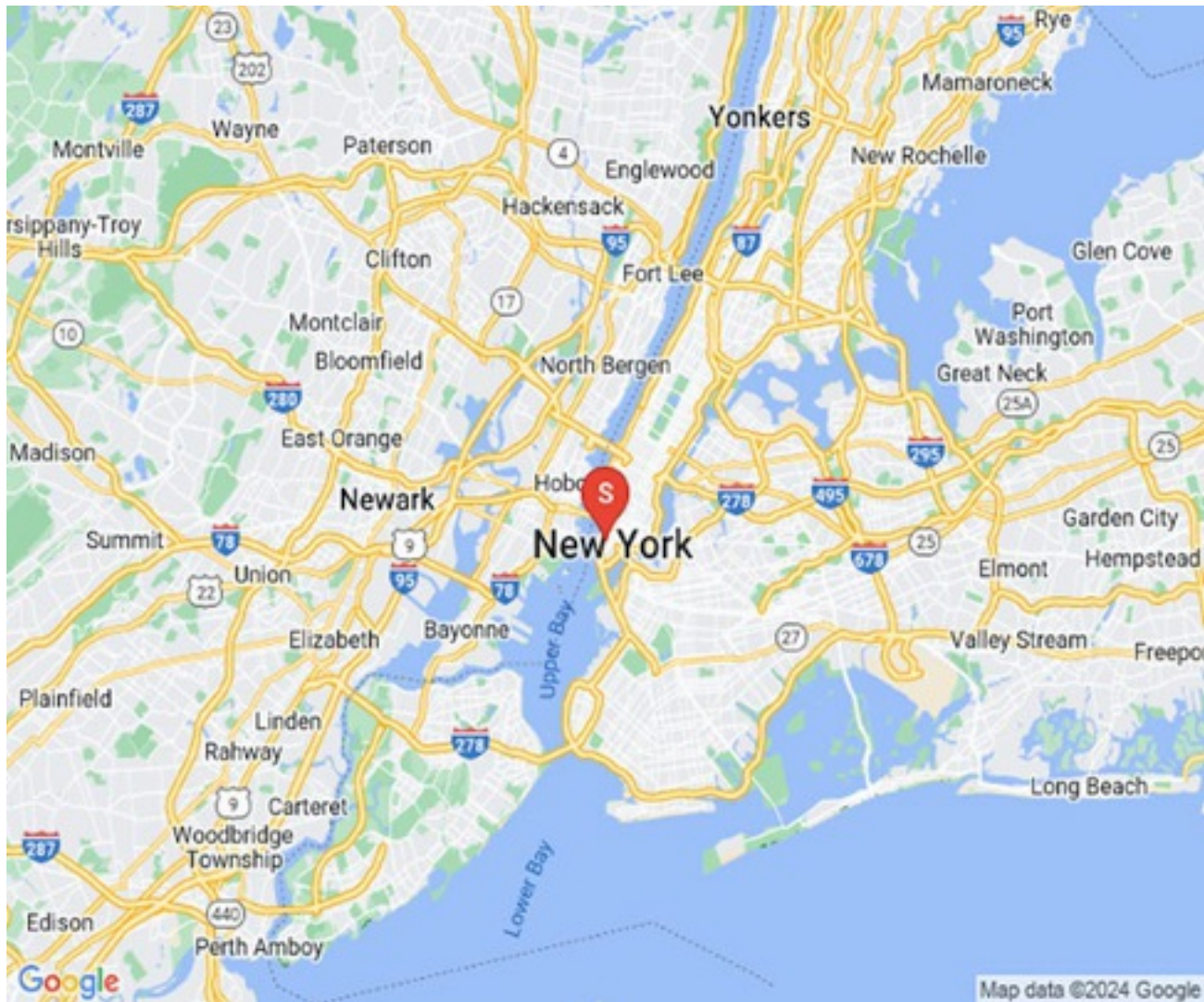


Source: Esri 2024. Compiled by JLL Valuation & Advisory Services, LLC.

Conclusion

The region exhibits a stable population base, accompanied by above-average income and education levels. Over the past decade, the New York MSA has experienced positive job growth. With its distinction as the most populous metropolitan area in the country and its status as a global business hub, the New York MSA exhibits a resilient and dynamic economy, and is projected to remain a worldwide center for banking and finance, health care, research, retailing, trade, tourism, media, and arts. These factors collectively contribute to a continued demand for real estate, underlining the region's continued potential as an investment and development destination.

Area Map



US Macroeconomic Outlook

The following is extracted from JLL's June 2024 US & Canada Macro Outlook Report.

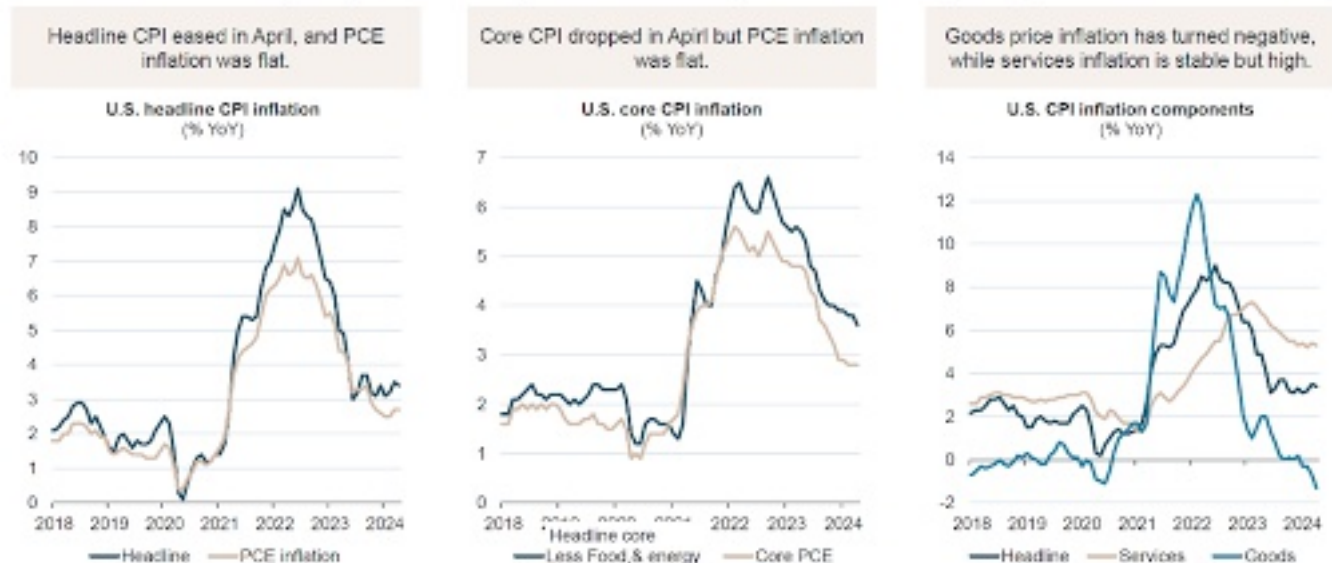
Outlook | What's changed?

Economic conditions and the outlook have become a little more positive than last month

Inflation	Interest rates	Growth
Concern Inflation pressures look to be easing again, presenting a relatively benign future inflation environment. Assessment The US still faces risks from robust economic conditions which could drive inflation, and this is causing enhanced scrutiny over every data point. In Canada inflation is falling more quickly, especially core inflation, leaving the central bank poised to start easing monetary policy.	Concern The narrative has diverged, with different central banks pursuing different interest rate policy paths. Assessment The Bank of Canada now looks set to cut its policy rate within the next few months, a sudden shift in the markets' view. The Fed, meanwhile, is now not expected to move this year. This is likely to boost the dollar against other currencies. But the situation is highly dynamic and the market is prone to whip-saw revisions to its expectations with each new data point.	Concern Quite the opposite: the growth outlook appears to be improving, with stronger outcomes predicted, and less chance of recession. Assessment This seems fair: labour markets have softened but still held up overall with employment high and wage growth exceeding inflation. Services activity continues to expand, though it is volatile and in Canada this rebound is less entrenched.

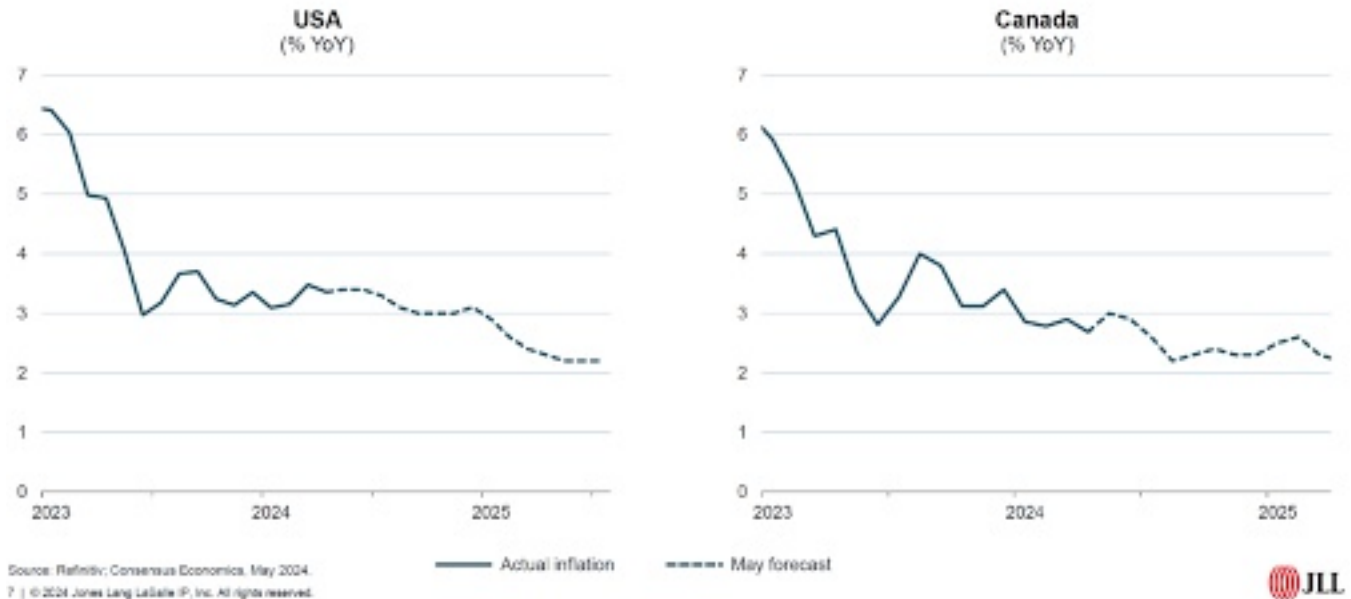
Inflation | US CPI dips in April, while PCE is flat

This has stoked fears price pressures may *not* be softening, but it's too early to say with conviction



Inflation | Forecasts are for a benign future inflationary environment

Barring some existing upside risks, inflation is not expected to be an issue over the coming year or two



Inflation | Implications for real estate

The return to low inflation is a good thing, but the implications for real estate are limited



Forecasts

Stepping back from the monthly noise, inflation is low-to-moderate and falling. Forecast assumptions of normal inflation rates in the future remain valid.



Allocation

CRE assets didn't benefit from increased allocation due to their inflation-hedge characteristic during high inflation due to the end of the cycle. Low inflation will not cause increased allocations to reverse.



Contracts & indexing

Inflation returning to a low-to-moderate range will bring it back inside normal cap-and-collar contract provisions.

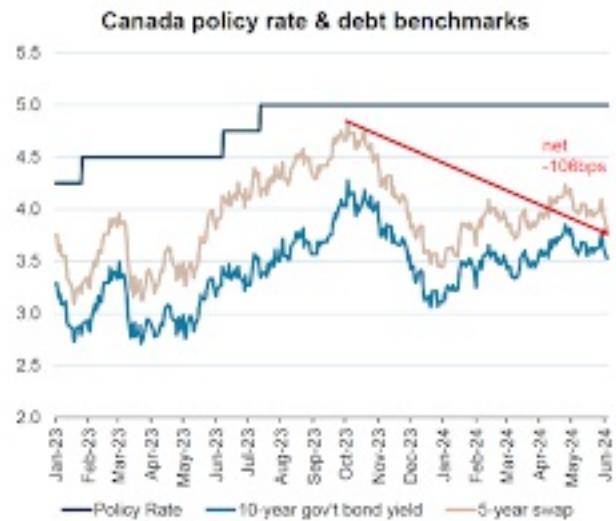
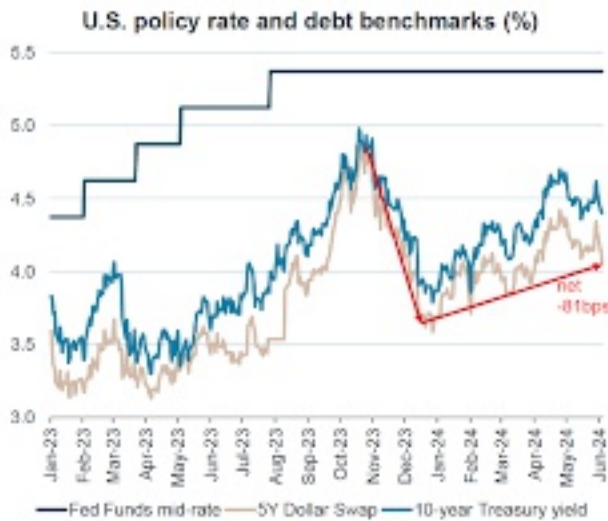


Interest rates

The main channel of impact will be through central bank monetary policy and changing assumptions about future rate cuts.

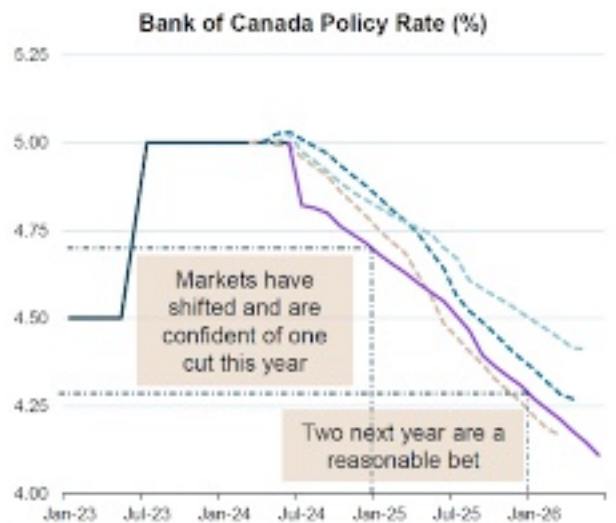
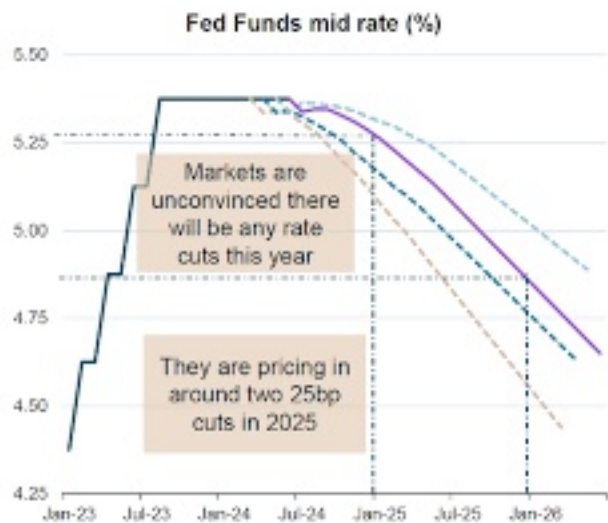
Rates | Financing costs have started to fall again

Markets' changing view on policy rate cuts continues to create volatility in borrowing costs



Rates | Financial markets views continue to shift sharply

For the U.S. rate cuts are unlikely but not off the table; for Canada one cut is now confidently priced in

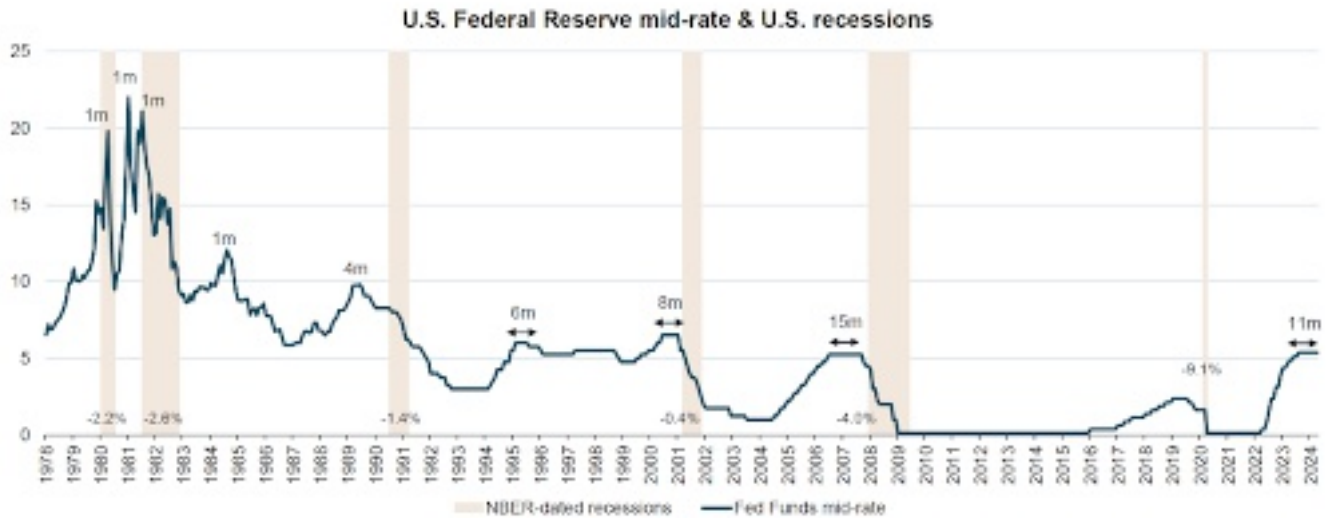


Source: Refinitiv, JLL. Based on OIS rates.
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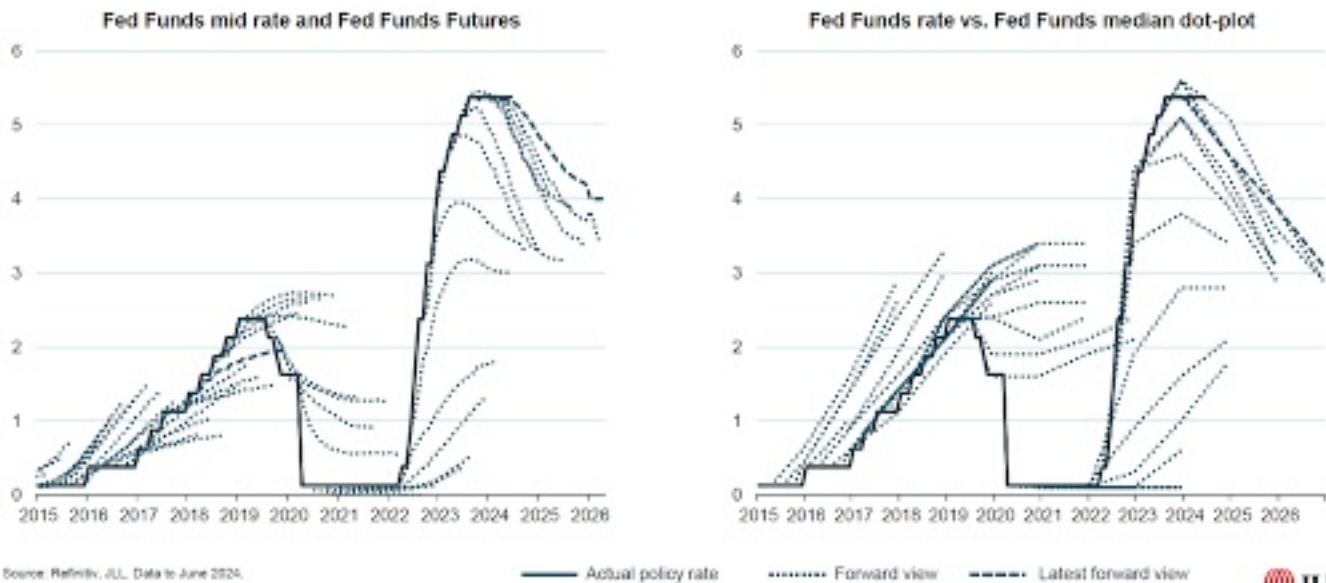
Rates | Looking back at previous Fed rate tightening cycles

How long rates were held at peak in previous cycles is not a good guide to what will happen this time



Rates | Markets have a poor record of forecasting Fed rate moves

Markets - and the Fed - have a poor record of forecasting FOMC rate moves



Source: Refinitiv, JLL. Data to June 2024.
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Rates | Implications for real estate

Rate cuts are on the horizon, but the uncertainty around them is unhelpful



Debt costs

The continuously changing sentiment on the timing and magnitude of rate cuts is creating volatility for debt costs and refinancing costs. These costs are likely to fall over the coming years, but when and by how much is unknown.



Asset allocation

Higher-for-longer rates increases the relative attractiveness of government bonds. US economic strength supports equity allocation. Falling interest rates should make real estate relatively more attractive.



Yield movements

Downward movements in yields are likely to begin to emerge late this year and in to next year, dependent on how quickly and completely markets have already adjusted.



Uncertainty

The rate outlook is stable compared to the past few years, but an over-sensitive reaction function is causing unwelcome and unpredictable movements in debt costs.

Office Market Area Analysis

New York Metro Area Trends and Analysis

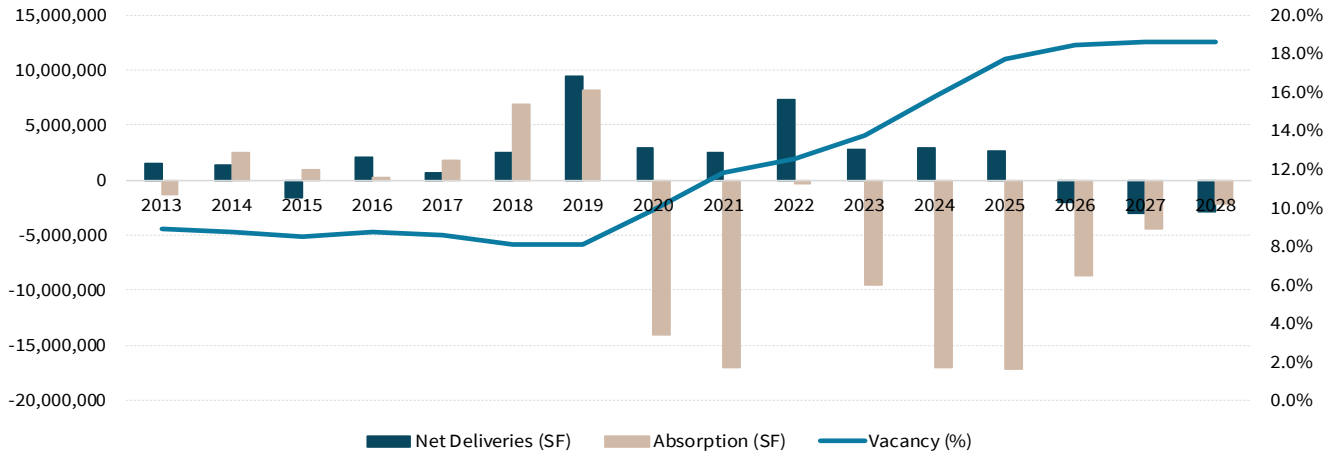
The subject is located in the New York metro area, as defined by CoStar. Supply and demand metrics, including inventory levels, vacancy, net deliveries, absorption, and rental rates for all classes of space are presented in the following table.

New York Office Market Trends (All Classes of Space)							
Year	Inventory (SF)	Vacancy (SF)	Vacancy (%)	Net Deliveries (SF)	Absorption (SF)	Inventory, Under Cons (SF)	Asking Rent (\$/SF)
2013	946,978,502	84,380,504	8.9%	1,518,650	-1,343,122	9,528,615	\$35.39
2014	948,422,931	83,268,015	8.8%	1,444,429	2,563,138	9,643,995	\$37.99
2015	946,793,900	80,713,684	8.5%	-1,629,031	935,162	16,234,882	\$40.09
2016	948,917,143	82,719,636	8.7%	2,119,743	300,753	17,461,726	\$40.56
2017	949,582,020	81,254,531	8.6%	604,877	1,787,642	22,375,572	\$41.40
2018	952,136,404	76,805,759	8.1%	2,485,384	6,914,295	26,375,388	\$42.02
2019	961,608,959	78,151,672	8.1%	9,468,155	8,142,797	22,024,457	\$43.25
2020	964,547,300	94,900,010	9.8%	2,877,440	-13,960,665	18,437,918	\$41.50
2021	967,048,100	114,335,847	11.8%	2,496,886	-16,938,953	21,091,933	\$41.09
2022	974,429,689	122,024,146	12.5%	7,381,589	-366,719	14,934,480	\$41.60
2023	977,217,442	134,329,966	13.7%	2,787,753	-9,446,653	10,852,638	\$41.92
2024 Q1	977,787,509	138,182,099	14.1%	570,067	-3,084,630	10,345,871	\$41.95
2024	980,121,938	154,213,037	15.7%	2,904,496	-16,963,531	0	\$41.96
2025	982,745,854	174,030,751	17.7%	2,623,916	-17,160,723	0	\$41.35
2026	980,691,814	180,676,444	18.4%	-2,054,040	-8,669,750	0	\$41.27
2027	977,667,970	182,079,457	18.6%	-3,023,844	-4,396,850	0	\$41.70
2028	974,838,311	181,410,272	18.6%	-2,829,659	-2,130,077	0	\$42.43
2013 - 2023 Avg.	957,971,126	93,898,525	9.8%	2,868,716	-1,946,575	17,178,328	\$40.62

Source: ©CoStar, Inc. 2024. Reprinted with the permission of CoStar, Inc. Compiled by JLL Valuation & Advisory Services, LLC.

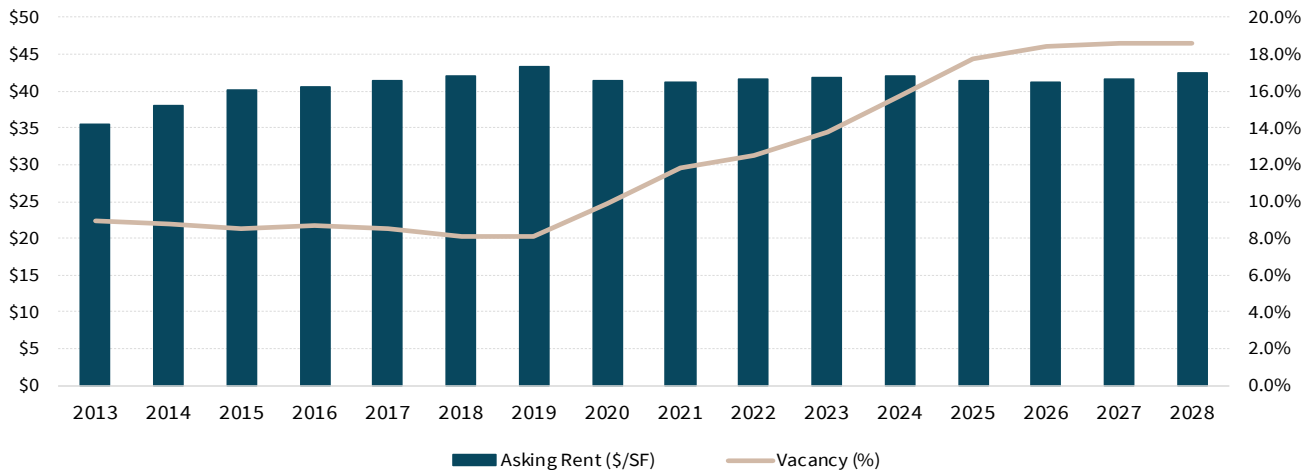
- The most recent data shows 570,067 SF were added to the market. On average 2,868,716 SF have been added to the market over the last eleven complete years. During the same period, net deliveries reached a low of -1,629,031 SF in 2015 and achieved a peak of 9,468,155 SF in 2019.
- Looking forward, it is expected that in four years net deliveries will show a decrease of 198.6% from the 11-year average of 2,868,716 SF, representing a change of 5,698,375 SF by year-end 2028.
- The most recent data shows asking rent is \$41.95/SF. Over the last eleven complete years, asking rent had an annual average of \$40.62/SF and increased 18.5%. During the same period, asking rent rose from a minimum of \$35.39/SF in 2013 and attained a high of \$43.25/SF in 2019.
- Looking forward, it is expected that in four years asking rent will show a gain of 1.2% from the present amount of \$41.95/SF, representing a change of \$0.49/SF by year-end 2028.

Supply and Demand Trends



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Vacancy Rate vs. Asking Rent



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- Vacancy rates are presently 14.1%. Over the past eleven complete years, vacancy rates had an annual average of 9.8% and increased 484 bps. During the same period, vacancy rates reached a low of 8.1% in 2018 and experienced a maximum of 13.7% in 2023.
- Projecting four years into the future, vacancy rates will show an increase of 448 bps from the present amount of 14.1%.
- Currently, absorption is -3,084,630 SF. During the past eleven complete years, absorption averaged -1,946,575 SF annually and increased 603.3%. Over that same time frame, absorption reached a low of -16,938,953 SF in 2021 and experienced a maximum of 8,142,797 SF in 2019.
- Four-year forecasts demonstrate that absorption will be -2,130,077 SF by the end of 2028, equivalent to an increase of 9.4% compared to the eleven-year average of -1,946,575 SF.

JLL Market Research – Manhattan Office Market

The following is extracted from JLL's Q2 2024 Manhattan Office Perspectives report published July 2024.

Manhattan office market overview

1

Leasing activity in Q2 remained steady helping leasing volume this year outpace that of 2023.

Q2 leasing totaled more than 5.8 million s.f., bringing H1 2024 leasing to 12 million s.f., 16% higher year-over-year.

2

Top of market demand remains strong and now spilling over to best available already existing space given lack of new supply.

There have been 60 deals over \$100 ps.f. already this year, making up 20% of all leasing activity. Single-digit availability rates in Trophy/Class A on select corridors have helped push up asking rents even in vintage buildings.

3

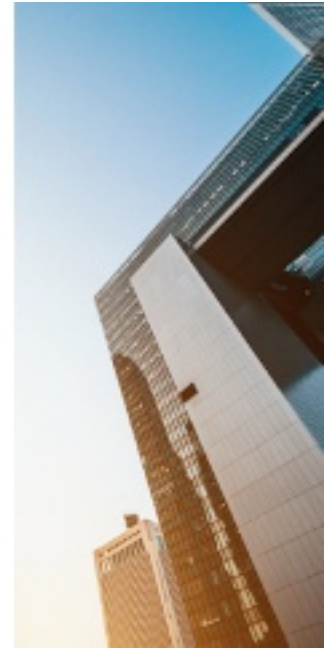
Vacancy falls due to lack of new supply, sustained demand at the top, and slowing sublease additions.

Vacancy fell by 50 bps to 17% as Trophy / Class A spaces continue to garner disproportionately more leasing. Sublease availability remains elevated but remains under 20 million s.f. as the pace of additions has slowed.

4

Office conversions are helping to reduce excess supply from the bottom of the market.

The size of the office market in New York decreased for the first time in Q2 since 2020, with 1.4M s.f. of office space this quarter being earmarked for conversion, reducing the amount of vacant space in the market.

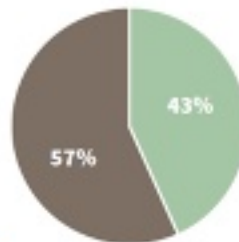


Office-occupying employment growth outpaces other kinds of jobs

Employment growth in information, professional services, and healthcare have been particularly strong.

Office-occupying industries	Employment (2024)	% Change (2019 - 2024)
Government	602,679	(1%)
Professional, Scientific, and Technical Services	497,820	9%
Finance and Insurance	376,297	6%
Administrative and Support and Waste Management and Remediation Services	262,700	(10%)
Information	238,401	11%
Real Estate and Rental and Leasing	150,502	0%
Management of Companies and Enterprises	71,446	(3%)
Office-occupying industries total	2,199,848	2%
All other industries total	2,886,191	1%

Office-occupying industries compared to all other industries by jobs count 2024



• Office utilizing industries total

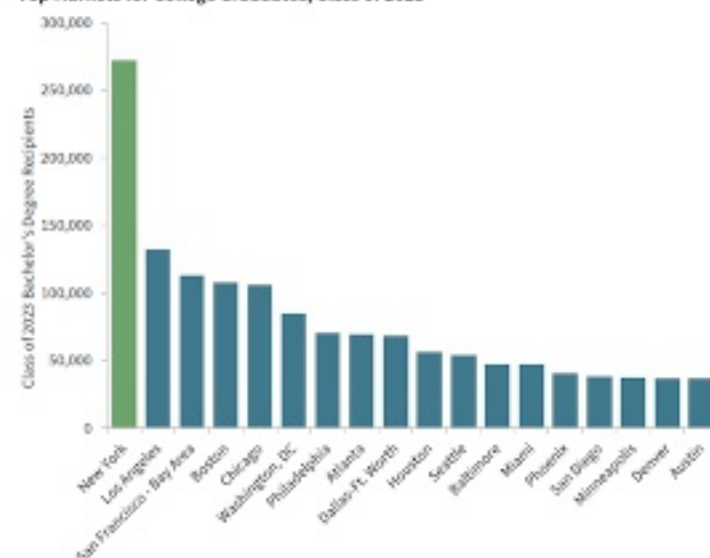
• All other industries

Annual total employment change



New York remains a top talent destination—and has grown its lead

Top Markets for College Graduates, Class of 2023



Source: JLL Research, Lightcast

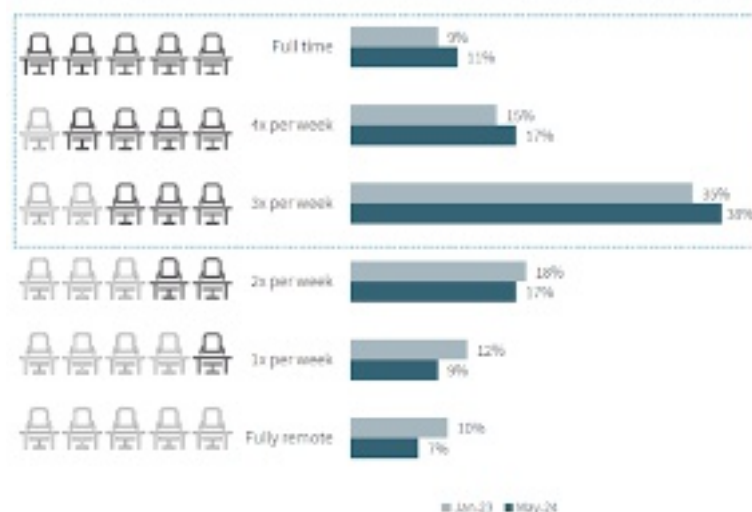
Share of Recent Graduates by Market

Market	Class of 2023	10-year average	Difference
New York	10.1%	9.5%	+0.6%
Los Angeles	4.9%	5.0%	-0.1%
San Francisco/Bay Area	4.2%	4.5%	-0.3%
Boston	4.0%	3.3%	+0.7%
Chicago	3.9%	3.9%	0.0%
Washington, DC	3.2%	3.1%	+0.1%
Philadelphia	2.6%	2.5%	+0.1%
Atlanta	2.6%	2.6%	0.0%
Dallas-Ft. Worth	2.5%	2.7%	-0.2%
Houston	2.1%	2.2%	-0.1%
Seattle	2.0%	2.2%	-0.2%
Baltimore	1.7%	1.7%	0.0%
Miami	1.7%	1.8%	-0.1%
Phoenix	1.5%	2.3%	-0.8%
San Diego	1.4%	1.4%	0.0%
Minneapolis	1.4%	1.6%	-0.2%
Denver	1.3%	1.6%	-0.3%
Austin	1.3%	1.4%	-0.1%

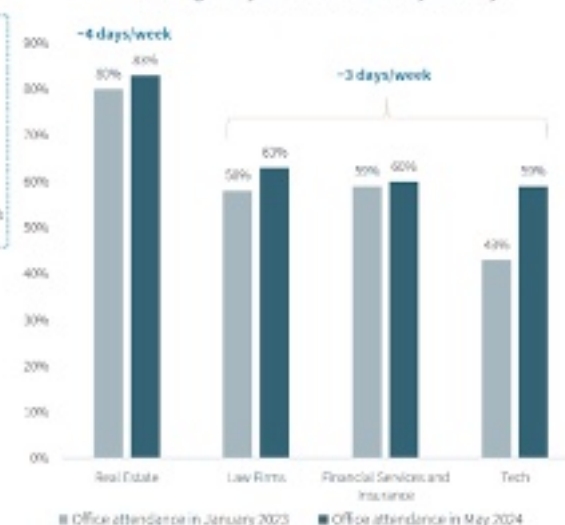
2/3 of employees in NYC are in the office at least 3 days a week

Tech has seen the largest increase in average office attendance since the start of 2023, now reaching 3 days/week on average.

Average weekly office attendance

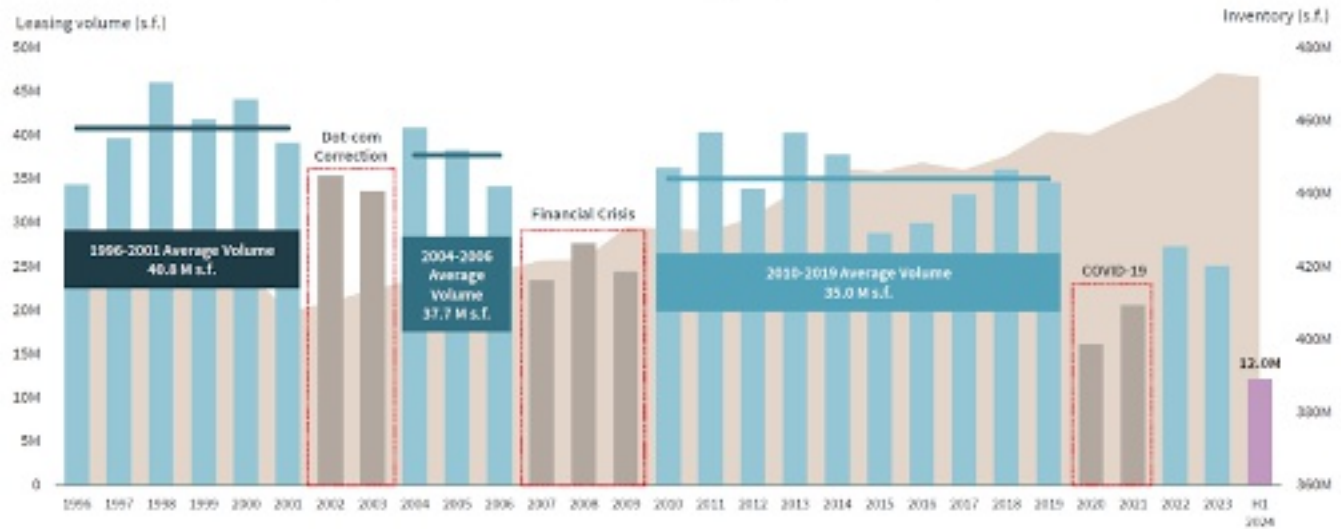


Average daily office attendance by industry



Leasing volume and inventory

Leasing volume in H1 2024 is up more than 16% from this time last year, while inventory levels fell after recent conversions.



Manhattan Office Perspectives

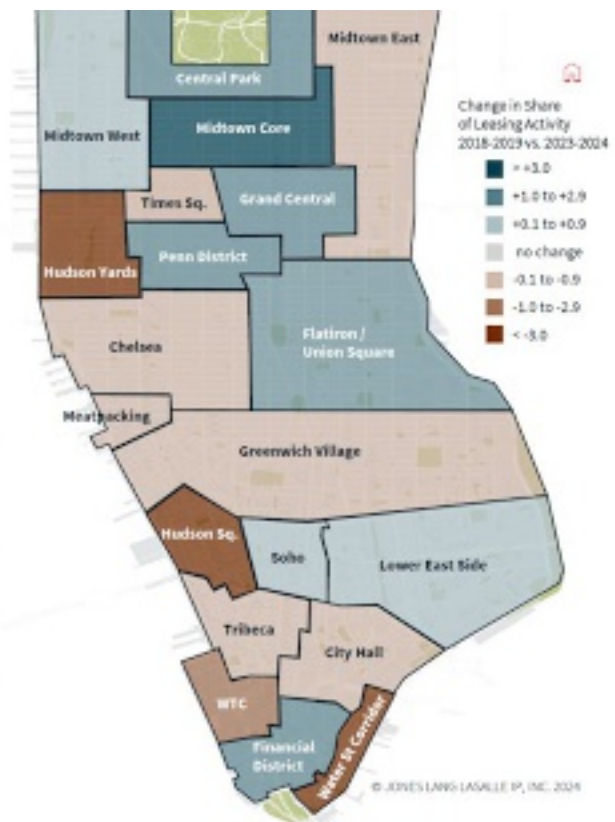
Midtown Core again the center of gravity

Since 2023, leasing activity has increasingly been concentrated in Midtown Core, especially on Avenue of the Americas and Park Avenue as Hudson Yards has leased up, demand from creative and tech tenants remains weak, and Downtown remains quiet.

Change in Share of Leasing Activity

	2018-2019	2023-2024	Difference
Increasing Share			
Midtown Core	16.3%	27.8%	+10.3%
Penn District	6.0%	8.5%	+2.6%
Financial District	5.5%	6.9%	+1.3%
Grand Central	15.5%	16.7%	+1.2%
Flatiron / Union Square	6.7%	7.8%	+1.1%
Decreasing Share			
Midtown East	2.8%	1.9%	-0.9%
World Trade Center	6.1%	3.9%	-2.2%
Hudson Square	6.0%	1.3%	-4.2%
Hudson Yards	10.2%	6.4%	-4.5%
Water Street Corridor	7.0%	2.5%	-5.3%

Source: JLL Research
8



Asking rents have yet to see a significant correction

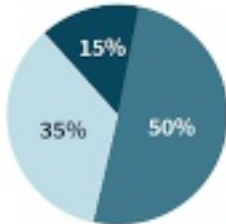
Unlike past cycles, asking rents have remained stable, as top-of-market rents continue to buoy the market overall.

Manhattan direct office asking rents (p.s.f.)

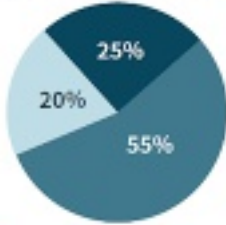


Q2 2024 Market stats by building class

Office Inventory by Building Class



Leasing Activity by Building Class



Legend: Trophy (dark blue), Class A (medium blue), Class B (light blue)

Source: JLL Research

Trophy, Class A & B	Trophy		Class A		Class B		Overall	
Inventory	69.5M s.f.		238.7M s.f.		163.8M s.f.		471.9M s.f.	
Direct vacant	6.1M s.f.		28.7M s.f.		26.1M s.f.		60.8M s.f.	
Sublease vacant	2.3M s.f.		11.4M s.f.		5.4M s.f.		19.1 s.f.	
Current vacancy	12.1%		16.8%		19.3%		17.0%	
Q1 2020 vacancy	6.6%	+5.5 pp	7.4%	+9.4 pp	8.3%	+11.0 pp	7.6%	+9.4 pp
Direct asking rent	\$142.14/s.f.		\$83.25/s.f.		\$59.99/s.f.		\$80.24/s.f.	
Q1 2020 asking rent	\$139.39/s.f.	+2.0%	\$85.48/s.f.	-2.6%	\$64.67/s.f.	-7.2%	\$84.78/s.f.	-5.50%

Trophy asking rents see pre-COVID growth continue

Sustained Trophy demand justifies increasingly higher asking rents, whereas Class B landlords face heightened challenges around adjusting asking rents due to lack of demand and capital constraints to fund concessions

Submarket direct office asking rents (p.s.f.)



Net effective rents for trophy continue to rise

Top-of-market and new construction buildings have continued to rise due to strong demand while effective rents for Class A and B properties have fallen as rents have stagnated and concessions have risen.

Asking rents (p.s.f.)



Starting rents (p.s.f.)



Net effective rents (p.s.f.)



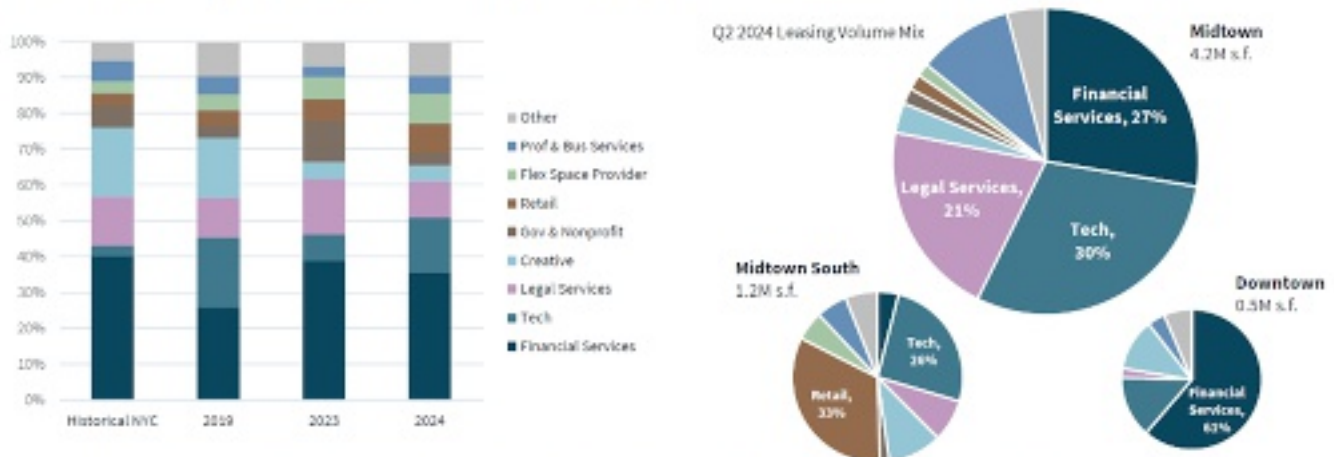
Concessions coalescing across classes

Concessions within the Trophy market have fallen as demand remains high and the best availabilities have been leased. For the other classes, landlords have increased the concessions offered to compete for tenants.



Leasing volume by industry

Financial Services remains strong while tech leasing has seen a resurgence in 2024, including Bloomberg's 900,000-s.f. renewal at 731 Lexington Ave and numerous small to medium-sized software and A.I.-focused firms in Midtown South.



Note: Financial Services includes Non-health Insurance and Real Estate; Creative includes Advertising/Marketing/PR, Information, and Media & Entertainment; Retail includes Apparel/Textile; Professional & Business Services includes Accounting and Architects & Engineers; Other includes Construction, Education, Healthcare, Leisure & Hospitality, Manufacturing, Transportation & Utilities, and Wholesale Trade. Historical NYC refers to the 2006-2009 average.
Source: JLL Research

Starting rents for higher floors increase as availability falls

Competition for tower floors is intensifying due to continued flight-to-quality and lack of new supply, creating upward pressure on pricing on higher floors. Meanwhile, dispositions have accumulated in lower floors, adding to overall availability.

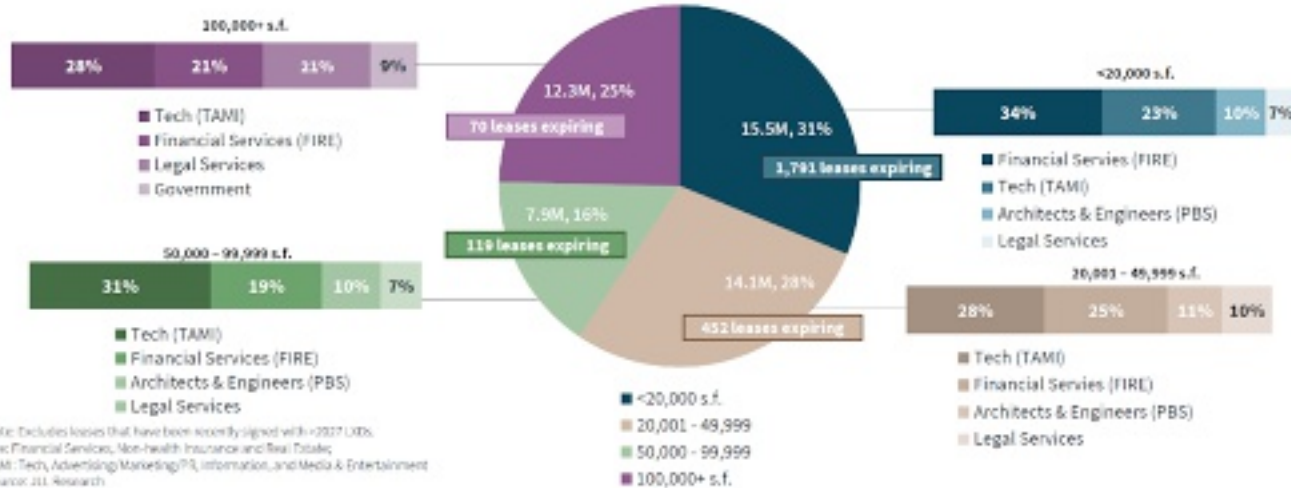


Note: Includes Trophy, Class A, and Class B buildings only. Average rents include only direct leases. Includes all classes, Trophy, Class A and Class B.

Expiring leases by size tranche and industry

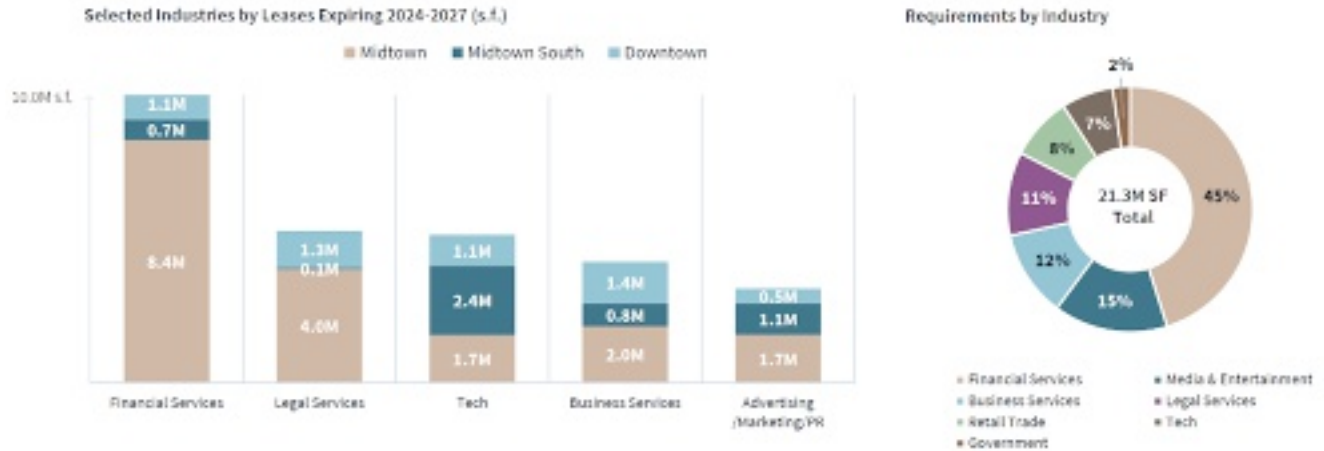
Upcoming expiring leases are concentrated in the mid-sized market of 20k-100k s.f. and make up 44% of all s.f. coming up for expiration by end of 2027.

Lease Expiration by Size Tranche (s.f.) and Industry



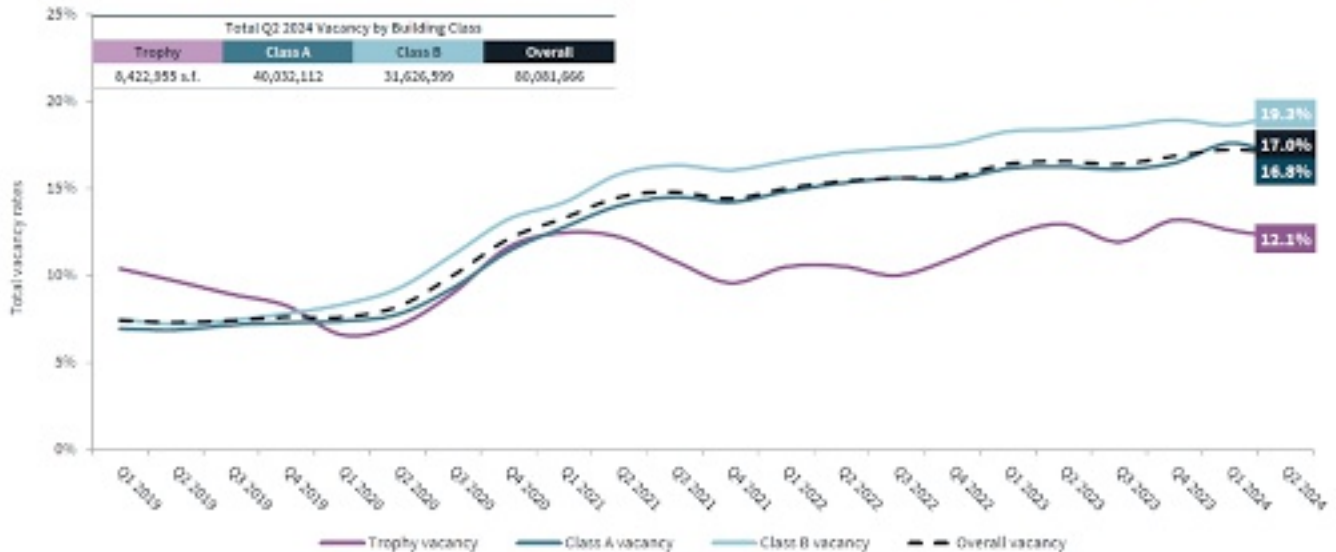
Expiring leases by submarket and industry

Upcoming expiring leases hold a significant presence in Midtown for Financial Services and in Midtown South for tech tenant leases.



Class B vacancy rises despite notable reduction to inventory

Trophy product, having grown by over 8.5 million s.f. since 2023, has meanwhile seen vacancy trend downward.

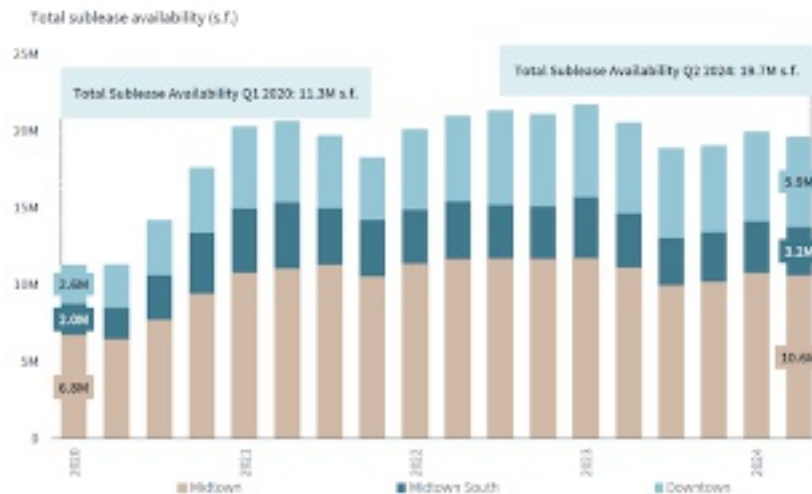


Certain Midtown markets have seen greater resilience post-COVID



Sublease availability dips slightly following a few major deals

Midtown and Midtown South sublease availability fell in Q2, meanwhile Downtown sublease additions outpaced leasing activity.



Number of Sublease Availabilities:	Avg. Sublease Asking Rent (p.s.f.):	Sublease Availability Rate (% of inventory):
1,340	\$56.69	4.1%

Top industries by amount of sublease space	
Sublessor Industry	Total large (50,000+ s.f.) block sublease availability
Media & Entertainment	1,772,662
Advertising/Marketing/PR	1,602,361
Financial Services	1,442,888
Information	913,153
Tech	682,563

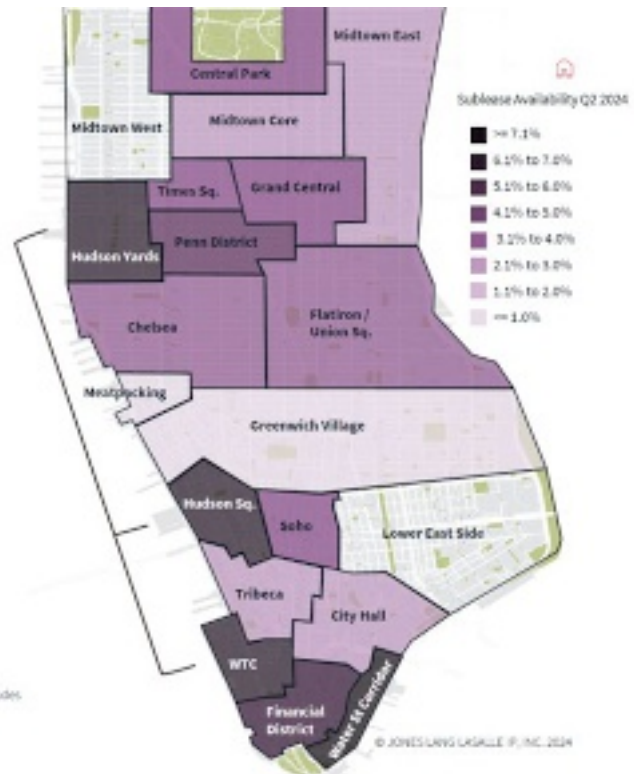
Manhattan Office Perspective

Creative/Tech dispositions driving sublease availability

Pockets of heightened sublease availability line the West Side in submarkets where creative tenants have largely scaled back their footprints.

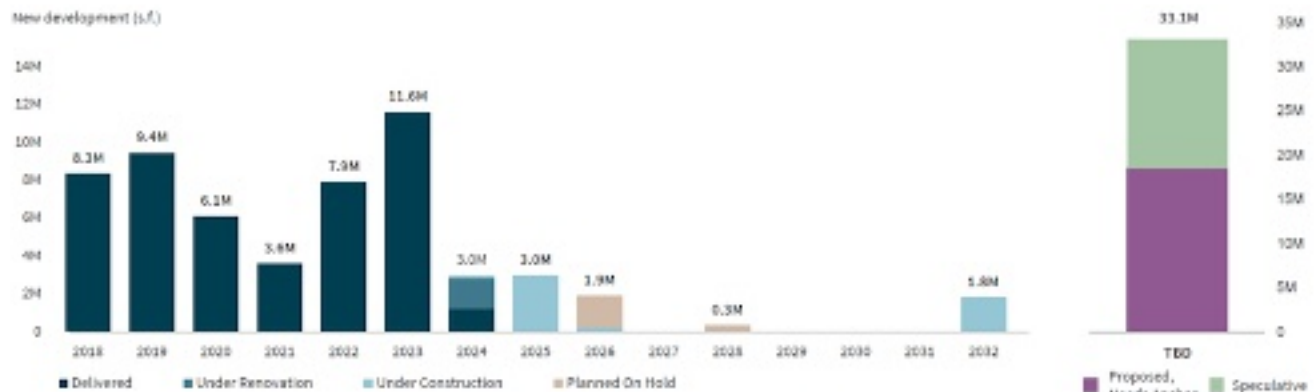


Note: Midtown West and Lower East Side not included. Large block availabilities are 50,000 s.f. and above. Creative includes Advertising/Marketing/PR, Information, and Media & Entertainment.
Source: JLL Research
22



New development slows significantly after recent peak

More than 45M s.f. was completed over the past 5 years, but developments set to deliver by 2032 total less than 8 million s.f.

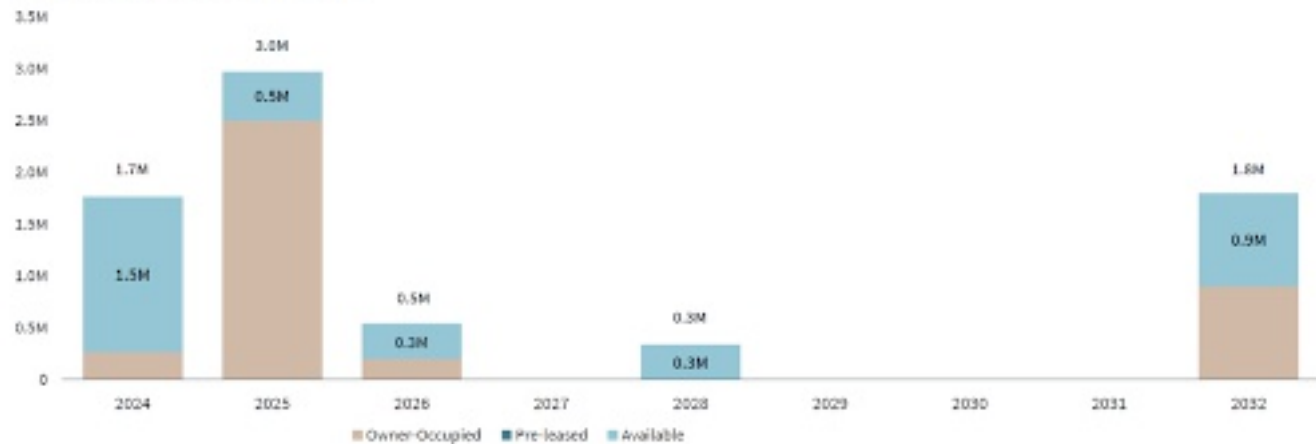


Note: Delivered is a property that underwent full renovation or new construction that can be occupied; Under Renovation is an existing property that is undergoing a renovation that fully repositions the building in the market; Under Construction is a property that is currently in the process of being built from ground up; Planned On Hold is a property that is ready to be built on spec but currently can't do so due to various internal or external factors; Proposed, Needs Anchor is a property that is ready to be built, but needs an anchor tenant before it can continue; Speculative is a property that is a proposed development that is either unlikely to be developed or is planned far into the future.

Limited availability in developments currently in progress

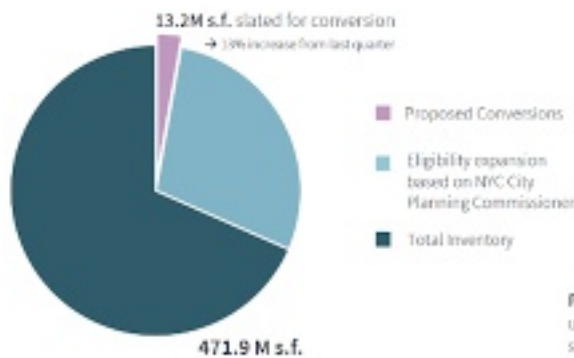
Over 50% of the space in properties that are currently under renovation or construction will be owner-occupied, leaving only 3.5 million s.f. of newly-built office space likely to be available from now to 2032.

Under renovation & under construction (s.f.)



Office conversions continue to gain momentum while awaiting rezoning and policy changes

At least 64 buildings have applied to the city's Office Conversion Accelerator Program with 13.2 million s.f. of office already set for conversion.



To be eligible for conversion, a building must be:



Zoned to allow residential use + compliant with light and air req's



Built before 1961/1977*
Proposed zoning changes would permit conversions in all buildings built before 1991 where residential uses are allowed

Proposed conversions represent less than 2.8% of Manhattan office inventory, making it unlikely that conversions will impact fundamentals citywide, but may help specific submarkets, such as Downtown.

Note: Buildings in Manhattan Community Districts 1 (north of Murray Street and Brooklyn Bridge), 2, 3, 4, 5, and 6; Brooklyn Community Districts 1, 2, 6, and 8; and Queens Community Districts 1 and 2 built before December 15, 1961 are eligible for conversion. Additionally, buildings in Manhattan Community District 1 south of Murray Street and Brooklyn Bridge built before January 1, 1977 are eligible for conversion.

Note: City Planning Commissioner Daniel Garodnick stated the rezoning proposals will free up to 138 million square feet of offices for conversion to residential; this estimate may include properties we do not track in our database. The proposals are to be voted upon by the end of 2024.

Source: JLL Research, NYC Department of City Planning

Manhattan Office Perspectives

Manhattan office conversions

ID	Address	Building Size (s.f.)	Conversion Year	Submarket	Conversion Status
1	4 New York Plz	1,110,000	2023	Downtown	Converted
2	85 Broad St	1,120,500		Downtown	Likely Conversion
3	1 Wall St	1,100,000	2023	Downtown	Converted
4	111 Wall St	1,040,000		Downtown	Likely Conversion
5	80 Pine St	1,000,000		Downtown	Likely Conversion
6	235 E 42nd St	823,623	2024	Midtown	Converted
7	222 Broadway	794,000		Downtown	Likely Conversion
8	61 Broadway	787,000		Downtown	Likely Conversion
9	750 Third Ave	775,641	2024	Midtown	Converted
10	1740 Broadway	640,000		Midtown	Likely Conversion
11	160 Water St	623,000	2023	Downtown	Converted
12	623 Fifth Ave	433,323	2024	Midtown	Converted
13	55 Broad St	410,000	2023	Downtown	Converted
14	90 John St	384,900	2024	Downtown	Converted
15	230-233 West St	378,700		Downtown	Converted
16	219 E 42nd St	348,947	2024	Midtown	Converted
17	110 Wall St	292,600	2021	Downtown	Converted
18	175 Fifth Ave	238,707	2024	Midtown South	Converted
19	101 Franklin St	235,000		Downtown	Likely Conversion
20	509 Madison Ave	170,085	2024	Midtown	Converted
21	95 Madison Ave	152,000	2024	Midtown South	Converted
22	220 E 54th St	115,028		Midtown	Converted
23	650 First Ave	100,900	2023	Midtown	Converted
24	1 Times Sq	94,500	2024	Midtown	Converted

Source: JLL Research

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	Office Inventory Converted/Likely to be Converted (s.f.)	Total Relative to Existing Inventory
Midtown	3,515,543	1.2%
Midtown South	390,707	0.5%
Downtown	9,263,700	3.7%
Total	13,169,952	2.8%



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Manhattan new development map

ID	Address/Name	Building Size (s.f.)	Est. Delivery	Submarket	Building Status
1	4 Hudson Sq	1,200,000	Q1 2024	Hudson Square	Delivered
2	525 Barclay St	284,700	Q1 2024	World Trade Center	Under Renovation
3	261-271 11th Ave	1,800,000	Q4 2024	Chelsea	Under Renovation
4	430 W Broadway	36,232	Q1 2024	SoHo	Under Construction
5	360 Bowery	113,000	Q1 2024	Greenwich Village	Under Construction
6	1 St Mark's Pl	54,800	Q4 2024	Greenwich Village	Under Construction
7	125 W 57th St	280,000	Q1 2025	Central Park	Under Construction
8	270 Park Ave	2,500,000	Q2 2025	Midtown Core	Under Construction
9	520 8th Ave	213,898	Q4 2025	Grand Central	Under Construction
10	668 8th Ave	199,000	Q4 2025	Midtown Core	Under Construction
11	330 Park Ave	1,800,000	Q1 2030	Grand Central	Under Construction
12	175 Anson St	725,804	Q1 2026	Water Street Corridor	Planned On Hold
13	415 Madison Ave	940,811	Q1 2026	Midtown Core	Planned On Hold
14	650 Third Ave	620,796	Q3 2026	Midtown East	Planned On Hold
15	400 Park Ave	940,574	Q3 2028	Central Park	Planned On Hold
16	300 17th Ave	342,004	TBD	Chelsea	Proposed, Needs Anchor
17	515 13th Ave	175,000	TBD	Chelsea	Proposed, Needs Anchor
18	200 17th Ave	300,000	TBD	Chelsea	Proposed, Needs Anchor
19	1 Grand St	450,000	TBD	Hudson Square	Proposed, Needs Anchor
20	3 Hudson Blvd	1,871,327	TBD	Hudson Square	Proposed, Needs Anchor
21	340 Madison Ave	697,979	TBD	Grand Central	Proposed, Needs Anchor
22	570 5th Ave	1,200,000	TBD	Midtown Core	Proposed, Needs Anchor
23	2 World Trade Ctr	2,800,000	TBD	World Trade Center	Proposed, Needs Anchor
24	51 Penn Plz	2,200,000	TBD	Penn District	Proposed, Needs Anchor
25	175 Park Ave	2,500,000	TBD	Grand Central	Proposed, Needs Anchor
26	40 Hudson Yards	2,100,000	TBD	Hudson Yards	Proposed, Needs Anchor
27	89 Hudson Blvd	1,800,000	TBD	Hudson Yards	Proposed, Needs Anchor
28	70 Hudson Yards	1,000,000	TBD	Hudson Yards	Proposed, Needs Anchor
29	280 12th Ave	1,000,000	TBD	Chelsea	Proposed, Needs Anchor
30	412 8th Ave	287,692	TBD	Hudson Yards	Proposed, Needs Anchor

Note: Not inclusive of speculative developments
Source: JLL Research

Q2 2024 Submarket overview: All Classes



Trophy, Class A & B	Midtown		Midtown South		Downtown		Overall	
Inventory	292.2M s.f.		84.1M s.f.		95.6M s.f.		471.9M s.f.	
Direct vacant	35.8M s.f.		11.4M s.f.		13.4M s.f.		60.8M s.f.	
Sublease vacant	10.3M s.f.		3.0M s.f.		5.7M s.f.		19.1 s.f.	
Current vacancy	15.8%		17.3%		20.1%		17.0%	
Q1 2020 vacancy	7.8%	+8.0 pp	6.2%	+11.1 pp	8.4%	+11.7 pp	7.6%	+9.4 pp
Direct asking rent	\$85.82/s.f.		\$83.81/s.f.		\$61.81/s.f.		\$80.24/s.f.	
Q1 2020 asking rent	\$89.75/s.f.	-4.48%	\$90.91/s.f.	-8.13%	\$69.34/s.f.	-11.48%	\$84.78/s.f.	-5.50%

Manhattan Q2 2024 office submarket statistics

Midtown West Inventory: 2,800,999 s.f. Vacancy rate: 42.6% Asking rent: \$55.46/s.f.	Times Square Inventory: 17,381,949 s.f. Vacancy rate: 13.9% Asking rent: \$12.05/s.f.		Central Park Inventory: 30,558,990 s.f. Vacancy rate: 14.8% Asking rent: \$33.42/s.f.	Midtown East Inventory: 21,460,621 s.f. Vacancy rate: 15.8% Asking rent: \$56.56/s.f.
Hudson Yards Inventory: 19,806,143 s.f. Vacancy rate: 15.7% Asking rent: \$136.86/s.f.	Penn District Inventory: 39,569,894 s.f. Vacancy rate: 29.3% Asking rent: \$73.81/s.f.		Grand Central Inventory: 11,444,233 s.f. Vacancy rate: 14.8% Asking rent: \$68.45/s.f.	Midtown Core Inventory: 80,996,873 s.f. Vacancy rate: 12.5% Asking rent: \$88.15/s.f.
Chelsea Inventory: 10,878,862 s.f. Vacancy rate: 23.8% Asking rent: \$75.06/s.f.	Meatpacking Inventory: 7,542,769 s.f. Vacancy rate: 6.0% Asking rent: \$117.35/s.f.		Greenwich Village Inventory: 6,690,475 s.f. Vacancy rate: 14.3% Asking rent: \$132.62/s.f.	Flatiron/Union Square Inventory: 28,662,395 s.f. Vacancy rate: 11.7% Asking rent: \$71.15/s.f.
Madison Square Inventory: 13,855,823 s.f. Vacancy rate: 23.3% Asking rent: \$88.95/s.f.	TriBeCa Inventory: 7,478,984 s.f. Vacancy rate: 15.3% Asking rent: \$54.20/s.f.		Lower East Side Inventory: 581,246 s.f. Vacancy rate: 65.6% Asking rent: \$78.65/s.f.	SoHo Inventory: 5,031,258 s.f. Vacancy rate: 13.3% Asking rent: \$85.37/s.f.
World Trade Center Inventory: 26,896,679 s.f. Vacancy rate: 12.2% Asking rent: \$64.21/s.f.	Financial District Inventory: 36,536,832 s.f. Vacancy rate: 25.2% Asking rent: \$57.31/s.f.		Water Street Corridor Inventory: 20,585,340 s.f. Vacancy rate: 24.7% Asking rent: \$51.76/s.f.	City Hall Inventory: 4,558,698 s.f. Vacancy rate: 13.3% Asking rent: \$49.51/s.f.

Source: JLL Research

JLL Market Research – Downtown Office Market & World Trade Center Submarket

The following is extracted from JLL's Downtown Office Perspectives report.

Downtown office market overview

1

Leasing activity in Q1 fell by more than half quarter-over-quarter. Q1 totaled 0.4 million s.f., 68% lower than Q4 2023 and 59% lower year-over-year. Direct asking rents fell slightly to \$61.88, a 0.2% decrease from Q4 2023.

2

Vacancy and availability rise following several new sublet and direct blocks coming online. Vacancy increased by 50 basis points to 20.3%. The largest disposition, a 400K-s.f. sublet at 55 Water St, was primarily former NYC Dept. of Transportation space.

3

Inventory is steadily shrinking as the development pipeline narrows and as more buildings are proposed for conversion. The only property under development is 125 Barclay St, which will be fully occupied by District Council 37. Additionally, there are 6 buildings likely to be converted in the submarket. Although not reflective of heightened demand, removing these buildings from rentable area today would draw down vacancy by 60 basis points to 19.7%.



Downtown office statistics

Office inventory

95.6M s.f.

inventory across 135 properties

3.3M s.f.

under construction or near-term proposed

Office statistics

\$57.13 p.s.f.

asking rent, a 2.8 percent decline from Q2 2023

20.1%

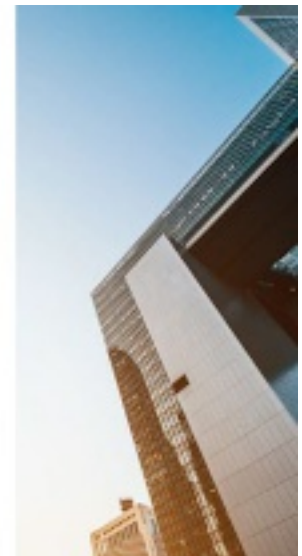
vacancy rate, a 0.4 pp increase from Q2 2023

Office availabilities

13.4M s.f. direct
5.7M s.f. sublet

29.9%

share of sublease availabilities to total available space



Downtown office submarket statistics



Downtown

Downtown vacancy increased in Q2 as leasing volume has remained well below past years.

Trophy & Class A rental rate trends

	2018	2019	2020	2021	2022	2023	H1 2024	12 mo. proj.
Direct asking rent (p.s.f.)	\$69	\$71	\$73	\$71	\$70	\$71	\$70	►
Net effective rent (p.s.f.)	\$48	\$48	\$53	\$45	\$48	\$52	\$38	▼
T.L. allowance (p.s.f.)	\$36	\$75	\$74	\$36	\$91	\$58	\$40	►
YTD volume (s.f.)	5.7M	8.7M	4.4M	3.8M	2.9M	4.2M	876K	▼

Trophy & Class A vacancy rate trends

	2018	2019	2020	2021	2022	2023	H1 2024	12 mo. proj.
Direct	9.6%	8.5%	5.3%	9.3%	10.2%	11.8%	11.8%	▲
Sublease	2.5%	2.3%	5.2%	5.0%	7.3%	7.3%	7.7%	▲
Total	12.0%	8.8%	11.0%	14.3%	17.5%	19.0%	19.5%	▲

Note: Rental rates and concessions exclude subleases.
Source: JLL Research, CoStar

Largest leases signed in Q2 2024

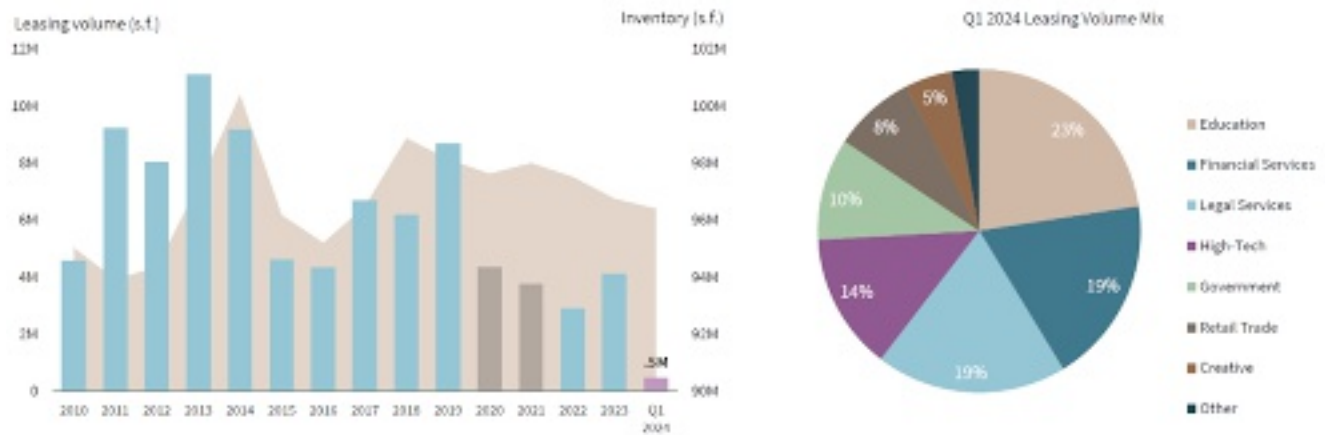
Tenant	Address	Size (s.f.)	Lease type
Stripe, Inc.	28 Liberty St	146,500	Sublease - relocation
Kroil	1 World Trade Ctr	48,036	Sublease - relocation
Wasserman Music	1 Liberty Plz	45,060	Sublease - relocation
Nagaro Inc	195 Broadway	41,854	Sublease - relocation

Largest contiguous vacancies in Downtown

Address	Vacant space (s.f.)	Lease type
60 Wall St	1,537,144	Direct - Deutsche Bank disposition
80 Pine St	407,055	Direct - AIG disposition
1 Liberty Plz	330,235	Direct - formerly occupied by Nasdaq, Inc

Leasing volume, inventory, and industry mix

Leasing volume in Q1 2024 trails that of the last quarter and year, 68% below Q4 2023 and 59% below Q1 2023. Education tenants led leasing volume this quarter, followed by financial services who have historically been the most active.



Note: Financial Services includes Non-health Insurance and Real Estate; Creative includes Advertising/Marketing/P.R./Information, and Media & Entertainment; Professional & Business Services includes Accounting and Architects & Engineers; Other includes Nonprofit and Life Sciences.

Source: JLL Research

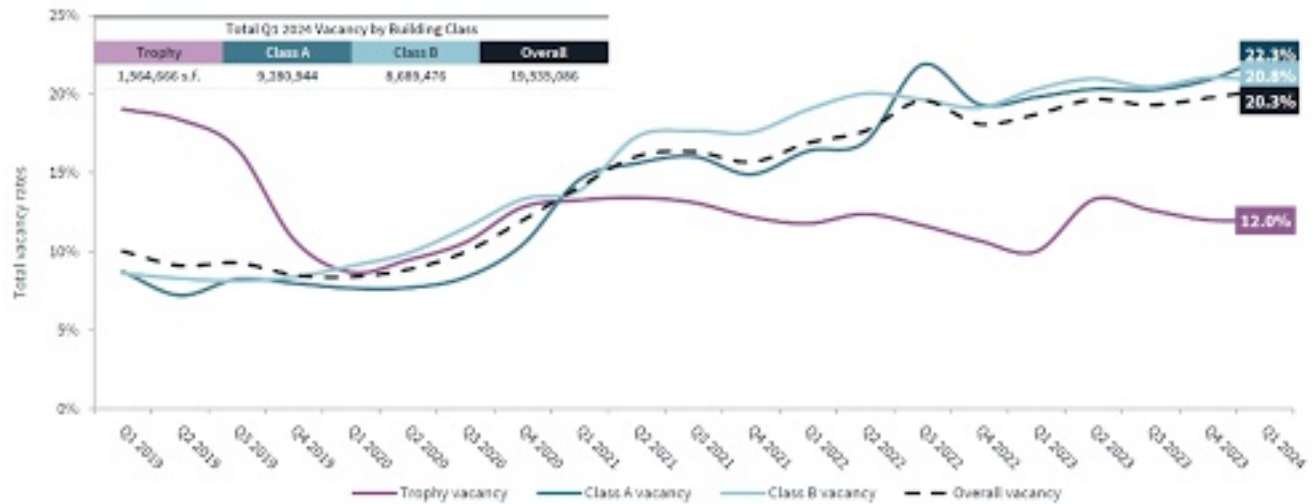
Net effective rents for trophy oscillate

Net effective rents in trophy buildings fluctuate in years with higher or lower sublease activity.



Continued divergence between Trophy and the rest of the market

Downtown has a limited supply of Trophy buildings compared to other areas in the city, resulting in high occupancy rates and low vacancy levels.



Notable Downtown Large Blocks

Address	Space Type	Total Contiguous Space Available (s.f.)	Submarket	Building Status	Building Class
7 World Trade Center	Direct	2,400,256	Downtown	Proposed Short Term	Trophy
60 Wall St	Direct	1,537,144	Downtown	Existing	Trophy
80 Pine St	Direct	487,655	Downtown	Existing	A
1 Liberty Plz	Direct	336,235	Downtown	Existing	Trophy
22 Avenue of the Americas	Direct	258,625	Downtown	Existing	B
225 Liberty St	Sublet	221,433	Downtown	Existing	Trophy
200 Vesey St	Direct	220,651	Downtown	Existing	Trophy
80 Pine St	Direct	201,267	Downtown	Existing	A
1 World Trade Ctr	Sublet	192,781	Downtown	Existing	Trophy
105 Broadway	Direct	164,583	Downtown	Existing	B

Downtown development pipeline

New developments are projected to add almost 4.0 M s.f. to the market.



Under Construction	On Hold	Proposed
1. 125 Barclay St District Council 37 265K s.f. Expected Q3 2024	2. 175 Water St 93c LLC 725K s.f. Expected Q1 2026	3. 2 World Trade Center Silverstein Properties 2.8M s.f. Expected TBD

Competitive Properties

The following table summarizes the properties in direct competition with the subject property.

Summary of Competitive Properties									
Address	Competitive Class	Year Built/Renov.	Stories	Rentable Area	Direct Avail. SF	Sublease Avail. SF	Occupancy Rate (Direct)	Occupancy Rate (Total)	Asking Rents
1 World Trade Center	A+/Trophy	2014	104	3,210,178	132,527	648,670	95.9%	75.7%	\$54.00 - \$86.00
3 World Trade Center	A+/Trophy	2018	80	2,861,402	216,826	88,290	92.4%	89.3%	\$90.00+
4 World Trade Center	A+/Trophy	2013	72	2,500,000	93,621	142,148	96.3%	90.6%	\$90.00+
200 West Street	A+/Trophy	2009	43	2,152,863	-	-	100.0%	100.0%	Owner-occupied
107 Greenwich Street	A+/Trophy	2020	26	410,000	70,102	-	82.9%	82.9%	\$69.00 - \$89.00
1 Liberty Plaza	A	1972/2007	54	2,346,000	417,103	419,626	82.2%	64.3%	\$56.00 - \$76.00
200 Liberty Street	A	1986/2020	40	1,501,878	305,326	-	79.7%	79.7%	\$66.00 - \$75.00
225 Liberty Street	A	1987	44	2,591,244	109,682	338,022	95.8%	82.7%	\$72.00 - \$80.00
200 Vesey Street	A	1986	51	2,233,962	297,797	-	86.7%	86.7%	\$68.00 - \$72.00
250 Vesey Street	A	1986	34	1,755,000	112,323	112,323	93.6%	87.2%	N/A
60 Wall Street	A+/Trophy (Upon Renovation)	1989/ongoing	47	1,573,338	1,573,338	-	0.0%	0.0%	\$75.00 - \$88.00
Subject	A+/Trophy	2006	52	1,687,685			94%		\$81.06

Source: Research by JLL

Summary and Conclusion

The slower pace of new leasing has persisted among large occupiers within the World Trade Center submarket as uncertainty surrounding their future headcount projections and actual office space needs persist. The total availability rate remains elevated above pre-Covid levels, which is compounded by the amount of sublet space on the market.

With an increase in conversions and a slowing of the development pipeline, the total New York office inventory is expected to decrease over the coming years. As such, tenants will have fewer leasing options, which should tighten vacancy rates. Additionally, tenants are still looking to find space in well-amenitized properties. As Trophy buildings continue to lease up, demand is likely to spill over to the next tranche of buildings. As such, well-capitalized landlords with commodity Class A properties in prime locations may look to capture this spillover demand by renovating their properties.

The subject reflects a trophy asset and competes most directly with 1, 3, and 4 World Trade Center. Occupancy within the trophy office market has remained structurally lower than the broader market as a whole. The subject is expected to generate rents towards the high end of those exhibited by the competitive set, although it would lease at a discount to comparable Trophy assets in Midtown Manhattan, which presently exhibits stronger market fundamentals.

Surrounding Area Analysis

Boundaries

The subject is located in the World Trade Center submarket, which is generally bounded as follows:

North	Murray Street
South	Albany Street
East	Broadway
West	Hudson River

Surrounding Demographics

A snapshot of the surrounding area demographics, including population, households, and income data, is displayed in the following table.

Surrounding Area Demographics							
	1 mi. radius	3 mi. radius	5 mi. radius	New York County	New York MSA	New York	United States
Population							
2010	100,620	824,550	2,050,068	1,585,873	18,897,109	19,378,102	308,745,538
2020	118,604	958,296	2,339,362	1,694,251	20,140,470	20,201,249	331,449,281
2023	117,204	963,462	2,353,112	1,658,642	20,181,143	20,113,414	337,470,185
2028	115,497	979,673	2,379,270	1,622,854	20,167,113	19,995,476	342,640,129
Compound Chg 2020 - 2023	-0.40%	0.18%	0.20%	-0.71%	0.07%	-0.15%	0.60%
Compound Chg 2023 - 2028	-0.29%	0.33%	0.22%	-0.44%	-0.01%	-0.12%	0.30%
Density	37,337	34,083	29,965	72,656	3,019	427	96
Households							
2010	46,613	395,544	917,642	763,846	6,918,950	7,317,755	116,716,292
2020	55,175	460,898	1,057,796	817,782	7,405,418	7,715,172	126,817,580
2023	55,792	471,669	1,079,294	820,188	7,499,516	7,768,100	129,917,449
2028	56,270	488,428	1,110,267	821,317	7,595,425	7,832,588	133,099,006
Compound Chg 2020 - 2023	0.37%	0.77%	0.67%	0.10%	0.42%	0.23%	0.81%
Compound Chg 2023 - 2028	0.17%	0.70%	0.57%	0.03%	0.25%	0.17%	0.49%
Other Demographics							
Med. Household Income	\$136,340	\$113,043	\$100,091	\$89,885	\$87,926	\$77,077	\$72,603
Avg. Household Size	2.0	2.0	2.1	1.9	2.6	2.5	2.5
College Graduate %	73.2%	72.2%	63.8%	65.9%	44.9%	41.0%	36.1%
Median Age	37	36	37	39	40	40	39
Owner Occupied %	24%	26%	26%	24%	51%	54%	65%
Renter Occupied %	76%	74%	74%	76%	49%	46%	35%
Med. Home Value	\$1,327,928	\$911,931	\$902,968	\$923,576	\$581,676	\$416,411	\$308,943

Source: Esri 2024. Compiled by JLL Valuation & Advisory Services, LLC.

As illustrated above, the current population within a three-mile radius of the subject is 963,462, and the average household size is 2.0. Population in the area has risen since the 2020 census, and this trend is expected to continue in the ensuing five years. Despite the population growth within a three-mile radius, it is estimated the New York MSA overall will remain steady.

Median household income is \$113,043, which is considerably higher than the household income for the New York MSA as a whole. The populace within a three-mile radius has a notably higher level of formal college education than residents in the New York MSA, and median home values in the area are also substantially higher.

The following table presents a summary of the convenience of walking and biking to amenities in the neighborhood around the subject property, as well as its accessibility to public transportation.

Walk, Bike, and Transit Information

Metric	Rating (0-100)	Description
Walk Score	100	Walker's Paradise
Bike Score	90	Biker's Paradise
Transit Score	100	Rider's Paradise
Mass Transit	Mi. from Subj.	Location
Nearest Rail Stop	0.0	World Trade Center
Nearest Bus Stop	0.1	Murray St/West Broadway
Summary: 89 nearby routes: 53 bus, 35 rail, 1 other		

Source: Walkscore.com, updated 02/19/2024. Compiled by JLL Valuation & Advisory Services, LLC.

Surrounding Uses

The subject property is situated within the greater World Trade Center complex. Situated to the south of the site are 1 World Trade Center and the Perelman Performing Arts Center. Further south are Liberty Park, the Greek Orthodox Church, the 9/11 Memorial and Museum, and Towers 3 and 4. To the west is the Barclay-Vesey building, which is a pre-war, mixed use office and residential building. The Oculus is situated between the site of Tower 2 and Tower 3. To the east is 90 Church Street, which houses the United States Postal Service's Church Street Station. To the north is 240 Greenwich Street, which serves as the headquarters of BNY, and Fiterman Hall, which is part of the City University of New York (CUNY) campus. The broader surrounding area exhibits a mix of mid to high-rise office and retail buildings.

World Trade Center Campus

The continued development of the World Trade Center complex is a major contributing factor to the revitalization of Lower Manhattan as a whole. The overall plan for the World Trade Center complex includes the following:

- Five new skyscrapers (One World Trade Center, Towers 2, 3, 4, 5, and 7)
- National September 11 memorial and museum
- World Trade Center transportation hub
- Retail complex
- Performing arts center

Combined with the Goldman Sachs global headquarters on West Street in Battery Park City, upon completion of the new towers, the World Trade Center and immediately surrounding sites will comprise over 14 million square feet of Class A office space.

One World Trade Center is the centerpiece of the development and is currently the tallest building in New York City. The building's spire was completed on May 2, 2013, making it 1,776 feet tall. The 104-story building is a joint venture between the Port Authority of New York and New Jersey and the Durst Organization. It is designed to be the safest commercial structure in the world and features 3 million square feet of office space on 71 office floors. The building was completed in 2014.

4 World Trade Center, which faces directly onto the World Trade Center (WTC) Memorial Park, is a 2.2-million square foot, 72-story office building. The two largest tenants for the property are the Port Authority of New York and New Jersey, which has leased 600,766 square feet, and the City of New York, which has leased 581,642 square feet. The building was completed in 2013.

The structure at 3 World Trade Center was stalled due to a lack in tenant demand. However, GroupM, a division of advertising giant WPP, signed a lease on December 23, 2013, agreeing to take 516,000

square feet in a 20-year lease, allowing for construction to continue at the site. The tower was completed in June 2018 and contains 80 stories and 2.8 million square feet.

7 World Trade Center (the subject property), located just north of the World Trade Center Site, opened in May 2006. The 52-story, 1.7-million square foot office tower was developed and is owned and managed by Silverstein Properties.

The Memorial Pavilion was completed in September 2011. The memorial remembers and honors the nearly 3,000 people who died in the attacks of February 26, 1993, and September 11, 2001. The Memorial consists of two massive pools set within the footprints of the Twin Towers with the largest manmade waterfalls in the country cascading down their sides. The names of the nearly 3,000 individuals who were killed in the September 11 attacks in New York City, Pennsylvania, and at the Pentagon, and the February 1993 World Trade Center bombing are inscribed around the edges of the Memorial pools. The memorial museum presents a sequence of experiences which allow for individual and personal encounters within an overall context of a historical narrative. The nature of the Museum is such that the shell of the space, comprising existing foundations, the slurry wall and other elements of the site is as much an artifact of 9/11 as the contents of the exhibitions. Visitors to the Museum enter through a Pavilion that houses an auditorium for public programming, a multi-purpose area for contemplation and refreshment and a private suite reserved for victims' family members. Two of the original steel tridents from the Twin Towers are enclosed within the Pavilion's grand glass atrium.

In addition to the Memorial Museum, the cultural component of the new World Trade Center will include the 1,000-seat Ronald O. Perelman Center for the Performing Arts at the northeast corner of the World Trade Center complex. Construction commenced August 2017 was completed in 2023.

The World Trade Center also has a state-of-the-art transportation hub which includes the following:

- A multistory central transit hall designed in the style of Grand Central Terminal, incorporating a lower concourse, an upper (balcony) concourse, a public waiting area, and first-class retail amenities.
- Enhanced permanent PATH facilities and services incorporating three full-service extended 10-car platforms, as well as an additional platform to accommodate service needs and five tracks.
- An integrated network of underground pedestrian connections from the lower and upper concourses, which lead to adjoining New York City Transit subway stations and the MTA Fulton Street Transit Center through the Dey Street Corridor. Pedestrians also are able to access locations on and around the World Trade Center site, including the five office towers, the memorial and museum, Hudson River ferry terminals, the World Financial Center, PATH trains, 12 subway lines, and the proposed JFK rail link
- Retail facilities of approximately 200,000 square feet within the transit hub and the pedestrian concourses to accommodate a wide variety of restaurants and stores.

World Trade Center Campus Map



Access and Linkages

The subject property site comprises of a full city block and has five frontages: Greenwich Street (internal access to the building), West Broadway, Vesey Street, Washington Street, and Barclay Street. Greenwich Street is a 100-foot-wide street with traffic flowing in a southbound direction. West Broadway is an approximately 80-foot-wide street with traffic flowing in southbound direction. Vesey Street is an approximately 100-foot-wide street with traffic flowing in eastbound direction. Washington Street is a 59-foot-wide side street with traffic flowing in northbound direction. Lastly, Barclay Street is a 65-foot-wide street with traffic flowing in northbound direction. All area streets are macadam surfaced with concrete curbs.

The area's major roadways consist of the West Side Highway and the FDR Drive, both of which provide connections with the region's extensive highway system. The West Side Highway is accessible via West Street and provides connections with the Hugh L. Cary, Holland, and Lincoln Tunnels, as well as the

George Washington Bridge. The FDR Drive, located along Manhattan's east side, provides connections with the Brooklyn, Manhattan, Williamsburg, Queensboro, and RFK Bridges, as well as the Queens-Midtown Tunnel. Both the West Side Highway and the FDR Drive are readily accessible from the subject site.

The subject property is proximate to a number of public transportation options, including subway, commuter train, bus, and ferry. Access to the subway system is most conveniently from the World Trade Center Transportation Hub, located immediately to the south of the subject property site. The main station house, the Oculus, opened on March 3, 2016, and the terminal was renamed the World Trade Center Transportation Hub, or "World Trade Center" for short. The Oculus station house consists of 2 underground floors, which house a portion of the Westfield World Trade Center mall, and connects the Fulton Center transportation hub to the east and the Battery Park City Ferry Terminal to the west through the station house. The transportation hub provides connections to various subway stations, including Fulton Street (2, 3, 4, 5, A, C, J, and Z), Park Place (E, 2, 3), Cortlandt Street (R, W, 1), and Rector Street (R, W). The station provides connections to the New Jersey PATH trains via the Newark-World Trade Center line (weekdays) and the Hoboken-World Trade Center line (weekends). Bus service is provided along Trinity Place, Broadway, and Chambers Street. Ferry service is provided at the Brookfield Place/Battery Park City station to the west, and Pier 11 to the east.

Safety and Support Services

Police and fire protection is provided by the New York Police Department (NYPD) and by the Fire Department of the City of New York (FDNY).

Outlook and Conclusion

The subject site is functionally adequate and well suited for a variety of uses, including office, retail, and residential uses. The site offers the requisite exposure, accessibility, and access to neighborhood services and is in a neighborhood with a variety of uses. Overall, the site greatly benefits from its proximity to transportation options, shopping, and employment centers, as well as the greater World Trade Center complex.

Surrounding Area Map



Property Description

Site Description

Aerial Map



The subject property is outlined in yellow in the aerial above.

Land Summary						
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Usable Land Area (Acres)	Usable Land Area (Sq Ft)	Topography	Shape
Block 84, Lot 36	1.34	58,256	1.34	58,256	Level	Irregular
Totals	1.34	58,256	1.34	58,256		

Source: Public Records

Land Description

Shape	Irregular
Site Frontage (Feet)	340.89' along Barclay Street, 205.74' along West Broadway, 233.48' along Vesey Street, 213.45' along Washington Street; bifurcated by Greenwich Street
Average Width (Feet)	200
Corner Location	Yes
Primary Street Frontage	Greenwich Street
Traffic Volume	3,835
Access Rating	Good
Visibility Rating	Good
Functional Utility	Average
Topography	Level
Landscaping	Landscaped park at east of site
Drainage	No drainage problems were observed or disclosed to us during our inspection. This appraisal assumes that surface water collection is adequate.
Soil Conditions	Assumed adequate for development
Wetlands/Watershed	No
Flood Zone Designation	The site is situated partially within an Shaded Zone X (0.2% floodplain), partially within a Zone A (1% floodplain), and partially within a Zone V (1% floodplain with additional hazards associated with storm-induced waves)
Flood Zone	The subject is within the 100-year flood plain. The appraiser is not an expert in this matter and is reporting data from FEMA maps.
FEMA Map Number	3604970184F
FEMA Map Date	9/5/2007
Flood Insurance Required	No
Utilities	All public utilities are available to the site including public water and sewer, gas, electric, and telephone.
Utilities Adequacy	All to Site

Environmental Hazards

An environmental assessment was not provided for review. No environmental hazards were apparent from inspection and it is assumed the subject is free and clear of any environmental hazards including, without limitation, hazardous waste, toxic substances and mold.

Encumbrance/Easements/Restrictions

We were not provided a current title report to review. We are not aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

Overall Site Utility

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning.

Digital Tax Map



Zoning Summary

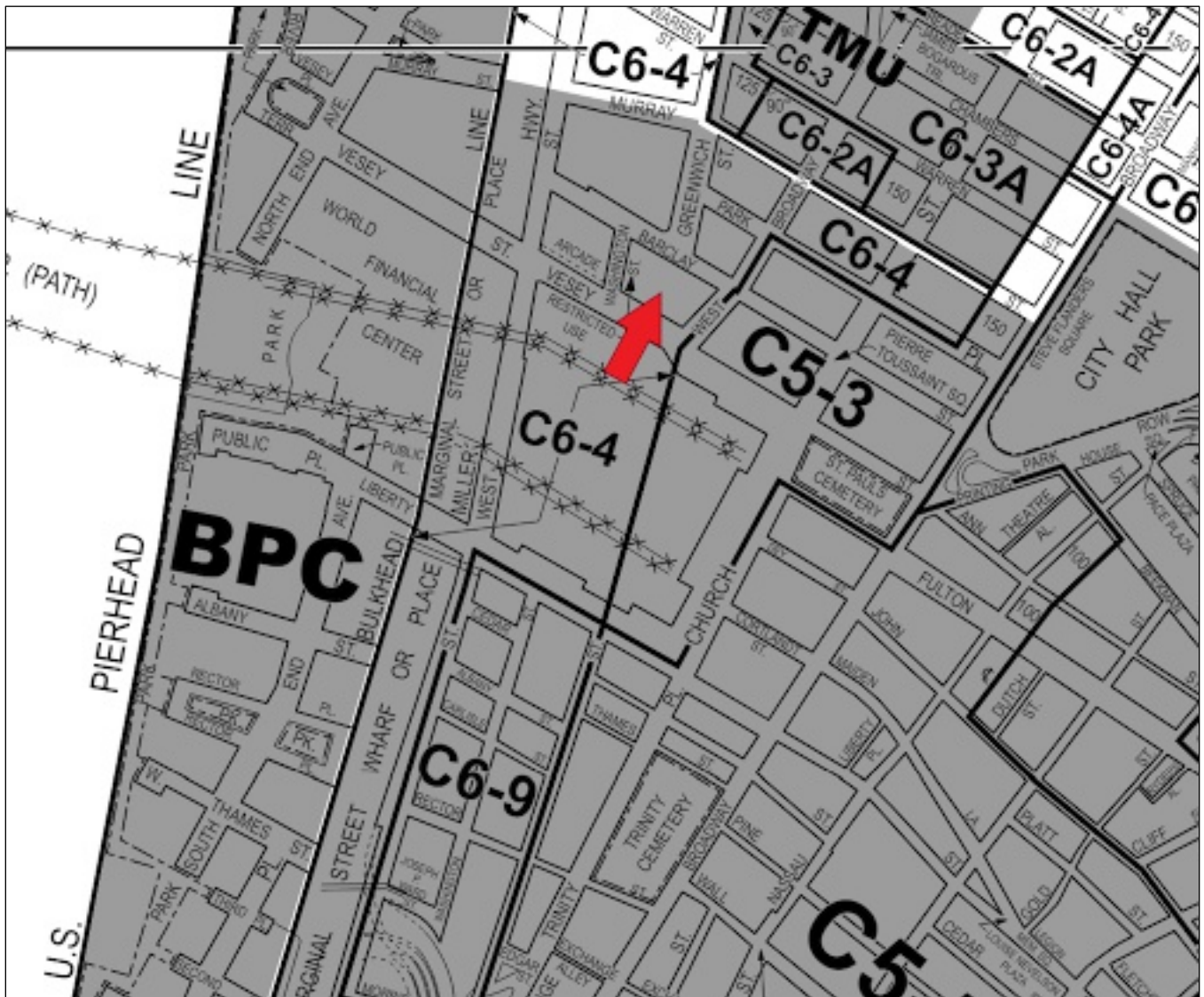
Zoning Jurisdiction	New York City
Zoning Code	C6-4; LM
Zoning Description	General Central Commercial District; Special Lower Manhattan District
Permitted Uses	C6 districts permit a wide range of high-bulk commercial uses requiring a central location. Corporate headquarters, large hotels, department stores and entertainment facilities in high-rise mixed buildings are permitted in the district. The C6-4 zoning district permits a wide range of retail and commercial uses (Use Groups 5-12), community facility uses (Use Groups 3 and 4), and residential uses (Use Groups 1 and 2).
Special Lower Manhattan District (LM)	The Special Lower Manhattan District (LM) was established to enhance the vitality of Lower Manhattan, home of the city's oldest central business district and a growing residential community. The district regulations allow for the conversion of older commercial buildings to residential use and encourage a dynamic mix of uses in the area while protecting its distinctive skyline and old street patterns. The built character of the area is enhanced by height and setback regulations and limitations on the dimensions of tall buildings. The pedestrian environment is enriched by requirements for retail continuity, pedestrian circulation space and subway station improvements.
Zoning Density/FAR	10.0
Zoning Compliance	The dominant guideline for zoning purposes is the floor area ratio (FAR), which controls the potential maximum bulk or building size. The FAR expresses the relationship between the amounts of gross above-grade floor area permitted in a building and the area of the lot on which the building stands. The FAR in the C6-4 zoning district is 10.0 for commercial uses. The subject building's site area is 58,256 square feet. This results in an as-of-right development envelope of 582,560 square feet (58,256 square feet x 10.00 FAR). The subject building has a gross building area of square feet according to public records, which is above bulk regulations. Given that the underlying land is owned by the Port Authority, the site is not governed by the NYC zoning regulations. As previously discussed, the upcoming ground rent reset is based on the right to construct a facility with the same gross floor area as the subject. As gross floor area typically differs from zoning floor area, we have arrived at a zoning floor area equivalent for the building in a later section.

Actual Density of Use	27.53
Current Use Legally Conforming	Not Applicable
Current Use Legally Compliant	Not Applicable
Zoning Change Likely	A zoning change is unlikely.
Other Land Use Regulations	We are not aware of any other land use regulations that would affect the property.
Source	New York City Zoning Resolution

According to the local planning department, there are no pending or prospective zoning changes. It appears that the current use of the site is a legally conforming use with legally non-compliant bulk structure.

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance is required.

Zoning Panel Map



Improvements Description

The site is improved with a 52-story, Class A+/Trophy office facility containing a total gross building area of 1,603,861 square feet, according to provided information, and a rentable area of 1,687,685 square feet, which is exclusive of storage, telecom, and management office space (total excluded square footage of 40,030 SF), and which utilizes a market-oriented loss factor. The improvements were constructed between 2002 and 2006 and represent the first structure to be completed within the new World Trade Center complex. The building was constructed to replace the original structure on the site, which was destroyed during the September 11th attacks of 2001. The lower floors of the building house a Con Edison electrical substation which provides power to much of Lower Manhattan. The site also contains an approximately 15,000 square-foot, triangular park with a central plaza and fountain that is situated at the east of the site, opposite the main entrance, between Greenwich Street, which bifurcates the site, and West Broadway.

History and Construction

The original 7 World Trade Center was a 47-story skyscraper with a red granite façade, which opened in 1987 as part of the original World Trade Center complex. The September 11, 2001, terrorist attacks caused the collapse of the World Trade Center; falling debris from the collapsing 110-story Twin Towers destroyed or severely damaged nearby buildings, including 7 World Trade Center, which collapsed shortly thereafter.

The construction of the new 7 World Trade Center building began in May 2002 with the installation of a construction site fence. Restoring the Consolidated Edison substation was a priority to meet power demands in Lower Manhattan, and four of the ten destroyed transformers needed to be replaced by 2003. Since 7 World Trade Center was separate from the main World Trade Center site, Larry Silverstein only needed approval from the landowner, the Port Authority, to rebuild the tower. The power substation was completed in October 2003 and went into service in May 2004. The construction of the office tower began thereafter, with an unconventional approach of erecting the steel frame before adding the concrete core, allowing for a shorter construction schedule. By July 2005, American Express Financial Advisors planned to lease space in the building, becoming its first tenant. Construction was finished in 2006 at a cost of \$700 million. A triangular park was also created between Greenwich Street and West Broadway, featuring a central plaza with a fountain and sculptures.

The new 7 World Trade Center has 52 stories and is 741 feet tall. The office tower has a narrower footprint at ground level than did its predecessor, so the course of Greenwich Street could be restored to reunite Tribeca and the Financial District. David Childs of Skidmore, Owings and Merrill collaborated with glass artist James Carpenter to design 7 World Trade Center. The building features ultra-clear, low-iron glass with stainless steel spandrels that reflect sunlight. The lower stories have steel triangular prisms to reflect natural light, while the upper floors have white glass windows. The facade incorporates molybdenum-containing stainless steel for durability. The eastern facade includes a cable-net glass wall that reflects light during the day and is illuminated by LED lights at night.

Inside the building, the lobby features an LED installation by artist Jenny Holzer with poetry selected by Klara Silverstein. The space also includes customized designs for tenants. The building is equipped with Otis destination elevators and has sustainable design features such as rainwater collection and recycling, natural light, metered power, and the reuse of heating steam.

7 World Trade Center is considered one of the safest skyscrapers in the US, with 2-foot-thick reinforced-concrete and fireproofed elevator and stairway access shafts. The building prioritizes life-safety enhancements and faster egress with wider stairways.

Improvements Description

	Subject
General Description	
Building Name / Type	7 World Trade Center
Property Type	Office Building
Property Subtype	High Rise
Competitive Property Class	A+/Trophy
Occupancy Type	Multi-Tenant
Occupancy	94.38%
Number of Buildings	1
Stories	52
Year Built	2006
Construction Class	A
Construction Type	Steel Frame
Construction Quality	Excellent
Condition	Excellent
Building Areas and Ratios	
Gross Building Area (SF)	1,603,861
Rentable Area (SF)	1,687,685
Building Efficiency Ratio	105%
Land Area (SF)	58,256
Floor Area Ratio (GBA/Land SF)	27.53
Floor Area Ratio (RA/Land SF)	28.97
Building Area Source	Rent Roll and Client Provided Info

Amenities

The subject exhibits an amenity space on the 10th floor known as a The Studio at 7 WTC, which offer tenant-exclusive access to breakout areas, conference rooms, a lounge, and more. Additionally, tenants have access to the Inspire program, which is a 3rd party hospitality-oriented program offering a suite of services, programming, amenity spaces and on-demand workspaces. Through the Inspire program, occupants of 7 WTC have access to all the co-working and amenity spaces across every office building in the Silverstein portfolio. This includes on-site assistance with events and catering, food delivery, and concierge services. This also includes the amenity space in the nearby 120 Broadway building, including the Bankers Club.

Rentable Area

In the Manhattan office market, the measured rentable area typically exceeds the gross building area. Space is often measured or re-measured to maximize rentable space to conform to market parameters. The market-driven factor typical in the office market is commonly referred to as “loss factor.” The Real Estate Board of New York (REBNY) has a “Recommended Method of Measurement for Office Buildings” that is only used in the New York area (outside of New York, brokers use the Building Owners & Management Association, or BOMA, standard). Under REBNY rules, the measurement for a full floor is

taken from the outer walls of the building. Then deductions are made for the elevator shafts, stairs, mechanical, HVAC and telecommunication shafts that do not open onto the floor. Phone equipment used only for that floor is counted.

According to an article in the Real Deal, the “loss factor” allows landlords to charge for space that is shared by all tenants, or space that is dedicated to the building’s common areas, such as the lobby, hallways, elevators and stairwells. Loss factor is defined as the percentage difference between the rentable area – the number of square feet that office tenants pay for – and the usable area.

The prevailing loss factor in Manhattan for a single-tenant full-floor space is 27.0%, and is 35.0% for partial-floor spaces. According to provided information, the subject utilizes an approximately 27.0% loss factor on most floors.

Units Excluded from Rent Roll

As previously discussed, our rentable area measurement for the subject of 1,687,685 square feet is exclusive of storage, telecom, and management office space. The following table illustrates units that were excluded from the rentable area utilized within the report. We note that any corresponding storage and antenna/telecom income is process as Other Income in a later section. As the below table illustrates, a total of 40,030 SF is excluded from the rentable area utilized within this report.

Excluded Units		
Tenant/Lessee	Suite	Square Feet
Zayo Group	0001	1
Cogent Communications	0002	9
Crown Castle Fiber	0003	1
Time Warner Cable of NYC	0006	5
Vacant	0100	150
Vacant	0400	9,124
Vacant	040M	9,520
Moet Hennessy	0415	1,500
New Cingular Wireless PCS	0425	600
AT&T Corp.	0430	10
New York SMSA	0475	330
Level 3 Communications	0500	15,176
Building Office	1000	3,500
Sterling Entertainment	5301	4
NYC Police Dept.	5302	<u>100</u>
Total		40,030
Total Building SF per Rent Roll		1,727,715
Remainder		1,687,685

Parking

Building Name / Type	7 World Trade Center
Total Parking Spaces	None; Parking is available on side street and in parking garages, typical of a CBD location.

Effective Age and Economic Life

Building Name / Type	7 World Trade Center
Year Built	2006
Actual Age (Yrs.)	18
Estimated Effective Age (Yrs.)	5
Estimated Economic Life (Yrs.)	60
Remaining Economic Life (Yrs.)	55

Construction Description

Building Name / Type	Subject
Foundation, Frame, and Exterior	
Foundation	Reinforced concrete
Structural Frame	Steel frame with concrete core
Exterior	Glass curtain wall; stainless steel strip
Windows	Inoperable
Roof/Cover	Poured concrete roof surface; Flat roofs inverted roofing membrane (IRMA)
Interior Features	
Interior Layout	Efficient
Lobby/Common Area	Two story lobby facing Greenwich Street
Floor Cover	Varies (concrete, hardwood, carpet, marble)
Walls	Painted drywall
Ceilings	Varies (painted drywall, exposed, acoustic panels)
Lighting	Fluorescent, LED
Restrooms	Restrooms on each floor
Finish Out Condition	Varies
Column Spacing	Column-free
Ceiling Height	13' 6" slab-to-slab; 9' finished height
Mechanical Systems	
HVAC	2 Mammoth units per floor; Marley, cooling tower with 5, 1,500-ton cells; High pressure steam provided by Con Edison, reduced to low pressure steam, reduced to hot water for Perimeter hydronic radiator system with zoned T-stats, FPB system with zoned T-stats
Supplemental HVAC	Tenant owned and installed utilizing 24-hour building condenser water, closed loop
Electrical	6 transformers, each 2,500 kVa 13,800 volts stepped down to 460 volts transformers located on each floor, 75 kVa; 6 distribution boards located on the 5th floor, 6,000 amps each. 4,000 amps per board supplied by Con Edison; 6 electrical risers
Plumbing	Assumed adequate and up to code
Sprinklers	100% wet
Elevators	29 passenger elevators; and 3 freight elevators
LEED Classification	Gold
Security	On-site security; 3 x-ray machines connected via internet to security consultants; 231 security cameras; Direct phone to the PAPD; 3 panic buttons at the concierge desk to alert the building engineers via BMS alarm; Loading docks protected by retractable crash bollards

Improvements Analysis

Design & Functional Utility	Excellent
Appeal & Appearance	Superior to competitive properties
Deferred Maintenance	We did not identify any major items of deferred maintenance during our inspection and ownership indicated there were none.
Capital Improvements	Budgeted capital expenditures are detailed below.
Personal Property	Our appraisal considers only the real property, personal property is not included.
Americans With Disabilities Act	Based on our inspection and information provided, we are not aware of any ADA issues. However, we are not experts in ADA matters, and further study by an appropriately qualified professional would be recommended to assess ADA compliance.
Hazardous Substances	An environmental assessment was not provided for review. We discovered no environmental hazards in our inspection and we assume the subject is free and clear of any environmental hazards including, without limitation, hazardous waste, toxic substances and mold.

Planned capital expenditure items are detailed as follows, based on provided information.

Capital Expenditures

Item	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Building Improvements	\$440,000	\$1,606,000	\$1,300,000	\$555,000	\$1,530,000	\$5,431,000
Code Compliance		\$350,000				\$350,000
Equipment	\$85,000	\$2,159,000	\$2,490,000	\$2,320,000	\$895,000	\$7,949,000
Landlord Work	\$1,798,000			\$2,432,500	\$2,517,739	\$6,748,239
Total	\$2,323,000	\$4,115,000	\$3,790,000	\$5,307,500	\$4,942,739	\$20,478,239
Percent Applied	100%	100%	100%	100%	100%	100%
Net Total	\$2,323,000	\$4,115,000	\$3,790,000	\$5,307,500	\$4,942,739	\$20,478,239

Source: Provided information

Note: Year 5 Landlord Work of \$27,322,500 per provided budget is inclusive of \$24,804,761 attributable to Moody's costs, which is already captured in the market leasing assumptions. The budgeted cost has therefore been reduced by this amount to arrive at \$2,517,739.

Improvements Conclusion

On balance, the subject reflects excellent condition, quality, and functional utility, commensurate with expectations for trophy product in the World Trade Center submarket. There are no identifiable factors that would be detrimental to the marketability of the property.

Floor Plans (Representative Sample)

Floor 1 - Lobby



Floor 10



Floor 28



Floor 46



Stacking Plan

[illegible]

Subject Photographs



Building Exterior
(Photo Taken on June 18, 2024)



Building exterior
(Photo Taken on June 18, 2024)



Silverstein Family Park
(Photo Taken on June 18, 2024)



Entrance along Greenwich Street
(Photo Taken on June 18, 2024)



Building side along Washington Street
(Photo Taken on June 18, 2024)



Building side along Vesey Street
(Photo Taken on June 18, 2024)



Concierge/Lobby
(Photo Taken on June 18, 2024)



Elevator Bank
(Photo Taken on June 18, 2024)



Moody's (updated floor)
(Photo Taken on June 18, 2024)



Moody's (updated floor)
(Photo Taken on June 18, 2024)



Moet Hennessy
(Photo Taken on June 18, 2024)



Moet Hennessy
(Photo Taken on June 18, 2024)



Vacant Suite
(Photo Taken on June 18, 2024)



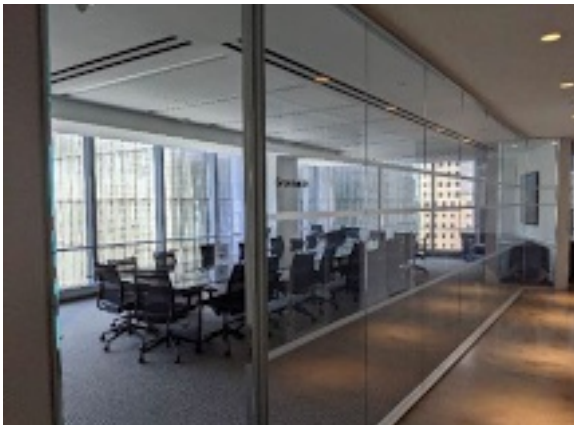
View from upper floor
(Photo Taken on June 18, 2024)



Moody's (older buildout)
(Photo Taken on June 18, 2024)



Lounge
(Photo Taken on June 18, 2024)



Amenity Space
(Photo Taken on June 18, 2024)



Amenity Space
(Photo Taken on June 18, 2024)

Assessment and Taxes

New York City Overview

Real estate within the City of New York is taxed on a fiscal basis that begins July 1st and ends June 30th the following year. In the City of New York, each year's tax liability is computed based upon the property's assessed valuation and current tax rate. All property within New York City is divided into 4 property classes, which have different tax rates and assessment policies. Properties are reassessed annually. A sale does not trigger a reassessment.

Current Assessed Value

The subject property is identified as Block 84, Lot 36 on the New York County tax map. All property within New York City is divided into 4 classes of property for tax purposes: Class 1, generally 1- to 3- family dwellings and vacant land; Class 2, generally all other residential property excluding hotels; Class 3, utility company equipment and special franchises; and Class 4, all other property. The subject property is classified as Class 4 property.

Most property classes have two assessed values. New York State statute dictates that the real estate tax burden is based on the lower of the actual or transitional assessments. The actual assessment intends to reflect the city's targeted taxation. The transitional assessment is the result of state law that requires that changes to the assessment are phased in over 5 years, with the exceptions of new construction or significant physical alteration. In any given year, multiple transitions are being applied. The subject property's assessment and tax rate history are illustrated in the following tables.

Assessed Valuation									
Block/Lot	Tax Year	Actual Land	Actual Total	% Change	Transitional Land	Transitional Total	% Change	Tax Rate	RE Taxes
84/36	2023/24	\$15,120,000	\$245,100,000		\$15,120,000	\$241,905,340		10.592%	\$25,622,614
	2024/25	\$15,120,000	\$245,100,000	0.00%	\$15,120,000	\$235,965,340	-2.46%	10.592%	\$24,993,449

Source: NYC Department of Finance; compiled by JLL

New York City calculates real estate taxes on the lower of the actual or transitional assessments, net of any exemptions. A review of the transitional and actual assessed values for the subject property reveals that the 2024/25 transitional assessed value is lower than the actual assessed value. As such, the taxable assessed value for the subject property is indicated to be \$235,965,340.

Class 4 Tax Rate

The subject property is classified as Class 4 property. The following table illustrates the New York City tax rate for Class 4 property over the last 5 years.

Historical Tax Rates - Class 4 Property		
Fiscal Year	Tax Rate	Change from Prior Year
2019/20	10.537%	
2020/21	10.694%	1.5%
2021/22	10.755%	0.6%
2022/23	10.646%	-1.0%
2023/24	10.592%	-0.5%

Source: NYC Department of Finance

Real Estate Tax Liability (Unabated)

Based on the prevailing Class 4 tax rate, the real estate tax liability based on the in-place assessment is as follows:

$$\$235,965,340 \text{ T.V.} \times 10.592\% \text{ Class 4 tax rate} = \$24,993,449$$

Assessment Analysis

We have analyzed the assessment and corresponding taxation of competitive properties in the marketplace as a test of reasonableness compared to the subject's current assessment and taxation. We note that we have utilized the subject's gross building area of 1,636,000 square feet as reported by the Department of Finance for consistency with the comparables.

Tax Comparables									
No.	Name	Building Class	City	GBA	Year Built/ Year Altered	Total Assessment	Assessment/ GBA	Taxes	Taxes/ GBA
Subject	7 World Trade Center	O4 (Office buildings)	New York	1,636,000	2006	\$235,965,340	\$144.23	\$24,993,449	\$15.28
1	50 Park Place	O4 (Office buildings)	New York	932,587	1959/2015	\$77,845,590	\$83.47	\$8,245,405	\$8.84
2	101 Barclay Street	O4 (Office buildings)	New York	1,133,549	1983/2015	\$105,531,522	\$93.10	\$11,177,899	\$9.86
3	140 Broadway	O4 (Office buildings)	New York	1,141,276	1967	\$135,762,390	\$118.96	\$14,379,952	\$12.60
4	200 Liberty Street	O4 (Office buildings)	New York	1,501,878	1986/2015	\$164,448,779	\$109.50	\$17,418,415	\$11.60
5	225 Liberty Street	O4 (Office buildings)	New York	2,267,925	1987/2015	\$314,713,589	\$138.77	\$33,334,463	\$14.70
6	200 Vesey Street	O4 (Office buildings)	New York	2,233,692	1986	\$245,145,168	\$109.75	\$25,965,776	\$11.62
7	200 West Street	O4 (Office buildings)	New York	2,157,862	2009	\$324,166,384	\$150.23	\$34,335,703	\$15.91
8	185 Greenwich Street	O4 (Office buildings)	New York	8,966,500	2009	\$1,576,911,780	\$175.87	\$167,026,496	\$18.63
JLL Tax Projection:								\$24,993,449	\$15.28

The taxes for comparable properties range from \$8.84 to \$18.63 per square foot, as compared with the subject at \$15.28 per square foot. The subject is reasonably towards the high end, given the recent construction date.

PILOT

The property receives a full tax exemption due to the ownership of the fee interest in the underlying land by the Port Authority. There is a PILOT agreement in-place for the duration of the ground lease obligating ownership to make payments in lieu of taxes, which are significantly below the market-based tax liability for the property based on the assessed value. The PILOT payments are based on the total occupied rentable area within the building multiplied by a factor of approximately 79%, which adjusts for the differences in rentable area measurement standards between the current date and when the PILOT was first implemented. The resultant figure is then multiplied by a factor derived from the percentage change in the aggregate assessment of 10 separate tax parcels (not part of the subject site) since the 1970/71 tax year, and the change in the Class 4 Tax rate since the 1970/71 tax year. The PILOT payment calculations are shown on the following page.

PILOT Calculation

Occupied Rentable Area (SF)*	1,590,569
Adjusted SF (Actual × 0.7902 factor) (A)	1,256,868
1970/1971 Tax rate Class IV Properties	5.906%
Current Tax Rate	10.592%
Increase Factor - Taxes (B)	1.79
1970/1971 Aggregate Assessment	\$406,900,000
Current Aggregate Assessment	\$1,346,405,262
Increase Factor - Assessment (C)	3.31
Total Increase Factor (B × C)	7.42
Base PILOT Rate	<u>2.07</u>
Excess Annual per rentable square foot factor (D)	5.35
PILOT (A × D)	\$6,721,638
Implied Multiplication Factor per Actual Occupied Area	4.2259

*Note: Excludes tenant Casey Family Programs

Aggregate Assessment

Address	1970-1971 Assessment	Current Assessment
26 Nassau Street	\$91,500,000	\$207,785,980
1 Water Street	\$86,700,000	\$211,993,698
2 Broadway	\$34,400,000	\$164,178,090
120 Broadway	\$34,000,000	\$153,182,770
140 Broadway	\$41,500,000	\$135,762,390
60 Broad	\$26,400,000	\$96,005,250
212 Broadway	\$18,600,000	\$94,693,950
66 John Street	\$26,800,000	\$93,095,860
111 Wall Street	\$30,000,000	\$96,550,000
195 Broadway	<u>\$17,000,000</u>	<u>\$93,157,274</u>
Total	\$406,900,000	\$1,346,405,262

Per the ground lease, the PILOT agreement would become void if the Port Authority were to sell its fee interest in the site to a private buyer, which would obligate the leaseholder to pay market taxes. For the purposes of the analysis, we have adopted the in-place PILOT payments and considered the risk in a change of fee ownership within our investment rate selection as well as in our fair market rent determination for the upcoming ground rent reset. The PILOT payment is calculated in Argus by multiplying the occupied rentable area by a factor of 4.2259. The Year 1 PILOT payment calculated by Argus is \$6,721,584, which is slightly different from the above calculation, as this factors in the average occupancy over the year. The multiplication factor of 4.2259 is grown out at a 3.0% annual rate, which

implies a 3.0% average annual increases in the aggregate assessment of 10 relevant properties. The tenant Casey Family Programs is excluded for the duration of its lease.

Highest and Best Use

Highest and best use may be defined as the reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

- **Legally Permissible:** What uses are permitted by zoning and other legal restrictions?
- **Physically Possible:** To what use is the site physically adaptable?
- **Financially Feasible:** Which possible and permissible use will produce any net return to the owner of the site?
- **Maximally Productive:** Among the feasible uses which use will produce the highest net return, (i.e., the highest present worth)?

Highest and Best Use of the Site

Legally Permissible

The site is zoned C6-4; LM, General Central Commercial District; Special Lower Manhattan District. Given that the underlying land is owned by the Port Authority, the zoning restrictions do not apply. For the purposes of the highest and best use analysis, we have assumed the legal permissibility of the construction of a building up to density of the existing improvements, with any use that would be harmonious with the surrounding improvements. We note that the ground lease specifies office use as the only permissible use with respect to the original construction, and while such may have also been the intent with respect to the land valuation for the purposes of the ground rent reset, this is not explicitly stated by the ground lease, which references only the right to construct a building with the same square footage as the existing improvements without citing a specific use, and as if the site were unencumbered by the existing ground lease agreement. Furthermore, the ground lease states that if the underlying zoning at the time of the reset would allow for improvements with a greater bulk than the existing improvements, then the underlying zoning regulations are to be considered with respect to the underlying land valuation. Given that this is not the case as of the date of value, we have considered the density of the existing improvements.

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Financially Feasible

Given the scale of the site and development envelope, only office, multifamily, and hotel development would be considered as primary uses. Based on our analysis of the market, new office development within the financial district is not considered to be financially feasible as of the effective date of value, given the cost of development and investor yield on cost requirements. Notably, the proposed 2 WTC development has been on hold for an extended period. The land market for hotel development is currently not active, and there have been no new applications for hotel uses since the special permit requirement was enacted. Based on recent development activity and discussions with brokers active in the market, residential development is considered to be financially feasible. Rental development is considered to be more likely than condo development given the new 485x exemption program. Retail uses incorporated into a larger facility would be financially feasible, but would not be considered as a primary use.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than multifamily development. Accordingly, it is our opinion that multifamily facility with retail at grade, developed to the normal market density, is the maximally productive use of the property.

Conclusion

Development of the site with a multifamily facility is the only use that meets the four tests of highest and best use as of the effective date of value. Therefore, it is concluded to be the highest and best use of the property as if vacant. It is noted that the improvements would likely require the inclusion of an electrical substation, as such exists within the current improvements, providing power to much of Lower Manhattan.

Highest and Best Use as Improved

The subject site is presently developed with an office building. The existing improvements are currently leased and produce a significant positive cash flow, which is projected to continue. Therefore, a continuation of the current use is concluded to be financially feasible.

Based on our analysis, there does not appear to be any alternative use that could reasonably be expected to provide a higher present value than the current use. The subject is encumbered by long term leases, which precludes the possibility of conversion or redevelopment in the near term. For these reasons, continued office use is concluded to be maximally productive and the highest and best use of the property as improved.

Most Probable Buyer

Taking into account the size and characteristics of the property, its multitenant occupancy, and the quality of the tenancy, the most likely buyer is an institutional investor.

Valuation Methodology

Three basic approaches may be applicable and utilized, then reconciled to arrive at an estimate of market value. An approach to value is included or eliminated based on its applicability to the property type being valued and the information available. The reliability of each approach depends on the availability and comparability of market data as well as the motivation and thinking of purchasers. Applicable approaches and whether or not they were utilized are summarized below:

Cost Approach

The Cost Approach is based on the proposition that an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. In the Cost Approach, the appraiser forms an opinion of the cost of all improvements, depreciation from physical, functional and external causes. The land value, entrepreneurial profit and depreciated improvement costs are then added, resulting in indication of value.

Sales Comparison Approach

The Sales Comparison Approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. A gross income multiplier and / or effective gross income multiplier may also be analyzed. By process of correlation and analysis, a final indicated value is derived.

Income Approach

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

Related to the Direct Capitalization Method is the Yield Capitalization Method. In this method periodic cash flows (which consist of net operating income less capital costs) and a reversionary value are developed and discounted to a present value using a discount rate or an internal rate of return.

The Income Approach converts the anticipated flow of future benefits (income) to a present value estimate through a capitalization and or a discounting process.

Final Reconciliation

The appraisal process concludes with the Final Reconciliation of the values derived from the approaches applied for a single estimate of market value. Different properties require different means of analysis and lend themselves to one approach over the others.

Analyses Applied

Applicability and utilization of the approaches in this assignment is described as follows.

Approach	Description	Applicability	Utilization
Cost	A cost approach is most applicable in valuing new or proposed construction when the improvements represent the highest and best use of the land and the land value, cost new and depreciation are well supported.	Not Applicable	Not Utilized
Sales Comparison	A sales approach is most applicable when sufficient data on recent market transactions is available and there is an active market for the property type.	Applicable	Utilized
Income	An income approach is most applicable when the subject is an income producing property or has the ability to generate income in the future as an investment.	Applicable	Utilized

The cost approach is not applicable due to the age and condition of the improvements and noting the difficulty in estimating the physical depreciation. Further, market participants do not rely on this approach for properties like the subject. The omission of this approach does not impact the credibility of the results of this analysis.

Land Valuation & Ground Rent Reset

The property is subject to a long-term ground lease with an upcoming ground rent reset at the beginning of 2027. The reset is based on the fair market ground rent for the premises. With respect to the fair market rent determination, the ground lease states that this is to be derived as a percentage of the underlying land value as if vacant and unencumbered, and assuming that the highest and best use of the site is to construct a building with the same square footage as the subject, although a particular use (i.e. office, residential) does not appear to be specified. However, if the construction of a building in excess of the square footage of the existing improvements would be permitted by the underlying zoning at the time of the revaluation, then the land valuation would be based on the highest and best use per the underlying zoning instead. We note that site is owned by the Port Authority and is not subject to the zoning laws of New York City, and the in-place improvements significantly exceed what is permissible per the underlying zoning. We do not anticipate a zoning change such that the underlying zoning would permit the construction of a building with a square footage in excess of the existing improvements. ***Therefore, we have utilized the existing gross building area as the basis for determining the underlying land value.***

The subject's land value has been developed via the sales comparison approach. The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. This approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. By process of correlation and analysis, a final indicated value is derived.

We have researched comparables for this analysis, which are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources and, when possible, verified by a party to the transaction. There are noted to have been few recent sales of large-scale vacant development sites in the Financial District in recent years, which is due the density of the existing improvements in the area and lack of ground-up development sites; this is compounded by the current high interest rate environment and construction cost inflation. Then market for office-to-apartment conversion has been more active in recent years. Due to the lack of recent sales, we have expanded our search to older but relevant sale dates and to other submarkets. Market conditions adjustments have been quantified based on market participant commentary and recent quantitative sales data. Given that the ground lease does not specify a particular use, we have included sites sold for multifamily development, which currently constitutes the only financially feasible development use within the Financial District.

The standard unit of comparison in the Manhattan land market is the price per square foot of zoning floor area. Zoning floor areas are typically lower than the corresponding gross building areas after deductions for mechanical areas, elevator shafts, etc. Given that the subject is not bound by the underlying zoning laws of New York City, a specific zoning floor area for the existing improvements could not be provided. For consistency with the comparable sales, which are presented in terms of the square feet of zoning floor area, we have adjusted the subject's gross building area downward to arrive at an estimate for the corresponding zoning floor area. To arrive at an appropriate magnitude of adjustment, we have research the gross and zoning floor areas for recently developed properties in Manhattan, which are presented below.

Typical Zoning Floor Area as a Percentage of Gross Building Area

Address	Use	Construction Year	GBA	ZFA	ZFA % of GBA
360 Bowery	Office	2023	107,468	98,787	91.9%
2 Manhattan West	Office	2023	1,819,570	1,531,647	84.2%
107 Greenwich Street	Office	2020	281,121	250,233	89.0%
42 West 33rd Street	Multifamily	2020	194,422	188,281	96.8%
555 West 38th Street	Multifamily	2020	455,590	407,944	89.5%
242-46 West 53rd Street	Multifamily	2020	525,762	456,593	86.8%
455 Tenth Avenue	Multifamily	2022	455,986	412,918	90.6%
Average					89.8%

Source: Public records and information retained within our files

The above table illustrates zoning floor areas ranging from 84.2% to 96.8% of gross building area, centering around 90%. We have adopted a 90% ratio for the purposes of this analysis. According to provided information, the subject has a gross building area of 1,603,861 SF. This equates to an estimated zoning floor area equivalent of 1,443,475 which we have utilized for the basis of comparison.

Land Sales Summary

No.	Name; Address	Sale Date; Status; Prop. Rights	Square Feet; Acres	Zoning	Topography; Shape; Flood Zone	Sale Price;	\$/SF; \$/Acre	\$/Build. SF
1	112 Liberty Street 112 Liberty Street New York, NY 10006	3/28/2024 Closed Sale Fee Simple	6,100 0.14	C5-5 (LM)	Level Irregular	\$21,687,750	\$3,555.37 \$154,871,867	\$237.02

Sale Comments: This comparable is the sale of an irregularly shaped through-block site that is located between the northerly side of Cedar Avenue and the southerly side of Liberty Street within the Financial District neighborhood of Manhattan. The site is located within the C5-5 zoning district (R10 residential equivalent) and within the Special Lower Manhattan District. As such, the site has a maximum FAR of 10 for residential uses and 15 for commercial or community facility uses. The resulting residential envelope of 61,000 SFDA reflects 67% of the maximum development envelope. The site sold vacant and has 61'-3" of frontage along Cedar Street and 48'-2" of frontage along Liberty Street. As of March 11, 2024, recent redevelopment plans have not been filed with the Department of Buildings. The sale contracted on March 6, 2024, and closed on March 28, 2024.

2	259 Clinton Street 259 Clinton Street New York, NY 10002	12/28/2022 Closed Sale Fee Simple	20,177 0.46	C6-4	Level Irregular Partially	\$40,000,000	\$1,982.46 \$86,355,752	\$198.25

Sale Comments: This is the sale of a development site located in the Lower East Side neighborhood of Manhattan. The site is part of an assemblage which includes the adjacent site (Block 246/Lot 1). There are permits filed to build a rental multifamily building with a total zoning floor area of 851,984 square feet, of which 201,770 SF is allocated to Lot 5.

3	511-515 West 35th Street 511 West 35th Street New York, NY 10001	10/18/2021 Closed Sale Fee Simple	17,281 0.40	C6-4 (HY A3)	Level Irregular	\$77,000,000	\$4,455.76 \$194,092,934	\$185.66

Sale Comments: This comparable is a 17,281 square foot through-block development site located between West 35th Street and West 36th Street, and Tenth and Eleventh Avenues in the Hudson Yards neighborhood of Manhattan. The site has 350'-0" of frontage along West 36th Street, 375'-0" of frontage along West 37th Street, and 98'-8" of frontage along Eleventh Avenue. The property is located within the C6-4 zoning districts, Sub-district A3 of the Special Hudson Yards District (HY), which has a basic floor area ratio (FAR) of 10.0 and which can be improved to 18.0 with contribution to the District Improvement Fund (DIF). To maximize the development envelope, a contribution of \$19,734,902 would have been necessary at the time of sale based on a DIF cost of \$142.75 per SFDA and the DIF bonus floor area of 138,248 SFDA. The comparable's total allowable bulk includes 103,686 SFDA available for purchase through the Eastern Rail Yards (ERY) bonus, or large-scale plan bonus. Such distribution is only permitted for receiving sites that have maximized their permitted floor areas through contributions to the DIF. To account for the 103,686 SFDA available, the appraisal applies an adjustment based on the combined sale price and DIF payment of \$310.99 per square foot of zoning floor area $(\$77,000,000 \text{ sale price} + \$19,734,902 \text{ DIF Bonus}) \div (172,810 \text{ basic SFDA} + 103,686 \text{ SFDA DIF Bonus}) = \$310.99 \text{ per basic and DIF SFDA}$. Assuming the ERY air rights are available for purchase at 65% of the appraised value, this results in an additional ERY adjustment of \$20,959,229 $(\$310.99 \text{ per basic and DIF SFDA} \times 65\% \times 103,686 \text{ SFDA})$. This results in total development envelope of 414,744 SFDA. Prior to the sale, there was a Zoning Lot Development and Easement Agreement (ZLDA) with the adjacent Lots 20 and 31 to facilitate the development of a larger, multi-phase mixed-use project on all affected lots. The agreement was terminated and Lots 26, 41 and 45 were sold to the Lot 20 and 31 owner.

4	111 Washington Street 111 Washington Street New York, NY 10006	9/10/2021 Closed Sale Fee Simple	11,255 0.26	C6-9	Level Irregular Yes	\$89,155,000	\$7,921.37 \$345,054,802	\$261.46

Sale Comments: This comparable is an irregular-shaped development site located at the southeasterly corner of Washington Street and Carlisle Street, in the Financial District neighborhood of Manhattan. The site was vacant and unimproved at the time of sale. The site transferred with 172,164 SFDA of excess development rights (via a Zoning Lot Determination Agreement) from neighboring Lots 4, 6, 35, 36, and 37. According to various press releases, the buyer plans to develop the site with a 50-story, 400-unit mixed-use rental apartment facility with retail use at grade level utilizing the Affordable New York Housing Program. According to the selling broker, the sale price was influenced by unusual sale conditions as the prior ownership group was involved in a lengthy dispute over plans for the site. This was effectively a forced sale and a structured deal in which the sale price reportedly reflected the amount of debt on the property. Construction does not appear to have commenced as of early 2023, and we are unable to confirm if the property has qualified for the Affordable New York tax abatement program. □

5	72-76 Nassau Street 72-76 Nassau Street New York, NY 10038	12/4/2019 Closed Sale Leased Fee	8,044 0.18	C5-5	Level Rectangular Unknown	\$36,000,000	\$4,475.39 \$194,947,787	\$298.36

Sale Comments: This comparable is a corner development site located along the northerly side of John Street and the easterly side of Nassau Street, in the Financial District neighborhood of Manhattan. At the time of sale, the property was improved with a 3-story 32,107 square foot mixed-use retail and residential apartment facility. The property is subject to a condominium ownership regime whereby the retail portion represents a single condominium unit and the multifamily apartments represent another condominium unit. Both units were owned and operated as a single economic unit, and were sold together. According to media reporting, the apartments were vacant but the retail component was leased. It was unable to be determined how long the property was encumbered by the commercial leases. The appraisal processes a market-oriented demolition cost based on \$20.00 per square foot of building area. The property is located in the C5-5 zoning district, which has a basic FAR of 15.0 for commercial and community facility uses and 10.0 for residential use. As of the date of this report, plans for redevelopment have not been filed. □

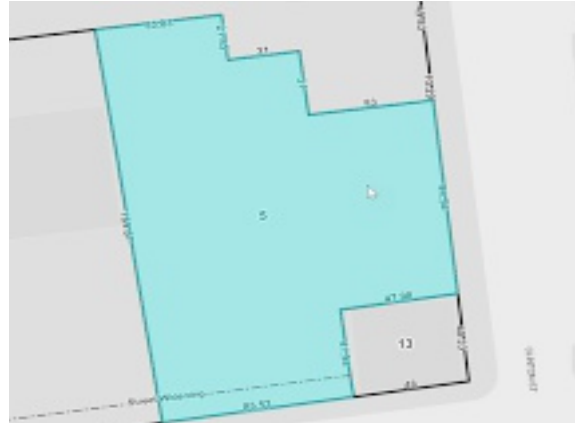
S	7 World Trade Center 250 Greenwich Street New York, NY 10007	58,256 1.34

*If applicable, prices per SF/unit and capitalization rates and/or income multipliers based on effective sale price.

Land Sale Comparable Photographs



Land Sale #1
112 Liberty Street



Land Sale #2
259 Clinton Street



Land Sale #3
511-515 West 35th Street

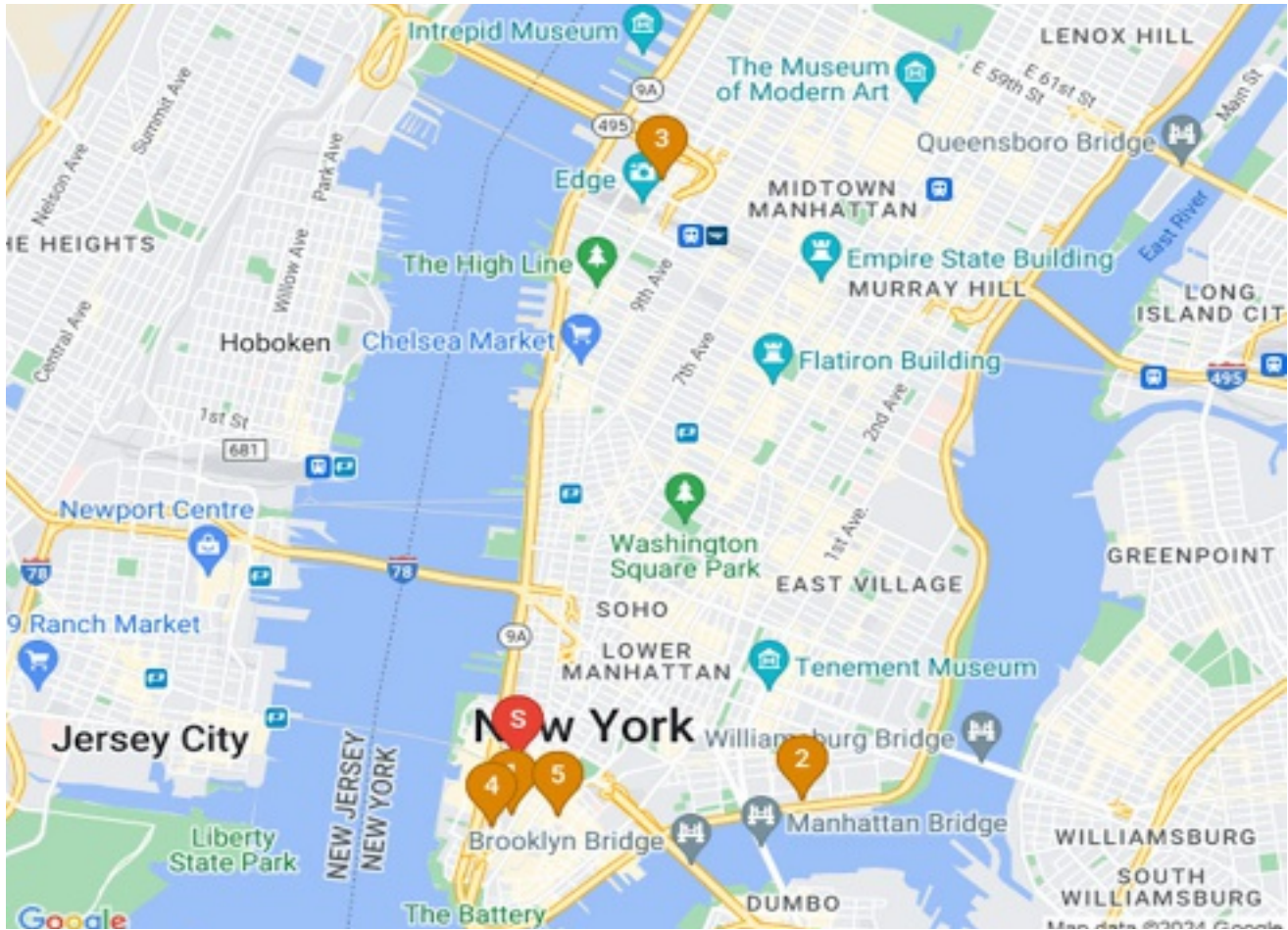


Land Sale #4
111 Washington Street



Land Sale #5
72-76 Nassau Street

Land Sales Map



No.	Name	Miles From Subject	Buildable SF	Price/Buildable SF
1	112 Liberty Street	0.3	91,500	\$237.02
2	259 Clinton Street	1.3	201,770	\$198.25
3	511-515 West 35th Street	3.0	414,744	\$283.78
4	111 Washington Street	0.3	340,989	\$261.46
5	72-76 Nassau Street	0.3	120,660	\$303.68
S	7 World Trade Center		1,443,475	

Analysis and Adjustment of Sales

On the following page is a sales comparison grid displaying the subject property, the comparables and the adjustments applied.

Land Grid						
	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Name	7 World Trade Center	112 Liberty Street	259 Clinton Street	511-515 West 35th	111 Washington Street	72-76 Nassau Street
Address	250 Greenwich Street	112 Liberty Street	259 Clinton Street	511 West 35th Street	111 Washington Street	72-76 Nassau Street
City	New York	New York	New York	New York	New York	New York
County	New York	New York	New York	New York	New York	New York
State	NY	NY	NY	NY	NY	NY
Date	Jun-2024	Mar-2024	Dec-2022	Oct-2021	Sep-2021	Dec-2019
Price		\$21,687,750	\$40,000,000	\$77,000,000	\$89,155,000	\$36,000,000
Price Adjustment		\$0	\$0	\$40,694,131	\$0	\$642,140
Adjusted Price		\$21,687,750	\$40,000,000	\$117,694,131	\$89,155,000	\$36,642,140
Acres	1.34	0.14	0.46	0.40	0.26	0.18
Buildable SF	1,443,475	91,500	201,770	414,744	340,989	120,660
Buildable SF Unit Price		\$237.02	\$198.25	\$283.78	\$261.46	\$303.68
Shape	Irregular	Irregular	Irregular	Irregular	Irregular	Rectangular
Topography	Level	Level	Level	Level	Level	Level
Utilities	All to Site	All to Site	All to Site	All to Site	All to Site	All to Site
Transaction Adjustments						
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Leased Fee
% Adjustment		—	—	—	—	—
Financing		Cash to Seller	Buyer Obtained Financing	Loan Assumption	Buyer Obtained Financing	Loan Assumption
% Adjustment		—	—	—	—	—
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length	Short Sale	Arm's Length
% Adjustment		—	—	20%	10%	—
Expend. After Sale		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Market Trends Through	Jun-24	—	-10%	-25%	-25%	-40%
Adjusted Buildable SF Unit Price		\$237.02	\$178.42	\$255.40	\$215.70	\$182.21
Location		—	20%	-20%	—	—
Access/Exposure		—	—	—	—	—
Size		-20%	-15%	-10%	-10%	-15%
Shape/Topography		5%	5%	5%	5%	5%
Zoning		5%	—	—	5%	5%
Utilities		—	—	—	—	—
Economic		10%	10%	10%	10%	10%
Adjusted Buildable SF Unit Price		\$237.02	\$214.11	\$217.09	\$237.27	\$191.32
Net Adjustments		—	8%	-24%	-9%	-37%
Gross Adjustments		40%	60%	90%	65%	75%
Comparables - Unadjusted		\$198.25 - \$303.68	\$256.84	\$261.46		
Comparables - Adjusted		\$191.32 - \$237.27	\$219.36	\$217.09		
Reconciled Unit Value:			\$225.00			

Comparable Land Sale Adjustments

Property Rights

This adjustment accounts for differing property rights such as fee simple, leased fee, leasehold, partial interest, etc. No adjustments for real property rights were required.

Financing

This adjustment accounts for seller financing, or assumption of existing financing, at non-market terms. No adjustments for financing terms were required.

Conditions of Sale

This adjustment accounts for extraordinary motivation of buyer or seller, assemblage, or forced sale. A moderate upward adjustment is applied to Comparable 3, for which a portion of the total air rights were available via the ERY bonus at a discount. Comparable 4 is also adjusted downward, as this was effectively a forced sale due to an internal dispute over plans for the site by the seller. The remaining three comparables have not been adjusted.

Expenditures After Sale

This adjustment accounts for atypical economics of a transaction, such as demolition cost, impact fees, remediation, or other expenditures by buyer at time of purchase. No adjustments for expenditures after sale were required.

Market Trends

The comparable sales took place from August 2022 to July 2023. The market for land sales in New York City has generally been slow in the past year. *Manhattan 2023 Year-End Commercial Real Estate Trend by Ariel Property Advisors* noted that the volume of Northern Manhattan development site sales was the lowest since 2011, and *New York City Real Estate Development Sales Overview (2023)* as published by Development Site Advisors indicated that permit filings decreased 69% year-over-year, with the number proposed dwelling units and square footage proposed down 80%. The cost of debt capital has caused many investors to pause acquisitions given the challenge of a prolonged pre-development hold period, particularly for sites that do not have a clear path toward development without a replacement of the 421a program.

Published Data within Ariel Property Advisors Northern Manhattan 2023 Year-End Sales Report indicates that average pricing for Upper Manhattan development sites decreased in 2022 over 2021, but remained relatively steady in 2023 over 2022. However, published data within Development Site Advisors 2023 NYC Real Estate Sales Overview indicates that average pricing for Upper Manhattan development sites decreased 25% in 2023 over 2022.

Market sentiment among brokers has varied widely as brokers have reported that in addition to decreased transaction activity, that bidding volume is down materially. Stated opinions on the extent to which achievable pricing has decreased varies widely from 10% to 30%, with a general consensus that such varies due to factors such as condominium potential (positive) and Mandatory Inclusionary Housing (negative). We emphasize in this regard the material bid-ask spread, as JLL Capital Markets brokers have noted numerous sales were removed from the market by the sellers due to the highest bids being well below pricing that the buyers would accept. With consideration for the preceding, and with a primary focus on inflation and interest rates, downward adjustments are processed for Comparables Sales 2, 3,

and 4. A larger downward adjustment is applied to Comparable 5, which sold in 2019. This is supported by Comparable 1, which sold at an approximately 46% discount to the previous sale price in 2018.

Location

This adjustment accounts for market or submarket area influences on sale price or rental rate and/or surrounding land use influences. Comparable 3 has been adjusted downward due to its superior location when compared to the subject property. Comparable 2 has been adjusted upward due to its inferior location when compared to the subject property. The remaining three comparables have not been adjusted.

Access/Exposure

This adjustment accounts for convenience to transportation facilities, ease of site access, visibility, and/or traffic counts. No adjustments for access/exposure were required.

Size

This adjustment accounts for the inverse relationship that often exists between size and unit value. There are no relevant, recent sales exhibiting a development envelope as large as the subject's. All five comparables have been adjusted downward due to their smaller size when compared to the subject property.

Shape/Topography

This adjustment accounts for primary physical factors that affect the utility of a site for its highest and best use. The subject has superior utility as a full-block site. All five comparables have been adjusted upward due to their inferior shape/topography when compared to the subject property.

Zoning

This adjustment accounts for government regulations that affect the types and intensities of uses allowable on a site. Comparables 1, 4 and 5 have been adjusted upward due to their inferior zoning when compared to the subject property. Comparables 2 and 3 have not been adjusted. This considers the fact that subject's full development envelope is assumed to be available for residential use, which the full development envelope is not available for residential use for the comparables that have been adjusted.

Utilities

This adjustment accounts for impact on land value due to presence or absence of public utilities such as water, sewer, and electricity. No adjustments for utilities were required.

Economic

The ground lease states that the land valuation for the purposes of the rent reset must consider the tax exempt status of the site if the Port Authority is still the fee owner. The leaseholder is obligated to make PILOT payments which are significantly below the market tax liability. We have therefore applied upward adjustments to all of the comparables. The adjustment is tempered in consideration of the fact that the PILOT agreement would not remain in place if the fee interest of the site was privatized, and given that most large-scale developments benefit from some form of tax incentive.

Land Valuation Conclusion

All of the land sales and unit value indications have been considered. The greatest emphasis is placed on Comparable 1, which is the most recent sale within the Financial District. The least emphasis is placed

on Comparable 3, which is in a different neighborhood and which required a significant sale conditions adjustment. Our final reconciled land value as of the date of value is indicated below.

Land Value Reconciliation

Premise	Value
Upon Stabilization	July 1, 2030
Indicated Value per Buildable SF	\$225.00
Subject Buildable SF	1,443,475
Indicated Value	\$324,781,875
Rounded Value	\$325,000,000

Conversion Sales

As previously noted, there have been a number of recent large-scale buildings in Lower Manhattan sold for residential conversion. The recent conversion sales are exhibited below:

Supplemental Comparables - Residential Conversion

Address	Sold Date	Pricing	Gross Building		Comments
			Area (SF)	Price/SF	
100 Wall Street	Under Contract	\$115,000,000	463,664	\$248.02	Base likely to be converted to residential
80 Pine Street	Under Contract	\$160,000,000	1,104,184	\$144.90	Likely partial conversion
222 Broadway	Under Contract	\$150,000,000	756,138	\$198.38	Conversion; significant contributory value of in-place retail
55 Broad Street	7/31/2023	\$172,500,000	406,025	\$424.85	Conversion
25 Water Street	12/21/2022	\$250,806,808	1,016,406	\$246.76	Conversion
175 Water Street	10/6/2022	\$252,000,000	684,500	\$368.15	Conversion

The forgoing sales illustrate a range of \$144.90/SF to \$424.85/SF of gross building area. The 55 Broad Street sale is an outlier at the high end of the range. Given the assumed contributory value of the existing improvements as shell structures, the comparable conversion sales can be considered as an upper limit to the equivalent vacant land value. Our market value conclusion for the subject's underlying land is reasonable within this context.

Ground Rent Reset

As previously outlined, the ground rent is scheduled to reset at market-oriented terms, although it is emphasized that the lease provides minimal guidance as to the precise methodology that is to be assumed. The ground lease states that the fair market ground rent at the time of reset should be based on "the **percentage of the appraised value** of the premises that should be paid to the Port Authority as an annual rental during each year of the renewal period which annual rental at the time of the arbitration proceedings **would constitute for the twenty year renewal term a fair market rate of return to the owner of the fee of the premises** demised by this Agreement. The following discussion considers what we consider to be market oriented.

Conventionally, the ground rent for market-oriented ground leases was typically 6.0% to 7.0% of the market value of the land for lease terms that typically range from 50 to 99 years. Leases typically escalated at 1- to 10-year intervals, with ground rent resets typically processed every 20 to 30 years. Ground leases for vacant land where redevelopment was a term of the lease typically had a period with minimal or no ground rent during construction, and a post-construction period with ground rent below market (i.e. less than the noted 6.0% or 7.0% of land value) until the first rent reset.

However, we note that the market has generally moved away from the creation of such structures. The following is excerpted from an October 2019 article published by the *Commercial Observer* written by Joshua Stein, sole principal of Joshua Stein PLLC. Joshua Stein has wide experience in commercial real estate transactions, development transactions, and other real estate matters and disputes and authored *A Guide to Ground Leases (With Forms and Checklists)*.

For many decades, “standard” ground leases said that every 20 or 30 years, the ground rent would adjust to equal 6% or 7% of the current appraised value of the land under the building. Between those big resets, the rent would rise by maybe 2.5% a year or 10% every five years. That system protected the land owner from long-term inflation. It supported investment and financing by the actual operator of the building and its lender.

But in the last decade, and especially the last few years, traditional rent reset clauses have devastated investors in buildings on ground leases and their lenders. That happened in part because transactions of commercial real estate - including vacant land - have indicated capitalization or discount rates closer to 3% or 4%. Land values sometimes rose further based on comparable sales for condominium development, which is usually not an option under New York ground leases but until recently was the favorite use of most New York City where zoning allows it.

When a rent reset formula applies a 6% or 7% constant to a land value derived in part from a much lower capitalization rate and from the value of potential condo development, ground rent can consume the entire net operating income of the building, or more.

Stein continues by acknowledging alternative ground lease rent escalation terms and their unique drawbacks. Percentage caps on rent increases and various forms of CPI indexing are common methods for limiting risk for leaseholders; however, such terms necessarily reduce the land owner’s property-specific inflation protection provided by fair market value (FMV) based resets.

We note that while capitalization rates have elevated since the date of the article, there is an expectation for capitalization rates to normalize over the longer term, as discussed further in the Income Capitalization Approach.

In conjunction with the above, it is noted that modern ground leases are being written without resets that are based on the land value as if hypothetically vacant, as leases are being written so as to protect both sides of the transaction in accordance with the different investment profiles of each side of the transaction.

Ground Lease Comparables

Address	Use	Term	Start Date	Starting Rent	Starting Rent As % of Estimated Land Value	Rent Increases
1245 Broadway	Office	99 years	3/19/2017	\$4,100,000	6.8%	Every 10 Years: Greater of CPI increase or 25% of average annual gross operating revenue from prior 10 years
320 West 31st Street	Office	134 years w/ purchase option	8/1/2022	\$650,000	3.0%	7.5% increases every 5 years
360 Bowery	Office	99 years	9/1/2019	\$2,750,012	5.1%	10% increases every 5 years subject to CPI adjustment
241 West 28th Street	Apartments	99 years	12/13/2018	\$7,760,101	6.5%	2.0% annual increases; reset every 25 years at 102% of prior rent or 6% of land value
363 Lafayette Street	Office	49 years w/ (2) 25 year renewal options	8/10/2015	\$1,500,000	7.1%	2.5% annual increases; reset every 25 years to 5.0% of FMV of land
Confidential - Manhattan	Office	99 years	12/9/2019	\$9,000,000	N/A	2.15% annual increases, reset every 10 years starting year 31 based on greater of 2.15% increase or CPI increase (capped at 3.0%)

Source: Previous appraisals prepared by JLL and offering memorandums

With consideration for the preceding, we note that the manner in which the ground rent should reset is not a clear-cut fact. It can be reasonably argued that a ground rent based on 6% of the land value as if

vacant is reasonable and given that such is broadly considered the conventional structure, it is likely what was intended when this lease was written. However, it is possible that ground rent based on a percentage of unencumbered land value would not be considered reasonable, especially in an instance in which the highest and best of the land would differ from the existing use.

We are familiar with a confidential large-scale property in Manhattan with an upcoming ground rent reset for which both parties viewed the answer as to the fair market reset as being triangulated between the following metrics:

- Percentage of fee simple land value;
- \$ per GSF in annual rent; and
- Annual ground rent as a percentage of the fee simple NOI.

The following discussion assumes a ground rent based on 6% of the unencumbered land value and notes the emerging trend and the lack of details in the lease as a potential concern, which is appropriately considered in the selection of an appropriate discount rate. Additionally, we have considered the reasonability of the resultant ground rent within the context of the percentage of fee simple NOI based on market participant commentary.

Ground Rent Calculation

Based on the preceding discussion, we have calculated the fair market ground rent reset as follows:

Ground Rent Reset	
Land Value Conclusion	\$325,000,000
Grown out to reset notice date @ 2%	\$338,130,000
Ground Rent @ 6%	\$20,287,800
Rounded	\$20,300,000

The foregoing land value is grown out for 2 years based on the rent reset date of January 1, 2027, and given that the Port Authority must extend an offer to the Lessee within the first 6 months of the last year of the current lease term. We have adopted the above indicated reset amount of \$20,300,000.

Test of Reasonability

Based on discussions with a member of JLL Capital Markets specializing in institutional office sales who is actively involved in the restructuring of a ground lease for a comparable site in Manhattan, the market typically seeks to keep ground rent within 20% of fee simple NOI, although in certain instances this can be pushed to the 27% to 30% range. Our concluded ground rent equates to 19.7% of the fee simple NOI in Year 7, which is the first normalized cash flow year after the Moody's lease expiration. This is considered to be reasonable in light of the above commentary. This also considers that the fee simple NOI would be meaningfully reduced if the Port Authority were to sell the fee position in the site, as the leaseholder would then be responsible for market taxes. Due to this risk, it is unlikely that a higher ground rent percentage relative to the projected NOI would be supportable with the PILOT in place, as the implementation of market taxes would push the ground rent above an acceptable percentage of the NOI.

Sales Comparison Approach

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

1. The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
2. The most pertinent data is further analyzed and the quality of the transaction is determined.
3. The most meaningful unit of value for the subject property is determined.
4. Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
5. The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.

Capital Markets Update

The following is from JLL's Q1 2024 NYC Capital Markets Office Perspectives Report (latest available).

Drivers of pricing



Equity Overview

Overall themes

- **Dry Powder:** near historic highs
- **Core capital:** lacking in scale; primarily separate account, HNWI
- **Fundraising:** remains challenging as REITs and fixed income alternatives remain in favor
- **Allocations:** Domestic institutions' allocations remain constant
- **Non-U.S. investors** increasing allocations to CRE / to U.S.
- **Hedging costs:** remain a headwind (sans UK, Australia and Canadian investors)
- **Private capital** formation via syndications or RIAs robust

Update on key constituents

- **ODCE/core vehicles:** largely dormant until NAV = spot market
- **Buyer/seller profile:**
 - **Sellers:** 80% are institutional
 - **Buyers:** 80% are private capital
- **HNW:** significant investor at scale in both core and opportunistic strategies
- **RIAs:** significant aggregation occurring, leading to billions in AUM that is now focusing on CRE
- **Non-traded REITs (NTRs):** stabilizing and performed as "advertised" – net inflows now occurring
- **Public REITs of scale:** on "offense"

M&A

- **REIT pricing:** relevant benchmark and alternative to private trades
- **Public M&A:** will significantly accelerate in 2024, i.e. Blackstone's take-private of Tricon Residential, AIR Communities
- **Scale/market cap matters:** REITs below \$5 billion in market cap will likely underperform
- **Private M&A:** rapidly accelerating due to business model changes; competitive pressures
- **Industry consolidation:** will accelerate across investment managers, owner/operators and service providers for host of reasons including scale

Potential opportunities

- 1 Buy core and core plus** to hedge yield curve moderation and before ODCE reprices
- 2 Develop living and industrial assets** due to near-certain future demand
- 3 Office:** For opportunistic capital, is dramatically oversold

Debt Overview

Overall themes



No lack of capital: pricing & structure



Spreads are in 40-50 bps since January, 100bps from 2023



Loans sales rapidly increasing



Bank balance sheets: generally, in excellent financial shape compared to GFC; no systemic risk



Reserves and accounting regulations: regulatory demands will keep structures more conservative, and ROI needs higher



Loan maturities: \$1.5 trillion expected in 2024 & 2025; accelerator for transaction volume

Lender type update

- **Domestic banks:** new loan demand increasing
- **Return on investment (ROI):** Key theme to access credit (Depository and comprehensive product acceptance)
- **Foreign banks:** substantially accelerating activity
- **Conduit:** activity is improving/stable, and liquidity exists (includes office)
- **SASB:** rapidly accelerating; oversubscriptions frequent
- **Insurance Co's:** will more than double deployment over next two years
- **Debt funds** remain active; warehouse liquidity improving
- **Investment management platforms** all entering debt space; subscription lines oversubscribed 3-5x

Expectations for the next 12 months

- 1 Lenders** continue to focus on both offense & defense
- 2 Increased loan sale activity:** due to banks' lack of infrastructure and accounting/regulatory mandates; JLL \$70B+ pipeline
- 3 Increased recap/financing opportunities** due to loan maturities and rate cap expirations

Current market pricing indicators

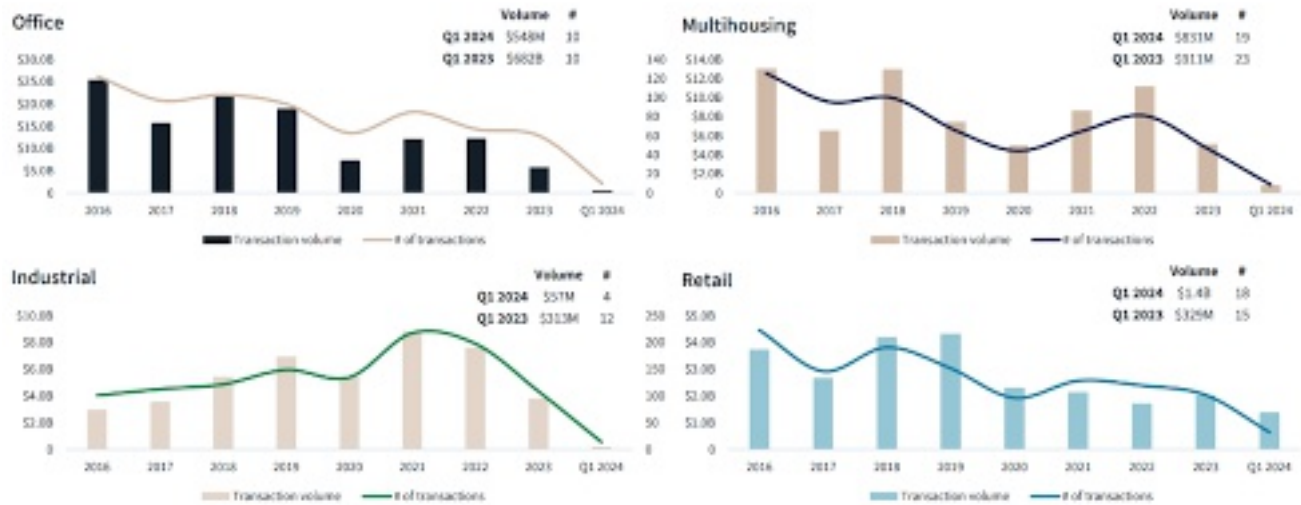


U.S. transaction velocity by property type



Note: Logos beneath each bar chart pertain to a recent notable transaction (buyer / seller / close date / transaction value).
Source: JLL Research, Real Capital Analytics (transactions over \$5-million, includes entity-level transactions); industrial includes Flex-BDO; office volume excludes MOB; includes rescaps, excludes refinances

New York area transaction volumes and count by property type



Office | Capital markets at-a-glance

Transaction volume in Q1 falls back to near record lows

- Transaction volumes in Q1 2024 totaled \$548M in New York City, a decrease of -76% from the previous quarter. The previous quarter, however, was largely driven by a few unique deals, including Prada's Fifth Avenue acquisitions.
- Total transaction volume in the Outer Boroughs however increase by 14% to \$125M, with 4 deals over \$10 million recorded in Q1.

Public REITs took center stage this quarter with two large equity deals

- SLGreen BXP's deals to increase their equity at 2 Herald Square and 360 Park Avenue South, respectively, together made up 60% of all transaction volume.
- In a reversal from last year, there were no volume driven by foreign investors in Q1 2024.

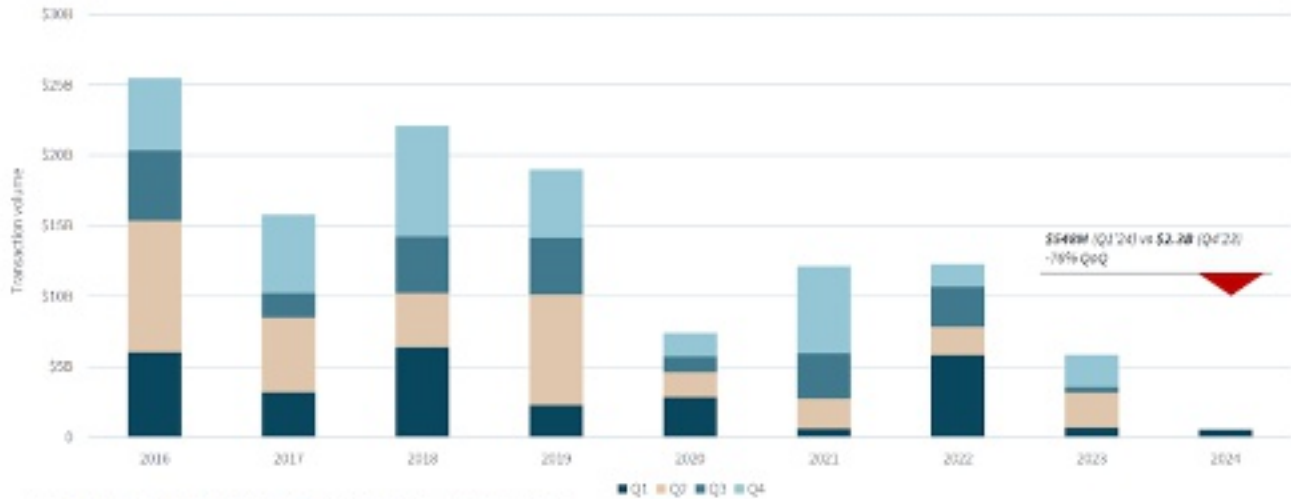
Cap rates remain elevated as the spectre of interest rates holding higher for longer looms over the market

- Higher interest rates, which were expected to decrease this year, have remained "higher for longer," continuing to create downward pricing pressure.
- The rising cost of debt has also made new development projects harder to launch, limiting the amount of new construction expected to be delivered in New York over the next 5 years.

Transaction volume falls back to record lows

The Canadian Pension Plan's sellback its 29% stake in 360 Park Ave S. was the largest deal by asset value in the quarter and was one of only 12 deals over \$5M were signed in New York City in Q1 2024.

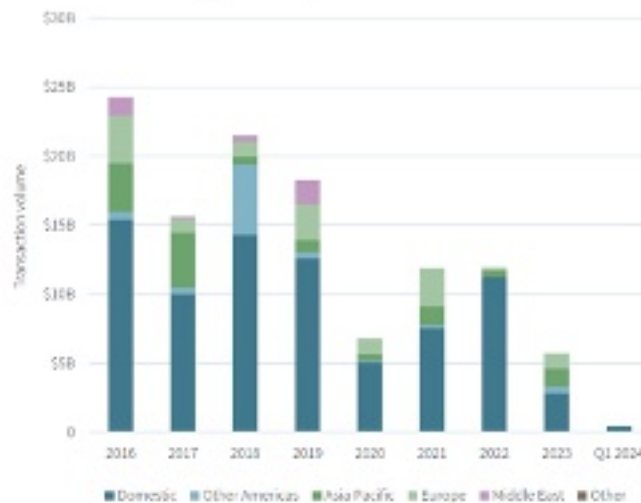
New York office transaction volume



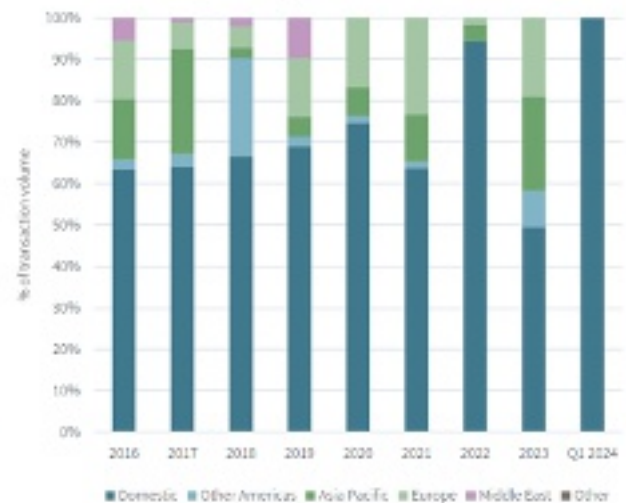
Domestic investors drove all deals in Q1 2024

After an active 2023, foreign investors sat on the sidelines for Q1 2024 as overall transaction volume fell steeply.

Office transaction volume by investor origin



Office transaction share by investor origin



Two deals help public REITs take center stage in the first quarter

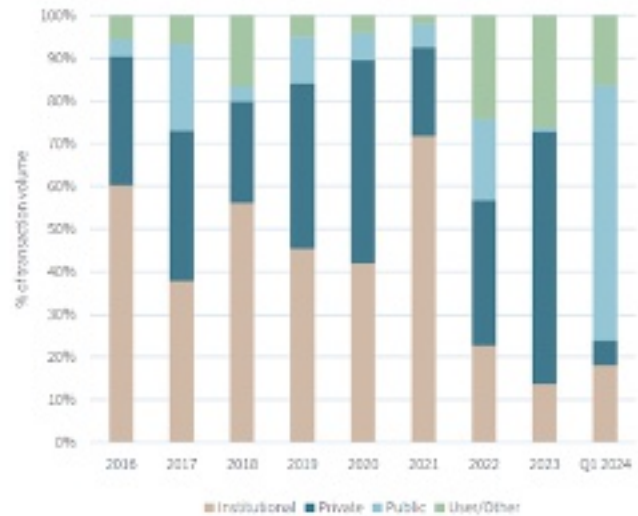
SL Green and BXP's deals to increase their ownership stakes at 2 Herald Sq. and 360 Park Ave S. made up 60% of Q1 volume.

New York office transaction volume by investor type



Note: Transaction volume includes deals of \$10M or more in Manhattan, Brooklyn, and Queens.
Source: JLL Research; Real Capital Analytics

New York office transaction share by investor type



Analysis of Comparable Sales

We have researched comparables for this analysis, which are documented on the following pages, followed by a location map and analysis grid. All sales have been researched through numerous sources and, when possible, verified by a party to the transaction. The unit of comparison utilized is the sales price per square foot of rentable area.

Recent sales transaction activity has been limited due to interest rate uncertainty and recessionary concerns, and traditional sources of capital for both debt and equity are less available due to uncertainties in the office market. There is a significant bid-ask spread due to structural capital markets issues. Additionally, a significant portion of recent sales reflect partial interest transfers or non-arm's length transactions. Furthermore, the subject reflects a leasehold interest with an upcoming ground rent reset, and there are significant projected lease-up costs in the near term due to the expiration of the anchor tenant lease, requiring a large magnitude of adjustment to the comparables. Less emphasis is placed on the sales approach due to the lack of relevant sales in the current interest rate environment and the factors specific to the subject property.

The comparable sales utilized in the analysis are presented on the following pages. The selected sales are considered to be the best available for comparison.

Improved Sales Summary - Office

No.	Name; Address	Sale Date; Status; Prop. Rights	Year Blt.; Yr. Renov.	Stories	Property Type; Building Class	Rentable Area	Sale Price; Effective Price	\$/RA	Occ. %	Cap Rate
1	245 Park Avenue 245 Park Avenue New York, NY 10029	6/26/2023 Closed Sale Leased Fee	1967 2017	45	Office A	1,723,993	\$2,000,000,000	\$1,160.10	84%	3.90%
Sale Comments: This is the implied 100% interest valuation of the partial interest transfer of 245 Park Avenue, a Class A office building located on a full-block site bounded by Park Avenue, Lexington Avenue, East 46th Street and East 47th Streets, in the Grand Central submarket of Manhattan. Mori Trust purchased the 49.9% partial interest for \$998,000,000. While going-in cap rate was reportedly in the high 3.0% range, this would reportedly be in the mid 5.0%'s on a stabilized basis. The property was 83.9% occupied at the time of sale, and large tenants include SocGen, Ares Management, and Angelo Gordon. There is reportedly a \$170m budgeted capital improvement plan. The buyer assumed the existing debt on the building by buying into the joint venture; there is reportedly approximately \$1.7bn of secured debt at a 4.22% interest rate maturing in 6/2027. Additionally, there was reported to be a concurrent debt purchase.										
2	One Liberty Plaza One Liberty Plaza New York, NY 10006	4/6/2023 Closed Sale Leased Fee	1972 2007	54	Office A	2,346,000 1,690,747	\$1,000,000,000	\$426.26	82%	6.48%
Sale Comments: This is the 49% interest transfer of a Class A office building located in the Financial District of Manhattan. The purchase price reportedly reflected a 100% interest valuation of \$1 billion. Brookfield, the existing majority interest owner, bought out Blackstone, who had previously purchased the 49% interest in 2017 for \$742 million (a gross valuation of \$1.5 billion). The property was reportedly 82% occupied at the time of sale with a WALT of approximately 8 years. At the time of the sale, the major tenants within the property include: Cleary Gottlieb, NYC EDC, Transatlantic Reinsurance, Vitru Financial and Aon Corp. A capitalization rate of 6.48% was reported. The property underwent a complete renovation in 2007. Zuccotti Park is part of the property. It is noted that the property was refinanced in June 2024.										
3	200 Fifth Avenue 200 Fifth Avenue New York, NY 10010	11/17/2022 Closed Sale Leased Fee	1910 2008	14	Office A	867,804	\$1,050,000,000	\$1,209.95	93%	4.66%
Sale Comments: This is the implied 100% interest in the sale of a 14-story office building with multi-level retail space that is interconnected with a 4-story, mixed-use office and retail building located at the northwest corner of Fifth Avenue and West 23rd Street in the Flatiron section of Manhattan. The sale reflects the transfer of the 26.6877% interest in the property. The property was valued at \$1,050,000,000, which was an implied going in cap rate of 4.66% based on NOI of \$48,896,796 for the 12 months 11/1/2022-10/31/2023. The buyer assumed the existing debt as part of buying into the partnership. The debt on the property was \$600M loan with a maturity date of 11/30/2028 and interest rate of 4.336%. Interest rate swaps were in place, fixing the interest rate on the debt.										
4	One Manhattan West 400 W 33rd St New York, NY 10001	3/14/2022 Closed Sale Leased Fee	2019	69	Office A+	2,077,557	\$2,850,000,000	\$1,371.80	94%	4.25%
Sale Comments: This is the implied 100% interest of Blackstone's acquisition of 49% of One Manhattan West in March 2022. Prior to the sale, Qatar Investment Authority Advisory owned 44% of One Manhattan West while Brookfield owned 56%. Post sale, the division of interests currently stands at Blackstone owning 49% while Brookfield owns 51%. It is noted that this transfer only consists of the office portion and does not include any retail condos. One Manhattan West was 94% leased at the time of sale and reportedly sold at a 4.25% capitalization rate.										
5	100 Pearl Street 100 Pearl Street New York, NY 10004	12/15/2021 Closed Sale Leased Fee	1982 2021	27	Office A	1,007,115 1,007,115	\$850,000,000	\$843.99	93%	4.63%
Sale Comments: This is the sale of a 27-story Class "A" office building in Lower Manhattan. Prior to the sale, the property had undergone a \$125 million renovation, which included upgrading the lobby, demising new retail spaces, renovating the 14th floor and two penthouse floors for office use, upgrading mechanical systems, and establishing new amenity space including a new roof deck. Major tenants include NYC Health and Hospitals (who occupy space via a leasehold condominium structure for tax advantage purposes), US SEC, and NY Legal Assistance Group. The property had a WALT of approximately 21 years. The going-in OAR was 4.63%, and the projected IRR was 5.50%.										
S	7 World Trade Center 250 Greenwich Street New York, NY 10007			52	Office	1,687,685			94%	

*If applicable, prices per SF/unit and capitalization rates and/or income multipliers based on effective sale price.

Improved Sale Comparable Photographs



Improved Sale #1
245 Park Avenue



Improved Sale #2
One Liberty Plaza



Improved Sale #3
200 Fifth Avenue

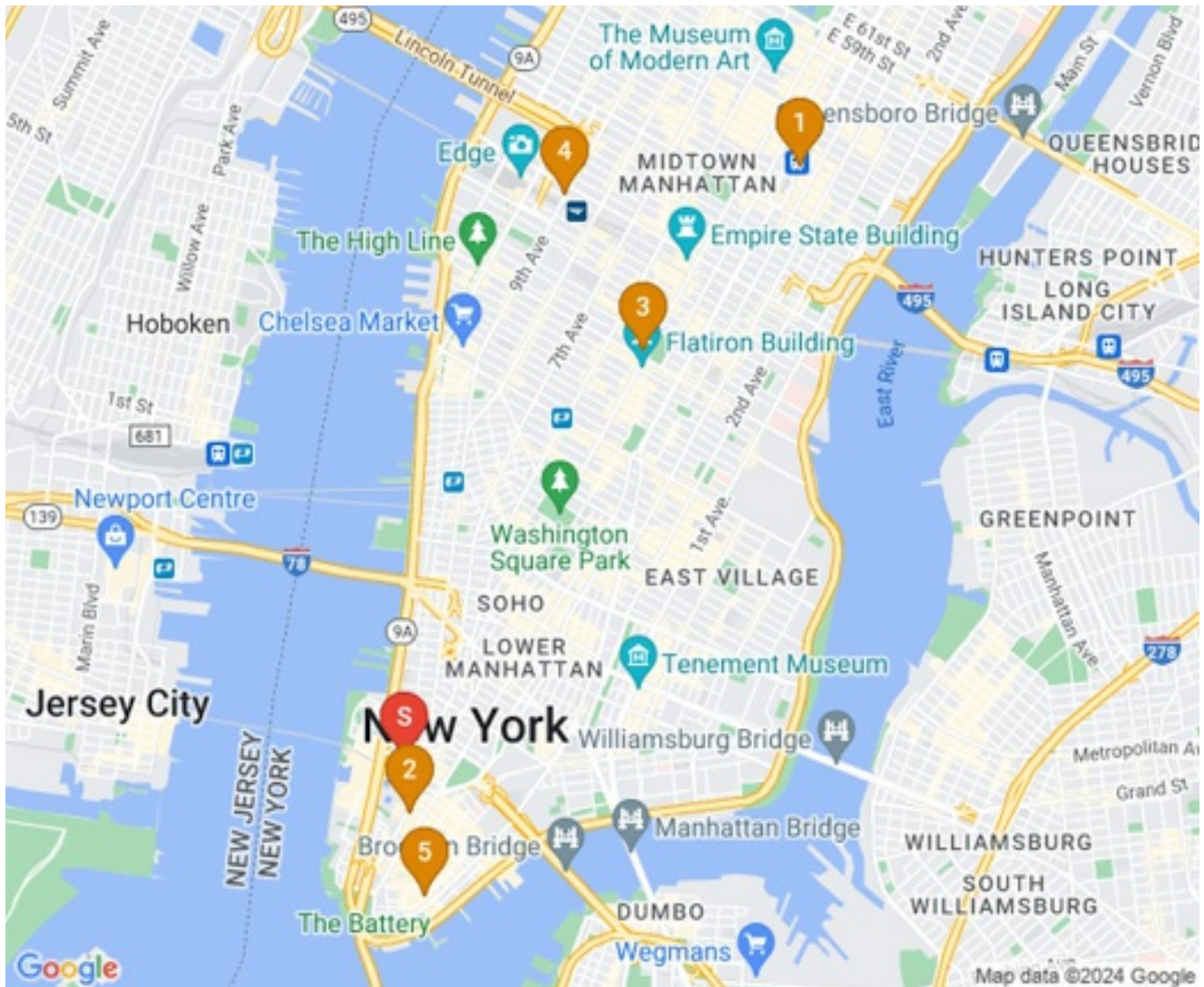


Improved Sale #4
One Manhattan West



Improved Sale #5
100 Pearl Street

Improved Sales Map



No.	Name	Location	Miles From Subject	Rentable Area	Price/Rentable Area
1	245 Park Avenue	New York, NY	3.4	1,723,993	\$1,160.10
2	One Liberty Plaza	New York, NY	0.2	2,346,000	\$426.26
3	200 Fifth Avenue	New York, NY	2.3	867,804	\$1,209.95
4	One Manhattan West	New York, NY	2.8	2,077,557	\$1,371.80
5	100 Pearl Street	New York, NY	0.7	1,007,115	\$843.99
S	7 World Trade Center	New York, NY		1,687,685	

Analysis and Adjustment of Sales

On the following page is a sales comparison grid displaying the subject property, the comparables and the adjustments applied.

7 World Trade Center Real Estate Appraisal

Sales Grid						
	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Name	7 World Trade Center	245 Park Avenue	One Liberty Plaza	200 Fifth Avenue	One Manhattan West	100 Pearl Street
Address	250 Greenwich Street	245 Park Avenue	One Liberty Plaza	200 Fifth Avenue	400 W 33rd St	100 Pearl Street
City	New York	New York	New York	New York	New York	New York
County	New York	New York	Manhattan	Manhattan	Manhattan	New York
State	NY	NY	NY	NY	NY	NY
Date	Jun-2024	Jun-2023	Apr-2023	Nov-2022	Mar-2022	Dec-2021
Price		\$2,000,000,000	\$1,000,000,000	\$1,050,000,000	\$2,850,000,000	\$850,000,000
Price Adjustment		\$0	\$0	\$0	\$0	\$0
Adjusted Price		\$2,000,000,000	\$1,000,000,000	\$1,050,000,000	\$2,850,000,000	\$850,000,000
Rentable Area	1,687,685	1,723,993	2,346,000	867,804	2,077,557	1,007,115
Rentable Area Unit Price		\$1,160.10	\$426.26	\$1,209.95	\$1,371.80	\$843.99
Building Class	A+	A	A	A	A+	A
Year Built	2006	1967	1972	1910	2019	1982
Renovations		2017	2007	2008	N/A	2021
TOS Occupancy Rate	94.38%	83.90%	82.00%	93.30%	94.00%	93.00%
Parking Ratio	—	—	—	—	—	—
No. of Stories	52	45	54	14	69	27
Transaction Adjustments						
Property Rights		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
% Adjustment		—	—	—	—	—
Financing		Loan Assumption	Loan Assumption	Loan Assumption	Loan Assumption	Buyer Obtained Financing
% Adjustment		-10%	—	-10%	—	—
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
% Adjustment		-10%	—	—	—	—
Expend. After Sale		—	—	—	—	—
Market Trends Through	Jun-24	—	—	-5%	-20%	-20%
Adjusted Rentable Area Unit Price		\$939.68	\$426.26	\$1,034.51	\$1,097.44	\$675.20
Location		-20%	5%	-15%	-20%	10%
Size		—	—	—	—	—
Age/Condition		10%	20%	5%	-5%	10%
Utility		—	5%	5%	-5%	5%
Economic Characteristics		5%	5%	—	—	-10%
Adjusted Rentable Area Unit Price		\$892.70	\$575.45	\$982.78	\$768.21	\$776.48
Net Adjustments		-23%	35%	-19%	-44%	-8%
Gross Adjustments		55%	35%	30%	50%	55%
Summary Indicators						
		Range	Average	Median		
Comparables - Unadjusted		\$426.26 - \$1,371.80	\$1,002.42	\$1,160.10		
Comparables - Adjusted		\$575.45 - \$982.78	\$799.12	\$776.48		
Reconciled Unit Value			\$800.00			

Comparable Sale Adjustments

Property Rights

This adjustment accounts for differing property rights such as fee simple, leased fee, leasehold, partial interest, etc. The comparable sales all reflect the transfer of the leased fee interest. While the subject reflects a leasehold interest, this is captured in a later adjustment, and no adjustments are applied to the comparables.

Financing

This adjustment accounts for seller financing, or assumption of existing financing, at non-market terms. Comparables 1 and 3 have been adjusted downward due to their superior financing terms when compared to the subject property. The remaining three comparables have not been adjusted. We note that while Comparable 2 involved assumed financing in conjunction with the partner buyout, the property was refinanced soon thereafter.

Conditions of Sale

This adjustment accounts for extraordinary motivation of buyer or seller, assemblage, or forced sale. Comparable 1 has been adjusted downward due to the fact that there was a concurrent debt purchase at a discount in conjunction with the sale. The remaining four comparables have not been adjusted.

Expenditures After Sale

This adjustment accounts for atypical economics of a transaction, such as demolition cost, impact fees, remediation, or other expenditures by buyer at time of purchase. No adjustments for expenditures after sale were required.

Economic Trends

This adjustment accounts for changes in the economic environment over time that affect the appreciation and depreciation of real estate. The Federal Reserve actions to curb inflation have had an impact on the cost of capital, greatly impacting lending rates. Capitalization rates hit historic lows in early second quarter 2022, which most investors recognize as an inflection point. Since then, investment rates began their current upward trajectory, in lockstep with the Fed's rate hikes. The following table shows the actions from each Federal Reserve meeting, rate changes, target rates and the corresponding SOFR rates.

Federal Reserve Meetings – 2022 & 2023			
Date	Rate Change (BPS)	Fed Funds Rate	SOFR
Mar-22	+25 bps	0.25% to 0.50%	0.30%
May-22	+50 bps	0.75% to 1.00%	0.79%
Jun-22	+75 bps	1.50% to 1.75%	1.45%
Jul-22	+75 bps	2.25% to 2.50%	2.28%
Sep-22	+75 bps	3.00% to 3.25%	2.99%
Nov-22	+75 bps	3.75% to 4.00%	3.80%
Dec-22	+50 bps	4.25% to 4.50%	4.32%
Feb-23	+25bps	4.50% to 4.75%	4.56%
Mar-23	+25bps	4.75% to 5.00%	4.80%
May-23	+25bps	5.00% to 5.25%	5.03%
Jun-23	+0 bps	5.00% to 5.25%	5.06%
Jul-23	+ 50 bps	5.25% to 5.50%	5.10%

Given uncertainty over the near-term leasing environment and inflation deeply still in place, sales activity in the market will likely remain concentrated in deals with minimal leasing risk and stable cash flows, or purchased for redevelopment or opportunistic, betting on the office market's future reemergence.

The comparables transacted between December 2021 and June 2023. Downward adjustments are applied to Comparables 4, 5, and 6, which transacted under superior market conditions. The magnitude of the adjustment is more significant for Comparable 6, which transacted prior to any rate hikes.

Location

This adjustment accounts for market or submarket area influences on sale price or rental rate and/or surrounding land use influences. Comparables 1, 3 and 4 have been adjusted downward due to their superior location when compared to the subject property. Comparables 2 and 5 have been adjusted upward due to their inferior location when compared to the subject property. This considers that Park Avenue, Fifth Avenue, and Hudson Yards reflect significantly superior locations which generate higher rents.

Size

This adjustment accounts for the inverse relationship that often exists between size and unit value. No adjustments for size were required.

Age/Condition

This adjustment accounts for effective age and/or physical condition. The subject reflects a trophy asset. Recent sales of true trophy office buildings within Manhattan have been highly limited in recent years. Comparable 4 has been adjusted downward due to its superior age/condition when compared to the subject property. Comparables 1, 2, 3 and 5 have been adjusted upward due to their inferior age/condition when compared to the subject property.

Utility

This adjustment accounts for utility characteristics such as ceiling height and light and view characteristics. Comparables 2, 3, and 5 exhibit inferior utility characteristics relative to the subject and have been adjusted upward. Comparable 4 has superior views with higher floors and is adjusted slightly downward.

Economic Characteristics

This adjustment accounts for non-stabilized occupancy, above/below market rents, and other economic factors but excludes differences in rent levels that are already considered in previous adjustments, such as for location or quality. The subject is effectively at stabilized occupancy, but there are significant near-term leasing costs due to the Moody's lease expiration requiring downward adjustment to the comparables. However, Comparables 1 and 2 sold below stabilized occupancy with near-term lease-up costs, and net upward adjustments are applied. Comparable 3 sold with a near-term lease expiration for the anchor tenant, and no net adjustment is applied to this comparable as well. Comparable 4 sold encumbered by significantly below-market leases for a long-term period, requiring no net adjustment. Only Comparable 5 is adjusted downward, as this comparable had a long remaining WALT of 21 years.

Sales Comparison Approach Conclusion

All of the sales and unit value indications have been considered. While all of the comparable sales are considered to be relevant, the magnitude of necessary adjustment was significant, and no one comparable sale replicates all the factors specific to the subject property. As discussed, we have therefore placed minimal reliance on the sales comparison approach. Our final reconciled value conclusion is depicted below.

Sales Approach Valuation	
Premise	Value
As Is	June 30, 2024
Indicated Value per Rentable Area	\$800
Subject Rentable Area	1,687,685
Indicated Value	\$1,350,148,000
Adjustments	
NPV of Ground Rent and Reversion	-\$489,000,000
NPV of PILOT Benefits	\$340,000,000
Total Adjustments	-\$149,000,000
Indicated As Is Value	\$1,201,148,000
Rounded As Is Value	\$1,200,000,000

Adjustments to Value

The preceding sales comparison approach value conclusion processes adjustments to value given that the subject reflects a leasehold interest with a finite duration, and entailing the obligation of ground rent payments. Furthermore, the subject has PILOT benefits which run with the ground lease, resulting in payments that are significantly below the market-rate tax liability.

NPV of Ground Rent and Leased Fee Reversion

This adjustment consists of the net present value of the anticipated ground rent payments, inclusive of all extension options, plus the reversionary value of the leased fee interest in the subject upon the expiration of the final ground lease option period. This captures the value impact of the ground rent payments as well as of the finite duration of the ground lease. The ground rent projections assume resets in 2027, 2047, and 2067 based on 6% of FMV of the underlying land, which is consistent with our foregoing analysis of the ground rent reset and is predicated upon 3% annual value growth for the underlying land from the initial rent reset date in 2027 onwards. The projected ground rent payments are discounted to the present at the same 6.50% discount rate that is utilized in the DCF section of this report.

The leased fee reversionary value is calculated by adding back the ground rent to the NOI in Year 11 of the cash flow from the DCF analysis section of this report and trending this forward at a rate of 3.0% over the remainder of the leasehold period. The final Year NOI projection of \$537,081,774 is then capitalized at a rate of 8.10% to arrive at the leased fee reversionary value of \$6,630,639,185, which is discounted to the present at 6.50%. The 8.10% capitalization rate is derived by starting with the 5.50% terminal capitalization utilized in the DCF section of this report and growing this out by 5 basis points per year to account for depreciation and future market uncertainty.

The above-described calculations are illustrated by the table on the following page.

NPV of Ground Rent and Leased Fee Reversion

Year	Year Ending	Ground Rent	NPV of Ground Rent @ 6.50%	NOI Without Ground Rent	Exit Cap Rate	Reversionary Value	PV of Reversion @ 6.50%
1	Jun-25	\$8,520,909	\$8,000,853	\$84,763,583			
2	Jun-26	\$8,877,396	\$7,826,839	\$84,794,993			
3	Jun-27	\$14,650,929	\$12,128,759	\$86,664,523			
4	Jun-28	\$20,300,000	\$15,779,659	\$60,123,431			
5	Jun-29	\$20,300,000	\$14,816,581	\$45,756,594			
6	Jun-30	\$20,300,000	\$13,912,283	\$89,401,144			
7	Jun-31	\$20,300,000	\$13,063,176	\$103,024,480			
8	Jun-32	\$20,300,000	\$12,265,893	\$107,096,499			
9	Jun-33	\$20,300,000	\$11,517,271	\$91,235,827			
10	Jun-34	\$20,300,000	\$10,814,339	\$92,226,503			
11	Jun-35	\$20,300,000	\$10,154,308	\$115,479,456	5.50%	\$2,099,626,476	\$1,050,258,863
12	Jun-36	\$20,400,000	\$9,581,530	\$118,943,840	5.55%	\$2,143,132,250	\$1,006,592,473
13	Jun-37	\$20,400,000	\$8,996,742	\$122,512,155	5.60%	\$2,187,717,055	\$964,819,898
14	Jun-38	\$20,400,000	\$8,447,645	\$126,187,520	5.65%	\$2,233,407,429	\$924,854,571
15	Jun-39	\$20,400,000	\$7,932,061	\$129,973,145	5.70%	\$2,280,230,620	\$886,614,147
16	Jun-40	\$20,400,000	\$7,447,945	\$133,872,340	5.75%	\$2,328,214,603	\$850,020,274
17	Jun-41	\$20,400,000	\$6,993,375	\$137,888,510	5.80%	\$2,377,388,101	\$814,998,393
18	Jun-42	\$20,400,000	\$6,566,550	\$142,025,165	5.85%	\$2,427,780,601	\$781,477,533
19	Jun-43	\$20,400,000	\$6,165,774	\$146,285,920	5.90%	\$2,479,422,375	\$749,390,129
20	Jun-44	\$20,400,000	\$5,789,459	\$150,674,498	5.95%	\$2,532,344,500	\$718,671,845
21	Jun-45	\$20,400,000	\$5,436,112	\$155,194,733	6.00%	\$2,586,578,878	\$689,261,409
22	Jun-46	\$20,400,000	\$5,104,331	\$159,850,575	6.05%	\$2,642,158,258	\$661,100,455
23	Jun-47	\$28,521,012	\$6,700,758	\$164,646,092	6.10%	\$2,699,116,260	\$634,133,377
24	Jun-48	\$36,642,024	\$8,083,303	\$169,585,475	6.15%	\$2,757,487,392	\$608,307,189
25	Jun-49	\$36,642,024	\$7,589,956	\$174,673,039	6.20%	\$2,817,307,079	\$583,571,390
26	Jun-50	\$36,642,024	\$7,126,719	\$179,913,230	6.25%	\$2,878,611,681	\$559,877,844
27	Jun-51	\$36,642,024	\$6,691,755	\$185,310,627	6.30%	\$2,941,438,523	\$537,180,657
28	Jun-52	\$36,642,024	\$6,283,338	\$190,869,946	6.35%	\$3,005,825,917	\$515,436,070
29	Jun-53	\$36,642,024	\$5,899,848	\$196,596,044	6.40%	\$3,071,813,189	\$494,602,350
30	Jun-54	\$36,642,024	\$5,539,763	\$202,493,925	6.45%	\$3,139,440,704	\$474,639,690
31	Jun-55	\$36,642,024	\$5,201,656	\$208,568,743	6.50%	\$3,208,749,895	\$455,510,116
32	Jun-56	\$36,642,024	\$4,884,184	\$214,825,805	6.55%	\$3,279,783,290	\$437,177,397
33	Jun-57	\$36,642,024	\$4,586,088	\$221,270,580	6.60%	\$3,352,584,540	\$419,606,958
34	Jun-58	\$36,642,024	\$4,306,186	\$227,908,697	6.65%	\$3,427,198,452	\$402,765,802
35	Jun-59	\$36,642,024	\$4,043,367	\$234,745,958	6.70%	\$3,503,671,014	\$386,622,432
36	Jun-60	\$36,642,024	\$3,796,589	\$241,788,337	6.75%	\$3,582,049,433	\$371,146,778
37	Jun-61	\$36,642,024	\$3,564,872	\$249,041,987	6.80%	\$3,662,382,159	\$356,310,132
38	Jun-62	\$36,642,024	\$3,347,298	\$256,513,246	6.85%	\$3,744,718,926	\$342,085,078
39	Jun-63	\$36,642,024	\$3,143,003	\$264,208,644	6.90%	\$3,829,110,780	\$328,445,433
40	Jun-64	\$36,642,024	\$2,951,176	\$272,134,903	6.95%	\$3,915,610,117	\$315,366,190
41	Jun-65	\$36,642,024	\$2,771,057	\$280,298,950	7.00%	\$4,004,270,717	\$302,823,457
42	Jun-66	\$36,642,024	\$2,601,932	\$288,707,919	7.05%	\$4,095,147,783	\$290,794,409
43	Jun-67	\$51,410,797	\$3,427,845	\$297,369,156	7.10%	\$4,188,297,976	\$279,257,238
44	Jun-68	\$66,179,570	\$4,143,251	\$306,290,231	7.15%	\$4,283,779,454	\$268,191,100
45	Jun-69	\$66,179,570	\$3,890,376	\$315,478,938	7.20%	\$4,381,651,915	\$257,576,077
46	Jun-70	\$66,179,570	\$3,652,935	\$324,943,306	7.25%	\$4,481,976,635	\$247,393,127
47	Jun-71	\$66,179,570	\$3,429,986	\$334,691,605	7.30%	\$4,584,816,510	\$237,624,050
48	Jun-72	\$66,179,570	\$3,220,644	\$344,732,353	7.35%	\$4,690,236,100	\$228,251,443
49	Jun-73	\$66,179,570	\$3,024,079	\$355,074,324	7.40%	\$4,798,301,675	\$219,258,666
50	Jun-74	\$66,179,570	\$2,839,511	\$365,726,554	7.45%	\$4,909,081,258	\$210,629,808
51	Jun-75	\$66,179,570	\$2,666,208	\$376,698,350	7.50%	\$5,022,644,671	\$202,349,650
52	Jun-76	\$66,179,570	\$2,503,481	\$387,999,301	7.55%	\$5,139,063,587	\$194,403,638
53	Jun-77	\$66,179,570	\$2,350,687	\$399,639,280	7.60%	\$5,258,411,577	\$186,777,846
54	Jun-78	\$66,179,570	\$2,207,217	\$411,628,458	7.65%	\$5,380,764,160	\$179,458,956
55	Jun-79	\$66,179,570	\$2,072,505	\$423,977,312	7.70%	\$5,506,198,857	\$172,434,223
56	Jun-80	\$66,179,570	\$1,946,014	\$436,696,631	7.75%	\$5,634,795,243	\$165,691,452
57	Jun-81	\$66,179,570	\$1,827,243	\$449,797,530	7.80%	\$5,766,635,004	\$159,218,974
58	Jun-82	\$66,179,570	\$1,715,721	\$463,291,456	7.85%	\$5,901,801,990	\$153,005,620
59	Jun-83	\$66,179,570	\$1,611,006	\$477,190,200	7.90%	\$6,040,382,277	\$147,040,701
60	Jun-84	\$66,179,570	\$1,512,681	\$491,505,906	7.95%	\$6,182,464,225	\$141,313,986
61	Jun-85	\$66,179,570	\$1,420,358	\$506,251,083	8.00%	\$6,328,138,538	\$135,815,677
62	Jun-86	\$66,179,570	\$1,333,670	\$521,438,616	8.05%	\$6,477,498,330	\$130,536,399
63	Dec-86	\$33,089,785	\$646,165	\$537,081,774	8.10%	\$6,630,639,185	\$129,480,662
Total			\$359,295,917				

NPV of Ground Rent and Leased Fee Reversion

\$488,776,578

Rounded

\$489,000,000

NPV of PILOT Benefits

The subject exhibits PILOT benefits, resulting in payments that are significantly below the market-rate tax liability. The contributory value of the PILOT benefits is derived by discounting the total difference between the PILOT payments and the market-based taxes over the term of the ground lease. We have assumed 3.0% annual growth with respect to the unabated taxes. Additionally, we have assumed 3.0% annual growth with respect to the PILOT payments from Year 12 onwards, noting that the first 11 years of PILOT payments are extracted from the DCF section of this report. The PILOT benefits are discounted at a rate of 8.0%, which considers the additional risk associated with the fact that the PILOT benefits would extinguish if the Port Authority were to sell the fee interest in the site to a private buyer. The calculations for the NPV of the PILOT benefits are illustrated by the table on the following page.

NPV of PILOT Benefits

Year	Year Ending	Unabated Taxes	PILOT	Net Benefit	PV of PILOT Benefits @ 8.00%
1	Jun-25	\$24,993,449	\$6,721,584	\$18,271,865	\$16,918,394
2	Jun-26	\$25,743,252	\$7,214,142	\$18,529,110	\$15,885,726
3	Jun-27	\$26,515,550	\$7,535,181	\$18,980,369	\$15,067,229
4	Jun-28	\$27,311,017	\$6,683,541	\$20,627,476	\$15,161,810
5	Jun-29	\$28,130,347	\$7,961,804	\$20,168,543	\$13,726,372
6	Jun-30	\$28,974,257	\$8,190,532	\$20,783,725	\$13,097,273
7	Jun-31	\$29,843,485	\$8,491,771	\$21,351,714	\$12,458,520
8	Jun-32	\$30,738,790	\$8,724,502	\$22,014,288	\$11,893,635
9	Jun-33	\$31,660,953	\$8,540,130	\$23,120,823	\$11,566,168
10	Jun-34	\$32,610,782	\$9,166,831	\$23,443,951	\$10,859,085
11	Jun-35	\$33,589,105	\$9,597,017	\$23,992,088	\$10,289,796
12	Jun-36	\$34,596,779	\$9,884,928	\$24,711,851	\$9,813,416
13	Jun-37	\$35,634,682	\$10,181,475	\$25,453,207	\$9,359,091
14	Jun-38	\$36,703,722	\$10,486,920	\$26,216,803	\$8,925,800
15	Jun-39	\$37,804,834	\$10,801,527	\$27,003,307	\$8,512,569
16	Jun-40	\$38,938,979	\$11,125,573	\$27,813,406	\$8,118,468
17	Jun-41	\$40,107,149	\$11,459,340	\$28,647,808	\$7,742,613
18	Jun-42	\$41,310,363	\$11,803,120	\$29,507,243	\$7,384,159
19	Jun-43	\$42,549,674	\$12,157,214	\$30,392,460	\$7,042,300
20	Jun-44	\$43,826,164	\$12,521,930	\$31,304,234	\$6,716,267
21	Jun-45	\$45,140,949	\$12,897,588	\$32,243,361	\$6,405,329
22	Jun-46	\$46,495,178	\$13,284,516	\$33,210,662	\$6,108,786
23	Jun-47	\$47,890,033	\$13,683,051	\$34,206,981	\$5,825,972
24	Jun-48	\$49,326,734	\$14,093,543	\$35,233,191	\$5,556,251
25	Jun-49	\$50,806,536	\$14,516,349	\$36,290,187	\$5,299,017
26	Jun-50	\$52,330,732	\$14,951,840	\$37,378,892	\$5,053,692
27	Jun-51	\$53,900,654	\$15,400,395	\$38,500,259	\$4,819,725
28	Jun-52	\$55,517,673	\$15,862,407	\$39,655,267	\$4,596,590
29	Jun-53	\$57,183,204	\$16,338,279	\$40,844,925	\$4,383,784
30	Jun-54	\$58,898,700	\$16,828,427	\$42,070,272	\$4,180,831
31	Jun-55	\$60,665,661	\$17,333,280	\$43,332,381	\$3,987,274
32	Jun-56	\$62,485,631	\$17,853,279	\$44,632,352	\$3,802,678
33	Jun-57	\$64,360,200	\$18,388,877	\$45,971,323	\$3,626,628
34	Jun-58	\$66,291,006	\$18,940,543	\$47,350,462	\$3,458,729
35	Jun-59	\$68,279,736	\$19,508,760	\$48,770,976	\$3,298,603
36	Jun-60	\$70,328,128	\$20,094,022	\$50,234,105	\$3,145,890
37	Jun-61	\$72,437,972	\$20,696,843	\$51,741,129	\$3,000,247
38	Jun-62	\$74,611,111	\$21,317,748	\$53,293,362	\$2,861,346
39	Jun-63	\$76,849,444	\$21,957,281	\$54,892,163	\$2,728,877
40	Jun-64	\$79,154,927	\$22,615,999	\$56,538,928	\$2,602,540
41	Jun-65	\$81,529,575	\$23,294,479	\$58,235,096	\$2,482,052
42	Jun-66	\$83,975,462	\$23,993,314	\$59,982,149	\$2,367,142
43	Jun-67	\$86,494,726	\$24,713,113	\$61,781,613	\$2,257,552
44	Jun-68	\$89,089,568	\$25,454,506	\$63,635,062	\$2,153,036
45	Jun-69	\$91,762,255	\$26,218,142	\$65,544,114	\$2,053,358
46	Jun-70	\$94,515,123	\$27,004,686	\$67,510,437	\$1,958,295
47	Jun-71	\$97,350,576	\$27,814,826	\$69,535,750	\$1,867,633
48	Jun-72	\$100,271,094	\$28,649,271	\$71,621,823	\$1,781,169
49	Jun-73	\$103,279,227	\$29,508,749	\$73,770,477	\$1,698,707
50	Jun-74	\$106,377,603	\$30,394,012	\$75,983,592	\$1,620,064
51	Jun-75	\$109,568,931	\$31,305,832	\$78,263,099	\$1,545,061
52	Jun-76	\$112,855,999	\$32,245,007	\$80,610,992	\$1,473,530
53	Jun-77	\$116,241,679	\$33,212,357	\$83,029,322	\$1,405,311
54	Jun-78	\$119,728,930	\$34,208,728	\$85,520,202	\$1,340,250
55	Jun-79	\$123,320,798	\$35,234,990	\$88,085,808	\$1,278,202
56	Jun-80	\$127,020,422	\$36,292,040	\$90,728,382	\$1,219,026
57	Jun-81	\$130,831,034	\$37,380,801	\$93,450,234	\$1,162,589
58	Jun-82	\$134,755,965	\$38,502,225	\$96,253,741	\$1,108,766
59	Jun-83	\$138,798,644	\$39,657,292	\$99,141,353	\$1,057,434
60	Jun-84	\$142,962,604	\$40,847,010	\$102,115,593	\$1,008,479
61	Jun-85	\$147,251,482	\$42,072,421	\$105,179,061	\$961,790
62	Jun-86	\$151,669,026	\$43,334,593	\$108,334,433	\$917,263
63	Dec-86	\$78,109,548	\$22,317,316	\$55,792,233	<u>\$437,398</u>
Total					\$340,435,583
Rounded					\$340,000,000

Income Capitalization Approach

The Income Approach to value is based on the present worth of the future rights to income. This type of analysis considers the property from an investor's point of view, the basic premise being that the amount and quality of the income stream are the basis for value of the property. The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.

With respect to the subject property, a discounted cash flow analysis is the only instructive method due to the irregular timing of the cash flows. While the property is virtually at stabilized occupancy as of the date of value, there are projected to be significant lease-up costs upon the expiration of the Moody's lease in 2027, who will at minimum give back space on floors 11 through 15. Significant TI's and free rent are projected for the balance of the space both in the scenario in which Moody's remains in place and in the scenario in which the space is leased-up to a new tenant; due to the age of the Moody's buildout, we have projected full TI's for a long-term renewal scenario. Ownership is reportedly incrementally placing a total of approximately \$91M into a reserve account through the lease-expiration date to fund the anticipated costs associated with this portion of the building (in addition to approximately \$32M already funded into the account). Furthermore, the in-place percentage ground rent payment is offset by the amount placed into the reserve accounts, and there is a pending ground rent reset in 2027. Finally, most of the in-place leases exhibit below market rent, with upside to be captured as leases roll to market. For these reasons, the cash flows are not projected to normalize until Year 7, and the direct capitalization method is not considered to be instructive. Nonetheless, we have considered the reasonability of the implied going-in capitalization rate within this context.

Discounted Cash Flow Analysis

Discounted cash flow analysis is defined in the Dictionary of Real Estate Appraisal (7th ed., Chicago, IL, Appraisal Institute, 2022), as:

"The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate."

We have utilized Argus Enterprise cash flow software in our analysis. We have utilized a 10-year holding period with the reversion calculated based upon the Year 11 net operating income, which is consistent with a typical investor holding period.

Occupancy and Potential Gross Income

The following rent roll details the current occupancy and rent status.

7 World Trade Center Real Estate Appraisal

Rent Roll																
Tenant/Lessee	Suite	Space Type	No. of Units	Square Feet	% of Leased Total	Lease Date Start	Lease Date End	Lease Term (Months)	Lease Type	Contract Rent*	Contr. Rent SF or Unit	Mkt. Rent SF or Unit	Bind. Rent SF or Unit	Projection Basis	Projected Rent	Contract % of Market
Squadron NYC, LLC	1020	Office (10)	1	13,776	0.9%	8/19/2022	2/29/2032	114	Modified Gross	\$413,280	\$30.00	\$30.00	\$30.00	Contract	\$413,280	100%
SilverTech Ventures LLC	1025	Office (10)	1	9,689	0.6%	3/1/2018	4/30/2025	86	Modified Gross	\$180,000	\$18.58	\$30.00	\$30.48	Blended	\$198,445	62%
Vacant	1040	Office (10)	1	818						\$0	\$0.00	\$30.00	\$15.00	Market	\$24,540	0%
Moody's Corporation	1100	Office (11-15) - Initial Absorption	1	39,365	2.5%	10/20/2006	11/30/2027	253	Modified Gross	\$2,222,126	\$56.45	\$72.50	\$56.45	Contract	\$2,222,126	78%
Moody's Corporation	1200	Office (11-15) - Initial Absorption	1	39,365	2.5%	10/20/2006	11/30/2027	253	Modified Gross	\$2,222,126	\$56.45	\$72.50	\$56.45	Contract	\$2,222,126	78%
Moody's Corporation	1400	Office (11-15) - Initial Absorption	1	39,365	2.5%	10/20/2006	11/30/2027	253	Modified Gross	\$2,222,126	\$56.45	\$72.50	\$56.45	Contract	\$2,222,126	78%
Moody's Corporation	1500	Office (11-15) - Initial Absorption	1	39,365	2.5%	10/20/2006	11/30/2027	253	Modified Gross	\$2,222,126	\$56.45	\$72.50	\$56.45	Contract	\$2,222,126	78%
Moody's Corporation	1600	Office (16-21) - Initial Moody's Renewal	1	39,365	2.5%	10/20/2006	11/30/2027	253	Modified Gross	\$2,222,126	\$56.45	\$75.00	\$56.45	Contract	\$2,222,126	75%
Moody's Corporation	1700	Office (16-21) - Initial Moody's Renewal	1	39,365	2.5%	10/20/2006	11/30/2027	253	Modified Gross	\$2,222,126	\$56.45	\$75.00	\$56.45	Contract	\$2,222,126	75%
Moody's Corporation	1800	Office (16-21) - Initial Moody's Renewal	1	39,365	2.5%	10/20/2006	11/30/2027	253	Modified Gross	\$2,222,126	\$56.45	\$75.00	\$56.45	Contract	\$2,222,126	75%
Moody's Corporation	1900	Office (16-21) - Initial Moody's Renewal	1	39,365	2.5%	10/20/2006	11/30/2027	253	Modified Gross	\$2,222,126	\$56.45	\$75.00	\$56.45	Contract	\$2,222,126	75%
Moody's Corporation	2000	Office (16-21) - Initial Moody's Renewal	1	39,387	2.5%	10/20/2006	11/30/2027	253	Modified Gross	\$2,222,126	\$56.42	\$75.00	\$56.42	Contract	\$2,222,126	75%
Moody's Corporation	2100	Office (16-21) - Initial Moody's Renewal	1	38,429	2.5%	10/20/2006	11/30/2027	253	Modified Gross	\$2,222,126	\$56.36	\$75.00	\$56.36	Contract	\$2,222,126	75%
Moody's Corporation	2200	Office (22-26) - Initial Moody's Renewal	1	38,872	2.4%	10/20/2006	11/30/2027	253	Modified Gross	\$2,222,126	\$57.17	\$77.50	\$57.17	Contract	\$2,222,126	74%
Moody's Corporation	2300	Office (22-26) - Initial Moody's Renewal	1	39,568	2.5%	10/20/2006	11/30/2027	253	Modified Gross	\$2,222,126	\$56.16	\$77.50	\$56.16	Contract	\$2,222,126	72%
Moody's Corporation	2400	Office (22-26) - Initial Moody's Renewal	1	39,201	2.5%	10/20/2006	11/30/2027	253	Modified Gross	\$2,222,126	\$56.69	\$77.50	\$56.69	Contract	\$2,222,126	73%
Moody's Corporation	2500	Office (22-26) - Initial Moody's Renewal	1	39,284	2.5%	10/20/2006	11/30/2027	253	Modified Gross	\$2,222,126	\$56.57	\$77.50	\$56.57	Contract	\$2,222,126	73%
Moody's Corporation	2600	Office (22-26) - Initial Moody's Renewal	1	39,284	2.5%	10/20/2006	11/30/2027	253	Modified Gross	\$2,222,126	\$56.57	\$77.50	\$56.57	Contract	\$2,222,126	73%
Moody's Corporation	2700 and 2800	Office (27-31)	1	78,568	4.9%	11/15/2007	11/30/2027	241	Modified Gross	\$6,065,450	\$77.20	\$80.00	\$77.20	Contract	\$6,065,450	96%
Manuseto Ventures LLC	2900	Office (27-31)	1	40,900	2.6%	6/1/2022	5/31/2033	132	Modified Gross	\$3,067,500	\$75.00	\$80.00	\$75.00	Contract	\$3,067,500	94%
Broadcast Music	3000, 3100	Office (27-31)	1	51,183	3.2%	12/1/2022	11/30/2038	192	Modified Gross	\$4,094,640	\$80.00	\$80.00	\$80.00	Contract	\$4,094,640	100%
Broadcast Music	3025	Office (27-31)	1	6,231	0.4%	12/1/2022	11/30/2038	192	Modified Gross	\$498,480	\$80.00	\$80.00	\$80.00	Contract	\$498,480	100%
Vacant	3050	Office (27-31)	1	23,770						\$0	\$0.00	\$80.00	\$20.00	Market	\$1,901,600	0%
Capstone Investment Advisors	3200	Office (32-36)	1	40,716	2.6%	12/1/2022	3/31/2034	136	Modified Gross	\$3,257,280	\$80.00	\$82.50	\$80.00	Contract	\$3,257,280	97%
Jeffrey Beers International LLC	3300	Office (32-36)	1	17,359	1.1%	11/29/2019	12/31/2035	193	Modified Gross	\$1,310,604	\$75.50	\$82.50	\$75.50	Contract	\$1,310,604	92%
Axial Reade Capital, LP	3325	Office (32-36)	1	3,173	0.2%	2/20/2021	8/31/2031	126	Modified Gross	\$253,840	\$80.00	\$82.50	\$80.00	Contract	\$253,840	97%
Vacant	3350	Office (32-36)	1	20,009						\$0	\$0.00	\$82.50	\$0.00	Market	\$1,650,743	0%
Thailand Board of Investment	3400	Office (32-36)	1	3,623	0.2%	12/3/2022	11/30/2028	72	Modified Gross	\$324,955	\$85.00	\$82.50	\$85.00	Contract	\$324,955	103%
Kostelanez & Fink, LLP	3425 and 3430	Office (32-36)	1	18,158	1.1%	4/1/2015	11/30/2033	224	Modified Gross	\$1,380,008	\$78.00	\$82.50	\$78.00	Contract	\$1,380,008	92%
Vacant	3450	Office (32-36)	1	4,012						\$0	\$0.00	\$82.50	\$0.00	Market	\$330,990	0%
Vacant	3460	Office (32-36)	1	6,498						\$0	\$0.00	\$82.50	\$0.00	Market	\$536,085	0%
Silverstein Properties, Inc.	3475	Office (32-36)	1	7,793	0.5%	4/1/2015	6/30/2027	147	Modified Gross	\$428,615	\$55.00	\$82.50	\$55.00	Contract	\$428,615	67%
Moet Hennessy USA	3500, 3600	Office (32-36)	1	81,886	5.1%	4/7/2020	7/6/2036	195	Modified Gross	\$5,902,992	\$72.00	\$82.50	\$72.00	Contract	\$5,902,992	87%
Silverstein Properties, Inc.	3700	Office (37-39)	1	5,322	0.3%	9/1/2020	6/30/2027	82	Modified Gross	\$292,710	\$55.00	\$85.00	\$55.00	Contract	\$292,710	65%
Wilmer Hale LLP	3750	Office (37-39)	1	35,685	2.2%	11/24/2023	8/31/2027	45	Modified Gross	\$2,288,479	\$64.13	\$85.00	\$64.13	Contract	\$2,288,479	75%
Silverstein Properties, Inc.	3800	Office (37-39)	1	39,912	2.5%	4/30/2006	6/30/2027	254	Modified Gross	\$2,075,424	\$52.00	\$85.00	\$52.00	Contract	\$2,075,424	61%
Zola	3900, 3950, 3975	Office (37-39)	1	40,442	2.5%	11/17/2019	12/31/2029	132	Modified Gross	\$3,194,918	\$79.00	\$85.00	\$79.00	Contract	\$3,194,918	93%
Vacant	4000	Office (40-46)	1	36,799						\$0	\$0.00	\$87.50	\$0.00	Market	\$3,482,413	0%
Wilmer Hale LLP	4100, 4200, 4300, 4400, 4500	Office (40-46)	1	210,841	13.2%	8/30/2011	8/31/2032	252	Modified Gross	\$13,521,233	\$64.13	\$87.50	\$64.13	Contract	\$13,521,233	73%
Upstack Holdco Inc.	4600	Office (40-46)	1	5,358	0.3%	5/7/2022	5/31/2029	85	Modified Gross	\$402,761	\$75.17	\$87.50	\$75.17	Contract	\$402,761	86%
Casey Family Programs	4625	Office (40-46)	1	6,947	0.4%	9/1/2023	1/31/2034	125	Modified Gross	\$590,495	\$85.00	\$87.50	\$85.00	Contract	\$590,495	97%
Silver Suites 7 WTC LLC	4650	Office (40-46)	1	30,137	1.9%	9/1/2023	1/31/2029	65	Modified Gross	\$1,958,905	\$65.00	\$87.50	\$65.00	Contract	\$1,958,905	74%
MSCI, Inc.	4700, 4800, 4900	Office (47-52)	1	125,811	7.9%	2/1/2012	1/31/2033	252	Modified Gross	\$8,829,416	\$70.18	\$90.00	\$70.18	Contract	\$8,829,416	78%
Moody's Corporation	5000, 5100, 5200	Office (47-52)	1	129,024	8.1%	1/2/2014	11/30/2027	167	Modified Gross	\$11,484,635	\$89.01	\$90.00	\$89.01	Contract	\$11,484,635	99%
Totals			44	1,687,685	100.0%				Total Contract Rent	\$105,148,513	\$66.02 \$/SF/Year			Total Projected Rent	\$113,093,328	82%
Leased			38	1,592,779	94.4%				Total Commercial	\$105,148,513	\$66.02 \$/SF/Year			Total Commercial	\$113,093,328	82%
Vacant			6	94,906	5.6%											

†Before V&C Allowance

The tenants with leases that either expire in the first year of the analysis or have a lease commencement date occurring after our analysis start date are shown in italics. These tenants are shown in our analysis with an annualized rent. For those tenants that have a lease commencement date after the analysis start date, abatement, if any, is not included for the purposes of showing their annualized rent. The following tenant is set to expire within Year 1 of our analysis: SilverTech Ventures LLC (1025).

The property is considered to be at stabilized occupancy because the percentage of leased space is typical of the Trophy office market within the World Trade Center campus. However, as previously discussed, there are projected to be significant leasing events in the near term.

Space Types & Occupancy

The following table details the subject's unit mix and occupancy.

Occupancy									
Space Type	Units/ Tenants	SF Total	% of Total	SF Leased	SF Vacant	% Vacant	Units Leased	Units Vacant	% Units Vacant
Office (10)	3	24,283	1.4%	23,465	818	0.0%	2	1	2.3%
Office (27-31)	5	200,652	11.9%	176,882	23,770	1.4%	4	1	2.3%
Office (32-36)	10	203,527	12.1%	173,008	30,519	1.8%	7	3	6.8%
Office (37-39)	4	121,361	7.2%	121,361	0	0.0%	4	0	0.0%
Office (40-46)	5	293,082	17.4%	253,283	39,799	2.4%	4	1	2.3%
Office (47-52)	2	254,835	15.1%	254,835	0	0.0%	2	0	0.0%
Office (16-21) - Initial Moody's Renewal	6	236,276	14.0%	236,276	0	0.0%	6	0	0.0%
Office (22-26) - Initial Moody's Renewal	5	196,209	11.6%	196,209	0	0.0%	5	0	0.0%
Office (11-15) - Initial Absorption	4	157,460	9.3%	157,460	0	0.0%	4	0	0.0%
Totals	44	1,687,685	100.0%	1,592,779	94,906	5.6%	38	6	13.6%

Lease Structure

The predominant lease structure in the subject property is modified gross, as detailed below.

Tenant Paid Expenses	Sub-metered electric, real estate taxes and OpEx over base year amounts
Landlord Paid Expenses	Real estate taxes, insurance, non-submetered utilities, repairs and maintenance, payroll, cleaning and janitorial, security, general and administrative, management (over base year amounts), non-reimbursable expenses, structural maintenance, ground rent

Major Tenants

Major tenants are detailed below.

Major Tenants					
Tenant	Space Type	Lease End Date(s)*	Total SF	% of NRA	Avg Contract Rent/SF**
Moody's Corporation	Office (11-15) - Initial Absorption	11/30/2027	797,537	47.3%	\$63.80
Wilmer Hale LLP	Office (37-39)	8/31/2027 - 8/31/2032	246,526	14.6%	\$64.13
MSCI, Inc.	Office (47-52)	1/31/2033	125,811	7.5%	\$70.18
Moet Hennessy USA	Office (32-36)	7/6/2036	81,986	4.9%	\$72.00
Broadcast Music	Office (27-31)	11/30/2038	57,414	3.4%	\$80.00
Silverstein Properties, Inc.	Office (32-36)	6/30/2027	53,027	3.1%	\$52.74
Capstone Investment Advisors	Office (32-36)	3/31/2034	40,716	2.4%	\$80.43
Mansueto Ventures LLC	Office (27-31)	5/31/2033	40,900	2.4%	\$75.00
Zola	Office (37-39)	12/31/2029	40,442	2.4%	\$79.00
Silver Suites 7 WTC LLC	Office (40-46)	1/31/2029	30,137	1.8%	\$65.00

*If multiple leases, earliest lease end date to latest listed. **Avg Contract Rent = Annualized rent as of appraisal date, weighted avg if multiple leases

Anchor Tenant – Moody's



Moody's Corporation, often referred to as Moody's, is an American business and financial services company. It is the holding company for Moody's Ratings (previously known as Moody's Investors Service), an American credit rating agency, and Moody's (previously known as Moody's Analytics), an American provider of financial analysis software and services. Moody's was founded by John Moody in 1909 to produce manuals of statistics related to stocks and bonds and bond ratings. Moody's was acquired by Dun & Bradstreet in 1962. In 2000, Dun & Bradstreet spun off Moody's Corporation as a separate company that was listed on the NYSE under MCO. In 2007, Moody's Corporation was split into two operating divisions, Moody's Investors Service, the rating agency, and Moody's Analytics, with all of its other products. It was included in the Fortune 500 list for the first time in 2021.

As of 2023, Moody's had a total of 15,151 employees. Moody's is rated BBB+ by S&P and Fitch, which is considered investment-grade.

Other credit-rated tenants within the subject property include Moët Hennessy (Aa3 Moody's/AA- S&P) and MSCI (Baa3 Moody's, BBB+ S&P, BBB+ Fitch).

Lease Expiration Schedule

The lease expiration schedule provides insight to vacancy exposure and lease-up expenses.

Lease Expirations

Year Ending	SF Expiring*	% of Total	Cumulative	% of Total
6/30/2025	9,689	1%	9,689	1%
6/30/2026	0	0%	9,689	1%
6/30/2027	53,027	3%	62,716	4%
6/30/2028	833,222	49%	895,938	53%
6/30/2029	39,318	2%	935,256	55%
6/30/2030	40,442	2%	975,698	58%
6/30/2031	0	0%	975,698	58%
6/30/2032	16,949	1%	992,647	59%
6/30/2033	377,552	22%	1,370,199	81%
6/30/2034	65,821	4%	1,436,020	85%

Tenant Rollover Schedule

The following chart details the subject rollover on a tenant-by-tenant basis. This chart does not include tenant renewals or option terms.

Tenant Rollover															
Suite	Tenant	Lease End	WALT (Years)	SF	Year 1 Jun-25	Year 2 Jun-26	Year 3 Jun-27	Year 4 Jun-28	Year 5 Jun-29	Year 6 Jun-30	Year 7 Jun-31	Year 8 Jun-32	Year 9 Jun-33	Year 10 Jun-34	Total
1025	SilverTech Ventures LLC	Apr-25	0.8	9,689	9,689										9,689
3800	Silverstein Properties, Inc.	Jun-27	3.0	39,912			39,912								39,912
3475	Silverstein Properties, Inc.	Jun-27	3.0	7,793			7,793								7,793
3700	Silverstein Properties, Inc.	Jun-27	3.0	5,322			5,322								5,322
3750	Wilmer Hale LLP	Aug-27	3.2	35,685				35,685							35,685
5000, 5100, 5200	Moody's Corporation	Nov-27	3.4	129,024				129,024							129,024
2700 and 2800	Moody's Corporation	Nov-27	3.4	78,568				78,568							78,568
1100	Moody's Corporation	Nov-27	3.4	39,365				39,365							39,365
1200	Moody's Corporation	Nov-27	3.4	39,365				39,365							39,365
1400	Moody's Corporation	Nov-27	3.4	39,365				39,365							39,365
1500	Moody's Corporation	Nov-27	3.4	39,365				39,365							39,365
1600	Moody's Corporation	Nov-27	3.4	39,365				39,365							39,365
1700	Moody's Corporation	Nov-27	3.4	39,365				39,365							39,365
1800	Moody's Corporation	Nov-27	3.4	39,365				39,365							39,365
1900	Moody's Corporation	Nov-27	3.4	39,365				39,365							39,365
2000	Moody's Corporation	Nov-27	3.4	39,387				39,387							39,387
2100	Moody's Corporation	Nov-27	3.4	39,429				39,429							39,429
2300	Moody's Corporation	Nov-27	3.4	39,568				39,568							39,568
2200	Moody's Corporation	Nov-27	3.4	38,872				38,872							38,872
2400	Moody's Corporation	Nov-27	3.4	39,201				39,201							39,201
2500	Moody's Corporation	Nov-27	3.4	39,284				39,284							39,284
2600	Moody's Corporation	Nov-27	3.4	39,284				39,284							39,284
3400	Thailand Board of Investment	Nov-28	4.4	3,823					3,823						3,823
4650	Silver Suites 7 WTC LLC	Jan-29	4.6	30,137					30,137						30,137
4600	Upstack Holdco Inc.	May-29	4.9	5,358					5,358						5,358
3900, 3950, 3975	Zola	Dec-29	5.5	40,442						40,442					40,442
3325	Axial Reade Capital, LP	Aug-31	7.2	3,173								3,173			3,173
1020	Squadron NYC, LLC	Feb-32	7.7	13,776								13,776			13,776
4100, 4200, 4300	Wilmer Hale LLP	Aug-32	8.2	210,841									210,841		210,841
4700, 4800, 4900	MSCI, Inc.	Jan-33	8.6	125,811									125,811		125,811
2900	Mansueto Ventures LLC	May-33	8.9	40,900									40,900		40,900
3425 and 3430	Kostelanez & Fink, LLP	Nov-33	9.4	18,158										18,158	18,158
4625	Casey Family Programs	Jan-34	9.6	6,947										6,947	6,947
3200	Capstone Investment Advisors	Mar-34	9.7	40,716										40,716	40,716
Total Leasable Square Feet			6.1 yrs	1,687,685											
Leased SF / SF Expiring				1,436,020	9,689	0	53,027	833,222	39,318	40,442	0	16,949	377,552	65,821	1,436,020
Occupancy % / % GLA Expiring				85.1%	0.6%	0.0%	3.1%	49.4%	2.3%	2.4%	0.0%	1.0%	22.4%	3.9%	
Cumulative Expiration					9,689	9,689	62,716	895,938	935,256	975,698	975,698	992,647	1,370,199	1,436,020	
Cumulative Percent					0.6%	0.6%	3.7%	53.1%	55.4%	57.8%	57.8%	58.8%	81.2%	85.1%	

Leased Status Conclusion

The subject is considered to be at stabilized occupancy. It is leased to a high-quality tenant base, commensurate with expectations for a trophy office building. A significant portion of the space expires in November 2027 due to the Moody's lease expiration, presenting significant re-leasing risk. Contract rents are below market, on average, although this is tempered by the considerable in-place expense reimbursements adding to the total cost of occupancy.

Market Rent

To estimate market rent, we analyze comparable rentals most relevant to the subject in terms of location, building class, size, and transaction date. Comparable rentals considered most relevant are summarized in the following table.

Lease Comparables Summary - Office

No.	Name; Address	Year Built; Total RA	Stories; Floor	Tenant; Lease Start; Leased SF	Escalations; T.I./SF; Free Rent	Rent/SF; Lease Type; Term (Mos.)
1	1 World Financial Center 200 Liberty Street New York, NY 10080 New York County	1986 1,501,878	40 E34-40	Cadwalader, Wickersham & 03/01/2025 220,156	\$72.00 (6.83 yrs) / \$78.00 (5 yrs) / \$84.00 (5 yrs) / \$92.00 (5 yrs) \$140.00 22	\$72.00 Modified Gross 262
Lease Comments: 20-year term from 3/1/2025. Renewed for 220K s.f. and gave back 8, 23, 24, 33.						
2	4 World Trade Center 4 World Trade Center New York, NY 10006 New York County	2013 2,500,000	72 P44	NYC Regional Center 04/03/2024 6,930	None \$60.00 10	\$92.00 Modified Gross 72
3	107 Greenwich Street 107 Greenwich Street New York, NY 10006 New York County	2020 410,000	26 6	Revolut 01/06/2024 10,108	None \$150.00 6	\$72.00 Modified Gross 66
Lease Comments: Pre-built and fully furnished - assumed \$150/SF in TI for buildout costs						
4	4 World Trade Center 4 World Trade Center New York, NY 10006 New York County	2013 2,500,000	72 26-27	Duolingo 01/01/2024 68,673	\$62.00 (6 yrs) / \$66.00 (4.33 yrs) \$0.00 20	\$62.00 Modified Gross 123
Lease Comments: Sublease - relocation from WeWork						
5	225 Liberty Street 225 Liberty Street New York, NY 10281 New York County	1987 2,591,244	44 40-41	AXA Insurance 11/01/2023 56,043	\$76.00 (6.5 yrs) / \$82.00 (5 yrs) / \$88.00 (5 yrs) \$130.00 18	\$76.00 Modified Gross 198
6	1 World Trade Center 285 Fulton Street New York, NY 10007 New York County	2014 3,210,175	104 P58	Energy Capital Partners 10/02/2023 26,292	\$72.00 (6.333 yrs) / \$78.00 (5 yrs) \$140.00 16	\$72.00 Full Service Gross 136
7	3 World Trade Center 3 World Trade Center New York, NY 10007 New York County	2018 2,861,402	80 P68	Vistria Group 03/11/2023 10,426	\$94.00 (6 yrs) / \$103.00 (5 yrs) \$135.00 12	\$94.00 Modified Gross 132
8	3 World Trade Center 3 World Trade Center New York, NY 10007 New York County	2018 2,861,402	80 72-73	Hudson River Trading 01/01/2023 75,297	\$90.00 (6.67 yrs) / \$97.00 (5 yrs) / \$104.00 (5 yrs) \$130.00 20	\$90.00 Modified Gross 200
9	3 World Trade Center 3 World Trade Center New York, NY 10007 New York County	2018 2,861,402	80 51-54	Freshfields Bruckhaus 08/24/2022 179,724	\$84.00 (6.667 yrs) / \$91.00 (5 yrs) / \$99.00 (5 yrs) \$135.00 20	\$84.00 Modified Gross 200
S	7 World Trade Center 250 Greenwich Street New York, NY 10007 New York County	2006 1,687,685	52			

Lease Comparable Photographs



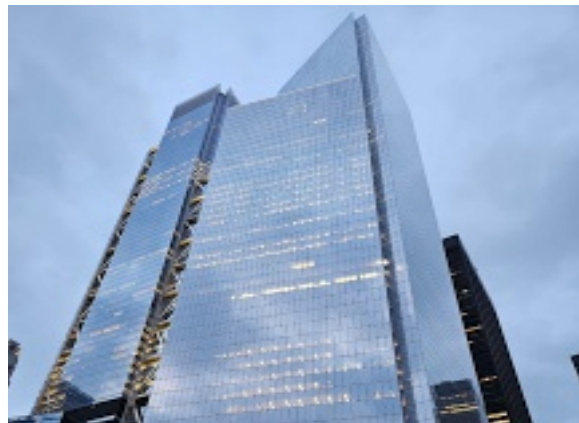
Lease #1
1 World Financial Center



Lease #2
4 World Trade Center



Lease #3
107 Greenwich Street



Lease #4
4 World Trade Center



Lease #5
225 Liberty Street

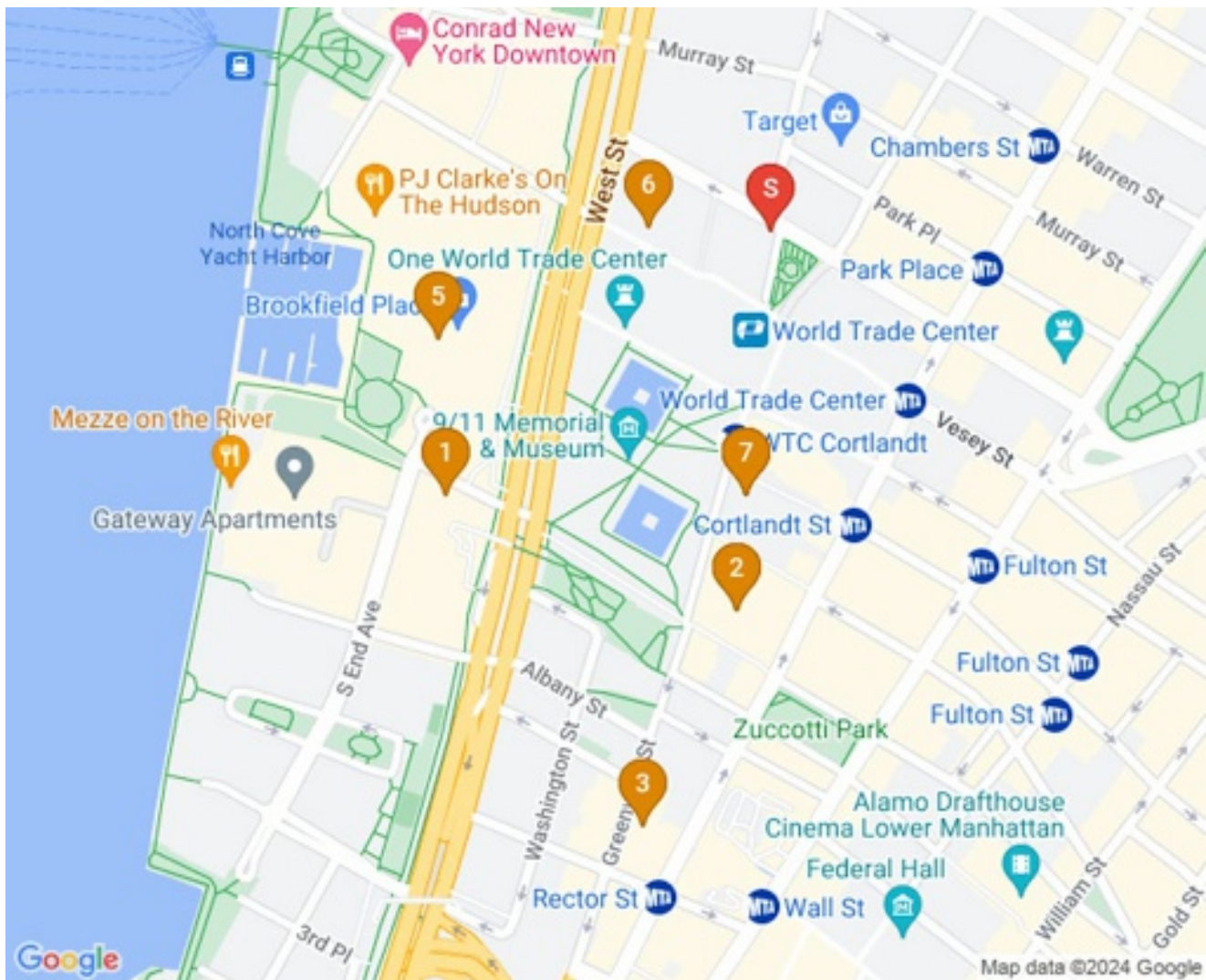


Lease #6
1 World Trade Center



Leases #7-9
3 World Trade Center

Lease Comparables Map



No.	Name	Location	Miles From		Base Rent/SF
			Subject	Suite Size	
1	1 World Financial Center	New York, NY	0.3	220,156	\$72.00
2	4 World Trade Center	New York, NY	0.2	6,930	\$92.00
3	107 Greenwich Street	New York, NY	0.4	10,108	\$72.00
4	4 World Trade Center	New York, NY	0.2	68,673	\$62.00
5	225 Liberty Street	New York, NY	0.2	56,043	\$76.00
6	1 World Trade Center	New York, NY	0.1	26,292	\$72.00
7	3 World Trade Center	New York, NY	0.2	10,426	\$94.00
8	3 World Trade Center	New York, NY	0.2	75,297	\$90.00
9	3 World Trade Center	New York, NY	0.2	179,724	\$84.00
S	7 World Trade Center	New York, NY		0	

Net Effective Rent Analysis

In determining the subject's market rent, we have researched recent leases within comparable properties located throughout the subject's office submarket.

We calculated the net effective rent for the comparable properties by adjusting for variations in free rent and tenant improvements. The average annual base rent over the term of the lease divided by the number of years in the term. Free rent and tenant improvement allowances are adjusted by the average contract rent over the lease term, and the resultant amount is divided by the lease term. The following calculations summarize the net effective rent calculations for the comparable properties.

Net Effective Rent - Office

No.	Property Address	Tenant Name	Initial Rent	Average Rent Over	Term (Yrs)	Free Rent (Mos)	Free Rent		TI Adj.	Net Eff. Rent
				Term			TI/SF	Adj.		
1	200 Liberty Street	Cadwalader, Wickersham & Taft	\$72.00	\$80.69	22	22	\$140.00	\$6.05	\$6.41	\$68.23
2	4 World Trade Center	NYC Regional Center	\$92.00	\$92.00	6	10	\$60.00	\$12.78	\$10.00	\$69.22
3	107 Greenwich Street	Revolut	\$72.00	\$72.00	6	6	\$150.00	\$6.55	\$27.27	\$38.18
4	4 World Trade Center	Duolingo	\$62.00	\$64.17	10	20	—	\$10.08		\$54.09
5	225 Liberty Street	AXA Insurance	\$76.00	\$81.45	17	18	\$130.00	\$6.91	\$7.88	\$66.67
6	285 Fulton Street	Energy Capital Partners	\$72.00	\$74.64	11	16	\$140.00	\$8.47	\$12.35	\$53.82
7	3 World Trade Center	Vistria Group	\$94.00	\$98.09	11	12	\$135.00	\$8.55	\$12.27	\$77.27
8	3 World Trade Center	Hudson River Trading	\$90.00	\$96.32	16.6667	20	\$130.00	\$9.00	\$7.80	\$79.52
9	3 World Trade Center	Freshfields Bruckhaus Deringer	\$84.00	\$90.60	16.6667	20	\$135.00	\$8.40	\$8.10	\$74.10

Note: lower net effective rent for Comparable 3, which is a pre-built suite with a shorter lease term; we adopted a buildout cost of \$150/SF for this comparable.

Analysis of Comparable Rentals

The comparables exhibit base rents from \$62.00/SF to \$94.00/SF. At the low end of the range is Comparable 4, which is a long-term sublease on a lower floor at 4 WTC which was delivered As Is; this would be expected to be notably higher if it were a direct deal. Comparables 1 and 5 are also towards the low of the range; these comparables are situated within Brookfield Place, which is somewhat inferior to the subject building due to the less recent construction dates. At the high end are Comparables 2, 7, and 8, which were executed on upper floors within 3 and 4 WTC. Lease terms generally range from 10 to 15 years plus free rent. Comparable 1 is an outlier at 22 Years, and Comparables 2 and 3 are shorter term deals with lower concessions, one of which was for a pre-built suite. Free rent periods for longer term deals range from 12 to 22 months centering around 18 months. TI's range from \$130.00 to \$140.00/SF, with one outlier at \$60.00/SF. We have assumed \$150.00/SF in buildout costs for Comparable 3, which is a pre-build. The most directly competitive buildings to the subject are the other World Trade Center campus buildings, in which there is limited directly availability, and in which most

recent leasing activity has been on upper floors. Comparables 2, 7, 8, and 9 are the best comparables for the mid to upper floors at the subject. Comparable 3 is considered to be relevant for the lower floors at the subject, although this is a smaller-scale, boutique building (albeit new construction). Comparable 4 is also considered to be relevant for the lower floors at the subject, although a direct rent equivalent would likely be in the low to mid \$70.00's.

Recent Leases

The following table details leases signed at the subject.

Recent Leasing Activity Subject											
Tenant	Deal Type	Execution Date	Commencement Date	Square Feet	Floor	Term	Rent	Rent Bump	Free Rent	TI	LLW
Capstone Investment	New	2/25/2022	12/1/2022	40,716	32	11.33	\$80.00	\$7.00	16	\$130.00	\$0.00
Kostelanetz & Fink LLP	Renewal	3/10/2022	12/1/2022	18,158	34	11.00	\$76.00	\$7.00	15	\$100.00	\$0.00
Squadron	New	5/4/2022	10/1/2022	13,776	10	9.00	\$30.00	Various	12	\$100.00	\$0.00
Silver Suites	Renewal	7/28/2022	9/1/2023	30,137	46	5.42	\$65.00	Fixed	5	\$70.00	\$0.00
Thailand Board of Investment	Renewal	11/3/2022	12/1/2022	3,823	34	6.00	\$85.00	Fixed	7	\$0.00	\$34.67
Casey Family	Renewal	4/26/2023	9/1/2023	6,947	46	10.42	\$85.00	\$7.00	5	\$30.00	\$0.00
Wilmer Hale	Renewal	9/29/2023	11/24/2023	35,685	37	3.83	\$64.13	Fixed	3	\$0.00	\$0.00
Total / Weighted Average				149,242		7.91	\$68.44		9.44	\$72.40	

Note: The Squadron lease is considered to be an amenity within the building and is not reflective of market rent.

We note that the Wilmer Hale renewal exhibits a below-market rent, which is explained by the lack of concessions. Additionally, there is a lease proposal for a prospective tenant, Arup, to take floors 12, 14, and 15, which are currently occupied by Moody's. The lease term would be 15 years plus 18 months of free rent, with a starting rent of \$69.00/SF and steps from \$6.00/SF steps in months 79 and 139. The indicated TI allowance is \$140.00/SF plus \$15.00/SF in landlord work. This would involve an early lease termination by Moody's on these floors, along with a termination payment, although there will reportedly still be another round of proposals, as Arup is deciding between a handful of other buildings, including 120 Broadway. We have therefore not processed the lease proposal, given the uncertainties of the execution of a lease.

Commentary from Leasing Team

Based on discussions with the Silverstein leasing team for the subject, expectations for market rents are in the \$70.00 to \$90.00 per square foot range. Ownership is hoping to achieve \$90.00/SF+ for the 40th floor, which is the last available full-floor suite within the building, and ownership acknowledged that they would be willing to market the space for an extended period to attain this rent level. The remaining vacant suites within the building are partial floor suites between floors 30 to 34, one of which ownership intends to pre-build, although it is currently in a raw condition. The leasing team stated that asking rents on the lower floors would likely be in the high \$70.00's if that space was available for lease today. The pending Arup deal on floors 12 through 15 at \$69.00/SF was stated to be slightly below market, which would be offset by the termination payment generated by Moody's.

Market Rent Conclusions

Our concluded market leasing assumptions for each space type are shown in the following table.

Concluded Market Leasing Assumptions

Space Type	SF	Market Rent	Measure	Rent Escalations	Lease Type	Lease Term (Mos.)	Free Rent (Mos.)	Effective Rent	TI/SF New	TI/SF Renew	Renewal Probability	LC New	LC Renewal	Months Downtime
Office (10)	24,283	\$30.00	\$/SF/Year	8.00% Every 5 Years	BY Stop	132	12/0	\$22.00	\$70.00	\$0.00	70%	% by lease year	50% of new	9
Office (11-15)	0	\$72.50	\$/SF/Year	8.00% Every 5 Years	BY Stop	198	18/9	\$62.84	\$140.00	\$100.00	70%	% by lease year	50% of new	9
Office (16-21)	0	\$75.00	\$/SF/Year	8.00% Every 5 Years	BY Stop	198	18/9	\$65.30	\$140.00	\$100.00	70%	% by lease year	50% of new	9
Office (22-26)	0	\$77.50	\$/SF/Year	8.00% Every 5 Years	BY Stop	198	18/9	\$67.76	\$140.00	\$100.00	70%	% by lease year	50% of new	9
Office (27-31)	200,652	\$80.00	\$/SF/Year	8.00% Every 5 Years	BY Stop	198	18/9	\$70.22	\$140.00	\$100.00	70%	% by lease year	50% of new	9
Office (32-36)	203,527	\$82.50	\$/SF/Year	8.00% Every 5 Years	BY Stop	198	18/9	\$72.68	\$140.00	\$100.00	70%	% by lease year	50% of new	9
Office (37-39)	121,361	\$85.00	\$/SF/Year	8.00% Every 5 Years	BY Stop	198	18/9	\$75.13	\$140.00	\$100.00	70%	% by lease year	50% of new	9
Office (40-46)	293,082	\$87.50	\$/SF/Year	8.00% Every 5 Years	BY Stop	198	18/9	\$77.59	\$140.00	\$100.00	70%	% by lease year	50% of new	9
Office (47-52)	254,835	\$90.00	\$/SF/Year	8.00% Every 5 Years	BY Stop	198	18/9	\$80.05	\$140.00	\$100.00	70%	% by lease year	50% of new	9
Office (16-21) - Initial Moody's Renewal	236,276	\$75.00	\$/SF/Year	8.00% Every 5 Years	BY Stop	198	18/18	\$65.30	\$140.00	\$140.00	70%	% by lease year	50% of new	18
Office (22-26) - Initial Moody's Renewal	196,209	\$77.50	\$/SF/Year	8.00% Every 5 Years	BY Stop	198	18/18	\$67.76	\$140.00	\$140.00	70%	% by lease year	50% of new	18
Office (11-15) - Initial Absorption	157,460	\$72.50	\$/SF/Year	8.00% Every 5 Years	BY Stop	198	18/18	\$62.84	\$140.00	\$100.00	70%	% by lease year	50% of new	0

*See leasing commission schedule in DCF section of this report

We have assumed that Moody's will vacate floors 11-15 upon expiration. We have assumed no absorption time for this space, given that ownership can market the space as of the current date, and given that there is already a lease proposal for 3 of the 4 floors. We have assumed a typical market renewal probability for the balance of the Moody's space (apart from floors 27 and 28, which will be absorbed by Skidmore, Owings & Merrill). We have created separate MLA's for the initial Moody's renewal scenario, which apply a full market TI and free rent period for the space, given that the buildout will be 20 years old as of the date of the potential renewal. We have utilized a separate market leasing assumption for the 10th floor, given this primarily serves as an amenity floor, with emphasis placed on the recent Squadron lease. We note that there may be future upside for the SilverTech space on Floor 10 if leased to a conventional office user in the future, which may be slightly discounted from the 11th floor due to the unique configuration, but we assumed a continuation of the current use for the purposes of this analysis. Additionally, while we have assumed 15-year leases for our market leasing assumptions, we note that there is the possibility of signing shorter-term 10-year deals with lower concessions, which ownership has reportedly contemplated for future leasing.

Potential Gross Income

The following table summarizes the base rent of the subject based on contractual income from leases in place as well as the estimated income from vacant space at market lease terms.

Potential Base Rent - Occupied Space

Occupied Space	SF	Units	Projected Rent	Projected \$ Rent/SF	Market Rent	Market Rent/SF	Market V. Proj. Rent
Office (10)	23,465	2	\$611,725	\$26.07	\$703,950	\$30.00	-13%
Office (27-31)	176,882	4	\$13,726,070	\$77.60	\$14,150,560	\$80.00	-3%
Office (32-36)	173,008	7	\$12,858,294	\$74.32	\$14,273,160	\$82.50	-10%
Office (37-39)	121,361	4	\$7,851,531	\$64.70	\$10,315,685	\$85.00	-24%
Office (40-46)	253,283	4	\$16,473,394	\$65.04	\$22,162,283	\$87.50	-26%
Office (47-52)	254,835	2	\$20,314,051	\$79.71	\$22,935,150	\$90.00	-11%
Office (16-21) - Initial Moody's Renewal	236,276	6	\$13,332,757	\$56.43	\$17,720,700	\$75.00	-25%
Office (22-26) - Initial Moody's Renewal	196,209	5	\$11,110,631	\$56.63	\$15,206,198	\$77.50	-27%
Office (11-15) - Initial Absorption	157,460	4	\$8,888,505	\$56.45	\$11,415,850	\$72.50	-22%
Occupied Space Totals	1,592,779	38	\$105,166,958	\$66.03	\$128,883,515	\$80.92	-18.4%

Potential Base Rent - Vacant Space

Potential Gross Rent	SF	Units	Market Rent	Market Rent/SF
Vacant Space				
Office (10)	818	1	\$24,540	\$30.00
Office (27-31)	23,770	1	\$1,901,600	\$80.00
Office (32-36)	30,519	3	\$2,517,818	\$82.50
Office (40-46)	39,799	1	\$3,482,413	\$87.50
Vacant Space Totals	94,906	6	\$7,926,370	\$83.52

Potential Gross Income Summary

Potential Base Rent Summary			
Market Rent		Contract & Market Rent	
Market Rent For Occupied Space	\$128,883,515	Projected Rent For Occupied Space	\$105,166,958
Market Rent For Vacant Space	\$7,926,370	Market Rent For Vacant Space	\$7,926,370
Market Potential Base Rent	\$136,809,885	Projected & Market Rent	\$113,093,328
Market Rent per SF	\$81.06	Projected & Market Rent per SF	\$67.01
		Market Rent to Projected Rent Variance	-17%

Other Income

Other Income consists of antenna/license fee income, storage income, submetered electric/electric inclusion income, and other tenant direct bill income. We have placed reliance on the budgeted amounts for these income sources. Electric income is based on a percentage of the corresponding electric expense based on historical trends at the subject. Total Other Income is projected to be \$5,228,369 in Year 1.

Expense Recoveries

Expense recoveries have been modeled in accordance with the provided expense reimbursement reconciliation documents and expense pools. The contract rent includes expense recoveries for taxes and operating expenses over a base year expense stop. The operating expense stop is grossed up for occupancy from 95% to 100%, depending on the tenant. Management is included at 2.5% as a reference expense, which is collectible per the leases; this differs from our market-based primary management expense, as discussed in a later section. Tax reimbursements have been processed based on the unabated taxes per the leases. We have processed the indicated deductions for each expense pool per the provided documents. The structure of the contractual expense recoveries is consistent with a market lease structure. Our modeling of expense recoveries produces a year-one recovery calculation of \$11,989,880.

Vacancy and Collection Loss

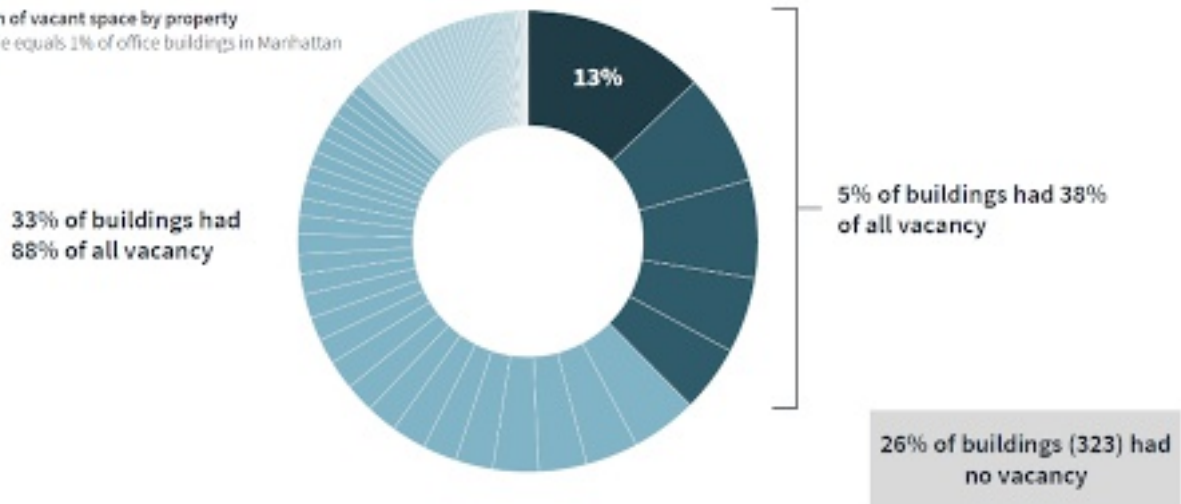
As discussed in the Market Analysis, the current vacancy rate is 11.8% in the World Trade Center submarket. As indicated by the below table, a lopsided amount vacancy is highly concentrated in a smaller number of buildings within the broader Manhattan office market, with 33% of buildings containing 88% of all vacancy, and 26% of buildings having no vacancy. This is characteristic of the flight to quality dynamic being exhibited in the market.

Based on a review of market conditions and the subject's operating history, and considering the subject's status as a trophy building within the market, we have processed a 3.0% stabilized vacancy factor and 0.25% collection loss factor within the cash flow. Investment-grade tenants are excluded from vacancy and collection loss, which is reduced by absorption and turnover within a given year.

Vacancy is highly concentrated in a small number of buildings

More than 13% of New York's 83 million s.f. of vacant space is concentrated in just 1% of buildings.

Concentration of vacant space by property
Each slice of pie equals 1% of office buildings in Manhattan



Note: Includes Trophy, Class A, and Class B office buildings in New York.
Source: JLL Research

Effective Gross Income

The following table details the subject's history of effective gross income, along with our projections.

Effective Gross Income					
	Actual 2021	Actual 2022	Actual 2023	Budget 2024	JLL Projection - Year 1
Total	\$110,803,687	\$104,616,215	\$108,264,026	\$115,772,008	\$122,176,318
\$/SF	\$65.65	\$61.99	\$64.15	\$68.60	\$72.39

Expenses

To develop projections of stabilized operating expenses, we analyze the subject's expenses and comparable data. The following table summarizes our analysis. As appropriate, the owner's operating expenses are reclassified into standard categories and exclude items that do not reflect normal operating expenses for this type of property.

Expense Comparables

Subject		Comp 1		Comp 2		Comp 3		Comp 4		Comp 5
Address		Confidential		1 New York Plaza		85 Broad Street		Confidential		25 Broadway
City		New York		New York		New York		New York		New York
Date		2023 Budget		2022 Actual		2023 Actual		Stabilized Budget (2023)		Actual 2022
Rentable Area		867,804		2,646,000		1,119,300		1,582,194		969,000
		Actual	Actual	Actual	Budget	JLL				
		2021	2022	2023	2024	Projection - Year 1				
Tax Expense	\$/SF	\$4.11	\$3.04	\$3.71	\$3.92	\$3.98	\$22.86	\$7.85	\$8.81	\$15.07
Insurance	\$/SF	\$1.17	\$1.24	\$1.25	\$1.54	\$1.50	\$0.66	\$0.76	\$1.15	\$0.76
Total Utilities	\$/SF	\$3.40	\$3.92	\$4.84	\$5.12	\$5.05	\$4.07	\$1.80	\$3.18	\$3.22
Repairs and Maintenance	\$/SF	\$2.04	\$2.12	\$1.99	\$2.24	\$2.25	\$3.20	\$2.99	\$1.86	\$1.66
Payroll	\$/SF	\$1.85	\$2.43	\$2.53	\$2.30	\$2.25	\$2.16	\$3.53	\$2.13	\$1.76
Cleaning and Janitorial	\$/SF	\$2.48	\$3.75	\$4.15	\$4.49	\$4.33	\$4.93	\$1.67	\$1.67	\$3.19
Security	\$/SF	\$0.57	\$0.56	\$0.59	\$0.67	\$0.65	\$0.85	N/A	N/A	\$1.73
General and Administrative	\$/SF	\$0.55	\$0.79	\$0.82	\$0.92	\$0.65	\$0.53	\$0.92	\$4.02	\$0.77
Management	\$/SF	\$1.71	\$1.46	\$1.61	\$1.71	\$0.65	\$1.85	\$0.35	\$0.84	\$1.53
Non-Reimbursable Expenses	\$/SF	\$0.44	\$0.83	\$0.76	\$0.84	\$0.85	\$1.30	N/A	N/A	\$1.29
Ground Rent	\$/SF	\$12.34	\$10.04	\$10.77	\$5.18	\$5.05	N/A	N/A	N/A	N/A
Total Expenses	\$/SF	\$30.66	\$30.20	\$33.02	\$28.93	\$27.22	\$42.41	\$19.87	\$23.66	\$30.99
Total Expenses	% EGI	46.7%	48.7%	51.5%	42.2%	37.6%	43.9%	40.6%	56.7%	40.5%
Expenses without Ground Rent & PILOT	\$/SF	\$14.21	\$17.12	\$18.54	\$19.84	\$18.19	\$19.55	\$12.03	\$14.85	\$15.92
Expenses without Ground Rent & PILOT	% EGI	21.6%	27.6%	28.9%	28.9%	25.1%	20.2%	24.5%	35.6%	20.8%

The following table details the subject's current expenses and recent history.

History and Projections

	Actual	Actual	Actual	Budget	JLL
Income	2021	2022	2023	2024	Projection - Year 1
Base Rent	\$101,212,429	\$92,284,217	\$103,929,449	\$105,952,363	\$113,093,328
Absorption	—	—	—	—	(\$7,487,145)
Abatements	(\$4,201,885)	(\$3,546,210)	(\$12,669,659)	(\$6,347,632)	(\$529,210)
Expense Reimbursements	\$9,205,523	\$9,400,026	\$9,603,361	\$11,167,514	\$11,989,880
Other Income	\$4,587,620	\$6,478,182	\$7,400,875	\$4,999,763	\$5,228,369
Potential Gross Income	\$110,803,687	\$104,616,215	\$108,264,026	\$115,772,008	\$122,295,222
Vacancy & Collection Loss	—	—	—	—	(\$118,903)
Effective Gross Income	\$110,803,687	\$104,616,215	\$108,264,026	\$115,772,008	\$122,176,318
Expenses					
Tax Expense	\$6,943,655	\$5,126,370	\$6,254,841	\$6,613,670	\$6,721,584
Insurance	\$1,974,567	\$2,100,073	\$2,112,515	\$2,597,145	\$2,531,528
Total Utilities	\$5,742,249	\$6,620,885	\$8,160,030	\$8,636,800	\$8,528,974
Repairs and Maintenance	\$3,436,721	\$3,577,194	\$3,360,703	\$3,779,800	\$3,797,291
Payroll	\$3,117,777	\$4,105,594	\$4,275,279	\$3,886,974	\$3,797,291
Cleaning and Janitorial	\$4,190,108	\$6,336,776	\$6,997,409	\$7,583,000	\$7,310,549
Security	\$963,108	\$952,457	\$987,347	\$1,128,700	\$1,096,995
General and Administrative	\$925,407	\$1,326,352	\$1,390,322	\$1,549,955	\$1,096,995
Management	\$2,884,672	\$2,467,234	\$2,719,201	\$2,894,300	\$1,096,995
Non-Reimbursable Expenses	\$743,358	\$1,405,264	\$1,286,308	\$1,419,974	\$1,434,532
Ground Rent	\$20,824,082	\$16,950,701	\$18,179,239	\$8,739,053	\$8,520,909
Total Expenses	\$51,745,703	\$50,968,899	\$55,723,194	\$48,829,370	\$45,933,644
Expense Ratio	46.7%	48.7%	51.5%	42.2%	37.6%
Net Operating Income	\$59,057,983	\$53,647,317	\$52,540,832	\$66,942,638	\$76,242,674

(1) Historic, Annualized and Budget = Effective Income after vacancy and loss, Projections = Potential Gross Income before vacancy and collection loss
Replacement reserves are excluded from total expenses for the purpose of calculating the expense ratio for the subject.

We note that the Year 1 projected NOI is higher than the historical amounts primarily due to the lower ground rent payments resulting from the percentage ground rent payments being offset by the capital

reserves for the Moody's space, as discussed further in a later section. Furthermore, we have processed a lower market-based management fee, as discussed further in our analysis of the management expense. The 2024 budget also includes free rent which does not occur as of the date of value.

Variable Expenses

We have model utilities and cleaning as 30% fixed. Reimbursable management fees are variable, based on revenues. The expense recoveries have been grossed-up accordingly and to an occupancy assumption of 95% to 100% as stipulated in the leases.

Tax Expense

This expense category includes all local, county, and state property tax levies, including special assessments. The subject receives a full tax exemption, and the leaseholder is obligated to make PILOT payments. A full analysis of the subject property's PILOT expense was presented within the Assessment and Taxes section of this report.

Tax Expense										
	Actual	Actual	Actual	Budget	JLL	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
	2021	2022	2023	2024	Projection - Year 1	2023 Budget	2022 Actual	2023 Actual	2023 Stabilized Budget	2022 Actual
									(2023)	
Total	\$6,943,655	\$5,126,370	\$6,254,841	\$6,613,670	\$6,721,584	\$19,835,186	\$20,765,700	\$9,858,479	\$23,837,645	\$5,916,320
% of EGI	6.3%	4.9%	5.8%	5.7%	5.5%	23.7%	16.0%	21.1%	19.7%	15.2%
\$/SF	\$4.11	\$3.04	\$3.71	\$3.92	\$3.98	\$22.86	\$7.85	\$8.81	\$15.07	\$6.11

Insurance

Coverage for loss or damage to the property caused by the perils of fire, lightning, extended coverage perils, vandalism and malicious mischief, and additional perils.

Insurance										
	Actual	Actual	Actual	Budget	JLL	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
	2021	2022	2023	2024	Projection - Year 1	2023 Budget	2022 Actual	2023 Actual	2023 Stabilized Budget	2022 Actual
									(2023)	
Total	\$1,974,567	\$2,100,073	\$2,112,515	\$2,597,145	\$2,531,528	\$572,707	\$2,009,306	\$1,291,181	\$1,201,608	\$873,797
% of EGI	1.8%	2.0%	2.0%	2.2%	2.1%	0.7%	1.6%	2.8%	1.0%	2.2%
\$/SF	\$1.17	\$1.24	\$1.25	\$1.54	\$1.50	\$0.66	\$0.76	\$1.15	\$0.76	\$0.90

Total Utilities

Utilities expenses typically include electric, gas, water, and sewer.

Total Utilities										
	Actual	Actual	Actual	Budget	JLL	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
	2021	2022	2023	2024	Projection - Year 1	2023 Budget	2022 Actual	2023 Actual	2023 Stabilized Budget	2022 Actual
									(2023)	
Total	\$5,742,249	\$6,620,885	\$8,160,030	\$8,636,800	\$8,528,974	\$3,533,303	\$4,765,419	\$3,560,897	\$5,100,378	\$3,317,387
% of EGI	5.2%	6.3%	7.5%	7.5%	7.0%	4.2%	3.7%	7.6%	4.2%	8.5%
\$/SF	\$3.40	\$3.92	\$4.84	\$5.12	\$5.05	\$4.07	\$1.80	\$3.18	\$3.22	\$3.42

Repairs and Maintenance

All expenses incurred for the general repairs and maintenance of the building including common areas and general upkeep. Repairs and maintenance expense includes elevator, HVAC, electrical and plumbing, structural/roof, and other repairs and maintenance expense items.

Repairs and Maintenance

	Actual	Actual	Actual	Budget	JLL	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
	2021	2022	2023	2024	Projection - Year 1	2023 Budget	2022 Actual	2023 Stabilized Budget	2023 Actual	2022 Actual
Total	\$3,436,721	\$3,577,194	\$3,360,703	\$3,779,800	\$3,797,291	\$2,779,673	\$7,910,499	\$2,081,129	\$2,621,221	\$866,711
% of EGI	3.1%	3.4%	3.1%	3.3%	3.1%	3.3%	6.1%	4.5%	2.2%	2.2%
\$/SF	\$2.04	\$2.12	\$1.99	\$2.24	\$2.25	\$3.20	\$2.99	\$1.86	\$1.66	\$0.89

Payroll

The payroll expenses for all employees involved in the on-going operation of the property, but whose salaries and wages are not included in other expense categories.

Payroll

	Actual	Actual	Actual	Budget	JLL	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
	2021	2022	2023	2024	Projection - Year 1	2023 Budget	2022 Actual	2023 Stabilized Budget	2023 Actual	2022 Actual
Total	\$3,117,777	\$4,105,594	\$4,275,279	\$3,886,974	\$3,797,291	\$1,872,107	\$9,350,385	\$2,385,692	\$2,785,177	\$1,538,514
% of EGI	2.8%	3.9%	3.9%	3.4%	3.1%	2.2%	7.2%	5.1%	2.3%	3.9%
\$/SF	\$1.85	\$2.43	\$2.53	\$2.30	\$2.25	\$2.16	\$3.53	\$2.13	\$1.76	\$1.59

Cleaning and Janitorial

This item includes all cleaning and janitorial supplies as well as contract service expenses.

Cleaning and Janitorial

	Actual	Actual	Actual	Budget	JLL	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
	2021	2022	2023	2024	Projection - Year 1	2023 Budget	2022 Actual	2023 Stabilized Budget	2023 Actual	2022 Actual
Total	\$4,190,108	\$6,336,776	\$6,997,409	\$7,583,000	\$7,310,549	\$4,282,323	\$4,431,450	\$1,866,697	\$5,052,179	\$2,677,647
% of EGI	3.8%	6.1%	6.5%	6.5%	6.0%	5.1%	3.4%	4.0%	4.2%	6.9%
\$/SF	\$2.48	\$3.75	\$4.15	\$4.49	\$4.33	\$4.93	\$1.67	\$1.67	\$3.19	\$2.76

Security

Expenses related to the security of the Lessees and the Property. This expense item includes payroll, contract services and other security expenses not covered elsewhere. This item also includes the expense of maintenance of security systems such as alarms and closed circuit television (CCTV), and ordinary supplies necessary to operate a security program such as batteries, control forms, access cards, security uniforms, etc.

Security

	Actual	Actual	Actual	Budget	JLL	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
	2021	2022	2023	2024	Projection - Year 1	2023 Budget	2022 Actual	2023 Stabilized Budget	2023 Actual	2022 Actual
Total	\$963,108	\$952,457	\$987,347	\$1,128,700	\$1,096,995	\$734,347	N/A	N/A	\$2,736,112	N/A
% of EGI	0.9%	0.9%	0.9%	1.0%	0.9%	0.9%	N/A	N/A	2.3%	N/A
\$/SF	\$0.57	\$0.56	\$0.59	\$0.67	\$0.65	\$0.85	N/A	N/A	\$1.73	N/A

General and Administrative

General and Administrative may include staff wages and benefits, consulting expenses, miscellaneous insurance, office supplies, audit fees, subscriptions, etc.

General and Administrative

	Actual	Actual	Actual	Budget	JLL	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
	2021	2022	2023	2024	Projection - Year 1	2023 Budget	2022 Actual	2023 Stabilized Budget	2023 Actual	2022 Actual
Total	\$925,407	\$1,326,352	\$1,390,322	\$1,549,955	\$1,096,995	\$463,896	\$2,431,092	\$4,497,669	\$1,223,970	\$927,754
% of EGI	0.8%	1.3%	1.3%	1.3%	0.9%	0.6%	1.9%	9.6%	1.0%	2.4%
\$/SF	\$0.55	\$0.79	\$0.82	\$0.92	\$0.65	\$0.53	\$0.92	\$4.02	\$0.77	\$0.96

Management

The management fee expense concluded within this analysis assumes that a traditional owner would employ a third-party real estate corporation to manage the property, along with the marketing and leasing responsibilities of the building. Real Estate corporations will manage buildings for a nominal fee in order to retain the revenue from leasing commissions, along with providing accounting, engineering, and project management personal. The ancillary services are considered much more profitable to a full-service real estate company, rather than the management fee mark-up traditionally underwritten. We assume a third-party override as part of the leasing commissions within our analysis, rather than assuming that additional profit is captured and capitalized within the management fee expense. We have assumed a management expense based on \$0.65 per square foot in Year 1, which is subject to inflation throughout the analysis. This is supported by commentary received from JLL Capital Markets and discussions with JLL's property management division in NYC. We note that historical management fees at the subject and many of the comparables are reflective of owner-managed operations and are not necessarily reflective of the above-described structure.

Management										
	Actual	Actual	Actual	Budget	JLL	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
	2021	2022	2023	2024	Projection - Year 1	2023 Budget	2022 Actual	2023 Stabilized Actual	2023 Budget	Actual
									(2023)	2022
Total	\$2,884,672	\$2,467,234	\$2,719,201	\$2,894,300	\$1,096,995	\$1,601,996	\$920,350	\$939,400	\$2,422,848	\$1,168,835
% of EGI	2.6%	2.4%	2.5%	2.5%	0.9%	1.9%	0.7%	2.0%	2.0%	3.0%
\$/SF	\$1.71	\$1.46	\$1.61	\$1.71	\$0.65	\$1.85	\$0.35	\$0.84	\$1.53	\$1.21

Non-Reimbursable Expenses

These expenses are all property expenses which are not reimbursed to the owner under the subject's lease structure.

Non-Reimbursable Expenses										
	Actual	Actual	Actual	Budget	JLL	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
	2021	2022	2023	2024	Projection - Year 1	2023 Budget	2022 Actual	2023 Stabilized Actual	2023 Budget	Actual
									(2023)	2022
Total	\$743,358	\$1,405,264	\$1,286,308	\$1,419,974	\$1,434,532	\$1,124,253	N/A	N/A	\$2,048,207	N/A
% of EGI	0.7%	1.3%	1.2%	1.2%	1.2%	1.3%	N/A	N/A	1.7%	N/A
\$/SF	\$0.44	\$0.83	\$0.76	\$0.84	\$0.85	\$1.30	N/A	N/A	\$1.29	N/A

Ground Rent

All ground rent payments are included in this item. We have assumed a ground rent reset occurring at the beginning of 2027, as discussed in the relevant section of the report. The base ground rent prior to the reset is calculated based on the occupied rentable building area × a factor of 5.33385 (\$6.75 × 0.7901). As previously discussed, there is no percentage ground rent projected due to the anticipated capital reserves through the remaining term prior to the reset.

Ground Rent										
	Actual	Actual	Actual	Budget	JLL	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
	2021	2022	2023	2024	Projection - Year 1	2023 Budget	2022 Actual	2023 Stabilized Actual	2023 Budget	Actual
									(2023)	2022
Total	\$20,824,082	\$16,950,701	\$18,179,239	\$8,739,053	\$8,520,909	N/A	N/A	N/A	N/A	N/A
% of EGI	18.8%	16.2%	16.8%	7.5%	7.0%	N/A	N/A	N/A	N/A	N/A
\$/SF	\$12.34	\$10.04	\$10.77	\$5.18	\$5.05	N/A	N/A	N/A	N/A	N/A

Net Operating Income

NOI Projection		
Income	Annual	Per SF
Base Rent	\$113,093,328	\$67.01
Absorption	-\$7,487,145	-\$4.44
Abatements	-\$529,210	-\$0.31
Expense Reimbursements	\$11,989,880	\$7.10
Other Income	\$5,228,369	\$3.10
Potential Gross Income	\$122,295,222	\$72.46
Vacancy & Collection Loss	-\$118,903	-\$0.07
Effective Gross Income	\$122,176,318	\$72.39
Expenses		
Tax Expense	\$6,721,584	\$3.98
Insurance	\$2,531,528	\$1.50
Total Utilities	\$8,528,974	\$5.05
Repairs and Maintenance	\$3,797,291	\$2.25
Payroll	\$3,797,291	\$2.25
Cleaning and Janitorial	\$7,310,549	\$4.33
Security	\$1,096,995	\$0.65
General and Administrative	\$1,096,995	\$0.65
Management	\$1,096,995	\$0.65
Non-Reimbursable Expenses	\$1,434,532	\$0.85
Ground Rent	\$8,520,909	\$5.05
Total Expenses	\$45,933,644	\$27.22
Net Operating Income	\$76,242,674	\$45.18

Capitalization Rate

The capitalization rate is the factor that converts the stabilized net operating income (NOI) to a present value. It is the ratio of net income to value or sale price.

$$\text{NOI} \div \text{Sale Price} = \text{Capitalization Rate}$$

For example, if a property sells for \$500,000, and has a stabilized NOI of \$50,000, the indicated capitalization rate is 10%.

Market Extracted Rates

The table below details capitalization rates extracted from the market.

Comparable Sale Capitalization Rates

No.	Name	City	State	Rentable Area	Year Built	Price	Price Per RA	Date	Occupancy	Cap Rate
1	245 Park Avenue	New York	NY	1,723,993	1967	\$2,000,000,000	\$1,160	6/26/23	83.90%	3.90%
2	One Liberty Plaza	New York	NY	2,346,000	1972	\$1,000,000,000	\$426	4/6/23	82.00%	6.48%
3	200 Fifth Avenue	New York	NY	867,804	1910	\$1,050,000,000	\$1,210	11/17/22	93.30%	4.66%
4	One Manhattan West	New York	NY	2,077,557	2019	\$2,850,000,000	\$1,372	3/14/22	94.00%	4.25%
5	100 Pearl Street	New York	NY	1,007,115	1982	\$850,000,000	\$844	12/15/21	93.00%	4.63%
Supplemental Sales										
	321 West 44th Street	New York	NY	246,343	1928	\$50,742,281	\$206	Under Contract	56.20%	5.60%
	10 East 53rd Street	New York	NY	388,864	1972	\$235,703,704	\$606	5/1/24	98.00%	7.85%
	1410 Broadway	New York	NY	394,000	1930	\$170,000,000	\$431	1/4/24	96.00%	7.00%
	100-104 Fifth Avenue	New York	NY	277,412	1905	\$126,000,000	\$454	10/31/23	80.00%	8.50%
	2 Crosby Street	New York	NY	38,710	1910	\$48,100,000	\$1,243	10/5/23	90.00%	7.18%
	1330 Sixth Avenue	New York	NY	535,600	1965	\$310,000,000	\$579	11/21/22	81.00%	5.20%
	450 Park Avenue	New York	NY	334,722	1972	\$445,000,000	\$1,329	6/24/22	78.00%	4.00%
	550 Washington Street	New York	NY	1,300,000	2023	\$2,100,000,000	\$1,615	1/20/22	100.00%	4.46%
	441 Ninth Avenue	New York	NY	697,958	1962	\$1,033,000,000	\$1,480	12/17/21	75.00%	4.50%
Average (Mean):										5.59%
Median:										4.93%

As shown above, the comparable capitalization rates indicate a range 4.17% to 8.5% for the subject. Commentary on each sale is below:

- **245 Park Ave:** Reflects 49.9% partial interest transfer; assumed below-market financing with concurrent debt purchase. Significantly upside in in-place rents, solving to the mid-5.0% range stabilized.
- **One Liberty Plaza:** Partial interest transfer/partner buyout; cap rate reflects pre-stabilized occupancy. The sale notably reflected a \$500M discount from the previous implied total valuation of \$1.5B when Brookfield sold the 49% minority stake to Blackstone in 2018.
- **200 Fifth Avenue:** Reflects the reported transfer of the 26.6877% interest in the joint venture that owns the property with assumed debt. Boston Properties purchased the partial interest as the managing partner and as such receives management fees.
- **One Manhattan West:** Reflects the transfer of the 49% interest; the property sold under significantly superior market conditions; additionally, there was significant upside in the in-place rent due to the fact that market rents in the Hudson Yards submarket increased significantly subsequent to the initial lease-up of the property.
- **100 Pearl Street:** Sold prior to any interest rate increases and exhibited superior tenancy with 21 years of WALT.
- **321 West 44th Street:** Sold at pre-stabilized occupancy, with the purchase price reflecting an approximately 10% capitalization rate relative to the stabilized income, although this reflects an inferior commodity office product.
- **10 East 53rd Street:** Reflects partner buyout of 45% interest; purchased with only \$7M in cash, with the remainder of the purchase price reflecting an assumption of approximately \$99M in debt.
- **1410 Broadway:** Based on discussions with JLL Capital Markets, this was considered to be a better-than-market transaction, given that this was a partial interest sale with assumed financing.
- **100-104 Fifth Avenue:** Reportedly considered Apple's near-term lease termination option in the pricing outlook.
- **2 Crosby Street:** Sold all-cash.

- **1330 Sixth Avenue:** Exhibited upside, with a stabilized cap rate reportedly in the 8.0% range based on the purchase price, according to JLL Capital Markets.
- **450 Park Avenue:** Sold pre-stabilized occupancy under superior market conditions.
- **550 Washington Street:** Reflects purchase option exercised by Google, who previously leased the full building at a reported \$72.00/SF triple-net; reflects implied capitalization rate based.
- **441 Ninth Avenue:** Sold pre-stabilized occupancy under superior market conditions.

Recent Refinances

For additional support, the following table exhibits reported capitalization rates that were underwritten for lending purposes in the refinancing of office properties within Manhattan.

Recent Refinances										
No.	Name	City	State	Rentable Area	Year Built/ Renov.	Appraised Value	Price Per RA	Date	Occupancy	Cap Rate Underwritten
1	640 Fifth Avenue	New York	NY	314,533	1940/2003	\$720,000,000	\$2,289	Jun-24	93.00%	7.80%
2	488 Madison Avenue	New York	NY	481,245	1946/2023	\$220,000,000	\$457	May-24	86.00%	7.10%
3	111 West 19th Street	New York	NY	189,731	1901/2015	\$121,000,000	\$638	Dec-23	N/A	6.20%
4	369 Lexington Avenue	New York	NY	157,122	1937/2018	\$97,000,000	\$617	Sep-23	92.00%	6.30%
5	2 West 46th Street	New York	NY	144,971	1926/2011	\$74,000,000	\$510	Sep-23	96.00%	7.10%
6	11 West 42nd Street	New York	NY	960,568	1927/2018	\$555,000,000	\$578	Dec-21	99.00%	5.70%

Source: Real Capital Analytics

Market Participant Commentary

Based on discussions with JLL Capital Markets, traditional sources of capital for both debt and equity are less available due to uncertainties in the office market and structural capital markets issues. Partial interest sales have shown greater liquidity. The cost of debt for best-in-class product ranges from 275 to 300bps over 10-year treasuries, equating to 7.0% at the low end in the 60.0% to 65.0% LTV range. Negative leverage is generally not accepted without upside, with low end stabilized capitalization rates being in the 6.5% to 7.0%+ range, which increases for more commoditized assets. However, sellers in a strong position would generally be unwilling to sell in this range for core assets, resulting in a significant bid-ask spread. The possibility of a transaction with seller financing, which has occurred in other gateway markets nationally, and the assumption of an extended marketing period, would potentially narrow the bid-ask spread. Institutional buyers are generally not in the market for commodity office assets, although bidding may be more competitive for institutional-grade product, with greater pricing elasticity for assets that stand out in the market.

The following table exhibits supplemental office transactions that have occurred nationally in other major markets in the US.

National Office Sale Comparables													
Building Name	Date Closed	Market	RBA	Tenancy	Occ.	WALT	Sale Price	Price/SF	Cap Rate	Buyer	Seller	Year Built	Notes
The Beam	Awarded	Phoenix	183,526	Multi	68%	8.0	\$55,500,000	\$302	8.00%	Breakwater JV Cross Ocean	Mortensen JV PGIM (German SA)	2022	Project currently 40% leased heading to 70% with buyer assuming TI/LC's on new leases. Seller financing (Pacific): Total: ~ \$227.7M (+/- 70% of PP) at 7.65% blended rate - Split into A & B Notes
Market Square	Mar-24	Washington, DC	707,476	Multi	81%	6.0	\$323,000,000	\$457	9.70%	PRP/Morning Calm	PIMCO / Blackstone	1990	
1099 New York Avenue	Mar-24	Washington, DC	180,878	Multi	95%	9.0	\$95,000,000	\$525	9.20%	Quadrangle JV Farmview Ventures	Credit Suisse	2008	Market Rate CMBS Debt: 5-year UST +2.60% = 6.79% all-in rate
Midtown Plaza	Dec-23	Raleigh	329,613	Multi	100%	6.0	\$133,900,000	\$406	6.60%	Crescent	Lionstone / CalSTRS	2017	Seller Financing: 4.5% rate fixed, 65% LTV, 5 year term
Riverview (1700 Platte)	Dec-23	Denver	205,536	Multi	100%	7.0	\$129,100,000	\$628	6.30%	Crescent	Lionstone / CalSTRS	2018	Seller Financing: 4.5% fixed rate, 65% LTV, 5 year term
Domain 2.5	Dec-23	Austin	59,446	Multi	100%	9.8	\$36,500,000	\$614	7.10%	Macparie	Northwood	2022	Acquired all cash
2 Crosby / 30 Howard	Oct-23	New York City	38,710	Multi	90%	6.0	\$48,100,000	\$1,243	7.18%	Spear Street	Intercontinental Real Estate	1910	Acquired all cash
801 Brickell	Oct-23	Miami	415,150	Multi	89%	6.0	\$250,000,000	\$602	6.60%	Tourmaline / Monarch	Nuveen	1985 / 2022	Seller Financing: 7.25% fixed (5-yr T+275), 60% LTV, 5 year term. Going in cap rate was 6.6% but is closer to 8.2% given leasing activity post-close.
Pen Factory	Aug-23	Los Angeles	228,223	Multi	100%	8.0	\$165,000,000	\$750	8.50%	JP Morgan / Kaiser	LaSalle / CalSTRS	1957 / 2017	Seller financing: 55% LTV, 6.15% fixed, IO, 3/1/1
825 Stewart (Dry Lab)	Aug-23	Silicon Valley	75,350	Single	100%	7.0	\$41,000,000	\$544	6.60%	BentallGreenOak	GI Partners	1968 / 2002 / 2015	All Cash 100% Dry lab - Leased to Apple. Financing with JPM Private Wealth: Due to buyer's extensive holdings, they were able to secure: 75% LTV, Full-term I/O, sub 200 spread over 5-Year. Unknown when they locked rate. Seller Financing: 65% LTV, 4.2% fixed, 5-year IO
Medtronic	Aug-23	Denver	404,159	Single	100%	20.0	\$188,000,000	\$465	5.90%	Real Capital Solutions	Ryan Companies	2023	
RBC Gateway	Jul-23	Minneapolis	525,000	Multi	99%	11.0	\$225,000,000	\$428	6.30%	Spear Street	United Properties	2022	
Kiewit Lone Tree	Jul-23	Denver	441,808	Single	100%	20.0	\$205,200,000	\$464	6.20%	CGA Capital & Benderson Development	Kiewit Corp	2022	CTL Financing
3333 Scott Blvd	Jun-23	Santa Clara	245,830	Single	100%	8.0	\$182,500,000	\$742	6.08%	Prelyock Real Estate Holdings	CBREI / CalSTRS	2017	Seller Financing: 3.85% fixed rate, 65% LTV, 5+1 term
4747 Bethesda	Mar-23	Bethesda	300,508	Multi	97%	11.0	\$245,000,000	\$815	6.50%	DieckWest, GIC	JBG Smith	2019	In-Place Assumable: 71% LTV @ 5.0%
Union Tower West	Feb-23	Denver	100,902	Multi	96%	8.1	\$54,000,000	\$535	7.50%	Beacon Capital Partners	Invesco	2017	Acquired all cash. Placed debt post-close.
2nd & Josephine	Feb-23	Denver	100,908	Multi	99%	5.0	\$54,000,000	\$535	5.85%	Altus	Unico/Goldman Sachs	1992 / 2012	Lender: Mutual of Omaha LifeCo

Band of Investment

This technique utilizes lender and real estate investor investment criteria to develop, or synthesize a capitalization rate. There are four key inputs necessary for this method:

- The loan-to-value ratio (M)
- The mortgage interest rate (i)
- The loan term (n)
- The equity cap rate or equity dividend rate (RE)

Loan-to-Value (LTV) Ratio: The loan-to-value ratio represents a typical threshold of the total mortgage value relative to the market value of the property. This threshold can range widely depending on the type of property, scale of the property, cash flow consideration, and individual lenders' risk tolerance. The LTV ratio has notably declined over the past few years with rising interest rates and a soft office market implying more risk for lenders. Current surveys estimate market LTV ratios in the 50% to 75% range. For a building such as the subject property, we conclude a 60% LTV ratio.

Mortgage Interest Rate: The mortgage interest rate represents the amount of interest a borrower would pay on a mortgage, which is derived from the market. Mortgage interest rates have risen dramatically in conjunction with the Fed increasing the treasury rate beginning in the second quarter 2022. Based on previously cited market participant commentary, the cost of debt for Class A Manhattan office would be 275 to 300bps over 10-year treasuries, equating to approximately 7.0% to 7.25%. Mortgage interest rate data from recent transactional activity provides skewed results with many recent office transactions including non-conventional financing components such as seller financing, preferred equity, and other concessions. In reviewing the subject property, we note the history of strong occupancy and its trophy status as positive attributes that would result in a favorable interest rate. Additionally, our concluded likely buyer in the *Highest and Best Use* section of this analysis to be an institutional investor, who likely would have preferred borrower status and strong relationships with many lenders. Conversely, we note that the overall deal size places additional risk on a mortgage given the large amount of money required. Overall, we have concluded a mortgage interest rate of 7.0% for the subject property.

Amortization Period: The amortization period represents the payback period, for which monthly compounding interest is applied to the principal loan balance. Recent surveys quote amortization periods ranging between 15 and 30 years, with an average of 23 years. Our interviews with market participants and reviews of actual underwriting deals indicate 30 years to be the most prominent amortization period, and we have utilized a similar projection in our analysis.

Equity Cap Rate/Equity Dividend Rate: The equity dividend rate (EDR) is the yield earned on an equity investment on an annualized basis. This is also often referred to as the cash-on-cash return. Based on the foregoing market participant commentary, negative leverage is generally not accepted for office product without leasing upside. However, as discussed on a following page, the SOFR forward curve indicates suggests that cash-flow generating assets with enough excess cash flow to exceed monthly interest payments and debt service coverage ratios, as well as with longer weighted average remaining lease terms may be more likely to undertake negative leverage, with the assumption that future returns will account for any interim shortfall. Given the subject property's attributes, we contend that an EDR of 6.00% is appropriate.

Debt Coverage Ratio (DCR): The debt coverage ratio measures an assets available cash flow to pay its debt obligations. Recent surveys indicate market DCRs of 1.35 to 2.15, with an average of 1.75. Given the subject's occupancy and attributes, we project a debt coverage ratio of 1.35, consistent with the low end of the survey.

Given the preceding analysis and discussion of market factors, we have calculated an implied capitalization rate range based on the Band of Investment Technique. These calculations and our conclusions are summarized in the following table.

Capitalization Rate Calculations

Capitalization Rate Variables

Mortgage Interest Rate	7.00%
Amortization Term (Years)	30
Loan To Value Ratio	60%
Debt Coverage Ratio	1.35
Equity Dividend Rate	6.00%

Band of Investment Analysis

Mortgage Constant		Loan Ratio		Contributions
0.0798	x	60%	=	4.79%
Equity Dividend Rate		Equity Ratio		
6.00%	x	40%	=	2.40%
Band of Investment Capitalization Rate				7.19%

We note that less reliance is placed on the band of investment methodology, as this does not take into account the leasing upside with respect to the in-place rents, nor the possibility of assumed or seller financing.

Published Investor Surveys

The results of the most recent investor surveys and other published data sources are summarized in the following chart.

Cap Rate Survey Data

Property Type/Market	Cap Rate Type	Source	Period	Range	Average
National CBD Office Market	Overall Cap Rate	PwC	Q2 2024	5.00% - 9.50%	6.94%
	Residual Cap Rate			5.50% - 10.00%	7.36%
	Discount Rate			6.50% - 12.00%	8.72%
Manhattan Office Market	Overall Cap Rate	PwC	Q2 2024	5.50% - 10.00%	6.81%
	Residual Cap Rate			5.75% - 9.00%	7.10%
	Discount Rate			6.00% - 10.00%	7.97%
National Core Office Market	Overall Cap Rate	JLL Capital Markets Perspectives	Q1 2024	6.50% - 7.50%*	
Manhattan Office Market	Overall Cap Rate	Real Capital Analytics	Q2 2024		6.60%
	Overall Cap Rate - Top Quartile				6.00%
U.S. Equity REITs - Office	Implied Capitalization Rate	Nareit T-Tracker	Q1 2024		7.50%
New York Office	Overall Cap Rate	NCREIF	Q1 2024		5.70%

*Assumes possibility of seller financing

With respect to the PwC survey data, it is noted that 100% of surveyed investors indicated that they were considering buying only institutional-grade product. Investor return requirements would therefore be notably higher for non-institutional-grade office product. The PwC survey data reflects a going-in capitalization rate range of 5.50% to 10.00% for Manhattan, averaging 6.81%. This reflects a 96 basis-point increase from 1 year ago, and a 161 basis-point increase from 3 years ago. The Manhattan-specific data is considered to be the best indicator for the subject, and as such a going-in capitalization rate towards the middle of the range, or in the mid 6.0% to low 7.0% range, would be appropriate for the subject based on the survey data.

Key Rates

The following table illustrates key yield rates as of the date of value.

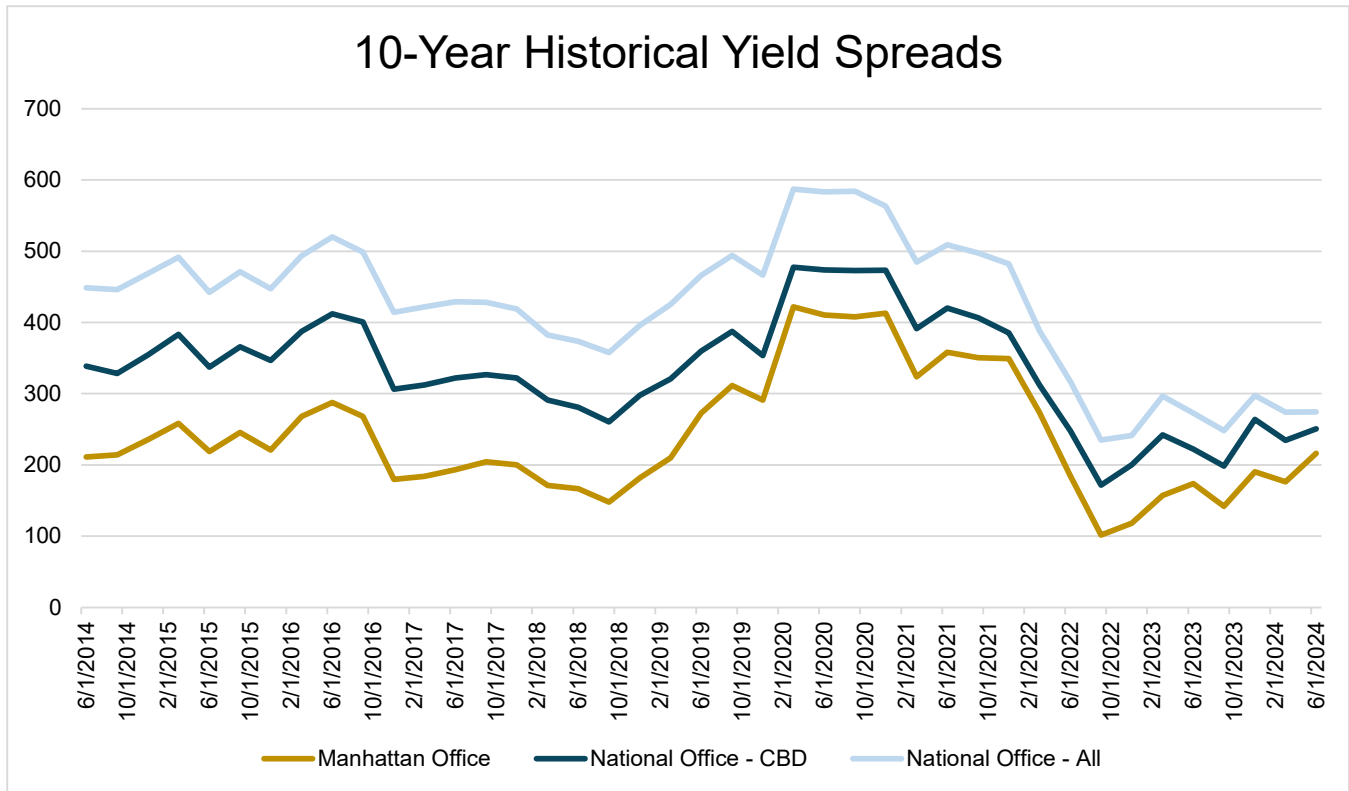
Key Rates

Property Type/Market	Date*	Rate
10-Year US Treasury	6/28/2024	4.34%
10-Year Corporate Bonds Aaa/AAA	6/28/2024	4.65%
10-Year Corporate Bonds Aa/AA	6/28/2024	4.74%
10-Year Corporate Bonds A/A	6/28/2024	5.24%
10-Year Corporate Bonds Baa/BBB	6/28/2024	5.54%
30-Day Average SOFR	6/28/2024	5.34%

*Most recent business day immediately preceding 6/30/2024 date of value

Office Yield Spread

The following table illustrates the historical spreads between 10-year treasury rates and office capitalization rates with respect to the Manhattan and broader national office markets, based on data compiled by Real Capital Analytics.



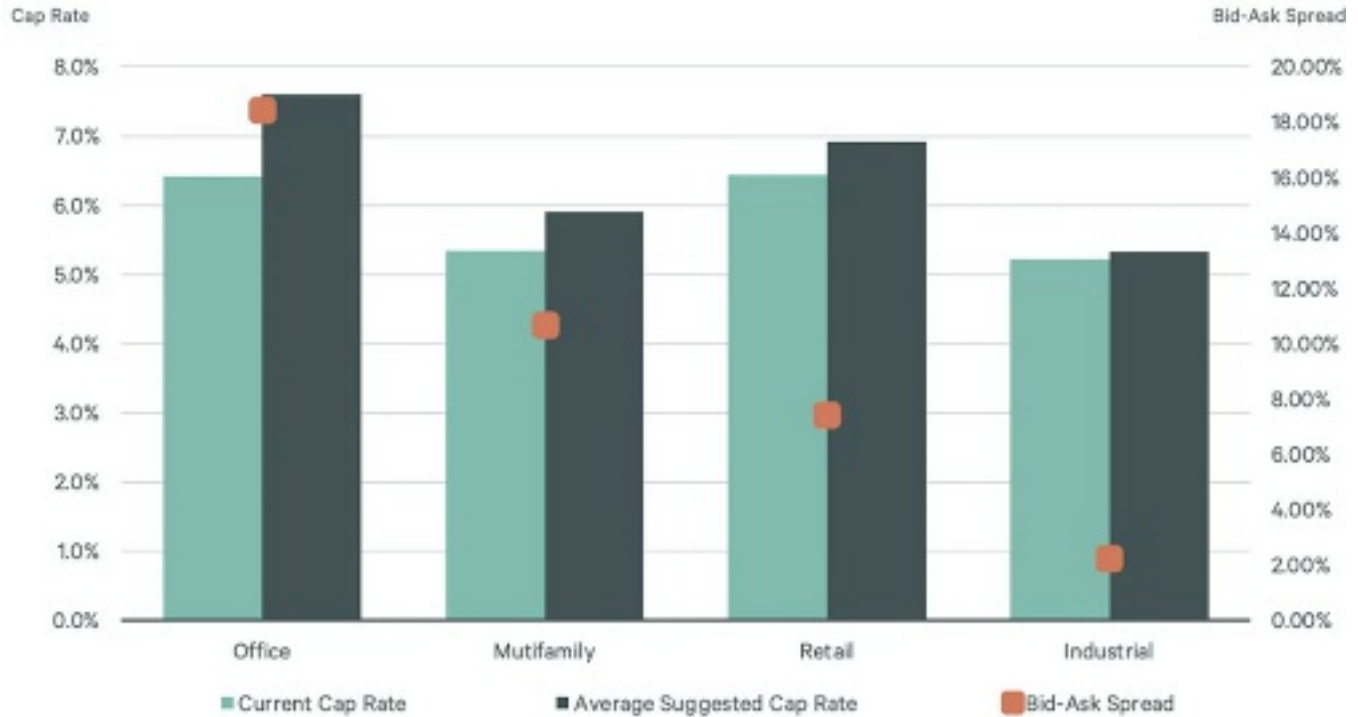
Yield Spreads

Property Type/Market	Yield Spread (10- Year Average)	Current Treasury Rate	Implied Cap Rate
Manhattan - Office	242 bps	4.34%	6.76%
National Office - CBD	333 bps	4.34%	7.67%
National Office - All	423 bps	4.34%	8.57%

Based on historical trends and the 10-year treasury rate as of the date of value, the implied capitalization rate for Manhattan office is indicated to be 6.76%.

Bid-Ask Spread

According to CBRE research published as of March 2024, the following chart illustrates the estimated bid-ask spread within each asset class on a national basis. This is based on data including the CBRE Cap Rate Survey, spread-implied cap rates based on 10-year treasury yields, fair value cap rates based on the Gordon Growth model, DSCR implied cap rates, and REIT implied cap rates.

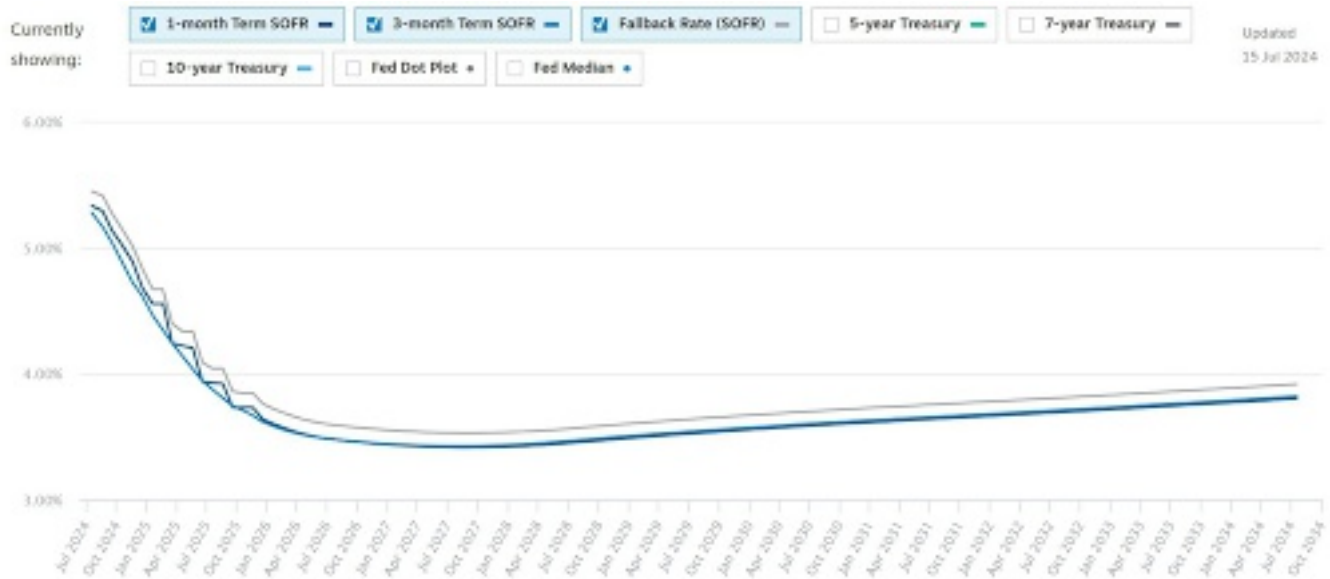


As the table indicates, the office asset class exhibits the highest suggested bid-ask spread at approximately 19%.

The previously cited PwC Q2 2024 Investor Survey indicated that during price negotiations in the office sector, most investors (88.0%) contend that sellers are compromising more than buyers to close deals, while only 8.0% feel that buyers are compromising the most. Overall, 94.0% of investors view the office sector as currently favoring buyers. This implies that sales which do occur may be reflective of more strongly motivated sellers, and that a willing seller would not transact under current market conditions, especially for more differentiated assets. Sellers who are in a stronger position may seek to potentially narrow the bid-ask spread through a more extended marketing period.

SOFR Forward Curve

According to Chatham Financial, a reputable global financial risk management firm, the Term SOFR forward curves represent market-implied future settings for 1-month and 3-month Term SOFR, index rates commonly used in floating rate commercial real estate and corporate financings. The 1-month Fallback Rate (SOFR) forward curve represents market-implied future settings for 1-month Fallback Rate (SOFR), an index rate prescribed to be used in legacy floating-rate contracts by the Adjustable Interest Rate (LIBOR) Act. Each curve is derived from observable market data, including futures contracts and market swap rates.



Source: Chatham Financial

The SOFR curve provides insight to the correlation between potential impact of negative leverage on a cash flow and required rates of return. The forward curve indicates that SOFR Rates are anticipated to decline approximately 200 basis points by 2027. This suggests that cash-flow generating assets with enough excess cash flow to exceed monthly interest payments and debt service coverage ratios, as well as with weighted average remaining lease terms (WALT) that exceed 36 months may be more likely to undertake negative leverage, with the assumption that future returns will account for any interim shortfall.

Capitalization Rate Conclusion

The following table summarizes the data from the previous capitalization rate analysis.

Capitalization Rate Reconciliation

Source	Range	Average	Median
Market Extracted Rates	3.90% – 8.50%	5.59%	4.93%
Band of Investment	7.19%	–	–
Debt Coverage Ratio	6.47%	–	–
Yield Spread Implied	6.76%		
Published Investor Surveys	5.50% – 10.00%	6.81%	–
Market Expert Interviews	7.0%+	–	–

Based on the preceding analysis, and considering the subject's trophy status, a stabilized capitalization rate in the mid 6.0% to low 7.0% range could be expected for the subject. As previously discussed, we have not presented a direct capitalization approach as this is not considered to be instructive in an analysis of the subject property. This is due to the significant near-term leasing events and the ground rent reset. The foregoing analysis of an appropriate direct capitalization rate is presented for illustrative purposes and to contextualize the discounted cash flow analysis. The implied going-in capitalization rate based on the As is Value and the Year 1 NOI is 6.20% which is reasonable given the subject's trophy status and current occupancy, with some leasing upside with respect to the in-place rents. Furthermore,

this considers that the property benefits from attractive in-place financing with Liberty Bonds, with a blended interest rate of 3.12% and maturity dates between 2043 and 2052 (blended average September 2048). While our value conclusion does not explicitly assume a transfer subject to assumed financing, this is considered as a reasonably likely scenario, given the duration of the financing. As previously noted, we have employed the extraordinary assumption that the in-place debt is transferrable. However, this also reflects the significant projected near-term lease-up costs and leasehold risk, and considers that the Year 1 NOI is higher due to the temporarily lower ground rent, which is offset by capital reserves.

Discounted Cash Flow Analysis

We use Argus Enterprise to develop a projection of periodic cash flows from the property over an anticipated investment holding period based on leases in place and anticipated changes in market rent and operating expenses. This analysis considers current market conditions and typical assumptions of market participants concerning future trends as summarized in the following table.

Discounted Cash Flow Analysis - General Assumptions

Cash Flow Software Program	Argus Enterprise					
Analysis Start Date	7/1/2024					
Holding Period (Yrs)	10					
Discount Rate and Reversion Cap Rate	Projection - Year 1 Spread					
Going-In Capitalization Rate	N/A		N/A			
Reversion Capitalization Rate	5.50%		100 bps			
Discount Rate	6.50%					
Inflation	Year 2	Year 3	Year 4	Year 5	Year 6	Thereafter
General Inflation Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Market Inflation Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Expense Inflation Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
CPI Inflation Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
TI Inflation Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Absorption of Vacant Space						
Total Gross Leasable Area (SF)	1,687,685					
Vacant SF	94,906					
# Months to Absorb	18					
Vacancy & Collection Loss						
	Year 1	Year 2	Year 3	Year 4	Year 5	Thereafter
General Vacancy	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Applied to:	% of Potential Gross Revenue					
Excluded Tenants:	Credit (Moody's, Moet Hennessy, MSCI)					
Collection Loss	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Applied to:	% of Potential Gross Revenue					
Excluded Tenants:	Credit (Moody's, Moet Hennessy, MSCI)					
Argus General Vacancy Adjustments						
Applied to revenue net of absorption & turnover vacancy?	Yes					
General vacancy reduced by absorption & turnover vacancy?	Yes					
Concessions						
Capital Expenditures						
Capital Budget	Deducted per Capital Budget Summary					
Reserves/SF	\$0.35/SF (beginning after budgeted CapEx end)					
Reserves Deducted Below NOI?	Yes					
Reversion Analysis Factors						
Vacancy/Collection Loss Treatment	Lag vacancy; gross up 96%					
Selling Expenses	4.0%					

Our analysis also considers market lease terms, analyzed previously, as well as assumptions regarding leasing commissions and the probability of existing tenants renewing their leases. This information is detailed in the following tables.

Concluded Market Leasing Assumptions														
Space Type	SF	Market Rent	Measure	Rent Escalations	Lease Type	Lease Term (Mos.)	Free Rent (Mos.)	Effective Rent	T\$/SF New	T\$/SF Renew	Renewal Probability	LC New	LC Renewal	Months Downtime
Office (10)	24,283	\$30.00	\$/SF/Year	8.00% Every 5 Years	BY Stop	132	12/0	\$22.00	\$70.00	\$0.00	70%	% by lease year	50% of new	9
Office (11-15)	0	\$72.50	\$/SF/Year	8.00% Every 5 Years	BY Stop	198	18/9	\$62.84	\$140.00	\$100.00	70%	% by lease year	50% of new	9
Office (16-21)	0	\$75.00	\$/SF/Year	8.00% Every 5 Years	BY Stop	198	18/9	\$65.30	\$140.00	\$100.00	70%	% by lease year	50% of new	9
Office (22-26)	0	\$77.50	\$/SF/Year	8.00% Every 5 Years	BY Stop	198	18/9	\$67.76	\$140.00	\$100.00	70%	% by lease year	50% of new	9
Office (27-31)	200,652	\$80.00	\$/SF/Year	8.00% Every 5 Years	BY Stop	198	18/9	\$70.22	\$140.00	\$100.00	70%	% by lease year	50% of new	9
Office (32-36)	203,527	\$82.50	\$/SF/Year	8.00% Every 5 Years	BY Stop	198	18/9	\$72.68	\$140.00	\$100.00	70%	% by lease year	50% of new	9
Office (37-39)	121,361	\$85.00	\$/SF/Year	8.00% Every 5 Years	BY Stop	198	18/9	\$75.13	\$140.00	\$100.00	70%	% by lease year	50% of new	9
Office (40-46)	293,082	\$87.50	\$/SF/Year	8.00% Every 5 Years	BY Stop	198	18/9	\$77.59	\$140.00	\$100.00	70%	% by lease year	50% of new	9
Office (47-52)	254,835	\$90.00	\$/SF/Year	8.00% Every 5 Years	BY Stop	198	18/9	\$80.05	\$140.00	\$100.00	70%	% by lease year	50% of new	9
Office (16-21) - Initial Moody's Renewal	236,276	\$75.00	\$/SF/Year	8.00% Every 5 Years	BY Stop	198	18/18	\$65.30	\$140.00	\$140.00	70%	% by lease year	50% of new	18
Office (22-26) - Initial Moody's Renewal	196,209	\$77.50	\$/SF/Year	8.00% Every 5 Years	BY Stop	198	18/18	\$67.76	\$140.00	\$140.00	70%	% by lease year	50% of new	18
Office (11-15) - Initial Absorption	157,460	\$72.50	\$/SF/Year	8.00% Every 5 Years	BY Stop	198	18/18	\$62.84	\$140.00	\$100.00	70%	% by lease year	50% of new	0
*See leasing commission schedule in DCF section of this report														

Leasing Commissions

Leasing commissions in the NYC area are typically paid on a percentage by lease year basis. The standard New York City office building owner employs exclusive leasing agents who receive a commission, in addition to the commission payable to an outside broker. Based on the existing size, quality, and leasing profile of the building, it is our opinion that the ownership would employ an exclusive agent. Based on discussions with JLL Capital Markets, the override probability this market is currently almost 100%. Typical commission overrides would be 150% of standard rate. The calculation employed is as follows:

Leasing Commission Schedule					
Lease Term	Year	Full Commission	Override Commission	Total Commission	Renewal Commission @ 50%
	1	5.00%	2.50%	7.50%	3.75%
	2	4.00%	2.00%	6.00%	3.00%
	3	3.50%	1.75%	5.25%	2.63%
	4	3.50%	1.75%	5.25%	2.63%
	5	3.50%	1.75%	5.25%	2.63%
5 Year Average	Avg.	3.90%	1.95%	5.85%	2.93%
	6	2.50%	1.25%	3.75%	1.88%
	7	2.50%	1.25%	3.75%	1.88%
	8	2.50%	1.25%	3.75%	1.88%
	9	2.50%	1.25%	3.75%	1.88%
	10	2.50%	1.25%	3.75%	1.88%
10 Year Average	Avg.	3.20%	1.60%	4.80%	2.40%
	11	2.00%	1.00%	3.00%	1.50%
	12	2.00%	1.00%	3.00%	1.50%
	13	2.00%	1.00%	3.00%	1.50%
	14	2.00%	1.00%	3.00%	1.50%
	15	2.00%	1.00%	3.00%	1.50%
15 Year Average	Avg.	2.80%	1.40%	4.20%	2.10%

Tenant Improvement Allowance

Based on discussions with market participants, tenant improvement allowances are typical within the market. Within our analysis, we have assumed the following tenant improvement allowances for each space type:

- For Office (10), we have assumed a tenant improvement allowance of \$70.00 per square foot for new leases and \$0.00 per square foot for renewals.
- For Office (11-15), we have assumed a tenant improvement allowance of \$140.00 per square foot for new leases and \$100.00 per square foot for renewals.
- For Office (16-21), we have assumed a tenant improvement allowance of \$140.00 per square foot for new leases and \$100.00 per square foot for renewals.
- For Office (22-26), we have assumed a tenant improvement allowance of \$140.00 per square foot for new leases and \$100.00 per square foot for renewals.
- For Office (27-31), we have assumed a tenant improvement allowance of \$140.00 per square foot for new leases and \$100.00 per square foot for renewals.
- For Office (32-36), we have assumed a tenant improvement allowance of \$140.00 per square foot for new leases and \$100.00 per square foot for renewals.
- For Office (37-39), we have assumed a tenant improvement allowance of \$140.00 per square foot for new leases and \$100.00 per square foot for renewals.
- For Office (40-46), we have assumed a tenant improvement allowance of \$140.00 per square foot for new leases and \$100.00 per square foot for renewals.
- For Office (47-52), we have assumed a tenant improvement allowance of \$140.00 per square foot for new leases and \$100.00 per square foot for renewals.
- For Office (16-21) - Initial Moody's Renewal, we have assumed a tenant improvement allowance of \$140.00 per square foot for new leases and \$140.00 per square foot for renewals.
- For Office (22-26) - Initial Moody's Renewal, we have assumed a tenant improvement allowance of \$140.00 per square foot for new leases and \$140.00 per square foot for renewals.
- For Office (11-15) - Initial Absorption, we have assumed a tenant improvement allowance of \$140.00 per square foot for new leases and \$100.00 per square foot for renewals.

As previously discussed, we have assumed full TI's for a scenario in which Moody's renews due to the length of the projected renewal term and the age of the existing buildout.

Renewal Probability

A 70% renewal probability has been applied to most tenants. Exceptions are the tenants known to be vacating and cases in which a tenant has a renewal option at a rent 10% or more below market. In the case of the subject, no significantly below-market options are identified. We have assumed that Moody's will vacate Floors 11 through 15 upon expiration, given that this is already known as of the current date. Additionally, we have assumed that Moody's will vacate Floors 27 and 28, as there is a direct lease for Skidmore, Owings & Merrill to absorb this space upon expiration. With respect to the balance of the Moody's space, we have assumed a typical 70% renewal probability; while Moody's has recently invested in upgrades to the upper floors of its space to incentivize workers to return to the office, discussions with market participants indicate that investors would not typically underwrite a greater than 65% to 70% renewal probability for a space this large.

Absorption Time

We have assumed a typical 9-month absorption period between leases. According to CoStar, there is a 50% probability of leasing space within an average of 9.4 months within the World Trade Center office submarket. We have assumed an 18-month average absorption period for floors 11 through 26 of the

Moody's space, given the large amount of space. The absorption costs within the cash flow are noted to be reduced by the assumed renewal probability for this tenant. We have assumed no absorption for floors 11 through 15, given that ownership can market this space prior to the lease expiration date.

Inflation Rate and Market Rent Growth

We have assumed a 3.0% annual inflation rate for expenses, apart from the ground rent, which resets in accordance with the provided analysis. The PILOT payments are tied to the building occupancy and the assessment of 10 individual properties, for which have assumed a 3.0% annual growth. We have also assumed 3.0% annual market rent growth, given the limited availability with the trophy office market; based on discussions with JLL Capital Markets, market participants must assume market rent growth to bid competitively on trophy assets. While TI's have increased significantly in recent years, there is market sentiment that the recent pace of growth is not sustainable, and that TI's have reached a peak.

Replacement Reserves

This expense category accounts for the cost of periodic replacement of capital items such as the roof and HVAC system. We estimate this expense at \$0.35 per square foot. This is supported by the Q2 2024 PwC survey, which indicates a range of \$0.15 to \$0.50 per square foot for the Manhattan office market, averaging \$0.32 per square foot. We have offset reserves until Year 6, as there are planned capital expenditures through in Years 1 through 5.

Planned Capital Expenditures

The following capital outlays, discussed previously, are projected in our analysis.

Capital Expenditures						
Item	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Building Improvements	\$440,000	\$1,606,000	\$1,300,000	\$555,000	\$1,530,000	\$5,431,000
Code Compliance		\$350,000				\$350,000
Equipment	\$85,000	\$2,159,000	\$2,490,000	\$2,320,000	\$895,000	\$7,949,000
Landlord Work	\$1,798,000			\$2,432,500	\$2,517,739	\$6,748,239
Total	\$2,323,000	\$4,115,000	\$3,790,000	\$5,307,500	\$4,942,739	\$20,478,239
Percent Applied	100%	100%	100%	100%	100%	100%
Net Total	\$2,323,000	\$4,115,000	\$3,790,000	\$5,307,500	\$4,942,739	\$20,478,239

Source: Provided information

Discount Rate and Reversion Capitalization Rate Selection

Current survey data indicates a range of reversion capitalization rates in Manhattan of 5.75% to 9.00%, with an average of 7.10%, for the subject's property type. Historically, reversionary capitalization rates in Manhattan have typically been 25-50 basis points higher than going-in rates, although discussions with market participants suggest an inversion of this trend; this can be explained by an expectation of market normalization over a long-term hold, although this can vary based on the specific property profile and degree of near-term risk and/or upside. This is supported by the previously presented SOFR forward curve, which indicates that SOFR rates are implied to significantly decline by 2027. Discussions with JLL Capital Markets indicate that reversionary capitalization rates for non-trophy Class A office is in the low to mid 6.0% range, which can fall into the sub-6.0% range for best-in-class/trophy product. Reversionary rates begin to enter 7.0%+ territory down the spectrum for more commoditized product. The indicated range for discount rates for Manhattan is 6.00% to 10.00%, with an average of 7.97%. Based on discussions with JLL Capital Markets, discount rates are in the 6.5% to 8.0% range for differentiated product, which get pushed into the 8.0% to 10.0% range for more commoditized Class A-/B+ product, and into the 10 to 12%+ range for Class B, noting that the pool of buyers for commodity assets consists primarily of private capital.

Investor Survey 2024 Q2 Office Statistics

Property Type		Discount Rate	Exit Cap Rate	Market Rent Growth Rate	Expense Growth Rate
New York					
Office	Range	6.00% – 10.00%	5.75% – 9.00%	0.00% – 3.00%	2.00% – 5.00%
	Average	7.97%	7.10%	0.75%	3.00%
US					
CBD	Range	6.50% – 12.00%	5.50% – 10.00%	0.00% – 3.00%	0.00% – 4.00%
	Average	8.72%	7.36%	1.25%	2.63%

Source: PwC Real Estate Investor Survey. MSAs with various data points have been averaged.

The concluded reversion capitalization rate and discount rates are 5.50%, and 6.50%, respectively. This represents a spread of 100 bps, which considers the leasehold risk and remaining ground lease duration as of the time of reversion, as well as the near-term lease expiration of the anchor tenant, but also considers the subject's trophy status, noting that the subject would generate significant interest from institutional buyers if offered on the market. Furthermore, this considers that the property benefits from attractive in-place financing with Liberty Bonds, with a blended interest rate of 3.12%, with maturity dates between 2043 and 2052 (blended average September 2048). While our value conclusion does not explicitly assume a transfer subject to assumed financing, this is considered as a reasonably likely scenario, given the duration of the financing. As previously noted, we have employed the extraordinary assumption that the in-place debt is transferrable.

Cash Flow: As Is

	Year 1 Jun-2025	Year 2 Jun-2026	Year 3 Jun-2027	Year 4 Jun-2028	Year 5 Jun-2029	Year 6 Jun-2030	Year 7 Jun-2031	Year 8 Jun-2032	Year 9 Jun-2033	Year 10 Jun-2034	Year 11 Jun-2035	Total	CAGR
Rental Revenue													
Potential Base Rent	\$113,093,328	\$113,554,176	\$114,237,651	\$128,494,356	\$137,247,286	\$138,799,204	\$139,267,002	\$140,461,865	\$150,174,741	\$156,081,513	\$161,480,172	\$1,492,891,294	3.63%
Lost Absorption / Turnover Rent	-\$7,487,145	-\$2,041,663	\$0	-\$20,218,553	-\$874,706	-\$1,086,854	\$0	-\$207,557	-\$9,773,842	-\$2,494,172	\$0	-\$44,184,493	-
Free Rent	-\$529,210	-\$6,167,210	-\$5,582,233	-\$23,114,479	-\$58,571,591	-\$16,069,431	-\$2,966,183	-\$230,159	-\$16,259,397	-\$25,089,127	-\$6,901,564	-\$161,480,584	
Scheduled Base Rent	\$105,076,973	\$105,345,303	\$108,655,418	\$85,161,324	\$77,800,989	\$121,642,919	\$136,300,819	\$140,024,149	\$124,141,502	\$128,498,213	\$154,578,608	\$1,287,226,217	3.94%
Total Rental Revenue	\$105,076,973	\$105,345,303	\$108,655,418	\$85,161,324	\$77,800,989	\$121,642,919	\$136,300,819	\$140,024,149	\$124,141,502	\$128,498,213	\$154,578,608	\$1,287,226,217	3.94%
Other Tenant Revenue													
Expense Recoveries	\$11,989,880	\$13,379,573	\$14,764,302	\$8,792,400	\$6,615,298	\$8,795,704	\$10,623,194	\$12,055,536	\$8,264,165	\$8,643,005	\$10,764,983	\$114,688,042	-1.07%
Total Other Tenant Revenue	\$11,989,880	\$13,379,573	\$14,764,302	\$8,792,400	\$6,615,298	\$8,795,704	\$10,623,194	\$12,055,536	\$8,264,165	\$8,643,005	\$10,764,983	\$114,688,042	-1.07%
Total Tenant Revenue	\$117,066,853	\$118,724,876	\$123,419,721	\$93,953,725	\$84,416,286	\$130,438,623	\$146,924,013	\$152,079,685	\$132,405,668	\$137,141,218	\$165,343,591	\$1,401,914,259	3.51%
Other Revenue													
Antenna Income	\$399,022	\$410,993	\$423,322	\$436,022	\$449,103	\$462,576	\$476,453	\$490,747	\$505,469	\$520,633	\$536,252	\$5,110,592	3.00%
Direct Utility Income	\$3,452,204	\$3,658,169	\$3,804,738	\$3,540,410	\$4,026,632	\$4,143,867	\$4,287,727	\$4,408,607	\$4,383,837	\$4,640,147	\$4,825,874	\$45,172,213	3.41%
Tenant Income	\$1,120,893	\$1,154,520	\$1,189,155	\$1,224,830	\$1,261,575	\$1,299,422	\$1,338,405	\$1,378,557	\$1,419,914	\$1,462,511	\$1,506,386	\$14,356,169	3.00%
Storage Income	\$56,250	\$57,938	\$59,676	\$61,466	\$63,310	\$65,209	\$67,165	\$69,180	\$71,256	\$73,393	\$75,595	\$720,439	3.00%
Event Income	\$200,000	\$206,000	\$212,180	\$218,545	\$225,102	\$231,855	\$238,810	\$245,975	\$253,354	\$260,955	\$268,783	\$2,561,559	3.00%
Total Other Revenue	\$5,228,369	\$5,487,619	\$5,689,072	\$5,481,274	\$6,025,722	\$6,202,929	\$6,408,561	\$6,593,066	\$6,633,830	\$6,957,640	\$7,212,891	\$67,920,971	3.27%
Potential Gross Revenue	\$122,295,222	\$124,212,495	\$129,108,792	\$99,434,999	\$90,442,008	\$136,641,552	\$153,332,574	\$158,672,750	\$139,039,497	\$144,098,858	\$172,556,483	\$1,469,835,230	3.50%
Vacancy & Credit Loss													
Vacancy Allowance	\$0	\$0	-\$1,565,503	\$0	-\$1,329,983	-\$2,501,469	-\$4,049,530	-\$3,986,147	\$0	-\$1,671,793	-\$4,941,200	-\$20,045,625	
Credit Loss	-\$118,903	-\$121,641	-\$130,459	-\$142,944	-\$181,537	-\$296,310	-\$337,461	-\$348,956	-\$311,879	-\$340,928	-\$411,767	-\$2,742,785	
Total Vacancy and Credit Loss	-\$118,903	-\$121,641	-\$1,695,962	-\$142,944	-\$1,511,520	-\$2,797,779	-\$4,386,990	-\$4,335,104	-\$311,879	-\$2,012,721	-\$5,352,966	-\$22,788,410	
Effective Gross Revenue	\$122,176,318	\$124,090,854	\$127,412,830	\$99,292,054	\$88,930,488	\$133,843,773	\$148,945,584	\$154,337,646	\$138,727,619	\$142,086,137	\$167,203,516	\$1,447,046,820	3.19%
Operating Expenses													
Real Estate Taxes/PILOT	\$6,721,584	\$7,214,142	\$7,535,181	\$6,683,541	\$7,961,804	\$8,190,532	\$8,491,771	\$8,724,502	\$8,540,130	\$9,166,831	\$9,597,017	\$88,827,036	3.63%
Insurance	\$2,531,528	\$2,607,473	\$2,685,698	\$2,768,326	\$2,852,890	\$2,938,476	\$3,026,631	\$3,117,430	\$3,210,952	\$3,307,281	\$3,406,499	\$32,453,183	3.01%
Utilities	\$8,528,974	\$9,037,830	\$9,399,941	\$8,746,896	\$9,948,150	\$10,237,789	\$10,593,207	\$10,891,852	\$10,830,656	\$11,463,894	\$11,922,748	\$111,601,937	3.41%
Repair and Maintenance	\$3,797,291	\$3,911,210	\$4,028,546	\$4,152,489	\$4,279,334	\$4,407,715	\$4,539,946	\$4,676,144	\$4,816,429	\$4,960,922	\$5,109,749	\$48,679,775	3.01%
Payroll	\$3,797,291	\$3,911,210	\$4,028,546	\$4,152,489	\$4,279,334	\$4,407,715	\$4,539,946	\$4,676,144	\$4,816,429	\$4,960,922	\$5,109,749	\$48,679,775	3.01%
Cleaning and Janitorial	\$7,310,549	\$7,746,711	\$8,057,093	\$7,497,340	\$8,526,986	\$8,775,247	\$9,079,892	\$9,335,873	\$9,283,419	\$9,826,195	\$10,219,498	\$95,658,803	3.41%
Security	\$1,096,995	\$1,129,905	\$1,163,802	\$1,199,608	\$1,236,252	\$1,273,340	\$1,311,540	\$1,350,886	\$1,391,413	\$1,433,155	\$1,476,150	\$14,063,046	3.01%
General and Administrative	\$1,096,995	\$1,129,905	\$1,163,802	\$1,199,608	\$1,236,252	\$1,273,340	\$1,311,540	\$1,350,886	\$1,391,413	\$1,433,155	\$1,476,150	\$14,063,046	3.01%
Management	\$1,096,995	\$1,129,905	\$1,163,802	\$1,199,608	\$1,236,252	\$1,273,340	\$1,311,540	\$1,350,886	\$1,391,413	\$1,433,155	\$1,476,150	\$14,063,046	3.01%
Non Recoverable Expense	\$1,434,532	\$1,477,568	\$1,521,895	\$1,568,718	\$1,616,637	\$1,665,137	\$1,715,091	\$1,766,543	\$1,819,540	\$1,874,126	\$1,930,350	\$18,390,137	3.01%
Ground Rent	\$8,520,909	\$8,877,396	\$14,650,929	\$20,300,000	\$20,300,000	\$20,300,000	\$20,300,000	\$20,300,000	\$20,300,000	\$20,300,000	\$20,300,000	\$194,449,235	9.07%
Total Operating Expenses	\$45,933,644	\$48,173,257	\$55,399,236	\$59,468,623	\$63,473,893	\$64,742,630	\$66,221,103	\$67,541,147	\$67,791,792	\$70,159,634	\$72,024,060	\$680,929,020	4.60%
Net Operating Income	\$76,242,674	\$75,917,597	\$72,013,594	\$39,823,431	\$25,456,594	\$69,101,144	\$82,724,480	\$86,796,499	\$70,935,827	\$71,926,503	\$95,179,456	\$766,117,800	2.24%
Leasing Costs													
Tenant Improvements	\$3,385,060	\$10,047,989	\$0	\$108,996,732	\$3,803,520	\$5,129,600	\$0	\$644,672	\$37,705,024	\$7,392,560	\$4,560,192	\$181,665,349	3.02%
Leasing Commissions	\$1,370,725	\$4,515,197	\$0	\$35,327,656	\$1,543,267	\$2,103,204	\$0	\$322,923	\$17,515,349	\$3,258,867	\$2,096,575	\$68,053,763	4.34%
Total Leasing Costs	\$4,755,785	\$14,563,186	\$0	\$144,324,388	\$5,346,787	\$7,232,804	\$0	\$967,595	\$55,220,373	\$10,651,427	\$6,656,767	\$249,719,112	3.42%
Capital Expenditures													
Building Improvements	\$440,000	\$1,606,000	\$1,300,000	\$555,000	\$1,530,000	\$0	\$0	\$0	\$0	\$0	\$0	\$5,431,000	-
Code Compliance	\$0	\$350,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$350,000	-
Equipment	\$85,000	\$2,159,000	\$2,490,000	\$2,320,000	\$895,000	\$0	\$0	\$0	\$0	\$0	\$0	\$7,949,000	-
Bldg Improvement- LL Work	\$1,798,000	\$0	\$0	\$2,432,500	\$2,517,739	\$0	\$0	\$0	\$0	\$0	\$0	\$6,748,239	-
Reserves	\$0	\$0	\$0	\$0	\$0	\$685,644	\$706,214	\$727,400	\$749,222	\$771,699	\$794,850	\$4,435,030	
Total Capital Expenditures	\$2,323,000	\$4,115,000	\$3,790,000	\$5,307,500	\$4,942,739	\$685,644	\$706,214	\$727,400	\$749,222	\$771,699	\$794,850	\$24,913,269	-10.17%
Total Leasing & Capital Costs	\$7,078,785	\$18,678,186	\$3,790,000	\$149,631,888	\$10,289,526	\$7,918,449	\$706,214	\$1,694,995	\$55,969,595	\$11,423,126	\$7,451,617	\$274,632,380	0.51%
Cash Flow Before Debt Service	\$69,163,889	\$57,239,411	\$68,223,594	-\$109,808,457	\$15,167,069	\$61,182,695	\$82,018,266	\$85,101,504	\$14,966,232	\$60,503,377	\$87,727,839	\$491,485,419	2.41%
SF Expiring													
SF Expiring	9,689	0	53,027	833,222	39,318	40,442	0	16,949	377,552	65,821	0		
Cumulative Percent Expiring	0.57%	0.57%	3.72%	53.09%	55.42%	57.81%	57.81%	58.82%	81.19%	85.09%	85.09%		
Return on NOI													
Return on NOI	6.20%	6.17%	5.85%	3.24%	2.07%	5.62%	6.73%	7.06%	5.77%	5.85%	7.74%		
Return on Cash Flows													
Return on Cash Flows	5.62%	4.65%	5.55%	-8.93%	1.23%	4.97%	6.67%	6.92%	1.22%	4.92%	7.13%		

Present Value: As Is

Analysis Period	Period Ending	Cash Flow	P.V. of Cash	P.V. of Cash	P.V. of Cash	P.V. of Cash	P.V. of Cash
		Before Debt Service	Flow @ 5.50%	Flow @ 6.00%	Flow @ 6.50%	Flow @ 7.00%	Flow @ 7.50%
Year 1	Jun-2025	\$69,163,889	\$65,558,189	\$65,248,952	\$64,942,619	\$64,639,149	\$64,338,501
Year 2	Jun-2026	\$57,239,411	\$51,426,887	\$50,942,872	\$50,465,658	\$49,995,118	\$49,531,129
Year 3	Jun-2027	\$68,223,594	\$58,100,145	\$57,281,845	\$56,478,840	\$55,690,775	\$54,917,303
Year 4	Jun-2028	-\$109,808,457	-\$88,639,225	-\$86,978,583	-\$85,356,649	-\$83,772,346	-\$82,224,630
Year 5	Jun-2029	\$15,167,069	\$11,604,845	\$11,333,716	\$11,070,153	\$10,813,910	\$10,564,753
Year 6	Jun-2030	\$61,182,695	\$44,372,495	\$43,131,386	\$41,930,588	\$40,768,613	\$39,644,032
Year 7	Jun-2031	\$82,018,266	\$56,382,375	\$54,546,832	\$52,779,264	\$51,076,854	\$49,436,912
Year 8	Jun-2032	\$85,101,504	\$55,452,044	\$53,393,737	\$51,420,983	\$49,529,850	\$47,716,604
Year 9	Jun-2033	\$14,966,232	\$9,243,583	\$8,858,490	\$8,491,140	\$8,140,638	\$7,806,139
Year 10	Jun-2034	\$60,503,377	\$35,420,527	\$33,784,770	\$32,231,724	\$30,756,849	\$29,355,871
Totals		\$403,757,580	\$298,921,865	\$291,544,015	\$284,454,321	\$277,639,411	\$271,086,613
Property Resale @ 5.50% Cap Rate		\$1,775,269,403	\$1,039,296,995	\$991,301,162	\$945,732,231	\$902,456,944	\$861,349,935
Total Unleveraged P.V.			\$1,338,218,860	\$1,282,845,177	\$1,230,186,551	\$1,180,096,355	\$1,132,436,549
Total Unleveraged P.V. per SF			\$792.93	\$760.12	\$728.92	\$699.24	\$671.00
Annually Compounded Appreciation Rate			3.29%	3.72%	4.16%	4.59%	5.03%

*Results displayed are based on forecast data only

Value Indication

The income capitalization approach results in the following value indication.

Income Capitalization Approach - Indicated Value

Method	Market Value As Is
Direct Capitalization	Not Instructive
Discounted Cash Flow	\$1,230,000,000
Reconciled Value	\$1,230,000,000
Rounded	\$1,230,000,000
Per SF	\$728.81

As previously discussed, discounted cash flow analysis is the only applicable approach.

Final Reconciliation

The process of reconciliation involves the analysis of each approach to value. The quality of data applied, the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed. Finally, each is considered separately and comparatively with each other.

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our value opinion follows:

Value Indications

Summary of Value Indications	
	Fair Market Value As Is
Cost Approach	Not Utilized
Sales Comparison Approach	\$1,200,000,000
Income Capitalization Approach	\$1,230,000,000
Reconciled	\$1,230,000,000

Cost Approach

The cost approach is most reliable for newer properties that have no significant amount of accrued depreciation.

The cost approach is not applicable due to the age and condition of the improvements and noting the difficulty in estimating the physical depreciation. Further, market participants do not rely on this approach for properties like the subject. The omission of this approach does not impact the credibility of the results of this analysis.

Sales Comparison Approach

The sales comparison approach is most reliable in an active market when an adequate quantity and quality of comparable sales data are available. In addition, it is typically the most relevant method for owner-user properties, because it directly considers the prices of alternative properties with similar utility for which potential buyers would be competing.

Significant adjustments are required for many of the sales because of differences in the various elements of comparison. This reduces the reliability of this approach. As a result, the sales comparison approach is used primarily as support for the income capitalization approach.

Income Approach

The income capitalization approach is usually given greatest weight when evaluating investment properties. The value indication from the income capitalization approach is supported by market data regarding income, expenses and required rates of return.

An investor is the most likely purchaser of the appraised property, and a typical investor would place greatest reliance on the income capitalization approach. For these reasons, the income capitalization approach is given greatest weight in the conclusion of value.

Value Conclusion

Based on the data and analyses developed in this appraisal, we have reconciled to the following value conclusion(s), subject to the Limiting Conditions and Assumptions of this appraisal.

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Fair Market Value As Is	Leasehold	June 30, 2024	\$1,230,000,000

Extraordinary Assumptions & Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in the analysis which, if found to be false, could alter the appraiser's opinions of conclusions.

1. Ownership will place funds into a capital reserve account for future lease-up expenditures, thereby resulting in \$0 in percentage ground rent for the remaining ground lease term prior to the reset, as this is a function of the net cash flow inclusive of capital spending.
2. The in-place debt for the subject is transferable upon a sale.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is 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.

1. None.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local Office market, it is our opinion that the probable exposure time for the subject at the concluded market value stated previously is 9 - 18 months.

Marketing Time

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. *Given the market uncertainty and volatility, marketing times are currently difficult to predict.* It is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 9 - 18 months.

Our estimate is supported by the following national investor survey data.

Investor Survey 2024 Q1 Office Marketing Time

Property Type		Marketing Time
New York		
Office	Range	1.0 – 18.0
	Average	8.3
US		
CBD	Range	3.0 – 15.0
	Average	9.8

Source: PwC Real Estate Investor Survey. MSAs with various data points have been averaged.

Limiting Conditions and Assumptions

1. All reports and work product we deliver to you (collectively called “report”) represent an opinion of value, based on historical information and forecasts of market conditions. Actual results may vary from those forecast in the report. There is no guaranty or warranty that the opinion of value reflects the actual value of the property.
2. The conclusions stated in our report apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events. Assessed values may change significantly and unexpectedly over short periods. We are not liable for any conclusions in the report that may be different if there are subsequent changes in value. We are not liable for loss relating to reliance upon our report more than three months after its date.
3. There may be differences between projected and actual results because events and circumstances frequently do not occur as predicted, and those differences may be material. We are not liable for any loss arising from these differences.
4. We are not obligated to predict future political, economic or social trends. We assume no responsibility for economic factors that may affect or alter the opinions in the report if the economic factors were not present as of the date of the letter of transmittal accompanying the report.
5. The report reflects an appraisal of the property free of any liens or encumbrances unless otherwise stated.
6. We assume responsible ownership and competent property management.
7. The appraisal process requires information from a wide variety of sources. We have assumed that all information furnished by others is correct and complete, up to date and can be relied upon, but no warranty is given for its accuracy. We do not accept responsibility for erroneous information provided by others. We assume that no information that has a material effect on our appraisal has been withheld.
8. We assume the following, unless informed to the contrary in writing: Each property has a good and marketable title. All documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other adverse title conditions, which would have a material effect on the value of the interest under consideration. There is no material litigation pending involving the property. All information provided by the Client, or its agents, is correct, up to date and can be relied upon. We are not responsible for considerations requiring expertise in other fields, including but not limited to: legal descriptions, interpretation of legal documents and other legal matters, geologic considerations such as soils and seismic stability, engineering, or environmental and toxic contaminants. We recommend that you engage suitable consultants to advise you on these matters.
9. We assume that all engineering studies are correct. The plot plans and illustrative material in the report are included only to help the reader visualize the property.
10. We assume that there are no hidden or unapparent conditions of the property, subsoil or structures that render it more or less valuable. We are not responsible for such conditions or for obtaining the engineering studies that may be required to discover them.

11. We assume that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the report. We have not made or requested any environmental impact studies in conjunction with the report. We reserve the right to revise or rescind any opinion of value that is based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the report assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
12. Unless otherwise stated in the report, you should assume that we did not observe any hazardous materials on the property. We have no knowledge of the existence of such materials on or in the property; however, we are not qualified to detect such substances, and we are not providing environmental services. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. Our report assumes that there is no such material on or in the property that would cause a loss in value. We do not assume responsibility for such conditions or for any expertise or engineering knowledge required to discover them. We encourage you to retain an expert in this field, if desired. We are not responsible for any such environmental conditions that exist or for any engineering or testing that might be required to discover whether such conditions exist. We are not experts in the field of environmental conditions, and the report is not an environmental assessment of the property.
13. We may have reviewed available flood maps and may have noted in the report whether the property is generally located within or out of an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property. Any opinion of value we include in our report assumes that floodplain and/or wetlands interpretations are accurate.
14. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether it is in compliance with the ADA. We claim no expertise in ADA issues, and render no opinion regarding compliance of the property with ADA regulations.
15. We assume that the property conforms to all applicable zoning and use regulations and restrictions unless we have identified, described and considered a non-conformity in the report.
16. We assume that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in the report is based.
17. We assume that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
18. We have not made any investigation of the financial standing of actual or prospective tenants unless specifically noted in the report. Where properties are valued with the benefit of leasing, we assume, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the leases, all rent and other amounts payable under the leases have been paid when due, and that there are no undisclosed breaches of the leases.

19. We did not conduct a formal survey of the property and assume no responsibility for any survey matters. The Client has supplied the spatial data, including sketches and/or surveys included in the report, and we assume that data is correct, up to date and can be relied upon.
20. Unless otherwise stated, the opinion of value included in our report excludes any additional value attributable to goodwill, or to fixtures and fittings which are only of value, in situ, to the present occupier. We have made no allowance for any plant, machinery or equipment unless they form an integral part of the building and would normally be included in a sale of the building. We do not normally carry out or commission investigations into the capacity or condition of services being provided to the property. We assume that the services, and any associated controls or software, are in working order and free from defect. We also assume that the services are of sufficient capacity to meet current and future needs.
21. In the case of property where construction work is in progress, such as refurbishment or repairs, or where developments are in progress, we have relied upon cost information supplied to us by the Client or its appointed experts or upon industry accepted cost guides. In the case of property where construction work is in progress, or has recently been completed, we do not make allowance for any liability already incurred, but not yet discharged, in respect of completed work, or obligations in favor of contractors, subcontractors or any members of the professional or design team. We assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
22. Any allocation in the report of value between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
23. The report is confidential to the party to whom it is addressed and those other intended users specified in the report for the specific purpose to which it refers. Use of the report for any other purpose or use by any party not identified as an intended user of the report without our prior written consent is prohibited, and we accept no responsibility for any use of the report in violation of the terms of this Agreement.
24. We are not required to testify or provide court-related consultation or to be in attendance in court unless we have agreed to do so in writing.
25. Neither the whole report, nor any part, nor reference thereto, may be published in any manner without our prior written approval.
26. We may rely on, and will not verify, the accuracy and sufficiency of documents, information and assumptions provided to it by the Client or others. We will not verify documents, information and assumptions derived from industry sources or that JLL or its affiliates have prepared in the regular course of business. We are not liable for any deficiency in the report arising from the inaccuracy or insufficiency of such information, documents and assumptions. However, our report will be based on our professional evaluation of all such available sources of information.
27. JLL IS NOT LIABLE TO ANY PERSON OR ENTITY FOR LOSS OF PROFITS, CONSEQUENTIAL, PUNITIVE, EXEMPLARY OR SIMILAR DAMAGES IN CONNECTION WITH THIS AGREEMENT. IN NO EVENT SHALL THE LIABILITY OF JLL AND ITS AFFILIATES IN CONNECTION WITH THIS AGREEMENT EXCEED THE FEE PAID TO JLL HEREUNDER.

28. Unless expressly advised to the contrary, we assume that appropriate insurance coverage is and will continue to be available on commercially acceptable terms.

29. We assume that no material changes in any applicable federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.

30. This report is subject to the following Extraordinary Assumptions and Hypothetical Conditions:

Extraordinary Assumptions & Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in the analysis which, if found to be false, could alter the appraiser's opinions of conclusions.

1. Ownership will place funds into a capital reserve account for future lease-up expenditures, thereby resulting in \$0 in percentage ground rent for the remaining ground lease term prior to the reset, as this is a function of the net cash flow inclusive of capital spending.
2. The in-place debt for the subject is transferable upon a sale.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is 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.

1. None.

Appendix A

Appraiser Qualifications



David C. Lyon

Executive Director, Value and Risk Advisory - Americas
+1 212 915 7293
Dave.Lyon@jll.com

Current responsibilities

David C. Lyon is an Executive Director with JLL Value and Risk Advisory, and is a Co-Leader of the New York Tri-State office, based in Manhattan. Mr. Lyon has over 25 years of experience in the valuation industry. Mr. Lyon is primarily responsible for the management and oversight of the firm's Retail and Office sector valuation assignments, staff management, and new business development.

Experience

Mr. Lyon's vast appraisal experience has included a wide variety of income-producing properties within the Metropolitan New York and larger Northeast regions, as well as assignments completed on a nationwide basis and the Caribbean. Areas of particular expertise and specialization include large-scale office buildings; regional and community retail shopping centers, office condominiums, land development, and special-purpose facilities including marinas, air-side cargo facilities, and horse farms. In addition to his expertise in the office and retail industry, Mr. Lyon has extensive experience in the appraisal of major multi-family rental; cooperative, and condominium facilities; proposed sub-divisions; vacant residential and commercial land; scheduled development sites; industrial properties, and feasibility and market studies. Mr. Lyon also provides and consulting services for tax certiorari and commercial arbitration cases, as well estate and trust valuation.

Education

- B.A., LeMoyne College, Syracuse, New York
- New York University, NY, NY (Certificate in the Appraisal of Investment Properties)

Affiliations

- Appraisal Institute (Candidate for MAI Designation – All educational, experience, and demonstration report requirements have been completed)
- Urban Land Institute
- International Council of Shopping Centers (ICSC)
- Qualified as an expert witness in the United States Bankruptcy Court
- Approved New York State Supervisory Appraiser

Certified General Real Estate Appraiser in :

- Connecticut
- Kentucky
- Maryland
- Massachusetts
- New Jersey
- New York

UNIQUE ID NUMBER

46000043655

State of New York
Department of State

DIVISION OF LICENSING SERVICES

FOR OFFICE USE ONLY

Control
No.

1532958

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

EFFECTIVE DATE

MO.	DAY	YR.
12	29	22

EXPIRATION DATE

MO.	DAY	YR.
12	28	24

LYON DAVID C
C/O JLL VALUATION ADVISORY
330 MADISON AVENUE
4TH FLOOR
NEW YORK, NY 10017

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



Benjamin N. Butler

Director, Value and Risk Advisory - Americas
+1 212 915 7280
Benjamin.Butler@jll.com

Current responsibilities

Benjamin N. Butler is a Director with JLL Value and Risk Advisory. He specializes in the appraisal of office and retail properties, with a particular focus on institutional and portfolio valuations. He also has experience in the appraisal of industrial, multifamily, mixed-use, community facility, self-storage, and special-use properties, as well as developable land and properties undergoing substantial renovation, expansion, or adaptive reuse. He is a certified general appraiser in NY and NJ and maintains specialized knowledge within these markets.

Experience

Prior to joining JLL, Mr. Butler was an associate at Metropolitan Valuation Services (acquired by JLL in 2022), where he had the opportunity to work closely with senior leadership on a wide variety of appraisal assignments throughout the NYC Metropolitan area. He has performed valuation services for properties in all 5 Boroughs of NYC, as well as throughout New Jersey, Long Island, and Philadelphia. Prior to joining MVS, Mr. Butler interned at a regional multifamily REIT.

Education

Rutgers University-New Brunswick, B.S., Double major in Finance and Philosophy

Certified General Real Estate Appraiser in the following States:

- New Jersey
- New York

UNIQUE ID NUMBER

46000054104

State of New York
Department of State
DIVISION OF LICENSING SERVICES

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No.

1536806

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

EFFECTIVE DATE

MO.	DAY	YR.
07	18	23

BUTLER BENJAMIN N
C/O BENJAMIN N BUTLER
21 HICKORY RD
SHORT HILLS, NJ 07078-1289

EXPIRATION DATE

MO.	DAY	YR.
07	17	25

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



Adam Dembowitz, MAI, MRICS

Senior Managing Director, Value and Risk Advisory – Americas
U.S. Office Lead
+1 303 542 1537
adam.dembowitz@jll.com

Current responsibilities

Adam Dembowitz serves as Senior Managing Director and U.S. Office Lead for JLL Value and Risk Advisory in the United States. In this role, he is responsible for growing and managing the national office team and platform, helping elevate both the customer and employee experience, and providing thought leadership to clients and colleagues.

Experience

Prior to joining JLL, Mr. Dembowitz spent seven years with Cushman & Wakefield helping build and lead the litigation consulting practice in Southern California, then managing both the Colorado team and the broader team throughout the Western U.S. His experience includes valuation and consulting, client care, team building, mentoring, management, and business development. He specializes in helping clients resolve complex real estate issues through mediation, arbitration, and litigation. Mr. Dembowitz is a qualified expert witness in Los Angeles County Superior Court.

His prior experience also includes five years at Integra Realty Resources – Los Angeles. Mr. Dembowitz has been a real estate professional—in valuation, consulting, sales and leasing, construction administration, development, and property management—since 2003. His experience includes all commercial property types, vacant land, residential properties, and special purpose properties. Mr. Dembowitz has completed projects throughout the United States, with extensive experience in Southern California as well as the Denver, Chicago, and Philadelphia metropolitan areas.

Education

- The University of Chicago, B.A. – Political Science, with Honors

Affiliations

- Designated Member, Appraisal Institute
- Member, Royal Institution of Chartered Surveyors (RICS)
- Member, Colorado Chapter of the Appraisal Institute
- Member, International Right of Way Association (IRWA)
- Member, National Council of Real Estate Investment Fiduciaries (NCREIF)
- Actively involved volunteer in the Boulder, CO community:
 - South Boulder Little League coach
 - Mackintosh Academy Board of Trustees

Certified General Real Estate Appraiser in the following States:

- California
- Colorado
- Kansas
- New Jersey
- New York
- Pennsylvania
- Texas
- Utah

UNIQUE ID NUMBER
46000054452

State of New York
Department of State

DIVISION OF LICENSING SERVICES

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No. 1552178

PURSUANT TO THE PROVISIONS OF ARTICLE 46 OF THE
EXECUTIVE LAW AS IT RELATES TO R.E. APPRAISERS.

EFFECTIVE DATE

MO.	DAY	YR.
06	11	24

EXPIRATION DATE

MO.	DAY	YR.
06	10	26

DEMBOVITZ ADAM M
C/O JLL VALUATION & ADVISORY S
1225 17TH ST
SUITE 1900
DENVER, CO 80202

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.

WALTER T. MOSLEY
SECRETARY OF STATE



Andrew Frost

Executive Director, Value and Risk Advisory - Americas
+1 713 212 6516
Andrew.Frost1@jll.com

Current responsibilities

Andrew Frost serves as Executive Director for JLL Value and Risk Advisory in the United States. He focuses primarily on institutional and portfolio valuations with specialized practice in office, retail, and mixed-use assignments. Mr. Frost supports the practice through leadership in client services and drives growth as a part of the institutional sector.

Experience

Prior to joining JLL, Mr. Frost served as a Senior Consultant with Qval Property Advisors, a Houston-based valuation consulting firm, focused exclusively on an institutional client base. His responsibilities included financial analysis and valuation of single-asset and portfolio assignments and served as the firm's internal and external thought leader for key investment markets, including California, Central Texas, the Mid-Atlantic, and Pacific Northwest. Mr. Frost also served as the Team Lead for the international appraisal group.

His background includes valuation of real estate for multiple applications including market value appraisals, portfolio valuations, investment advisory, and market rent studies. Mr. Frost has experience appraising a variety of property types including office, retail, multifamily, industrial, self-storage, medical office, condominiums, complex redevelopment, outdoor storage, and mixed-use properties. Specialized knowledge includes appraisals of rent-controlled multifamily portfolios, beach-front resort property, and multi-phase mixed-used districts.

Education

University of Texas at Austin, Bachelor's Degree - Economics

Affiliations

- Appraisal Institute, Candidate for Designation
- Member, National Council of Real Estate Investment Fiduciaries (NCREIF)

Certified General Real Estate Appraiser in the following States:

- Arizona
- California
- District of Columbia
- Georgia
- Hawaii
- Maryland
- Massachusetts
- Minnesota
- New Jersey
- North Carolina
- Pennsylvania
- South Carolina
- Tennessee
- Texas
- Utah
- Virginia
- Washington

UNIQUE ID NUMBER
46000054456

State of New York
Department of State

DIVISION OF LICENSING SERVICES

FOR OFFICE USE ONLY
Control
No. 1552205

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

EFFECTIVE DATE

MO.	DAY	YR.
06	12	24

FROST ANDREW E
C/O JONES LANG LASALLE INC
4200 WESTHEIMER ROAD
SUITE 1400
HOUSTON, TX 77027

EXPIRATION DATE

MO.	DAY	YR.
06	11	26

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.

WALTER T. MOSLEY
SECRETARY OF STATE

Appendix B

Definitions

Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022), unless otherwise noted.

Amenity

A tangible or intangible benefit of real property that enhances its attractiveness or increases the satisfaction of the user. Natural amenities may include a pleasant location near water or a scenic view of the surrounding area; man-made amenities include swimming pools, tennis courts, community buildings, and other recreational facilities.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Class of Apartment Property

For the purposes of comparison, apartment properties are grouped into three classes. These classes represent a subjective quality rating of buildings, which indicates the competitive ability of each building to attract similar types of tenants. Combinations of factors such as rent, building finishes, system standards and efficiency, building amenities, location/accessibility, and market perception are used as relative measures.

Class A apartment properties are the most prestigious properties competing for the premier apartment tenants, with rents above average for the area. Buildings have high-quality standard finishes, architectural appeal, state-of-the-art systems, exceptional accessibility, and a definite market presence.

Class B apartment properties compete for a wide range of users, with rents in the average range for the area. Class B buildings do not compete with Class A buildings at the same price. Building finishes are fair to good for the area, and systems are adequate.

Class C apartment properties compete for tenants requiring functional space at rents below the average for the area. Class C buildings are generally older, and are lower in quality and condition.

(Adapted from “Class of Office Building” in *The Dictionary of Real Estate Appraisal*.)

Deferred Maintenance

Needed repairs or replacement of items that should have taken place during the course of normal maintenance.

Depreciation

A loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate.

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 future exposure time specified by the client.
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 specified by the client.
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.
10. This definition can also be modified to provide for valuation with specified financing terms.

Effective Date of Appraisal

The date to which the appraiser's analyses, opinions, and conclusions apply; also referred to as date of value.

Entrepreneurial Profit

A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.

In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Excess Land; Surplus Land

Excess Land: Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land may have the potential to be sold separately and is valued independently.

Surplus Land: Land that is not currently needed to support the existing improvement but cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.

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 market value on the effective date of the appraisal.

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in the analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

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.

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the 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.

Gross Building Area (GBA)

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.

Highest and Best Use

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value.

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.

Lease

A contract in which rights to use and occupy land or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest

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

Leasehold Interest

The tenant's possessory interest created by a lease.

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.
10. This definition can also be modified to provide for valuation with specified financing terms.

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.

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements.

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. 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.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Multifamily Property Type

Residential structure containing five or more dwelling units with common areas and facilities. (Source: Appraisal Institute Commercial Data Standards and Glossary of Terms, Chicago, Illinois, 2004 [Appraisal Institute])

Multifamily Classifications

Garden/Low Rise Apartments: A multifamily development of two- or three-story, walk-up structures built in a garden-like setting; customarily a suburban or rural-urban fringe development. (Source: *Appraisal Institute*)

Mid/High-Rise Apartment Building: A multifamily building with four or more stories, typically elevator-served. (Source: *Appraisal Institute*)

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.

Rentable Floor Area (RFA)

Rentable area shall be computed by measuring inside finish of permanent outer building walls or from the glass line where at least 50% of the outer building wall is glass. Rentable area shall also include all area within outside walls less stairs, elevator shafts, flues, pipe shafts, vertical ducts, air conditioning rooms, fan rooms, janitor closets, electrical closets, balconies and such other rooms not actually available to the tenant for his furnishings and personnel and their enclosing walls. No deductions shall be made for columns and projections unnecessary to the building. (Source: *Income/Expense Analysis, 2013 Edition – Conventional Apartments, Institute of Real Estate Management, Chicago, Illinois*)

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.

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building.

Room Count

A unit of comparison used primarily in residential appraisal. No national standard exists on what constitutes a room. The generally accepted method is to consider as separate rooms only those rooms that are effectively divided and to exclude bathrooms.

Stabilized Income

Income at that point in time when abnormalities in supply and demand or any additional transitory conditions cease to exist and the existing conditions are those expected to continue over the economic life of the property; projected income that is subject to change, but has been adjusted to reflect an equivalent, stable annual income.

Appendix C

Financials and Property Information

Bryant Huczek

SPI Rent Roll Property 7wtcll as of date: 04/30/2024																
Lease Status	Property	Unit(s)	Unit Type	Tenant Name	Lease Commencement	Expiration	GLA Sqft	Monthly Base Rent	Annual Rate PSF	Monthly Cost Recovery	Monthly Other Income and Concessions		Future Rent Increases-----			
													Category	Date	Monthly Amount	PSF
New Leases	7wtcll	2700	OFFICE	*Skidmore, Owings & Merrill (t0003488)	12/01/2027	11/30/2035	40,360						COMMRENT	12/01/2027	517,953.33	0.00
													COMMRENT	12/01/2031	565,040.00	0.00
	7wtcll	2800	OFFICE	*Skidmore, Owings & Merrill (t0003488)	12/01/2027	11/30/2035	40,360									
						Total	80,720	0.00								
Vacant Units	7wtcll	0100		VACANT			150	0.00							0.00	0.00
	7wtcll	0400		VACANT			9,124	0.00							0.00	0.00
	7wtcll	040M		VACANT			9,520	0.00							0.00	0.00
	7wtcll	1040		VACANT			818	0.00							0.00	0.00
	7wtcll	3050		VACANT			23,770	0.00							0.00	0.00
	7wtcll	3350		VACANT			20,009	0.00							0.00	0.00
	7wtcll	3450		VACANT			4,012	0.00							0.00	0.00
	7wtcll	3460		VACANT			6,498	0.00							0.00	0.00
	7wtcll	4000		VACANT			39,799	0.00							0.00	0.00
						Total	113,700	0.00								
Occupied Units	7wtcll	3800	OFFICE	Silverstein Properties, Inc. (t0003453)	04/30/2006	06/30/2027	39,912	172,952.00	52.00	OPEX	24,545.45	CONDENWT	159.25			
										PILOT	7,654.36					
										PILOTTU	11,804.96					
	7wtcll	3475	OFFICE	Silverstein Properties, Inc. (t0003453)	04/01/2015	06/30/2027	7,793	35,717.92	55.00	OPEX	3,345.78	CONDENWT	162.50			
										PILOT	991.64	ERIF	1,298.83			
										PILOTTU	2,304.93					
	7wtcll	3700	OFFICE	Silverstein Properties, Inc. (t0003453)	09/01/2020	06/30/2027	5,322	24,392.50	55.00	OPEX	1,191.58	ELECTFEE	887.00			
										PILOT	211.11					
										PILOTTU	1,574.10					
						Total	53,027	233,062.42	52.74		53,623.91		2,507.58			

[illegible]

SPI Rent Roll															
Property 7wtcll															
as of date: 04/30/2024															
Lease Status	Property	Unit(s)	Unit Type	Tenant Name	Lease Commencement	Expiration	GLA Sqft	Monthly Base Rent	Annual Rate PSF	Monthly Cost Recovery	Monthly Other Income and Concessions		Future Rent Increases-----		
													Category	Date	Month Amount
															PSF
							Total	3,500							
	7wtcll	000C	EASMNT	Consolidated Edison Company (t0003459)	05/22/2006					EASEMENT	3,333.33				
							Total				3,333.33				
	7wtcll	2700	OFFICE	Moody's Corporation (t0003461)	11/15/2007	11/30/2027	39,284	505,454.13	77.20	OPEX	49,301.59	CONDENWT	433.34		
										PILOT	15,248.93				
										PILOTTU	23,238.42				
	7wtcll	2800	OFFICE	Moody's Corporation (t0003461)	11/15/2007	11/30/2027	39,284								
							Total	78,568	505,454.13	77.20	87,788.94		433.34		
	7wtcll	3425	OFFICE	Kostelanetz & Fink, LLP (t0003462)	04/01/2015	11/30/2033	13,969	115,000.67	76.00	OPEX	1,683.08	COMMCONC		COMMCONC 12/01/2024	-115,000.67 -76.00
										PILOT	596.74	CONDENWT	175.00	COMMCONC 02/01/2025	0.00 0.00
										PILOTTU	2,386.96			COMMCONC 12/01/2025	-115,000.67 -76.00
														COMMRENT 12/01/2028	125,592.83 83.00
	7wtcll	3430	OFFICE	Kostelanetz & Fink, LLP (t0003462)	05/08/2015	11/30/2033	4,189			OPEX	486.67				
							Total	18,158	115,000.67	76.00	5,153.45		175.00		
	7wtcll	0001	TELCOM	Zayo Group, LLC (t0003464)	04/07/2017	03/31/2027	1	3,763.41	45,160.92				LICFEE 04/07/2025	3,876.32	46515.84
													LICFEE 04/07/2026	3,992.61	47911.32
							Total	1	3,763.41	45,160.92					
	7wtcll	0002	TELCOM	Cogent Communications, Inc. (t0003465)	10/01/2018		9	776.14	1,034.85			ELECTFEE	50.00		
							Total	9	776.14	1,034.85					50.00
	7wtcll	5000	OFFICE	Moody's Corporation (t0003466)	01/02/2014	11/30/2027	43,008	957,052.91	89.01	OPEX	59,695.27	CONDENWT	4,100.00		
										PILOT	19,816.53				
										PILOTTU	38,161.93				
	7wtcll	5100	OFFICE	Moody's Corporation (t0003466)	01/02/2014	11/30/2027	43,008								
	7wtcll	5200	OFFICE	Moody's Corporation (t0003466)	01/02/2014	11/30/2027	43,008								

[illegible]

SPI Rent Roll																	
Property 7wtcll																	
as of date: 04/30/2024																	
Lease Status	Property	Unit(s)	Unit Type	Tenant Name	Lease Commencement	Expiration	GLA Sqft	Monthly	Annual	Monthly	Monthly Other Income and Concessions		Future Rent Increases-----				
								Base Rent	Rate PSF	Cost Recovery			Category	Date	Monthly Amount	PSF	
	7wtcll	4625	OFFICE	Casey Family Programs (t0003474)	09/01/2023	01/31/2034	6,947	49,207.92	85.00	PILOTTU		CONDENWT	85.00	COMMRENT	02/01/2029	53,260.33	92.00
												TIRENT	-29,212.90				
						Total	6,947	49,207.92	85.00				-29,127.90				
	7wtcll	4650	OFFICE	Silver Suites 7 WTC LLC (t0003475)	09/01/2023	01/31/2029	30,137	163,242.08	65.00	OPEX	3,724.01						
										PILOT	993.59						
										PILOTTU	-14,810.69						
						Total	30,137	163,242.08	65.00				-10,093.09				
	7wtcll	0006	TELCOM	Time Warner Cable of NYC (t0003477)	07/27/2018	07/26/2024	5										
						Total	5										
	7wtcll	3400	OFFICE	Thailand Board of Investment (t0003478)	12/03/2022	11/30/2028	3,823	27,079.58	85.00	OPEX	342.99	TIRENT	-357.53	COMMCONC	02/01/2025	-27,079.58	-85.00
										PILOT	63.54			COMMCONC	02/01/2026	-27,079.58	-85.00
										PILOTTU	571.84			COMMCONC	02/01/2027	-27,079.58	-85.00
														TIRENT	02/01/2025	0.00	0.00
														TIRENT	03/01/2025	-357.53	-1.12
														TIRENT	02/01/2026	0.00	0.00
														TIRENT	03/01/2026	-357.53	-1.12
														TIRENT	02/01/2027	0.00	0.00
														TIRENT	03/01/2027	-357.53	-1.12
						Total	3,823	27,079.58	85.00		978.37		-357.53				
	7wtcll	0425	ANTE	New Cingular Wireless PCS (t0003479)	02/28/2024		600					CONDENWT	812.50				
						Total	600						812.50				
	7wtcll	0430	TELCOM	AT&T Corp. (t0003480)	10/21/2023	10/20/2026	10	1,969.65	2,363.58					LICFEE	10/21/2024	2,028.74	2434.49
														LICFEE	10/21/2025	2,089.60	2507.52
						Total	10	1,969.65	2,363.58								

SPI Rent Roll																	
Property 7wtcll																	
as of date: 04/30/2024																	
Lease Status	Property	Unit(s)	Unit Type	Tenant Name	Lease Commencement	Expiration	GLA Sqft	Monthly Base Rent	Annual Rate PSF	Monthly Cost Recovery	Monthly Other Income and Concessions			Future Rent Increases-----			
														Category	Date	Monthly Amount	PSF
	7wtcll	0475	TELCOM	New York SMSA d/b/a Verizon (t0003481)	05/08/2016	05/07/2026	330	633.38	23.03					LICFEE	12/01/2024	652.39	23.72
														LICFEE	12/01/2025	671.96	24.43
						Total	330	633.38	23.03								
	7wtcll	5301	TELCOM	Sterling Entertainment (t0003482)	10/18/2016	01/31/2033	4					ELECTFEE	44.53	ELECTFEE	04/01/2025	46.09	138.27
														ELECTFEE	04/01/2026	47.70	143.10
														ELECTFEE	04/01/2027	49.37	148.11
														ELECTFEE	04/01/2028	51.10	153.30
														ELECTFEE	04/01/2029	52.89	158.67
														ELECTFEE	04/01/2030	54.74	164.22
														ELECTFEE	04/01/2031	56.65	169.95
														ELECTFEE	04/01/2032	58.64	175.92
						Total	4	0.00					44.53				
	7wtcll	1025	OFFICE	SilverTech Ventures LLC (t0003483)	03/01/2018		9,689	15,000.00	18.58								
						Total	9,689	15,000.00	18.58								
	7wtcll	5302	ANTE	NYC Police Dept. (t0003484)	08/17/2018	08/16/2028	100										
						Total	100										
	7wtcll	3000	OFFICE	Broadcast Music (t0003485)	12/01/2022	11/30/2038	10,747	341,220.00		OPEX	5,425.00	COMMCONC	-341,220.00	COMMCONC	12/01/2024	-30,000.00	0.00
										PILOT	1,682.07			COMMRENT	12/01/2028	366,811.50	0.00
										PILOTTU	6,728.27			COMMRENT	12/01/2033	392,403.00	0.00
	7wtcll	3100	OFFICE	Broadcast Music (t0003485)	12/01/2022	11/30/2038	40,436										
	7wtcll	3025	OFFICE	Broadcast Music (t0003485)	12/01/2022	11/30/2038	6,231	41,540.00				COMMCONC	-41,540.00	COMMCONC	07/01/2024	-41,540.00	0.00
														COMMRENT	12/01/2028	44,655.50	0.00
														COMMRENT	12/01/2033	47,771.00	0.00
														OPEX	07/01/2024	662.99	0.00

SPI Rent Roll																	
Property 7wtcll																	
as of date: 04/30/2024																	
Lease Status	Property	Unit(s)	Unit Type	Tenant Name	Lease Commencement	Expiration	GLA Sqft	Monthly Base Rent	Annual Rate PSF	Monthly Cost Recovery	Monthly Other Income and Concessions			Future Rent Increases-----			
														Category	Date	Monthly Amount	PSF
						Total	57,414	382,760.00			13,835.34	-382,760.00					
	7wtcll	3900	OFFICE	Zola (t0003486)	01/17/2019	12/31/2029	31,272	266,243.17	79.00	OPEX	5,562.81	CONDENWT	110.00				
	7wtcll	3950	OFFICE	Zola (t0003486)	03/01/2020	12/31/2029	5,025										
	7wtcll	3975	OFFICE	Zola (t0003486)	03/01/2021	12/31/2029	4,145										
						Total	40,442	266,243.17	79.00		5,562.81	110.00					
	7wtcll	0499	TELCOM	Manhattan West LLC (t0003487)	05/20/2019		0										
						Total	0										
	7wtcll	3500	OFFICE	Moet Hennessy USA (t0003489)	04/07/2020	07/06/2036	40,993	491,916.00	72.00	OPEX	4,160.79	CONDENWT	1,041.67	COMMRENT	07/07/2026	539,741.17	79.00
														COMMRENT	07/07/2031	587,566.33	86.00
	7wtcll	3600	OFFICE	Moet Hennessy USA (t0003489)	04/07/2020	07/06/2036	40,993										
						Total	81,986	491,916.00	72.00		4,160.79	1,041.67					
	7wtcll	0415	STORAG	Moet Hennessy USA (t0003490)	04/07/2020	07/06/2036	1,500					STORAGE	4,687.50				
						Total	1,500					4,687.50					
	7wtcll	3325	OFFICE	Axial Reade Capital, LP (t0003491)	02/20/2021	08/31/2031	3,173	21,153.33	80.00	OPEX	802.93			COMMRENT	08/13/2026	22,739.83	86.00
						Total	3,173	21,153.33	80.00		802.93						
	7wtcll	3300	OFFICE	Jeffrey Beers International LLC (t0003492)	11/29/2019	12/31/2035	17,359	109,217.04	75.50	OPEX	4,487.03	CONDENWT	650.00	COMMRENT	01/01/2026	120,066.42	83.00
												RENTDEF	4,975.35	COMMRENT	01/01/2031	131,639.08	91.00
						Total	17,359	109,217.04	75.50		4,487.03	5,625.35					
	7wtcll	4600	OFFICE	Upstack Holdco Inc. (t0003493)	05/07/2022	05/31/2029	5,358	36,613.00	82.00	PILOT	212.54	COMMCONC	-36,595.14	COMMCONC	06/01/2027	-3,272.85	-7.33
										PILOTTU	1,584.79			COMMRENT	06/01/2027	39,292.00	88.00
						Total	5,358	36,613.00	82.00		1,797.33	-36,595.14					
	7wtcll	3200	OFFICE	Capstone Investment Advisors LLC (t0003494)	12/01/2022	03/31/2034	40,716	271,440.00	80.00	OPEX	4,321.32	CONDENWT	5,462.50	COMMRENT	04/01/2029	295,191.00	87.00
										PILOT	676.70						
										PILOTTU	6,090.33						

SPI Rent Roll														
Property 7wtcll														
as of date: 04/30/2024														
Lease Status	Property	Unit(s)	Unit Type	Tenant Name	Lease Commencement	Expiration	GLA Sqft	Monthly Base Rent	Annual Rate PSF	Monthly Cost Recovery	Monthly Other Income and Concessions	Future Rent Increases-----		
												Category	Date	Monthly Amount
														PSF

Total						40,716	271,440.00	80.00	11,088.35		5,462.50			
	7wtcll	1020	OTHER	Squadron NYC, LLC (10003786)	08/19/2022	02/29/2032	13,776	34,440.00	30.00	OPEX	3,203.35	COMMPRENT	09/01/2025	45,920.00
												COMMPRENT	09/01/2026	47,068.00
												COMMPRENT	09/01/2027	48,216.00
												COMMPRENT	09/01/2028	49,364.00
												COMMPRENT	09/01/2029	50,512.00
							Total	13,776	34,440.00	30.00	3,203.35			

Total 7wtcll	Occupied sqft:	93.42%	68 Units	1,614,015	8,789,724.49
	Vacant sqft:	6.58%	9 Units	113,700	0.00
	Total sqft:		77 Units	1,727,715	8,789,724.49
Grand Total	Occupied sqft:	93.42%	68 Units	1,614,015	8,789,724.49
	Vacant sqft:	6.58%	9 Units	113,700	0.00
	Total sqft:		77 Units	1,727,715	8,789,724.49

Summary by Chargecode	
Charge code	Monthly Amount
Commercial Rent (COMMPRENT)	8,750,425.66
Commercial Rent Concession (COMMCONC)	-385,809.60
Condenser Water (CONDENWT)	40,377.17
Economic Dev Credit (EDC)	-179,450.57
Electric Fee (ELECTFEE)	1,566.09
Electric Inclusion (ERIF)	1,533.83
Generator Rent (GENRENT)	1,543.31
HVAC - Overtime (HVACOT)	6,666.67
License Fee (LICFEE)	39,298.83
Maint Easement Agreement (EASEMENT)	3,333.33

SPI Rent Roll													
Property 7wtcll													
as of date: 04/30/2024													
Lease Status	Property	Unit(s)	Unit Type	Tenant Name	Lease Commencement	Expiration	GLA Sqft	Monthly Base Rent	Annual Rate PSF	Monthly Cost Recovery	Monthly Other Income and Concessions	Future Rent Increases-----	
												Category	Date
												Monthy Amount	PSF

Operating Escalation (OPEX)	700,820.75
OPEX True Up Local Law 11 Adj (OETULL11)	5,856.70
PILOT - PT (PILOT)	213,690.61
PILOT Escalation Retro (PILOTTU)	384,718.77
Rent Deferral (RENTDEF)	4,975.35
Storage (STORAGE)	4,687.50
Tenant Improvement Rent (TIRENT)	-29,570.43
Total:	9,564,663.98

7 World Trade Center 2024 Budget

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3 Part Variance Report

7wtcll,

FM Operating Income Statement With CapEx Summarized (FM_OPER_WCAP_SUM)

Comp 1 Book: Accrual

Base Book: Operating Budgets

Comp 2 Book: Accrual

		Comp 1	Baseline			Comp 2		
		Accrual	Operating Budgets			Accrual		
Account	Description	1/2023 - 12/2023	1/2024 - 12/2024	Variance	Variance %	1/2022 - 12/2022	Variance	Variance %
REVENUES								
RENTAL REVENUE		92,022,210.79	100,003,752.98	7,981,542.19	7.98%	98,660,822.03	1,342,930.95	1.34%
ELECTRIC REVENUE		3,295,186.60	3,279,847.80	(15,338.80)	(0.47)%	2,905,800.00	374,047.80	11.40%
ESCALATION REVENUE		10,114,226.84	11,212,147.08	1,097,920.24	9.79%	10,552,766.95	659,380.13	5.88%
TENANT REIMBURSEMENT REVENUE		1,229,472.26	1,076,259.81	(153,212.45)	(14.24)%	1,360,159.20	(283,899.39)	(26.38)%
OTHER REVENUE		538,698.48	586,942.56	48,244.08	8.22%	104,619.96	482,322.60	82.18%
TOTAL REVENUES		107,199,794.97	116,158,950.23	8,959,155.26	7.71%	113,584,168.14	2,574,782.09	2.22%
OPERATING EXPENSES								
MANAGEMENT FEES		2,666,527.41	2,894,300.18	(227,772.77)	(7.87)%	2,836,988.70	(57,311.48)	(1.98)%
GENERAL & ADMINISTRATIVE EXPENSES		1,164,309.76	1,050,673.04	113,636.72	10.82%	1,172,557.28	121,884.24	11.60%
PAYROLL EXPENSES		3,884,012.27	3,886,973.50	(2,961.23)	(0.08)%	3,861,221.04	(25,752.46)	(0.66)%
UTILITY EXPENSES		8,322,500.00	8,636,800.00	(314,300.00)	(3.64)%	7,328,400.00	(1,308,400.00)	(15.15)%
CLEANING EXPENSES		7,490,700.04	7,583,000.00	(92,299.96)	(1.22)%	7,793,900.00	210,900.00	2.78%
SECURITY EXPENSES		1,145,900.00	1,128,700.00	17,200.00	1.52%	1,155,600.00	26,900.00	2.38%
REPAIRS & MAINTENANCE		3,733,399.96	3,779,800.00	(46,400.04)	(1.23)%	3,898,600.00	118,800.00	3.14%
PROFESSIONAL FEES		592,794.16	499,281.48	93,512.68	18.73%	500,362.36	1,080.88	0.22%
INSURANCE		2,646,433.55	2,597,144.91	49,288.64	1.90%	2,170,162.00	(426,982.91)	(16.44)%
REAL ESTATE TAXES		6,226,481.78	6,613,670.16	(387,188.38)	(5.85)%	5,629,545.52	(984,124.64)	(14.88)%
TOTAL OPERATING EXPENSES - RECOVERABLE		37,873,058.93	38,670,343.27	(797,284.34)	(2.06)%	36,347,336.90	(2,323,006.37)	(6.01)%
OPERATING EXPENSES - NON RECOVERABLE		15,332,697.62	9,532,362.56	5,800,335.06	60.85%	20,907,456.62	11,375,094.06	119.33%
NET OPERATING INCOME		53,994,038.42	67,956,244.40	13,962,205.98	20.55%	56,329,374.62	11,626,869.78	17.11%
NON-OPERATING EXPENSES								
TENANT REIMBURSEMENT EXPENSES		431,808.12	477,930.84	(46,122.72)	(9.65)%	392,442.24	(85,488.60)	(17.89)%
OTHER NON OPERATING EXPENSES		165,774.74	148,733.41	17,041.33	11.46%	144,034.00	(4,699.41)	(3.16)%
TOTAL NON-OPERATING EXPENSES		597,582.86	626,664.25	(29,081.39)	(4.64)%	536,476.24	(90,188.01)	(14.39)%
NET INCOME (LOSS) BEFORE INT & DEPR		53,396,455.56	67,329,580.15	13,933,124.59	20.69%	55,792,898.38	11,536,681.77	17.13%
INTEREST EXPENSE		14,173,869.66	14,147,910.42	25,959.24	0.18%	15,237,287.02	1,089,376.60	7.70%
DEPRECIATION & AMORTIZATION		4,969,339.86	5,424,476.88	(455,137.02)	(8.39)%	13,179,697.72	7,755,220.84	142.97%
NET INCOME		34,253,246.04	47,757,192.85	13,503,946.81	28.28%	27,375,913.64	20,381,279.21	42.68%

3 Part Variance Report

7wtcll,
FM Operating Income Statement With CapEx Summarized (FM_OPER_WCAP_SUM)
Comp 1 Book: Accrual
Base Book: Operating Budgets
Comp 2 Book: Accrual

		Comp 1	Baseline			Comp 2		
		Accrual	Operating Budgets			Accrual		
Account	Description	1/2023 - 12/2023	1/2024 - 12/2024	Variance	Variance %	1/2022 - 12/2022	Variance	Variance %
CAPITAL EXPENDITURES								
	LEASE COMMISSIONS & LEGAL	2,634,742.00	1,783,880.40	850,861.60	47.70%	2,474,438.00	690,557.60	38.71%
	BUILDING IMPROVEMENTS	2,230,310.56	2,323,000.00	(92,689.44)	(3.99)%	5,549,000.00	3,226,000.00	138.87%
	TENANT IMPROVEMENTS	12,442,786.50	13,065,614.50	(622,828.00)	(4.77)%	10,610,843.00	(2,454,771.50)	(18.79)%
	TOTAL CAPITAL & LEASING EXPENSES	17,307,839.06	17,172,494.90	135,344.16	0.79%	18,634,281.00	1,461,786.10	8.51%
BONDS PAYABLE								
	BONDS PAYABLE - LIB BONDS	0.00	1,660,000.02	(1,660,000.02)	100.00%	0.00	0.00	0.00%
	TOTAL BONDS PAYABLE	0.00	1,660,000.02	(1,660,000.02)	100%	0.00	0.00	0%

3 Part Variance Report

7wtcll,
Operating Income Statement With CapEx (FM_OPER_WCAP)

Comp 1 Book: Accrual

Base Book: Operating Budgets

Comp 2 Book: Accrual

		Baseline				Comp 2				
		Accrual	Operating Budgets			Accrual				
Account	Description	1/2023 - 12/2023	1/2024 - 12/2024	Variance	Variance %	1/2022 - 12/2022	Variance	Variance %	Narrative	
REVENUES										
RENTAL REVENUE										
4000100	RENTAL INCOME - COMMERCIAL	103,294,498.10	105,896,112.55	2,601,614.45	2.46%	101,449,188.75	4,446,923.80	4.20%		
4000119	RENTAL INCOME - COVID-19 DEF	0.00	59,704.20	59,704.20	100.00%	0.00	59,704.20	100.00%		
4000300	RENT INCOME-STORAGE	56,250.00	56,250.00	0.00	0.00%	56,250.00	0.00	0.00%		
4000310	LICENSE FEE INCOME	462,576.85	399,022.31	(63,554.54)	(15.93)%	456,148.28	(57,125.97)	(14.32)%		
4000320	RENTAL CONCESSIONS - COMMERCIAL	(11,791,114.16)	(6,403,760.78)	5,387,353.38	84.13%	(3,300,765.00)	(3,102,995.78)	(48.46)%		
4000330	BASE RENT CREDIT	0.00	(3,575.30)	(3,575.30)	(100.00)%	0.00	(3,575.30)	(100.00)%		
TOTAL RENTAL REVENUE		92,022,210.79	100,003,752.98	7,981,542.19	7.98 %	98,660,822.03	1,342,930.95	1.34 %		
ELECTRIC REVENUE										
4200200	ELECTRIC INCLUSION	182,586.60	35,147.80	(147,438.80)	(419.48)%	183,500.00	(148,352.20)	(422.08)%		
4200400	ELECTRIC - SUBMETERED	3,112,600.00	3,244,700.00	132,100.00	4.07%	2,722,300.00	522,400.00	16.10%	Increase driven by rates, compounded by Wilmer Hale Expansion.	
TOTAL ELECTRIC REVENUE		3,295,186.60	3,279,847.80	(15,338.80)	(0.47) %	2,905,800.00	374,047.80	11.40 %		
ESCALATION REVENUE										
4100100	R.E. TAX ESCALATION	2,465,244.24	2,749,730.76	284,486.52	10.35%	2,331,368.87	418,361.89	15.21%	Increase is due to an increase in PILOT rates for FY24 (7.30) compared to FY23 (budgeted as 7.16).	
4100300	OPER EXPENSE ESC.	7,608,354.92	8,417,783.04	809,428.12	9.62%	8,181,401.69	236,381.35	2.81%	OPEX escalations are calculated based on the estimated grossed up building costs for 2024. Increase is largely due to increases in projected utilities, R&M expenses, and management fees.	
4100800	COMMON AREA MAINTENANCE	40,627.68	44,633.28	4,005.60	8.97%	39,996.39	4,636.89	10.39%		
TOTAL ESCALATION REVENUE		10,114,226.84	11,212,147.08	1,097,920.24	9.79 %	10,552,766.95	659,380.13	5.88 %		
TENANT REIMBURSEMENT REVENUE										
4210200	ELEVATOR	225,525.48	253,711.68	28,186.20	11.11%	175,100.04	78,611.64	30.98%	Based on 3 year average. Actuals increased in 2023 over 2020	
4210300	REPAIRS AND MAINTENANCE	20,167.08	45,084.24	24,917.16	55.27%	56,000.04	(10,915.80)	(24.21)%	Based on 3 year average. Higher revenue in late 2022 than expected during 2023 budget process.	
4210800	CONSULTANTS	39,613.20	32,235.00	(7,378.20)	(22.89)%	12,360.00	19,875.00	61.66%		
4210900	HVAC	125,633.28	80,000.04	(45,633.24)	(57.04)%	271,920.00	(191,919.96)	(239.90)%		
4211000	CONDENSER WATER INCOME	580,278.24	474,005.01	(106,273.23)	(22.42)%	566,000.04	(91,995.03)	(19.41)%		
4211100	CLEANING	5,760.24	6,465.72	705.48	10.91%	36,000.00	(29,534.28)	(456.78)%		
4211300	BUILDING ENGINEERS	134,753.64	106,706.52	(28,047.12)	(26.28)%	117,000.00	(10,293.48)	(9.65)%	Based on 3 year average. Abnormally high revenue in 2020 no longer included in average.	
4211500	SECURITY	6,940.20	6,632.28	(307.92)	(4.64)%	7,982.40	(1,350.12)	(20.36)%		
4211600	UTILITY INCOME	46,099.94	19,800.00	(26,299.94)	(132.83)%	44,700.00	(24,900.00)	(125.76)%	Based on actuals for 2022 & 2023.	
4211800	TRIS ADMIN FEES	44,700.96	51,619.32	6,918.36	13.40%	73,096.68	(21,477.36)	(41.61)%		

3 Part Variance Report

7wtcll,
Operating Income Statement With CapEx (FM_OPER_WCAP)

Comp 1 Book: Accrual

Base Book: Operating Budgets

Comp 2 Book: Accrual

		Comp 1	Baseline			Comp 2			
		Accrual	Operating Budgets			Accrual			
Account	Description	1/2023 - 12/2023	1/2024 - 12/2024	Variance	Variance %	1/2022 - 12/2022	Variance	Variance %	Narrative
TOTAL TENANT REIMBURSEMENT REVENUE		1,229,472.26	1,076,259.81	(153,212.45)	(14.24) %	1,360,159.20	(283,899.39)	(26.38) %	
OTHER REVENUE									
4301000	MISC EVENT INCOME	200,000.04	200,000.04	0.00	0.00%	99,999.96	100,000.08	50.00%	Based on 3 year running average
4301800	INTEREST EARNED	333,000.00	385,206.60	52,206.60	13.55%	4,572.00	380,634.60	98.81%	
4302600	DIVIDEND INCOME	5,698.44	1,735.92	(3,962.52)	(228.27)%	48.00	1,687.92	97.23%	
TOTAL OTHER REVENUE		538,698.48	586,942.56	48,244.08	8.22 %	104,619.96	482,322.60	82.18 %	
TOTAL REVENUES		107,199,794.97	116,158,950.23	8,959,155.26	7.71 %	113,584,168.14	2,574,782.09	2.22 %	
OPERATING EXPENSES									
MANAGEMENT FEES									
5100100	MANAGEMENT FEES	2,666,527.41	2,894,300.18	(227,772.77)	(7.87)%	2,836,988.70	(57,311.48)	(1.98)%	Due to budgeted increase in total revenue for 2024 compared to 2023.
TOTAL MANAGEMENT FEES		2,666,527.41	2,894,300.18	(227,772.77)	(7.87) %	2,836,988.70	(57,311.48)	(1.98) %	
GENERAL & ADMINISTRATIVE EXPENSES									
5500300	MEALS	16,000.00	15,000.00	1,000.00	6.67%	16,000.00	1,000.00	6.67%	Budget represents Ops portion of GL5502700 as previously responsibility of TG and is based on 2023 actuals for Verizon and TWC-Spectrum services at the property.
5500500	LODGING	1,400.00	1,000.00	400.00	40.00%	1,400.00	400.00	40.00%	
5501700	OFFICE EXPENSE	9,900.00	9,000.00	900.00	10.00%	9,900.00	900.00	10.00%	
5502200	MESSENGER SERVICE	400.00	400.00	0.00	0.00%	400.00	0.00	0.00%	
5502300	EXPRESS MAIL SERVICES	1,200.00	600.00	600.00	100.00%	1,200.00	600.00	100.00%	
5502600	PHONE BYOD	0.00	0.00	0.00	0.00%	900.00	900.00	100.00%	
5502700	PHONE AND INTERNET CARRIERS	40,027.92	14,000.04	26,027.88	185.91%	35,430.00	21,429.96	153.07%	
5502750	PHONE AND INTERNET - OPS	0.00	34,200.00	(34,200.00)	(100.00)%	0.00	(34,200.00)	(100.00)%	
5502800	COMPANY MOBILE PLAN	13,590.00	13,599.96	(9.96)	(0.07)%	13,800.00	200.04	1.47%	
5503300	DUES	5,300.00	4,900.00	400.00	8.16%	5,300.00	400.00	8.16%	
5503400	BLUEPRINTS	400.00	400.00	0.00	0.00%	400.00	0.00	0.00%	
5503500	COPIERS	4,524.96	4,524.96	0.00	0.00%	4,029.96	(495.00)	(10.94) %	
5503700	OUTSIDE PRINTING	400.00	0.00	400.00	100.00%	400.00	400.00	100.00%	
5503900	DATA AND ANALYTICS	34,506.96	16,835.52	17,671.44	104.97%	60,924.00	44,088.48	261.88%	
5504000	CUSTOMER PRODUCTS - INSPIRE	243,862.08	242,527.80	1,334.28	0.55%	161,341.32	(81,186.48)	(33.48) %	
5504200	COMPUTER SVC-SOFTWARE MAINT	98,444.40	77,344.92	21,099.48	27.28%	145,520.64	68,175.72	88.15%	
5504250	CLOUD SERVICES	12,473.76	13,560.24	(1,086.48)	(8.01) %	0.00	(13,560.24)	(100.00) %	

3 Part Variance Report

7wrtcll,
Operating Income Statement With CapEx (FM_OPER_WCAP)

Comp 1 Book: Accrual

Base Book: Operating Budgets

Comp 2 Book: Accrual

		Comp 1	Baseline			Comp 2			Narrative	
		Accrual	Operating Budgets			Accrual				
Account	Description	1/2023 - 12/2023	1/2024 - 12/2024	Variance	Variance %	1/2022 - 12/2022	Variance	Variance %		
5504300	COMPUTER SVC-HARDWARE MAINT	20,614.80	19,023.12	1,591.68	8.37%	28,446.00	9,422.88	49.53%	Additional line item for in-house labor overtime (\$85K) to overhaul 425 core toilets due seals failing and causing leaks.	
5504400	BUILDING ACCESS SYSTEMS	60,621.48	60,621.48	0.00	0.00%	60,621.36	(0.12)	(0.00)%		
5504500	COMPUTER SVC-DISASTER RECOVERY	7,050.00	0.00	7,050.00	100.00%	7,050.00	7,050.00	100.00%		
5504600	CYBERSECURITY	73,841.16	74,671.44	(830.28)	(1.11)%	108,690.00	34,018.56	45.56%		
5504800	COMPUTER EQUIPMENT	6,000.00	2,000.04	3,999.96	199.99%	6,999.96	4,999.92	249.99%		
5505100	COMPUTER SUPPLIES	6,948.24	8,159.52	(1,211.28)	(14.84)%	0.00	(8,159.52)	(100.00)%		
5505500	CONTRIBUTIONS	35,000.00	35,000.00	0.00	0.00%	35,000.00	0.00	0.00%		
5506400	BLDG CONTR. LABOR/MECH	110,000.00	89,900.00	20,100.00	22.36%	120,000.00	30,100.00	33.48%		
5506600	FLORIST EXPENSE	42,900.00	1,000.00	41,900.00	4190.00%	42,900.00	41,900.00	4190.00%		
5506800	EMPLOYEE TRAINING	7,000.00	5,000.00	2,000.00	40.00%	7,000.00	2,000.00	40.00%		
5507000	TENANT EXPERIENCE	285,999.96	281,499.96	4,500.00	1.60%	273,000.00	(8,499.96)	(3.02)%		
5507500	CORP OVERHEAD ALLOC - ESC	25,904.04	25,904.04	0.00	0.00%	25,904.04	0.00	0.00%		
TOTAL GENERAL & ADMINISTRATIVE EXPENSES		1,164,309.76	1,050,673.04	113,636.72	10.82%	1,172,557.28	121,884.24	11.60%		
PAYROLL EXPENSES										
6000100	GROSS PAYROLL	789,748.08	820,980.00	(31,231.92)	(3.80)%	861,391.20	40,411.20	4.92%		Due to decrease in NY State Workers Comp policy.
6000155	GROSS PAYROLL - UNION	1,486,926.02	1,613,394.40	(126,468.38)	(7.84)%	1,436,751.64	(176,642.76)	(10.95)%		
6000300	PAYROLL FEES	10,836.72	12,944.28	(2,107.56)	(16.28)%	11,793.84	(1,150.44)	(8.89)%		
6000400	FICA EXPENSE	50,704.67	54,298.08	(3,593.41)	(6.62)%	53,933.31	(364.77)	(0.67)%		
6000455	FICA EXPENSE - UNION	110,701.19	113,391.78	(2,690.59)	(2.37)%	106,698.41	(6,693.37)	(5.90)%		
6000600	NYC TAXES	2,685.12	4,645.92	(1,960.80)	(42.20)%	2,928.72	(1,717.20)	(36.96)%		
6000655	NYC TAXES - UNION	5,055.53	9,084.36	(4,028.83)	(44.35)%	4,884.98	(4,199.38)	(46.23)%		
6000800	LONG TERM DISAB. COSTS	514.92	514.92	0.00	0.00%	499.92	(15.00)	(2.91)%		
6000900	UNION FUNDS	641,533.68	518,339.28	123,194.40	23.77%	615,359.16	97,019.88	18.72%		
6001000	FED. UNEMPLOY. INS.	2,940.00	281.88	2,658.12	943.00%	3,780.02	3,498.14	1241.00%		
6001055	FED. UNEMPLOY. INS. - UNION	5,040.00	472.50	4,567.50	966.67%	5,040.00	4,567.50	966.67%		
6001100	STATE UNEMPLOY. INS.	3,530.09	3,379.56	150.53	4.45%	4,325.48	945.92	27.99%		
6001155	STATE UNEMPLOY. INS. - UNION	6,051.61	5,673.42	378.19	6.67%	5,805.60	132.18	2.33%		
6001300	DISABILITY EXPENSE	1,340.76	0.00	1,340.76	100.00%	1,308.00	1,308.00	100.00%		
6001302	DISABILITY EXP - S/T DISAB	0.00	2,584.68	(2,584.68)	(100.00)%	0.00	(2,584.68)	(100.00)%		
6001400	HOSPITALIZATION	71,698.20	75,288.00	(3,589.80)	(4.77)%	75,649.68	361.68	0.48%		
6001500	DENTAL	0.00	6,063.12	(6,063.12)	(100.00)%	0.00	(6,063.12)	(100.00)%		
6001600	COMPENSATION INS.	77,008.56	32,219.04	44,789.52	139.02%	55,636.92	23,417.88	72.68%		
6001700	EMPLYRS CONTRIB.-401(K)	31,831.44	31,561.68	269.76	0.85%	30,315.60	(1,246.08)	(3.95)%		
6001900	TRANSIT CHECKS	9,660.00	9,300.12	359.88	3.87%	9,660.00	359.88	3.87%		
6002500	AD&D D/LIFE INSURANCE	6,205.68	2,556.48	3,649.20	142.74%	6,205.56	3,649.08	142.74%		

3 Part Variance Report

7wtcll,
Operating Income Statement With CapEx (FM_OPER_WCAP)

Comp 1 Book: Accrual

Base Book: Operating Budgets

Comp 2 Book: Accrual

		Comp 1	Baseline			Comp 2			
		Accrual	Operating Budgets			Accrual			
Account	Description	1/2023 - 12/2023	1/2024 - 12/2024	Variance	Variance %	1/2022 - 12/2022	Variance	Variance %	Narrative
6101500	CORPORATE PAYROLL ALLOC - ESC	570,000.00	570,000.00	0.00	0.00%	569,253.00	(747.00)	(0.13)%	
	TOTAL PAYROLL EXPENSES	3,884,012.27	3,886,973.50	(2,961.23)	(0.08) %	3,861,221.04	(25,752.46)	(0.66) %	
	UTILITY EXPENSES								
6300100	STEAM	1,362,200.00	1,424,500.00	(62,300.00)	(4.37)%	1,259,300.00	(165,200.00)	(11.60)%	Includes a 4% rate increase
6300200	FUEL - OIL	30,000.00	30,900.00	(900.00)	(2.91)%	11,900.00	(19,000.00)	(61.49)%	
6300300	ELECTRICITY	6,651,400.00	6,891,100.00	(239,700.00)	(3.48)%	5,778,200.00	(1,112,900.00)	(16.15)%	
6300600	WATER AND SEWER	278,900.00	290,300.00	(11,400.00)	(3.93)%	279,000.00	(11,300.00)	(3.89)%	
	TOTAL UTILITY EXPENSES	8,322,500.00	8,636,800.00	(314,300.00)	(3.64) %	7,328,400.00	(1,308,400.00)	(15.15) %	
	CLEANING EXPENSES								
6400200	CLEANING CONTRACT	6,345,200.00	6,282,600.00	62,600.00	1.00%	6,611,800.00	329,200.00	5.24%	2023 assumed reduced staffing and occupancy January through June and full staffing and occupancy from July-December. 2024 Budget assumes reduced occupancy from January through September, with an increase in staffing from October through December. Full contract staffing not planned for 2024 and no vacancy credit assumed.
6400400	CLEANING EXTRAS	75,800.00	72,000.00	3,800.00	5.28%	73,200.00	1,200.00	1.67%	
6400900	CLEANING VACANCY CREDIT	(136,500.00)	0.00	(136,500.00)	(100.00)%	(130,200.00)	(130,200.00)	(100.00)%	Full contract staffing not planned for 2024 and no vacancy credit assumed.
6401000	WINDOW CLEANING	603,600.00	577,500.00	26,100.00	4.52%	579,400.00	1,900.00	0.33%	
6401100	METAL MAINTENANCE	308,100.00	309,000.00	(900.00)	(0.29)%	286,200.00	(22,800.00)	(7.38)%	
6401200	RUBBISH REMOVAL	107,400.04	111,900.00	(4,499.96)	(4.02)%	130,800.00	18,900.00	16.89%	
6401300	MARBLE CLEAN/REPAIRCST	50,800.00	50,000.00	800.00	1.60%	49,900.00	(100.00)	(0.20)%	
6401399	MARBLE CLEAN/REPAIR-VARIABLE	0.00	30,000.00	(30,000.00)	(100.00)%	0.00	(30,000.00)	(100.00)%	Marble bench maintenance due to deferral of replacement to 2028/2029 (\$30K).
6401400	BATHROOM SUPPLIES	136,300.00	150,000.00	(13,700.00)	(9.13)%	192,800.00	42,800.00	28.53%	
	TOTAL CLEANING EXPENSES	7,490,700.04	7,583,000.00	(92,299.96)	(1.22) %	7,793,900.00	210,900.00	2.78 %	
	SECURITY EXPENSES								
6500100	SECURITY/STARTER	915,000.00	887,400.00	27,600.00	3.11%	951,200.00	63,800.00	7.19%	
6500200	PROTECTION AND SECURITY	205,900.00	206,300.00	(400.00)	(0.19)%	204,400.00	(1,900.00)	(0.92)%	
6500299	PROTECTION AND SEC.-VARIABLE	25,000.00	35,000.00	(10,000.00)	(28.57)%	0.00	(35,000.00)	(100.00)%	Per TG's request, the Lenel systems across the portfolio must be upgraded to Version 8.1. The upgrade increases the longevity of service support and maximizes compatibility with SwiftConnect, the third-party software that enables Inspire's Mobile Credential feature. This upgrade requires the installation of a new server(s). (\$35K).
	TOTAL SECURITY EXPENSES	1,145,900.00	1,128,700.00	17,200.00	1.52 %	1,155,600.00	26,900.00	2.38 %	
	REPAIRS & MAINTENANCE								
7000100	EXTERMINATING	42,400.00	37,800.00	4,600.00	12.17%	41,900.00	4,100.00	10.85%	
7000200	UNIFORM MAINTENANCE	7,900.00	8,400.00	(500.00)	(5.95)%	7,000.00	(1,400.00)	(16.67)%	
7000300	MISC EXPENSES	66,000.00	65,000.00	1,000.00	1.54%	64,700.00	(300.00)	(0.46)%	
7000399	MISC EXPENSES -VARIABLE	20,000.00	0.00	20,000.00	100.00%	0.00	0.00	0.00%	

3 Part Variance Report

7wtcll,
Operating Income Statement With CapEx (FM_OPER_WCAP)

Comp 1 Book: Accrual

Base Book: Operating Budgets

Comp 2 Book: Accrual

Comp 1		Baseline				Comp 2				
		Accrual	Operating Budgets			Accrual				
Account	Description	1/2023 - 12/2023	1/2024 - 12/2024	Variance	Variance %	1/2022 - 12/2022	Variance	Variance %	Narrative	
7000500	REPAIRS-GENERAL	50,000.00	48,000.00	2,000.00	4.17%	50,000.00	2,000.00	4.17%	Materials to overhaul plumbing parts for 425 core bathroom toilets: wax seal, flange spud washers, and vacuum breakers (\$15K), to be installed by in-house engineering team on overtime.	
7000599	REPAIRS-GENERAL-VARIABLE	0.00	0.00	0.00	0.00%	75,000.00	75,000.00	100.00%		
7000600	REPAIRS-PLUMBING	56,900.00	52,000.00	4,900.00	9.42%	56,400.00	4,400.00	8.46%		
7000699	REPAIRS-PLUMBING-VARIABLE	0.00	15,000.00	(15,000.00)	(100.00)%	140,000.00	125,000.00	833.33%		
7000700	REPAIRS-ELECTRICAL	178,900.00	175,900.00	3,000.00	1.71%	130,900.00	(45,000.00)	(25.58)%		
7000720	REPAIRS ELECTRICAL- SM MAINT	40,299.96	41,500.00	(1,200.04)	(2.89)%	39,100.00	(2,400.00)	(5.78)%	Annual Electrical riser maintenance SS-1E (flrs 38-45) (\$90K).	
7000799	REPAIRS-ELECTRICA-VARIABLE	85,000.00	90,000.00	(5,000.00)	(5.56)%	80,000.00	(10,000.00)	(11.11)%		
7000899	REPAIR-EXTERIOR FACAD-VARIABLE	0.00	0.00	0.00	0.00%	50,000.00	50,000.00	100.00%		
7000900	REPAIRS-ROOFING	5,000.00	5,000.00	0.00	0.00%	5,000.00	0.00	0.00%		
7001000	REPAIRS-EXTERIOR PAINT	12,000.00	9,000.00	3,000.00	33.33%	12,000.00	3,000.00	33.33%		
7001100	REPAIRS-SIDEWALKS	43,000.00	39,000.00	4,000.00	10.26%	43,000.00	4,000.00	10.26%	1) Remove and replace missing, broken, and loose grout at cobble stones and pietra cardoza stone in the Silverstein family park (\$45K), due to deferral of replacement to 2027/2028; 2) Replacement of chipped pietra cardoza stone located underneath the canopy (\$355K).	
7001199	REPAIRS-SIDEWALKS-VARIABLE	0.00	400,000.00	(400,000.00)	(100.00)%	240,000.00	(160,000.00)	(40.00)%		
7001200	REPAIRS-WINDOW-GLASS	290,000.00	290,000.00	0.00	0.00%	130,000.00	(160,000.00)	(55.17)%		
7001299	REPAIRS-WINDOW-GLAS-VARIABLE	180,000.00	0.00	180,000.00	100.00%	25,000.00	25,000.00	100.00%		
7001300	REPAIR-WINDOW-MECHANIC	33,900.00	35,200.00	(1,300.00)	(3.69)%	32,800.00	(2,400.00)	(6.82)%		
7001399	REPAIR-WINDOW-MECHANIC-VARIABLE	35,000.00	60,000.00	(25,000.00)	(41.67)%	55,000.00	(5,000.00)	(8.33)%	Code requirement (every 2 years): Rope replacement to window rig on 53rd and 4th fl, includes OSHA inspection of gearbox, last performed in 2022 (\$60K).	
7001400	CARPENTRY AND MASONRY	5,000.00	5,000.00	0.00	0.00%	5,000.00	0.00	0.00%		
7001600	INSPECTIONS	121,500.00	123,400.00	(1,900.00)	(1.54)%	117,800.00	(5,600.00)	(4.54)%		
7001699	INSPECTIONS -VARIABLE	25,000.00	0.00	25,000.00	100.00%	0.00	0.00	0.00%		
7001800	ELEVATOR MAINT CONTRACT	754,900.00	677,700.00	77,200.00	11.39%	667,900.00	(9,800.00)	(1.45)%		
7001900	ELEVATOR REPAIRS	61,000.00	57,700.00	3,300.00	5.72%	59,000.00	1,300.00	2.25%	Renegotiated contract is a reduction to prior year contract.	
7001999	ELEVATOR REP. -VARIABLE	0.00	123,500.00	(123,500.00)	(100.00)%	0.00	(123,500.00)	(100.00)%		
7002000	REPAIRS-HEATING	18,000.00	14,000.00	4,000.00	28.57%	18,000.00	4,000.00	28.57%		
7002099	REPAIRS-HEATING -VARIABLE	0.00	0.00	0.00	0.00%	27,000.00	27,000.00	100.00%		
7002100	REPAIR-A/C DISTR SYST	156,400.00	153,200.00	3,200.00	2.09%	155,600.00	2,400.00	1.57%		
7002199	REPAIR-A/C DISTR SYST-VARIABLE	0.00	65,000.00	(65,000.00)	(100.00)%	0.00	(65,000.00)	(100.00)%	1) Install floor water leak detectors in Mechanical Equipment Rooms, year 1 of 2 (\$35K); 2) Recommissioning of building core Mammoth DX A/C units, (\$30K), year 1 of 2.	
7002200	REPAIR-A/C MAIN PLANT	155,800.00	156,300.00	(500.00)	(0.32)%	152,900.00	(3,400.00)	(2.18)%		
7002299	REPAIR-A/C MAIN PLANT-VARIABLE	11,000.00	0.00	11,000.00	100.00%	0.00	0.00	0.00%		
7002300	REPAIRS-COOLING TOWER	30,000.00	26,000.00	4,000.00	15.38%	30,000.00	4,000.00	15.38%		
7002399	REPAIRS-COOLING TOWER-VARIABLE	0.00	0.00	0.00	0.00%	20,000.00	20,000.00	100.00%		
7002400	LOCKS AND LOCK REPAIRS	4,500.00	3,000.00	1,500.00	50.00%	4,500.00	1,500.00	50.00%		
7002500	ALARM CONTRACT	95,400.00	98,300.00	(2,900.00)	(2.95)%	94,400.00	(3,900.00)	(3.97)%		
7002599	ALARM CONTRACT -VARIABLE	0.00	0.00	0.00	0.00%	32,000.00	32,000.00	100.00%		
7002600	PAINTAND DECORATG PUBLIC	14,000.00	12,000.00	2,000.00	16.67%	14,000.00	2,000.00	16.67%		
7002699	PAINTAND DECORATG PUBLIC-VARIABLE	0.00	0.00	0.00	0.00%	133,000.00	133,000.00	100.00%		
7002700	TANK CLEANING	33,200.00	34,200.00	(1,000.00)	(2.92)%	32,200.00	(2,000.00)	(5.85)%		
7002900	BUILDING SUPPLIES	42,000.00	40,000.00	2,000.00	5.00%	42,000.00	2,000.00	5.00%		

3 Part Variance Report

7wtcll,
Operating Income Statement With CapEx (FM_OPER_WCAP)

Comp 1 Book: Accrual

Base Book: Operating Budgets

Comp 2 Book: Accrual

		Comp 1		Baseline				Comp 2			
		Accrual	Operating Budgets				Accrual				
Account	Description	1/2023 - 12/2023	1/2024 - 12/2024	Variance	Variance %	1/2022 - 12/2022	Variance	Variance %	Narrative		
7002999	BUILDING SUPPLIES-VARIABLE	60,000.00	0.00	60,000.00	100.00%	0.00	0.00	0.00%	Purchase flushometer/touchless sensors for core bathrooms (\$10K).		
7003000	PLUMBING SUPPLIES	12,000.00	12,000.00	0.00	0.00%	12,000.00	0.00	0.00%			
7003099	PLUMBING SUPPLIES-VARIABLE	0.00	10,000.00	(10,000.00)	(100.00)%	0.00	(10,000.00)	(100.00)%			
7003100	ELECTRIC SUPPLIES	3,500.00	3,500.00	0.00	0.00%	3,500.00	0.00	0.00%			
7003200	LAMPS AND BALLASTS	79,500.00	82,200.00	(2,700.00)	(3.28)%	77,400.00	(4,800.00)	(5.84)%			
7003299	LAMPS AND BALLASTS-VARIABLE	0.00	20,000.00	(20,000.00)	(100.00)%	0.00	(20,000.00)	(100.00)%	Replace fluorescent light bulbs in all core bathrooms to energy efficient LED bulbs, to be installed by Building Engineers (\$20K).		
7003300	SAFETY EQUIPMENT	45,100.00	45,100.00	0.00	0.00%	45,500.00	400.00	0.89%			
7003399	SAFETY EQUIP. -VARIABLE	60,000.00	0.00	60,000.00	100.00%	0.00	0.00	0.00%			
7003400	FLAGS AND FLAGPOLES	5,000.00	5,000.00	0.00	0.00%	5,000.00	0.00	0.00%			
7003500	WATER TREATMENT	68,600.00	70,400.00	(1,800.00)	(2.56)%	66,600.00	(3,800.00)	(5.40)%			
7003600	A/C FILTERS	480,000.00	464,000.00	16,000.00	3.45%	580,000.00	116,000.00	25.00%			
7003700	HEATING SUPPLIES	5,500.00	6,000.00	(500.00)	(8.33)%	5,500.00	(500.00)	(8.33)%			
7003800	A/C SUPPLIES	10,000.00	9,000.00	1,000.00	11.11%	10,000.00	1,000.00	11.11%			
7003899	A/C SUPPLIES-VARIABLE	100,000.00	0.00	100,000.00	100.00%	0.00	0.00	0.00%			
7004100	SIGNS AND DIRECTORY	10,000.00	7,500.00	2,500.00	33.33%	10,000.00	2,500.00	33.33%			
7004200	LANDSCAPING	81,200.00	84,000.00	(2,800.00)	(3.33)%	79,000.00	(5,000.00)	(5.95)%			
7004300	INS RECOVERY - COVID-19 EXPNS	39,000.00	0.00	39,000.00	100.00%	121,000.00	121,000.00	100.00%			
TOTAL REPAIRS & MAINTENANCE		3,733,399.96	3,779,800.00	(46,400.04)	(1.23)%	3,898,600.00	118,800.00	3.14%			
PROFESSIONAL FEES											
7200100	CONSULTANT FEES	97,300.00	99,900.00	(2,600.00)	(2.60)%	104,700.00	4,800.00	4.80%			
7200125	CONSULTING FEES TECHNOLOGY	37,319.04	13,241.16	24,077.88	181.84%	115,589.88	102,348.72	772.96%			
7200150	YARDI	53,683.32	50,250.12	3,433.20	6.83%	101,472.48	51,222.36	101.93%			
7200151	YARDI SUPPORT	59,481.60	45,992.04	13,489.56	29.33%	0.00	(45,992.04)	(100.00)%			
7200152	YARDI PROFESSIONAL SERVICES SUPPORT	3,523.08	0.00	3,523.08	100.00%	0.00	0.00	0.00%			
7200165	DOMAINS	2,387.76	2,245.68	142.08	6.33%	0.00	(2,245.68)	(100.00)%			
7200170	DIGITAL MARKETING	17,167.80	6,995.40	10,172.40	145.42%	0.00	(6,995.40)	(100.00)%			
7200175	CYBERSECURITY SUPPORT	52,652.28	34,676.04	17,976.24	51.84%	0.00	(34,676.04)	(100.00)%			
7200180	REAL TIME SPACES R&D	60,621.48	0.00	60,621.48	100.00%	0.00	0.00	0.00%			
7200185	DATA AND ANALYTICS SUPPORT	35,057.76	32,447.76	2,610.00	8.04%	0.00	(32,447.76)	(100.00)%			
7200301	PERMITS	3,600.00	3,600.00	0.00	0.00%	0.00	(3,600.00)	(100.00)%	WTC Site Thermal Energy Integration Report (\$37.5K).		
7200199	CONSULTANT FEES -VARIABLE	0.00	3,533.28	(3,533.28)	(100.00)%	0.00	(3,533.28)	(100.00)%			
7200200	UTILITY CONSULTANT SVC	158,000.04	159,900.00	(1,899.96)	(1.19)%	148,000.00	(11,900.00)	(7.44)%			
7200299	UTILITY CONSULTANT SVC -VARIAB	0.00	37,500.00	(37,500.00)	(100.00)%	15,000.00	(22,500.00)	(60.00)%			
7200300	ARCHITECT FEES	2,000.00	2,000.00	0.00	0.00%	2,000.00	0.00	0.00%			
7200399	PERMITS	0.00	0.00	0.00	0.00%	3,600.00	3,600.00	100.00%			

3 Part Variance Report

7wtcll,
Operating Income Statement With CapEx (FM_OPER_WCAP)

Comp 1 Book: Accrual

Base Book: Operating Budgets

Comp 2 Book: Accrual

		Comp 1	Baseline			Comp 2			Narrative
		Accrual	Operating Budgets			Accrual			
Account	Description	1/2023 - 12/2023	1/2024 - 12/2024	Variance	Variance %	1/2022 - 12/2022	Variance	Variance %	
7200400	ENGINEERING FEES	10,000.00	7,000.00	3,000.00	42.86%	10,000.00	3,000.00	42.86%	
	TOTAL PROFESSIONAL FEES	592,794.16	499,281.48	93,512.68	18.73 %	500,362.36	1,080.88	0.22 %	
	INSURANCE								
7300100	INSURANCE-GENERAL	2,646,433.55	2,597,144.91	49,288.64	1.90%	2,170,162.00	(426,982.91)	(16.44)%	
	TOTAL INSURANCE	2,646,433.55	2,597,144.91	49,288.64	1.90 %	2,170,162.00	(426,982.91)	(16.44) %	
	REAL ESTATE TAXES								
7400400	PILOT TAX	6,226,481.78	6,613,670.16	(387,188.38)	(5.85)%	5,629,545.52	(984,124.64)	(14.88)%	
	TOTAL REAL ESTATE TAXES	6,226,481.78	6,613,670.16	(387,188.38)	(5.85) %	5,629,545.52	(984,124.64)	(14.88) %	
	TOTAL OPERATING EXPENSES - RECOVERABLE	37,873,058.93	38,670,343.27	(797,284.34)	(2.06) %	36,347,336.90	(2,323,006.37)	(6.01) %	
	OPERATING EXPENSES - NON RECOVERABLE								Based on 2023 bank fees incurred. Due to anticipated lower quarterly rent payments (\$0 for 2024 vs \$1.6M for 2023 quarterly), as a result of higher expected 2024 capital reserve additions.
7500400	ADVERTISING	353,500.00	304,916.04	48,583.96	15.93%	151,000.00	(153,916.04)	(50.48)%	
7500500	SPACE PLANNING	17,583.00	17,583.00	0.00	0.00%	11,916.00	(5,667.00)	(32.23)%	
7500700	MEALS AND ENTERTAINMENT	0.00	0.00	0.00	0.00%	3,200.00	3,200.00	100.00%	
7501000	LEGAL-LEASING COSTS	20,000.00	20,000.00	0.00	0.00%	20,000.00	0.00	0.00%	
7501300	CONSULTING FEES - NON ESC	71,407.00	71,407.00	0.00	0.00%	53,025.00	(18,382.00)	(25.74)%	
7501600	COMP SVC - NON ESC (VTS)	26,000.04	26,000.04	0.00	0.00%	26,316.48	316.44	1.22%	
7502500	BANK FEES AND EXPENSES	51,188.10	143,255.40	(92,067.30)	(64.27)%	50,687.50	(92,567.90)	(64.62)%	
7503900	PAINTAND DECORATG TENANT	7,000.00	5,000.00	2,000.00	40.00%	7,000.00	2,000.00	40.00%	
7505100	GROUND RENT	14,581,011.36	8,739,053.16	5,841,958.20	66.85%	20,380,616.56	11,641,563.40	133.21%	
7505300	CORP PAYROLL ALLOC - NON ESC	19,970.04	19,970.04	0.00	0.00%	19,970.04	0.00	0.00%	
7505400	CORP OVERHEAD ALLOC - NONESC	183,725.04	183,725.04	0.00	0.00%	183,725.04	0.00	0.00%	
7505500	OFFICE MAINTENANCE	1,313.04	1,452.84	(139.80)	(9.62)%	0.00	(1,452.84)	(100.00)%	
	TOTAL OPERATING EXPENSES - NON RECOVERABLE	15,332,697.62	9,532,362.56	5,800,335.06	60.85 %	20,907,456.62	11,375,094.06	119.33 %	
	NET OPERATING INCOME	53,994,038.42	67,956,244.40	13,962,205.98	20.55 %	56,329,374.62	11,626,869.78	17.11 %	
	NON-OPERATING EXPENSES								

3 Part Variance Report

7wtcll,
Operating Income Statement With CapEx (FM_OPER_WCAP)

Comp 1 Book: Accrual

Base Book: Operating Budgets

Comp 2 Book: Accrual

		Comp 1	Baseline			Comp 2			
		Accrual	Operating Budgets			Accrual			
Account	Description	1/2023 - 12/2023	1/2024 - 12/2024	Variance	Variance %	1/2022 - 12/2022	Variance	Variance %	Narrative
TENANT REIMBURSEMENT EXPENSES									
7600100	TENANT REIM/OPER.EXPENSE	298,006.20	344,128.92	(46,122.72)	(13.40)%	287,442.36	(56,686.56)	(16.47)%	Based on budgeted tenant reimbursement income; increased in line with elevator and R&M increases.
7600200	MISC EVENT EXPENSE	93,801.96	93,801.96	0.00	0.00%	64,999.92	(28,802.04)	(30.71)%	
7600210	MISC EVENT EXPENSE- MARKETING	39,999.96	39,999.96	0.00	0.00%	39,999.96	0.00	0.00%	
TOTAL TENANT REIMBURSEMENT EXPENSES		431,808.12	477,930.84	(46,122.72)	(9.65)%	392,442.24	(85,488.60)	(17.89)%	
OTHER NON OPERATING EXPENSES									
7700200	AUDIT	48,674.76	78,828.96	(30,154.20)	(38.25)%	42,435.96	(36,393.00)	(46.17)%	Due to higher allocation of audit fees to 7WTC.
7700300	ACCOUNTING SERVICES	9,614.46	10,654.08	(1,039.62)	(9.76)%	9,548.04	(1,106.04)	(10.38)%	
7700600	LEGAL	25,718.00	5,884.00	19,834.00	337.08%	0.00	(5,884.00)	(100.00)%	
7700620	LEGAL- ACCOUNTING	25,717.52	25,717.52	0.00	0.00%	36,000.00	10,282.48	39.98%	
7700900	POLITICAL CONTRIBUTIONS	50,000.00	19,348.85	30,651.15	158.41%	50,000.00	30,651.15	158.41%	
7701200	FILING FEE	4,550.00	4,500.00	50.00	1.11%	4,550.00	50.00	1.11%	
7701300	FILING FEES-CSC	1,500.00	3,800.00	(2,300.00)	(60.53)%	1,500.00	(2,300.00)	(60.53)%	
TOTAL OTHER NON OPERATING EXPENSES		165,774.74	148,733.41	17,041.33	11.46%	144,034.00	(4,699.41)	(3.16)%	
TOTAL NON-OPERATING EXPENSES		597,582.86	626,664.25	(29,081.39)	(4.64)%	536,476.24	(90,188.01)	(14.39)%	
NET INCOME (LOSS) BEFORE INT & DEPR		53,396,455.56	67,329,580.15	13,933,124.59	20.69%	55,792,898.38	11,536,681.77	17.13%	
INTEREST EXPENSE									
8000600	INTEREST-IDA BONDS	14,173,869.66	14,147,910.42	25,959.24	0.18%	14,951,569.02	803,658.60	5.68%	
8000700	LIBERTY BONDS - CONTRA	0.00	0.00	0.00	0.00%	285,718.00	285,718.00	100.00%	
TOTAL INTEREST EXPENSE		14,173,869.66	14,147,910.42	25,959.24	0.18%	15,237,287.02	1,089,376.60	7.70%	
DEPRECIATION & AMORTIZATION									
8500400	DEPRECIATION EXPENSE	3,441,362.28	3,519,556.92	(78,194.64)	(2.22)%	3,395,949.96	(123,606.96)	(3.51)%	Due to higher number of renewals/ new tenants.
8500700	AMORT-TENANT IMPROVMNT	0.00	133,333.05	(133,333.05)	(100.00)%	0.00	(133,333.05)	(100.00)%	
8501000	AMORT-MORTGAGE COST	269,393.64	269,393.64	0.00	0.00%	8,949,864.91	8,680,471.27	3222.23%	
8501500	AMORTIZATION-LEGAL COSTS	51,266.80	81,765.56	(30,498.76)	(37.30)%	40,538.68	(41,226.88)	(50.42)%	
8501600	AMORT-LEASE COMMISSIONS	1,207,317.14	1,420,427.71	(213,110.57)	(15.00)%	793,344.17	(627,083.54)	(44.15)%	
TOTAL DEPRECIATION & AMORTIZATION		4,969,339.86	5,424,476.88	(455,137.02)	(8.39)%	13,179,697.72	7,755,220.84	142.97%	
NET INCOME		34,253,246.04	47,757,192.85	13,503,946.81	28.28%	27,375,913.64	20,381,279.21	42.68%	

3 Part Variance Report

7wtcll,
Operating Income Statement With CapEx (FM_OPER_WCAP)

Comp 1 Book: Accrual

Base Book: Operating Budgets

Comp 2 Book: Accrual

		Comp 1	Baseline			Comp 2			Narrative
		Accrual	Operating Budgets			Accrual			
Account	Description	1/2023 - 12/2023	1/2024 - 12/2024	Variance	Variance %	1/2022 - 12/2022	Variance	Variance %	
CAPITAL EXPENDITURES									
LEASE COMMISSIONS & LEGAL									
1700100	PREPAID LEASING COMMISSION	2,481,806.00	1,681,657.90	800,148.10	47.58%	2,316,834.00	635,176.10	37.77%	
1710100	PREPAID LEGAL	152,936.00	102,222.50	50,713.50	49.61%	157,604.00	55,381.50	54.18%	
TOTAL LEASE COMMISSIONS & LEGAL		2,634,742.00	1,783,880.40	850,861.60	47.70%	2,474,438.00	690,557.60	38.71%	
BUILDING IMPROVEMENTS									
1630200	BUILDING IMPROVEMENTS 1	20,000.00	440,000.00	(420,000.00)	(95.45)%	2,120,000.00	1,680,000.00	381.82%	
1630300	BLDG IMPR-LANDLORD WORK	1,901,000.00	1,798,000.00	103,000.00	5.73%	1,311,000.00	(487,000.00)	(27.09)%	
1630600	BLDG IMPR-CODE COMPLIANCE	0.00	0.00	0.00	0.00%	100,000.00	100,000.00	100.00%	
1631400	ARTWORK	0.00	0.00	0.00	0.00%	250,000.00	250,000.00	100.00%	
1650100	EQUIPMENT 1	309,310.56	85,000.00	224,310.56	263.89%	1,718,000.00	1,633,000.00	1921.18%	
1660100	FURNITURE AND FIXTURES 1	0.00	0.00	0.00	0.00%	50,000.00	50,000.00	100.00%	
TOTAL BUILDING IMPROVEMENTS		2,230,310.56	2,323,000.00	(92,689.44)	(3.99)%	5,549,000.00	3,226,000.00	138.87%	
TENANT IMPROVEMENTS									
1640300	TENANT IMPROVEMENTS	12,442,786.50	13,065,614.50	(622,828.00)	(4.77)%	10,610,843.00	(2,454,771.50)	(18.79)%	
TOTAL TENANT IMPROVEMENTS		12,442,786.50	13,065,614.50	(622,828.00)	(4.77)%	10,610,843.00	(2,454,771.50)	(18.79)%	
TOTAL CAPITAL & LEASING EXPENSES		17,307,839.06	17,172,494.90	135,344.16	0.79%	18,634,281.00	1,461,786.10	8.51%	
BONDS PAYABLE									
2301200	IDA BONDS O/S	0.00	1,660,000.02	(1,660,000.02)	100.00%	0.00	0.00	0.00%	
TOTAL BONDS PAYABLE		0.00	1,660,000.02	(1,660,000.02)	100%	0.00	0.00	0%	

7 WORLD TRADE CENTER II, LLC
2024 Budget
OPER_WCAP_SUM

Account Code	Account Description	Property	Annual PSF	Annual Total	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec	
	RENTAL REVENUE	7wtcll	\$ 57.88	\$ 100,003,752.98	\$ 7,886,932.67	\$ 8,116,233.51	\$ 8,142,955.56	\$ 8,410,082.70	\$ 8,409,790.30	\$ 8,409,790.30	\$ 8,409,790.30	\$ 8,404,387.86	\$ 8,404,387.86	\$ 8,404,387.86	\$ 8,404,387.86	\$ 8,600,626.20	
	ELECTRIC REVENUE	7wtcll	\$ 1.90	\$ 3,279,847.80	\$ 210,797.41	\$ 199,969.41	\$ 233,318.41	\$ 132,604.59	\$ 181,219.92	\$ 315,775.92	\$ 412,982.92	\$ 525,288.92	\$ 446,886.92	\$ 207,370.46	\$ 197,896.46	\$ 216,736.46	
	ESCALATION REVENUE	7wtcll	\$ 6.49	\$ 11,212,147.08	\$ 924,483.42	\$ 924,483.42	\$ 924,483.42	\$ 924,483.42	\$ 924,483.42	\$ 924,483.42	\$ 944,207.76	\$ 944,207.76	\$ 944,207.76	\$ 944,207.76	\$ 944,207.76	\$ 944,207.76	
	TENANT REIMBURSEMENT REVENUE	7wtcll	\$ 0.62	\$ 1,076,259.81	\$ 90,143.07	\$ 90,651.04	\$ 91,419.57	\$ 89,075.57	\$ 89,184.57	\$ 89,389.57	\$ 89,440.57	\$ 89,342.57	\$ 89,622.57	\$ 89,284.57	\$ 89,750.57	\$ 88,955.57	
	OTHER REVENUE	7wtcll	\$ 0.34	\$ 586,942.56	\$ 48,911.88	\$ 48,911.88	\$ 48,911.88	\$ 48,911.88	\$ 48,911.88	\$ 48,911.88	\$ 48,911.88	\$ 48,911.88	\$ 48,911.88	\$ 48,911.88	\$ 48,911.88	\$ 48,911.88	
	TOTAL REVENUES	7wtcll	\$ 67.23	\$ 116,158,950.23	\$ 9,161,268.45	\$ 9,379,249.26	\$ 9,441,088.84	\$ 9,605,158.16	\$ 9,653,590.09	\$ 9,788,351.09	\$ 9,905,333.43	\$ 10,012,138.99	\$ 9,934,016.99	\$ 9,694,162.53	\$ 9,685,154.53	\$ 9,899,437.87	
	MANAGEMENT FEES	7wtcll	\$ 1.68	\$ 2,894,300.18	\$ 228,225.58	\$ 233,675.10	\$ 235,221.09	\$ 239,322.82	\$ 240,533.62	\$ 243,902.65	\$ 246,827.21	\$ 249,497.34	\$ 247,544.29	\$ 241,547.93	\$ 241,322.73	\$ 246,679.82	
	GENERAL & ADMINISTRATIVE EXPENSES	7wtcll	\$ 0.61	\$ 1,050,673.04	\$ 84,712.42	\$ 84,512.42	\$ 83,862.42	\$ 82,212.42	\$ 82,012.42	\$ 82,012.42	\$ 117,012.42	\$ 82,012.42	\$ 89,398.42	\$ 88,548.42	\$ 87,628.42	\$ 86,748.42	
	PAYROLL EXPENSES	7wtcll	\$ 2.25	\$ 3,886,973.50	\$ 341,381.09	\$ 312,409.01	\$ 312,409.01	\$ 341,381.09	\$ 312,409.01	\$ 318,467.63	\$ 349,435.28	\$ 318,887.75	\$ 312,829.13	\$ 341,906.24	\$ 312,829.13	\$ 312,629.13	
	UTILITY EXPENSES	7wtcll	\$ 5.00	\$ 8,636,800.00	\$ 836,969.00	\$ 798,467.00	\$ 760,444.00	\$ 423,301.00	\$ 427,637.00	\$ 797,601.00	\$ 896,206.00	\$ 1,009,815.00	\$ 874,169.00	\$ 523,567.00	\$ 604,164.00	\$ 724,460.00	
	CLEANING EXPENSES	7wtcll	\$ 4.39	\$ 7,583,000.00	\$ 584,235.75	\$ 584,235.75	\$ 640,280.68	\$ 694,056.91	\$ 588,140.75	\$ 636,685.68	\$ 650,486.91	\$ 645,950.75	\$ 644,883.20	\$ 660,959.91	\$ 605,893.75	\$ 647,189.96	
	SECURITY EXPENSES	7wtcll	\$ 0.65	\$ 1,128,700.00	\$ 125,308.00	\$ 89,072.00	\$ 101,447.00	\$ 87,835.00	\$ 89,072.00	\$ 90,835.00	\$ 89,072.00	\$ 89,072.00	\$ 89,072.00	\$ 89,072.00	\$ 89,072.00	\$ 89,117.00	
	REPAIRS & MAINTENANCE	7wtcll	\$ 2.19	\$ 3,779,800.00	\$ 110,082.89	\$ 382,208.89	\$ 427,547.89	\$ 573,706.89	\$ 419,550.89	\$ 300,314.89	\$ 234,715.89	\$ 398,192.89	\$ 286,260.89	\$ 254,721.89	\$ 288,874.93	\$ 103,621.17	
	PROFESSIONAL FEES	7wtcll	\$ 0.29	\$ 499,281.48	\$ 44,075.79	\$ 39,786.79	\$ 26,548.79	\$ 38,275.79	\$ 68,573.79	\$ 36,286.79	\$ 36,249.79	\$ 28,397.79	\$ 26,544.79	\$ 53,230.79	\$ 77,523.79	\$ 23,786.79	
	INSURANCE	7wtcll	\$ 1.50	\$ 2,597,144.91	\$ 213,034.37	\$ 213,219.21	\$ 213,219.21	\$ 213,219.21	\$ 213,219.21	\$ 213,219.21	\$ 213,219.21	\$ 213,366.83	\$ 213,342.41	\$ 213,362.62	\$ 232,361.71	\$ 232,361.71	
	REAL ESTATE TAXES	7wtcll	\$ 3.83	\$ 6,613,670.16	\$ 533,863.65	\$ 533,863.65	\$ 533,863.65	\$ 533,863.65	\$ 533,863.65	\$ 533,863.65	\$ 568,414.71	\$ 568,414.71	\$ 568,414.71	\$ 568,414.71	\$ 568,414.71	\$ 568,414.71	
	TOTAL OPERATING EXPENSES - RECOVERABLE	7wtcll	\$ 22.38	\$ 38,670,343.27	\$ 3,101,888.54	\$ 3,231,449.82	\$ 3,334,843.74	\$ 3,227,174.78	\$ 2,975,012.34	\$ 3,253,188.92	\$ 3,401,639.42	\$ 3,612,482.48	\$ 3,352,458.84	\$ 3,034,094.51	\$ 3,111,101.17	\$ 3,035,008.71	
	OPERATING EXPENSES - NON RECOVERABLE	7wtcll	\$ 5.52	\$ 9,532,362.56	\$ 780,894.68	\$ 780,894.68	\$ 791,894.68	\$ 838,994.14	\$ 780,894.68	\$ 785,894.68	\$ 790,085.68	\$ 780,894.68	\$ 791,969.14	\$ 798,584.84	\$ 798,584.84	\$ 812,775.84	
	NET OPERATING INCOME	7wtcll	\$ 39.33	\$ 67,956,244.40	\$ 5,278,485.23	\$ 5,366,904.76	\$ 5,314,350.42	\$ 5,538,989.24	\$ 5,897,683.07	\$ 5,749,267.49	\$ 5,713,608.33	\$ 5,618,761.83	\$ 5,789,589.01	\$ 5,861,483.18	\$ 5,775,468.52	\$ 6,051,653.32	
	TENANT REIMBURSEMENT EXPENSES	7wtcll	\$ 0.28	\$ 477,930.84	\$ 39,827.57	\$ 39,827.57	\$ 39,827.57	\$ 39,827.57	\$ 39,827.57	\$ 39,827.57	\$ 39,827.57	\$ 39,827.57	\$ 39,827.57	\$ 39,827.57	\$ 39,827.57	\$ 39,827.57	
	OTHER NON OPERATING EXPENSES	7wtcll	\$ 0.09	\$ 148,733.41	\$ 7,456.92	\$ 9,756.92	\$ 19,857.30	\$ 8,956.92	\$ 7,456.92	\$ 15,357.30	\$ 26,805.77	\$ 7,456.92	\$ 15,357.30	\$ 7,456.92	\$ 7,456.92	\$ 15,357.30	
	TOTAL NON-OPERATING EXPENSES	7wtcll	\$ 0.36	\$ 626,664.25	\$ 47,284.49	\$ 49,584.49	\$ 59,684.87	\$ 48,784.49	\$ 47,284.49	\$ 55,184.87	\$ 66,633.34	\$ 47,284.49	\$ 55,184.87	\$ 47,284.49	\$ 47,284.49	\$ 55,184.87	
	NET INCOME (LOSS) BEFORE INT & DEPR	7wtcll	\$ 38.97	\$ 67,329,580.15	\$ 5,231,200.74	\$ 5,317,320.27	\$ 5,254,665.55	\$ 5,490,204.75	\$ 5,850,398.58	\$ 5,694,082.62	\$ 5,646,974.99	\$ 5,571,477.34	\$ 5,734,404.14	\$ 5,814,198.69	\$ 5,728,184.03	\$ 5,996,468.45	
	INTEREST EXPENSE	7wtcll	\$ 8.19	\$ 14,147,910.42	\$ 1,179,731.58	\$ 1,179,731.58	\$ 1,179,731.58	\$ 1,179,731.58	\$ 1,179,731.58	\$ 1,179,731.58	\$ 1,179,731.58	\$ 1,179,731.58	\$ 1,179,731.58	\$ 1,176,775.40	\$ 1,176,775.40	\$ 1,176,775.40	
	DEPRECIATION & AMORTIZATION	7wtcll	\$ 3.14	\$ 5,424,476.88	\$ 437,696.99	\$ 437,696.99	\$ 437,696.99	\$ 437,696.99	\$ 437,696.99	\$ 437,696.99	\$ 437,696.99	\$ 437,696.99	\$ 437,696.99	\$ 495,068.23	\$ 495,068.23	\$ 495,067.51	
	NET INCOME	7wtcll	\$ 27.64	\$ 47,757,192.85	\$ 3,613,772.17	\$ 3,699,891.70	\$ 3,637,236.98	\$ 3,872,776.18	\$ 4,232,970.01	\$ 4,076,654.05	\$ 4,029,546.42	\$ 3,954,048.77	\$ 4,116,975.57	\$ 4,142,355.06	\$ 4,056,340.40	\$ 4,324,625.54	
	LEASE COMMISSIONS & LEGAL	7wtcll	\$ 1.03	\$ 1,783,880.40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,223,327.77	\$ -	\$ -	\$ -	\$ 560,552.63	\$ -	\$ -	
	BUILDING IMPROVEMENTS	7wtcll	\$ 1.34	\$ 2,323,000.00	\$ 249,703.00	\$ 314,703.00	\$ 479,594.00	\$ 150,000.00	\$ 70,000.00	\$ 262,250.00	\$ 262,250.00	\$ 262,250.00	\$ 272,250.00	\$ -	\$ -	\$ -	
	TENANT IMPROVEMENTS	7wtcll	\$ 7.56	\$ 13,065,614.50	\$ 1,494,948.75	\$ 1,494,948.75	\$ 1,248,253.50	\$ 1,609,718.50	\$ 361,465.00	\$ 1,894,802.50	\$ 1,894,802.50	\$ 1,533,337.50	\$ 1,533,337.50	\$ -	\$ -	\$ -	
	OTHER CAPITAL COSTS	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	TOTAL CAPITAL & LEASING EXPENSES	7wtcll	\$ 9.94	\$ 17,172,494.90	\$ 1,744,651.75	\$ 1,809,651.75	\$ 1,727,847.50	\$ 1,759,718.50	\$ 431,465.00	\$ 3,380,380.27	\$ 2,157,052.50	\$ 1,795,587.50	\$ 1,805,587.50	\$ 560,552.63	\$ -	\$ -	
	IDA BONDS O/S	7wtcll	\$ 0.96	\$ 1,660,000.02	\$ -	\$ -	\$ -	\$ 276,666.67	\$ 276,666.67	\$ 276,666.67	\$ 276,666.67	\$ 276,666.67	\$ 276,666.67	\$ -	\$ -	\$ -	
	TOTAL BONDS PAYABLE	7wtcll	\$ 0.96	\$ 1,660,000.02	\$ -	\$ -	\$ -	\$ 276,666.67	\$ 276,666.67	\$ 276,666.67	\$ 276,666.67	\$ 276,666.67	\$ 276,666.67	\$ -	\$ -	\$ -	

7 WORLD TRADE CENTER II, LLC
2024 Budget
OPER_WCAP

Account Code	Account Description	Property	Annual PSF	Annual Total	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec	
4000100	RENTAL INCOME - COMMERCIAL	7wtcll	\$ 61.29	\$ 105,896,112.55	\$ 8,735,118.13	\$ 8,751,968.97	\$ 8,751,968.97	\$ 8,751,968.97	\$ 8,751,968.97	\$ 8,751,968.97	\$ 8,751,968.97	\$ 8,751,968.97	\$ 8,751,968.97	\$ 9,048,414.22	\$ 9,048,414.22	\$ 9,048,414.22	
4000119	RENTAL INCOME - COVID-19 DEF	7wtcll	\$ 0.03	\$ 59,704.20	\$ 4,975.35	\$ 4,975.35	\$ 4,975.35	\$ 4,975.35	\$ 4,975.35	\$ 4,975.35	\$ 4,975.35	\$ 4,975.35	\$ 4,975.35	\$ 4,975.35	\$ 4,975.35	\$ 4,975.35	
4000300	RENT INCOME-STORAGE	7wtcll	\$ 0.03	\$ 56,250.00	\$ 4,687.50	\$ 4,687.50	\$ 4,687.50	\$ 4,687.50	\$ 4,687.50	\$ 4,687.50	\$ 4,687.50	\$ 4,687.50	\$ 4,687.50	\$ 4,687.50	\$ 4,687.50	\$ 4,687.50	
4000310	LICENSE FEE INCOME	7wtcll	\$ 0.23	\$ 399,022.31	\$ 38,930.87	\$ 38,930.87	\$ 38,930.87	\$ 34,618.01	\$ 34,325.61	\$ 34,325.61	\$ 34,325.61	\$ 28,923.17	\$ 28,923.17	\$ 28,923.17	\$ 28,923.17	\$ 28,942.18	
4000320	RENTAL CONCESSIONS - COMMERCIAL	7wtcll	\$ (3.71)	\$ (6,403,760.78)	\$ (896,779.18)	\$ (684,329.18)	\$ (657,249.60)	\$ (385,809.60)	\$ (385,809.60)	\$ (385,809.60)	\$ (385,809.60)	\$ (385,809.60)	\$ (385,809.60)	\$ (682,254.85)	\$ (682,254.85)	\$ (486,035.52)	
4000330	BASE RENT CREDIT	7wtcll	\$ (0.00)	\$ (3,575.30)	\$ -	\$ -	\$ (357.53)	\$ (357.53)	\$ (357.53)	\$ (357.53)	\$ (357.53)	\$ (357.53)	\$ (357.53)	\$ (357.53)	\$ (357.53)	\$ (357.53)	
	TOTAL RENTAL REVENUE	7wtcll	\$ 57.88	\$ 100,003,752.98	\$ 7,886,932.67	\$ 8,116,233.51	\$ 8,142,955.56	\$ 8,410,082.70	\$ 8,409,790.30	\$ 8,409,790.30	\$ 8,409,790.30	\$ 8,404,387.86	\$ 8,404,387.86	\$ 8,404,387.86	\$ 8,404,387.86	\$ 8,600,626.20	
4200200	ELECTRIC INCLUSION	7wtcll	\$ 0.02	\$ 35,147.80	\$ 3,098.41	\$ 3,098.41	\$ 3,098.41	\$ 2,880.59	\$ 2,864.92	\$ 2,864.92	\$ 2,864.92	\$ 2,864.92	\$ 2,864.92	\$ 2,882.46	\$ 2,882.46	\$ 2,882.46	
4200400	ELECTRIC - SUBMETERED	7wtcll	\$ 1.88	\$ 3,244,700.00	\$ 207,699.00	\$ 195,871.00	\$ 230,220.00	\$ 129,724.00	\$ 178,355.00	\$ 312,911.00	\$ 410,118.00	\$ 522,424.00	\$ 444,022.00	\$ 204,488.00	\$ 195,014.00	\$ 213,854.00	
	TOTAL ELECTRIC REVENUE	7wtcll	\$ 1.90	\$ 3,279,847.80	\$ 210,797.41	\$ 198,969.41	\$ 233,318.41	\$ 132,604.59	\$ 181,219.92	\$ 315,775.92	\$ 412,982.92	\$ 525,288.92	\$ 446,886.92	\$ 207,370.46	\$ 197,896.46	\$ 216,736.46	
4100100	R.E. TAX ESCALATION	7wtcll	\$ 1.59	\$ 2,749,730.76	\$ 219,282.06	\$ 219,282.06	\$ 219,282.06	\$ 219,282.06	\$ 219,282.06	\$ 219,282.06	\$ 239,006.40	\$ 239,006.40	\$ 239,006.40	\$ 239,006.40	\$ 239,006.40	\$ 239,006.40	
4100300	OPER EXPENSE ESC.	7wtcll	\$ 4.87	\$ 8,417,783.04	\$ 701,481.92	\$ 701,481.92	\$ 701,481.92	\$ 701,481.92	\$ 701,481.92	\$ 701,481.92	\$ 701,481.92	\$ 701,481.92	\$ 701,481.92	\$ 701,481.92	\$ 701,481.92	\$ 701,481.92	
4100800	COMMON AREA MAINTENANCE	7wtcll	\$ 0.03	\$ 44,633.28	\$ 3,719.44	\$ 3,719.44	\$ 3,719.44	\$ 3,719.44	\$ 3,719.44	\$ 3,719.44	\$ 3,719.44	\$ 3,719.44	\$ 3,719.44	\$ 3,719.44	\$ 3,719.44	\$ 3,719.44	
	TOTAL ESCALATION REVENUE	7wtcll	\$ 6.49	\$ 11,212,147.08	\$ 924,483.42	\$ 924,483.42	\$ 924,483.42	\$ 924,483.42	\$ 924,483.42	\$ 924,483.42	\$ 944,207.76	\$ 944,207.76	\$ 944,207.76	\$ 944,207.76	\$ 944,207.76	\$ 944,207.76	
4210200	ELEVATOR	7wtcll	\$ 0.15	\$ 253,711.68	\$ 21,142.64	\$ 21,142.64	\$ 21,142.64	\$ 21,142.64	\$ 21,142.64	\$ 21,142.64	\$ 21,142.64	\$ 21,142.64	\$ 21,142.64	\$ 21,142.64	\$ 21,142.64	\$ 21,142.64	
4210300	REPAIRS AND MAINTENANCE	7wtcll	\$ 0.03	\$ 45,084.24	\$ 3,757.02	\$ 3,757.02	\$ 3,757.02	\$ 3,757.02	\$ 3,757.02	\$ 3,757.02	\$ 3,757.02	\$ 3,757.02	\$ 3,757.02	\$ 3,757.02	\$ 3,757.02	\$ 3,757.02	
4210800	CONSULTANTS	7wtcll	\$ 0.02	\$ 32,235.00	\$ 2,686.25	\$ 2,686.25	\$ 2,686.25	\$ 2,686.25	\$ 2,686.25	\$ 2,686.25	\$ 2,686.25	\$ 2,686.25	\$ 2,686.25	\$ 2,686.25	\$ 2,686.25	\$ 2,686.25	
4210900	HVAC	7wtcll	\$ 0.05	\$ 80,000.04	\$ 6,666.67	\$ 6,666.67	\$ 6,666.67	\$ 6,666.67	\$ 6,666.67	\$ 6,666.67	\$ 6,666.67	\$ 6,666.67	\$ 6,666.67	\$ 6,666.67	\$ 6,666.67	\$ 6,666.67	
4211000	CONDENSER WATER INCOME	7wtcll	\$ 0.27	\$ 474,005.01	\$ 40,182.17	\$ 40,126.14	\$ 39,369.67	\$ 39,369.67	\$ 39,369.67	\$ 39,369.67	\$ 39,369.67	\$ 39,369.67	\$ 39,369.67	\$ 39,369.67	\$ 39,369.67	\$ 39,369.67	
4211100	CLEANING	7wtcll	\$ 0.00	\$ 6,465.72	\$ 538.81	\$ 538.81	\$ 538.81	\$ 538.81	\$ 538.81	\$ 538.81	\$ 538.81	\$ 538.81	\$ 538.81	\$ 538.81	\$ 538.81	\$ 538.81	
4211300	BUILDING ENGINEERS	7wtcll	\$ 0.06	\$ 106,706.52	\$ 8,892.21	\$ 8,892.21	\$ 8,892.21	\$ 8,892.21	\$ 8,892.21	\$ 8,892.21	\$ 8,892.21	\$ 8,892.21	\$ 8,892.21	\$ 8,892.21	\$ 8,892.21	\$ 8,892.21	
4211500	SECURITY	7wtcll	\$ 0.00	\$ 6,632.28	\$ 552.69	\$ 552.69	\$ 552.69	\$ 552.69	\$ 552.69	\$ 552.69	\$ 552.69	\$ 552.69	\$ 552.69	\$ 552.69	\$ 552.69	\$ 552.69	
4211600	UTILITY INCOME	7wtcll	\$ 0.01	\$ 19,800.00	\$ 1,423.00	\$ 1,987.00	\$ 3,512.00	\$ 1,168.00	\$ 1,277.00	\$ 1,482.00	\$ 1,533.00	\$ 1,435.00	\$ 1,715.00	\$ 1,377.00	\$ 1,843.00	\$ 1,048.00	
4211800	TRIS ADMIN FEES	7wtcll	\$ 0.03	\$ 51,619.32	\$ 4,301.61	\$ 4,301.61	\$ 4,301.61	\$ 4,301.61	\$ 4,301.61	\$ 4,301.61	\$ 4,301.61	\$ 4,301.61	\$ 4,301.61	\$ 4,301.61	\$ 4,301.61	\$ 4,301.61	
	TOTAL TENANT REIMBURSEMENT REVENUE	7wtcll	\$ 0.62	\$ 1,076,259.81	\$ 90,143.07	\$ 90,651.04	\$ 91,419.57	\$ 89,075.57	\$ 89,184.57	\$ 89,389.57	\$ 89,440.57	\$ 89,342.57	\$ 89,622.57	\$ 89,284.57	\$ 89,750.57	\$ 88,955.57	
4301000	MISC EVENT INCOME	7wtcll	\$ 0.12	\$ 200,000.04	\$ 16,666.67	\$ 16,666.67	\$ 16,666.67	\$ 16,666.67	\$ 16,666.67	\$ 16,666.67	\$ 16,666.67	\$ 16,666.67	\$ 16,666.67	\$ 16,666.67	\$ 16,666.67	\$ 16,666.67	
4301800	INTEREST EARNED	7wtcll	\$ 0.22	\$ 385,206.60	\$ 32,100.55	\$ 32,100.55	\$ 32,100.55	\$ 32,100.55	\$ 32,100.55	\$ 32,100.55	\$ 32,100.55	\$ 32,100.55	\$ 32,100.55	\$ 32,100.55	\$ 32,100.55	\$ 32,100.55	
4301900	INT EARNED-TNT ARREARS	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
4302600	DIVIDEND INCOME	7wtcll	\$ 0.00	\$ 1,735.92	\$ 144.66	\$ 144.66	\$ 144.66	\$ 144.66	\$ 144.66	\$ 144.66	\$ 144.66	\$ 144.66	\$ 144.66	\$ 144.66	\$ 144.66	\$ 144.66	
4302700	GAIN ON SALE OF SECURITY	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	TOTAL OTHER REVENUE	7wtcll	\$ 0.34	\$ 586,942.56	\$ 48,911.88	\$ 48,911.88	\$ 48,911.88	\$ 48,911.88	\$ 48,911.88	\$ 48,911.88	\$ 48,911.88	\$ 48,911.88	\$ 48,911.88	\$ 48,911.88	\$ 48,911.88	\$ 48,911.88	
	TOTAL REVENUES	7wtcll	\$ 67.23	\$ 116,158,950.23	\$ 9,161,268.45	\$ 9,379,249.26	\$ 9,441,088.84	\$ 9,605,158.16	\$ 9,653,590.09	\$ 9,788,351.09	\$ 9,905,333.43	\$ 10,012,138.99	\$ 9,934,016.99	\$ 9,694,162.53	\$ 9,685,154.53	\$ 9,899,437.87	
5100100	MANAGEMENT FEES	7wtcll	\$ 1.68	\$ 2,894,300.18	\$ 228,225.58	\$ 233,675.10	\$ 235,221.09	\$ 239,322.82	\$ 240,533.62	\$ 243,902.65	\$ 246,827.21	\$ 249,497.34	\$ 247,544.29	\$ 241,547.93	\$ 241,322.73	\$ 246,679.82	
	TOTAL MANAGEMENT FEES	7wtcll	\$ 1.68	\$ 2,894,300.18	\$ 228,225.58	\$ 233,675.10	\$ 235,221.09	\$ 239,322.82	\$ 240,533.62	\$ 243,902.65	\$ 246,827.21	\$ 249,497.34	\$ 247,544.29	\$ 241,547.93	\$ 241,322.73	\$ 246,679.82	
5500300	MEALS	7wtcll	\$ 0.01	\$ 15,000.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	
5500500	LODGING	7wtcll	\$ 0.00	\$ 1,000.00	\$ -	\$ -	\$ 500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500.00	\$ -	\$ -	
5501700	OFFICE EXPENSE	7wtcll	\$ 0.01	\$ 9,000.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	
5502200	MESSENGER SERVICE	7wtcll	\$ 0.00	\$ 400.00	\$ -	\$ -	\$ 200.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200.00	\$ -	\$ -	\$ -	

Account Code	Account Description	Property	Annual PSF	Annual Total	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec
5502300	EXPRESS MAIL SERVICES	7wtcll	\$ 0.00	\$ 600.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00
5502600	PHONE BYOD	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5502700	PHONE AND INTERNET CARRIERS	7wtcll	\$ 0.01	\$ 14,000.04	\$ 1,166.67	\$ 1,166.67	\$ 1,166.67	\$ 1,166.67	\$ 1,166.67	\$ 1,166.67	\$ 1,166.67	\$ 1,166.67	\$ 1,166.67	\$ 1,166.67	\$ 1,166.67	\$ 1,166.67
5502750	PHONE AND INTERNET - OPS	7wtcll	\$ 0.02	\$ 34,200.00	\$ 2,850.00	\$ 2,850.00	\$ 2,850.00	\$ 2,850.00	\$ 2,850.00	\$ 2,850.00	\$ 2,850.00	\$ 2,850.00	\$ 2,850.00	\$ 2,850.00	\$ 2,850.00	\$ 2,850.00
5502800	COMPANY MOBILE PLAN	7wtcll	\$ 0.01	\$ 13,599.96	\$ 1,133.33	\$ 1,133.33	\$ 1,133.33	\$ 1,133.33	\$ 1,133.33	\$ 1,133.33	\$ 1,133.33	\$ 1,133.33	\$ 1,133.33	\$ 1,133.33	\$ 1,133.33	\$ 1,133.33
5503300	DUES	7wtcll	\$ 0.00	\$ 4,900.00	\$ 2,670.00	\$ -	\$ 650.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 650.00	\$ 930.00	\$ -
5503400	BLUEPRINTS	7wtcll	\$ 0.00	\$ 400.00	\$ -	\$ -	\$ -	\$ 200.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200.00	\$ -	\$ -
5503500	COPIERS	7wtcll	\$ 0.00	\$ 4,524.96	\$ 377.08	\$ 377.08	\$ 377.08	\$ 377.08	\$ 377.08	\$ 377.08	\$ 377.08	\$ 377.08	\$ 377.08	\$ 377.08	\$ 377.08	\$ 377.08
5503700	OUTSIDE PRINTING	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5503800	INTEGRATION	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5503900	DATA AND ANALYTICS	7wtcll	\$ 0.01	\$ 16,835.52	\$ 1,402.96	\$ 1,402.96	\$ 1,402.96	\$ 1,402.96	\$ 1,402.96	\$ 1,402.96	\$ 1,402.96	\$ 1,402.96	\$ 1,402.96	\$ 1,402.96	\$ 1,402.96	\$ 1,402.96
5504000	CUSTOMER PRODUCTS - INSPIRE	7wtcll	\$ 0.14	\$ 242,527.80	\$ 20,210.65	\$ 20,210.65	\$ 20,210.65	\$ 20,210.65	\$ 20,210.65	\$ 20,210.65	\$ 20,210.65	\$ 20,210.65	\$ 20,210.65	\$ 20,210.65	\$ 20,210.65	\$ 20,210.65
5504200	COMPUTER SVC- SOFTWARE MAINT	7wtcll	\$ 0.04	\$ 77,344.92	\$ 6,445.41	\$ 6,445.41	\$ 6,445.41	\$ 6,445.41	\$ 6,445.41	\$ 6,445.41	\$ 6,445.41	\$ 6,445.41	\$ 6,445.41	\$ 6,445.41	\$ 6,445.41	\$ 6,445.41
5504250	CLOUD SERVICES	7wtcll	\$ 0.01	\$ 13,560.24	\$ 1,130.02	\$ 1,130.02	\$ 1,130.02	\$ 1,130.02	\$ 1,130.02	\$ 1,130.02	\$ 1,130.02	\$ 1,130.02	\$ 1,130.02	\$ 1,130.02	\$ 1,130.02	\$ 1,130.02
5504300	COMPUTER SVC- HARDWARE MAINT	7wtcll	\$ 0.01	\$ 19,023.12	\$ 1,585.26	\$ 1,585.26	\$ 1,585.26	\$ 1,585.26	\$ 1,585.26	\$ 1,585.26	\$ 1,585.26	\$ 1,585.26	\$ 1,585.26	\$ 1,585.26	\$ 1,585.26	\$ 1,585.26
5504400	BUILDING ACCESS SYSTEMS	7wtcll	\$ 0.04	\$ 60,621.48	\$ 5,051.79	\$ 5,051.79	\$ 5,051.79	\$ 5,051.79	\$ 5,051.79	\$ 5,051.79	\$ 5,051.79	\$ 5,051.79	\$ 5,051.79	\$ 5,051.79	\$ 5,051.79	\$ 5,051.79
5504500	COMPUTER SVC-DISASTER RECOVERY	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5504600	CYBERSECURITY	7wtcll	\$ 0.04	\$ 74,671.44	\$ 6,222.62	\$ 6,222.62	\$ 6,222.62	\$ 6,222.62	\$ 6,222.62	\$ 6,222.62	\$ 6,222.62	\$ 6,222.62	\$ 6,222.62	\$ 6,222.62	\$ 6,222.62	\$ 6,222.62
5504800	COMPUTER EQUIPMENT	7wtcll	\$ 0.00	\$ 2,000.04	\$ 166.67	\$ 166.67	\$ 166.67	\$ 166.67	\$ 166.67	\$ 166.67	\$ 166.67	\$ 166.67	\$ 166.67	\$ 166.67	\$ 166.67	\$ 166.67
5505100	COMPUTER SUPPLIES	7wtcll	\$ 0.00	\$ 8,159.52	\$ 679.96	\$ 679.96	\$ 679.96	\$ 679.96	\$ 679.96	\$ 679.96	\$ 679.96	\$ 679.96	\$ 679.96	\$ 679.96	\$ 679.96	\$ 679.96
5505500	CONTRIBUTIONS	7wtcll	\$ 0.02	\$ 35,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,000.00	\$ -	\$ -	\$ -	\$ -	\$ -
5506400	BLDG CONTR. LABOR/MECH	7wtcll	\$ 0.05	\$ 89,900.00	\$ 5,953.00	\$ 5,923.00	\$ 5,923.00	\$ 5,923.00	\$ 5,923.00	\$ 5,923.00	\$ 5,923.00	\$ 5,923.00	\$ 10,609.00	\$ 10,609.00	\$ 10,609.00	\$ 10,659.00
5506500	SUBSCRIPTIONS	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5506600	FLORIST EXPENSE	7wtcll	\$ 0.00	\$ 1,000.00	\$ -	\$ -	\$ 500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500.00	\$ -	\$ -
5506800	EMPLOYEE TRAINING	7wtcll	\$ 0.00	\$ 5,000.00	\$ -	\$ 2,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500.00	\$ -	\$ -	\$ -
5507000	TENANT EXPERIENCE	7wtcll	\$ 0.16	\$ 281,499.96	\$ 23,458.33	\$ 23,458.33	\$ 23,458.33	\$ 23,458.33	\$ 23,458.33	\$ 23,458.33	\$ 23,458.33	\$ 23,458.33	\$ 23,458.33	\$ 23,458.33	\$ 23,458.33	\$ 23,458.33
5507500	CORP OVERHEAD ALLOC - ESC	7wtcll	\$ 0.01	\$ 25,904.04	\$ 2,158.67	\$ 2,158.67	\$ 2,158.67	\$ 2,158.67	\$ 2,158.67	\$ 2,158.67	\$ 2,158.67	\$ 2,158.67	\$ 2,158.67	\$ 2,158.67	\$ 2,158.67	\$ 2,158.67
	TOTAL GENERAL & ADMINISTRATIVE EXPENSES	7wtcll	\$ 0.61	\$ 1,050,673.04	\$ 84,712.42	\$ 84,512.42	\$ 83,862.42	\$ 82,212.42	\$ 82,012.42	\$ 82,012.42	\$ 117,012.42	\$ 82,012.42	\$ 89,398.42	\$ 88,548.42	\$ 87,628.42	\$ 86,748.42
6000100	GROSS PAYROLL	7wtcll	\$ 0.48	\$ 820,980.00	\$ 68,415.00	\$ 68,415.00	\$ 68,415.00	\$ 68,415.00	\$ 68,415.00	\$ 68,415.00	\$ 68,415.00	\$ 68,415.00	\$ 68,415.00	\$ 68,415.00	\$ 68,415.00	\$ 68,415.00
6000101	GROSS PAYROLL- CONCIERGE/DOORMN	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6000102	GROSS PAYROLL-PORTER	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6000140	GROSS PAYROLL- LOADING DOCK	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6000155	GROSS PAYROLL - UNION	7wtcll	\$ 0.93	\$ 1,613,394.40	\$ 151,960.40	\$ 122,988.32	\$ 122,988.32	\$ 151,960.40	\$ 122,988.32	\$ 128,870.00	\$ 159,837.65	\$ 129,290.12	\$ 123,408.44	\$ 152,485.55	\$ 123,408.44	\$ 123,208.44
6000300	PAYROLL FEES	7wtcll	\$ 0.01	\$ 12,944.28	\$ 1,078.69	\$ 1,078.69	\$ 1,078.69	\$ 1,078.69	\$ 1,078.69	\$ 1,078.69	\$ 1,078.69	\$ 1,078.69	\$ 1,078.69	\$ 1,078.69	\$ 1,078.69	\$ 1,078.69
6000400	FICA EXPENSE	7wtcll	\$ 0.03	\$ 54,298.08	\$ 4,524.84	\$ 4,524.84	\$ 4,524.84	\$ 4,524.84	\$ 4,524.84	\$ 4,524.84	\$ 4,524.84	\$ 4,524.84	\$ 4,524.84	\$ 4,524.84	\$ 4,524.84	\$ 4,524.84
6000401	FICA EXPENSE- CONCIERGE/DOORMAN	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6000402	FICA EXPENSE-PORTER	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6000440	FICA EXPENSE- LOADING DOCK	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6000455	FICA EXPENSE - UNION	7wtcll	\$ 0.07	\$ 113,391.78	\$ 9,418.85	\$ 9,418.85	\$ 9,418.85	\$ 9,418.85	\$ 9,418.85	\$ 9,540.71	\$ 9,540.71	\$ 9,540.71	\$ 9,418.85	\$ 9,418.85	\$ 9,418.85	\$ 9,418.85
6000600	NYC TAXES	7wtcll	\$ 0.00	\$ 4,645.92	\$ 387.16	\$ 387.16	\$ 387.16	\$ 387.16	\$ 387.16	\$ 387.16	\$ 387.16	\$ 387.16	\$ 387.16	\$ 387.16	\$ 387.16	\$ 387.16

Account Code	Account Description	Property	Annual PSF	Annual Total	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec	
6000601	NYC TAXES- CONCIERGE/DOORMAN	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
6000602	NYC TAXES-PORTER	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
6000640	NYC TAXES- LOADING DOCK	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
6000655	NYC TAXES - UNION	7wtcll	\$ 0.01	\$ 9,084.36	\$ 754.64	\$ 754.64	\$ 754.64	\$ 754.64	\$ 754.64	\$ 764.20	\$ 764.20	\$ 764.20	\$ 754.64	\$ 754.64	\$ 754.64	\$ 754.64	
6000800	LONG TERM DISAB. COSTS	7wtcll	\$ 0.00	\$ 514.92	\$ 42.91	\$ 42.91	\$ 42.91	\$ 42.91	\$ 42.91	\$ 42.91	\$ 42.91	\$ 42.91	\$ 42.91	\$ 42.91	\$ 42.91	\$ 42.91	
6000900	UNION FUNDS	7wtcll	\$ 0.30	\$ 518,339.28	\$ 43,194.94	\$ 43,194.94	\$ 43,194.94	\$ 43,194.94	\$ 43,194.94	\$ 43,194.94	\$ 43,194.94	\$ 43,194.94	\$ 43,194.94	\$ 43,194.94	\$ 43,194.94	\$ 43,194.94	
6000901	UNION FUNDS- CONCIERGE/DOORMAN	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
6000902	UNION FUNDS-PORTER	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
6001000	FED. UNEMPLOY. INS.	7wtcll	\$ 0.00	\$ 281.88	\$ 23.49	\$ 23.49	\$ 23.49	\$ 23.49	\$ 23.49	\$ 23.49	\$ 23.49	\$ 23.49	\$ 23.49	\$ 23.49	\$ 23.49	\$ 23.49	
6001001	FUI- CONCIERGE/DOORMAN	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
6001002	FUI-PORTER	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
6001040	FED. UNEMPLOY.INS- NLA	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
6001055	FED. UNEMPLOY. INS. - UNION	7wtcll	\$ 0.00	\$ 472.50	\$ 38.50	\$ 38.50	\$ 38.50	\$ 38.50	\$ 38.50	\$ 42.00	\$ 42.00	\$ 42.00	\$ 38.50	\$ 38.50	\$ 38.50	\$ 38.50	
6001100	STATE UNEMPLOY. INS.	7wtcll	\$ 0.00	\$ 3,379.56	\$ 281.63	\$ 281.63	\$ 281.63	\$ 281.63	\$ 281.63	\$ 281.63	\$ 281.63	\$ 281.63	\$ 281.63	\$ 281.63	\$ 281.63	\$ 281.63	
6001101	SUI- CONCIERGE/DOORMAN	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
6001102	SUI-PORTER	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
6001140	STATE UNEMPY INS- LOADING DOCK	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
6001155	STATE UNEMPLOY. INS. - UNION	7wtcll	\$ 0.00	\$ 5,673.42	\$ 462.28	\$ 462.28	\$ 462.28	\$ 462.28	\$ 462.28	\$ 504.30	\$ 504.30	\$ 504.30	\$ 462.28	\$ 462.28	\$ 462.28	\$ 462.28	
6001300	DISABILITY EXPENSE	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
6001302	DISABILITY EXP - S/T DISAB	7wtcll	\$ 0.00	\$ 2,584.68	\$ 215.39	\$ 215.39	\$ 215.39	\$ 215.39	\$ 215.39	\$ 215.39	\$ 215.39	\$ 215.39	\$ 215.39	\$ 215.39	\$ 215.39	\$ 215.39	
6001340	DISABILITY EXPENSE - NLA	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
6001400	HOSPITALIZATION	7wtcll	\$ 0.04	\$ 75,288.00	\$ 6,274.00	\$ 6,274.00	\$ 6,274.00	\$ 6,274.00	\$ 6,274.00	\$ 6,274.00	\$ 6,274.00	\$ 6,274.00	\$ 6,274.00	\$ 6,274.00	\$ 6,274.00	\$ 6,274.00	
6001440	HOSPITALIZATION- NLA	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
6001500	DENTAL	7wtcll	\$ 0.00	\$ 6,063.12	\$ 505.26	\$ 505.26	\$ 505.26	\$ 505.26	\$ 505.26	\$ 505.26	\$ 505.26	\$ 505.26	\$ 505.26	\$ 505.26	\$ 505.26	\$ 505.26	
6001600	COMPENSATION INS.	7wtcll	\$ 0.02	\$ 32,219.04	\$ 2,684.92	\$ 2,684.92	\$ 2,684.92	\$ 2,684.92	\$ 2,684.92	\$ 2,684.92	\$ 2,684.92	\$ 2,684.92	\$ 2,684.92	\$ 2,684.92	\$ 2,684.92	\$ 2,684.92	
6001700	EMPLYRS CONTRIB.- 401(K)	7wtcll	\$ 0.02	\$ 31,561.68	\$ 2,630.14	\$ 2,630.14	\$ 2,630.14	\$ 2,630.14	\$ 2,630.14	\$ 2,630.14	\$ 2,630.14	\$ 2,630.14	\$ 2,630.14	\$ 2,630.14	\$ 2,630.14	\$ 2,630.14	
6001740	EMPLYRS CONTR- HSA/401(K)- LD	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
6001900	TRANSIT CHECKS	7wtcll	\$ 0.01	\$ 9,300.12	\$ 775.01	\$ 775.01	\$ 775.01	\$ 775.01	\$ 775.01	\$ 775.01	\$ 775.01	\$ 775.01	\$ 775.01	\$ 775.01	\$ 775.01	\$ 775.01	
6001940	TRANSIT CHECKS- NLA	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
6002500	ADAND D/LIFE INSURANCE	7wtcll	\$ 0.00	\$ 2,556.48	\$ 213.04	\$ 213.04	\$ 213.04	\$ 213.04	\$ 213.04	\$ 213.04	\$ 213.04	\$ 213.04	\$ 213.04	\$ 213.04	\$ 213.04	\$ 213.04	
6002540	ADAND D LIFE INSURANCE- NLA	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
6101500	CORPORATE PAYROLL ALLOC - ESC	7wtcll	\$ 0.33	\$ 570,000.00	\$ 47,500.00	\$ 47,500.00	\$ 47,500.00	\$ 47,500.00	\$ 47,500.00	\$ 47,500.00	\$ 47,500.00	\$ 47,500.00	\$ 47,500.00	\$ 47,500.00	\$ 47,500.00	\$ 47,500.00	
	TOTAL PAYROLL EXPENSES	7wtcll	\$ 2.25	\$ 3,886,973.50	\$ 341,381.09	\$ 312,409.01	\$ 312,409.01	\$ 341,381.09	\$ 312,409.01	\$ 318,467.63	\$ 349,435.28	\$ 318,887.75	\$ 312,829.13	\$ 341,906.24	\$ 312,829.13	\$ 312,629.13	
6300100	STEAM	7wtcll	\$ 0.82	\$ 1,424,500.00	\$ 286,208.00	\$ 306,248.00	\$ 231,943.00	\$ 93,377.00	\$ 31,355.00	\$ 15,002.00	\$ 15,002.00	\$ 15,002.00	\$ 7,222.00	\$ 38,295.00	\$ 139,355.00	\$ 245,491.00	
6300200	FUEL - OIL	7wtcll	\$ 0.02	\$ 30,900.00	\$ -	\$ -	\$ -	\$ 30,900.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
6300300	ELECTRICITY	7wtcll	\$ 3.99	\$ 6,891,100.00	\$ 533,250.00	\$ 431,893.00	\$ 509,814.00	\$ 278,478.00	\$ 377,105.00	\$ 759,218.00	\$ 852,456.00	\$ 959,948.00	\$ 834,797.00	\$ 451,410.00	\$ 442,341.00	\$ 460,390.00	
6300600	WATER AND SEWER	7wtcll	\$ 0.17	\$ 290,300.00	\$ 17,511.00	\$ 20,326.00	\$ 18,687.00	\$ 20,546.00	\$ 19,177.00	\$ 23,381.00	\$ 28,748.00	\$ 34,865.00	\$ 32,150.00	\$ 33,862.00	\$ 22,468.00	\$ 18,579.00	
	TOTAL UTILITY EXPENSES	7wtcll	\$ 5.00	\$ 8,636,800.00	\$ 836,969.00	\$ 758,467.00	\$ 760,444.00	\$ 423,301.00	\$ 427,637.00	\$ 797,601.00	\$ 896,206.00	\$ 1,009,815.00	\$ 874,169.00	\$ 523,567.00	\$ 604,164.00	\$ 724,460.00	
6400200	CLEANING CONTRACT	7wtcll	\$ 3.64	\$ 6,282,600.00	\$ 521,431.00	\$ 521,431.00	\$ 521,431.00	\$ 521,431.00	\$ 521,431.00	\$ 521,431.00	\$ 521,431.00	\$ 521,431.00	\$ 521,431.00	\$ 529,904.00	\$ 529,904.00	\$ 529,913.00	

Account Code	Account Description	Property	Annual PSF	Annual Total	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec	
7200185	DATA AND ANALYTICS SUPPORT	7wtcll	\$ 0.02	\$ 32,447.76	\$ 2,703.98	\$ 2,703.98	\$ 2,703.98	\$ 2,703.98	\$ 2,703.98	\$ 2,703.98	\$ 2,703.98	\$ 2,703.98	\$ 2,703.98	\$ 2,703.98	\$ 2,703.98	\$ 2,703.98	
7200301	PERMITS	7wtcll	\$ 0.00	\$ 3,600.00	\$ -	\$ -	\$ 1,200.00	\$ -	\$ -	\$ -	\$ 1,200.00	\$ -	\$ -	\$ -	\$ 1,200.00	\$ -	
7200199	CONSULTANT FEES - VARIABLE	7wtcll	\$ 0.00	\$ 3,533.28	\$ 294.44	\$ 294.44	\$ 294.44	\$ 294.44	\$ 294.44	\$ 294.44	\$ 294.44	\$ 294.44	\$ 294.44	\$ 294.44	\$ 294.44	\$ 294.44	
7200200	UTILITY CONSULTANT SVC	7wtcll	\$ 0.09	\$ 159,900.00	\$ 14,320.00	\$ 3,682.00	\$ 3,682.00	\$ 4,532.00	\$ 47,457.00	\$ 3,682.00	\$ 5,294.00	\$ 8,293.00	\$ 3,682.00	\$ 8,987.00	\$ 52,607.00	\$ 3,682.00	
7200299	UTILITY CONSULTANT SVC -VARIAB	7wtcll	\$ 0.02	\$ 37,500.00	\$ -	\$ 12,500.00	\$ -	\$ -	\$ -	\$ 12,500.00	\$ -	\$ -	\$ -	\$ 12,500.00	\$ -	\$ -	
7200300	ARCHITECT FEES	7wtcll	\$ 0.00	\$ 2,000.00	\$ -	\$ 1,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000.00	\$ -	\$ -	
7200400	ENGINEERING FEES	7wtcll	\$ 0.00	\$ 7,000.00	\$ -	\$ -	\$ -	\$ 5,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000.00	\$ -	\$ -	
	TOTAL PROFESSIONAL FEES	7wtcll	\$ 0.29	\$ 499,281.48	\$ 44,075.79	\$ 39,786.79	\$ 26,548.79	\$ 38,275.79	\$ 68,573.79	\$ 36,286.79	\$ 36,249.79	\$ 28,397.79	\$ 26,544.79	\$ 53,230.79	\$ 77,523.79	\$ 23,786.79	
7300100	INSURANCE-GENERAL	7wtcll	\$ 1.50	\$ 2,597,144.91	\$ 213,034.37	\$ 213,219.21	\$ 213,219.21	\$ 213,219.21	\$ 213,219.21	\$ 213,219.21	\$ 213,219.21	\$ 213,366.83	\$ 213,342.41	\$ 213,362.62	\$ 232,361.71	\$ 232,361.71	
	TOTAL INSURANCE	7wtcll	\$ 1.50	\$ 2,597,144.91	\$ 213,034.37	\$ 213,219.21	\$ 213,219.21	\$ 213,219.21	\$ 213,219.21	\$ 213,219.21	\$ 213,219.21	\$ 213,366.83	\$ 213,342.41	\$ 213,362.62	\$ 232,361.71	\$ 232,361.71	
7400400	PILOT TAX	7wtcll	\$ 3.83	\$ 6,613,670.16	\$ 533,863.65	\$ 533,863.65	\$ 533,863.65	\$ 533,863.65	\$ 533,863.65	\$ 533,863.65	\$ 568,414.71	\$ 568,414.71	\$ 568,414.71	\$ 568,414.71	\$ 568,414.71	\$ 568,414.71	
	TOTAL REAL ESTATE TAXES	7wtcll	\$ 3.83	\$ 6,613,670.16	\$ 533,863.65	\$ 533,863.65	\$ 533,863.65	\$ 533,863.65	\$ 533,863.65	\$ 533,863.65	\$ 568,414.71	\$ 568,414.71	\$ 568,414.71	\$ 568,414.71	\$ 568,414.71	\$ 568,414.71	
	TOTAL OPERATING EXPENSES - RECOVERABLE	7wtcll	\$ 22.38	\$ 38,670,343.27	\$ 3,101,888.54	\$ 3,231,449.82	\$ 3,334,843.74	\$ 3,227,174.78	\$ 2,975,012.34	\$ 3,253,188.92	\$ 3,401,639.42	\$ 3,612,482.48	\$ 3,352,458.84	\$ 3,034,094.51	\$ 3,111,101.17	\$ 3,035,008.71	
7500400	ADVERTISING	7wtcll	\$ 0.18	\$ 304,916.04	\$ 25,409.67	\$ 25,409.67	\$ 25,409.67	\$ 25,409.67	\$ 25,409.67	\$ 25,409.67	\$ 25,409.67	\$ 25,409.67	\$ 25,409.67	\$ 25,409.67	\$ 25,409.67	\$ 25,409.67	
7500500	SPACE PLANNING	7wtcll	\$ 0.01	\$ 17,583.00	\$ 1,465.25	\$ 1,465.25	\$ 1,465.25	\$ 1,465.25	\$ 1,465.25	\$ 1,465.25	\$ 1,465.25	\$ 1,465.25	\$ 1,465.25	\$ 1,465.25	\$ 1,465.25	\$ 1,465.25	
7501000	LEGAL-LEASING COSTS	7wtcll	\$ 0.01	\$ 20,000.00	\$ -	\$ -	\$ 5,000.00	\$ -	\$ -	\$ 5,000.00	\$ -	\$ -	\$ 5,000.00	\$ -	\$ -	\$ 5,000.00	
7501300	CONSULTING FEES - NON ESC	7wtcll	\$ 0.04	\$ 71,407.00	\$ -	\$ -	\$ 6,000.00	\$ 47,025.00	\$ -	\$ -	\$ 9,191.00	\$ -	\$ -	\$ -	\$ -	\$ 9,191.00	
7501600	COMP SVC - NON ESC (VTS)	7wtcll	\$ 0.02	\$ 26,000.04	\$ 2,166.67	\$ 2,166.67	\$ 2,166.67	\$ 2,166.67	\$ 2,166.67	\$ 2,166.67	\$ 2,166.67	\$ 2,166.67	\$ 2,166.67	\$ 2,166.67	\$ 2,166.67	\$ 2,166.67	
7502500	BANK FEES AND EXPENSES	7wtcll	\$ 0.08	\$ 143,255.40	\$ 10,925.54	\$ 10,925.54	\$ 10,925.54	\$ 17,000.00	\$ 10,925.54	\$ 10,925.54	\$ 10,925.54	\$ 10,925.54	\$ 17,000.00	\$ 10,925.54	\$ 10,925.54	\$ 10,925.54	
7503900	PAINTAND DECORATG TENANT	7wtcll	\$ 0.00	\$ 5,000.00	\$ -	\$ -	\$ -	\$ 5,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
7505100	GROUND RENT	7wtcll	\$ 5.06	\$ 8,739,053.16	\$ 723,831.89	\$ 723,831.89	\$ 723,831.89	\$ 723,831.89	\$ 723,831.89	\$ 723,831.89	\$ 723,831.89	\$ 723,831.89	\$ 723,831.89	\$ 741,522.05	\$ 741,522.05	\$ 741,522.05	
7505300	CORP PAYROLL ALLOC - NON ESC	7wtcll	\$ 0.01	\$ 19,970.04	\$ 1,664.17	\$ 1,664.17	\$ 1,664.17	\$ 1,664.17	\$ 1,664.17	\$ 1,664.17	\$ 1,664.17	\$ 1,664.17	\$ 1,664.17	\$ 1,664.17	\$ 1,664.17	\$ 1,664.17	
7505400	CORP OVERHEAD ALLOC - NONESC	7wtcll	\$ 0.11	\$ 183,725.04	\$ 15,310.42	\$ 15,310.42	\$ 15,310.42	\$ 15,310.42	\$ 15,310.42	\$ 15,310.42	\$ 15,310.42	\$ 15,310.42	\$ 15,310.42	\$ 15,310.42	\$ 15,310.42	\$ 15,310.42	
7505500	OFFICE MAINTENANCE	7wtcll	\$ 0.00	\$ 1,452.84	\$ 121.07	\$ 121.07	\$ 121.07	\$ 121.07	\$ 121.07	\$ 121.07	\$ 121.07	\$ 121.07	\$ 121.07	\$ 121.07	\$ 121.07	\$ 121.07	
	TOTAL OPERATING EXPENSES - NON RECOVERABLE	7wtcll	\$ 5.52	\$ 9,532,362.56	\$ 780,894.68	\$ 780,894.68	\$ 791,894.68	\$ 838,994.14	\$ 780,894.68	\$ 785,894.68	\$ 790,085.68	\$ 780,894.68	\$ 791,969.14	\$ 798,584.84	\$ 798,584.84	\$ 812,775.84	
	NET OPERATING INCOME	7wtcll	\$ 39.33	\$ 67,956,244.40	\$ 5,278,485.23	\$ 5,366,904.76	\$ 5,314,350.42	\$ 5,538,989.24	\$ 5,897,683.07	\$ 5,749,267.49	\$ 5,713,608.33	\$ 5,618,761.83	\$ 5,789,589.01	\$ 5,861,483.18	\$ 5,775,468.52	\$ 6,051,653.32	
7600100	TENANT REIM/OPER.EXPENSE	7wtcll	\$ 0.20	\$ 344,128.92	\$ 28,677.41	\$ 28,677.41	\$ 28,677.41	\$ 28,677.41	\$ 28,677.41	\$ 28,677.41	\$ 28,677.41	\$ 28,677.41	\$ 28,677.41	\$ 28,677.41	\$ 28,677.41	\$ 28,677.41	
7600200	MISC EVENT EXPENSE	7wtcll	\$ 0.05	\$ 93,801.96	\$ 7,816.83	\$ 7,816.83	\$ 7,816.83	\$ 7,816.83	\$ 7,816.83	\$ 7,816.83	\$ 7,816.83	\$ 7,816.83	\$ 7,816.83	\$ 7,816.83	\$ 7,816.83	\$ 7,816.83	
7600210	MISC EVENT EXPENSE- MARKETING	7wtcll	\$ 0.02	\$ 39,999.96	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	
	TOTAL TENANT REIMBURSEMENT EXPENSES	7wtcll	\$ 0.28	\$ 477,930.84	\$ 39,827.57	\$ 39,827.57	\$ 39,827.57	\$ 39,827.57	\$ 39,827.57	\$ 39,827.57	\$ 39,827.57	\$ 39,827.57	\$ 39,827.57	\$ 39,827.57	\$ 39,827.57	\$ 39,827.57	
7700200	AUDIT	7wtcll	\$ 0.05	\$ 78,828.96	\$ 6,569.08	\$ 6,569.08	\$ 6,569.08	\$ 6,569.08	\$ 6,569.08	\$ 6,569.08	\$ 6,569.08	\$ 6,569.08	\$ 6,569.08	\$ 6,569.08	\$ 6,569.08	\$ 6,569.08	
7700300	ACCOUNTING SERVICES	7wtcll	\$ 0.01	\$ 10,654.08	\$ 887.84	\$ 887.84	\$ 887.84	\$ 887.84	\$ 887.84	\$ 887.84	\$ 887.84	\$ 887.84	\$ 887.84	\$ 887.84	\$ 887.84	\$ 887.84	
7700600	LEGAL	7wtcll	\$ 0.00	\$ 5,884.00	\$ -	\$ -	\$ 1,471.00	\$ -	\$ -	\$ 1,471.00	\$ -	\$ -	\$ 1,471.00	\$ -	\$ -	\$ 1,471.00	
7700620	LEGAL- ACCOUNTING	7wtcll	\$ 0.01	\$ 25,717.52	\$ -	\$ -	\$ 6,429.38	\$ -	\$ -	\$ 6,429.38	\$ -	\$ -	\$ 6,429.38	\$ -	\$ -	\$ 6,429.38	
7700900	POLITICAL CONTRIBUTIONS	7wtcll	\$ 0.01	\$ 19,348.85	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,348.85	\$ -	\$ -	\$ -	\$ -	\$ -	
7701200	FILING FEE	7wtcll	\$ 0.00	\$ 4,500.00	\$ -	\$ -	\$ 4,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
7701300	FILING FEES-CSC	7wtcll	\$ 0.00	\$ 3,800.00	\$ -	\$ 2,300.00	\$ -	\$ 1,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	TOTAL OTHER NON OPERATING EXPENSES	7wtcll	\$ 0.09	\$ 148,733.41	\$ 7,456.92	\$ 9,756.92	\$ 19,857.30	\$ 8,956.92	\$ 7,456.92	\$ 15,357.30	\$ 26,805.77	\$ 7,456.92	\$ 15,357.30	\$ 7,456.92	\$ 7,456.92	\$ 15,357.30	

Account Code	Account Description	Property	Annual PSF	Annual Total	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec	
	TOTAL NON-OPERATING EXPENSES	7wtcll	\$ 0.36	\$ 626,664.25	\$ 47,284.49	\$ 49,584.49	\$ 59,684.87	\$ 48,784.49	\$ 47,284.49	\$ 55,184.87	\$ 66,633.34	\$ 47,284.49	\$ 55,184.87	\$ 47,284.49	\$ 47,284.49	\$ 55,184.87	
	NET INCOME (LOSS) BEFORE INT & DEPR	7wtcll	\$ 38.97	\$ 67,329,580.15	\$ 5,231,200.74	\$ 5,317,320.27	\$ 5,254,665.55	\$ 5,490,204.75	\$ 5,850,398.58	\$ 5,694,082.62	\$ 5,646,974.99	\$ 5,571,477.34	\$ 5,734,404.14	\$ 5,814,198.69	\$ 5,728,184.03	\$ 5,996,468.45	
8000600	INTEREST-IDA BONDS	7wtcll	\$ 8.19	\$ 14,147,910.42	\$ 1,179,731.58	\$ 1,179,731.58	\$ 1,179,731.58	\$ 1,179,731.58	\$ 1,179,731.58	\$ 1,179,731.58	\$ 1,179,731.58	\$ 1,179,731.58	\$ 1,179,731.58	\$ 1,176,775.40	\$ 1,176,775.40	\$ 1,176,775.40	
	TOTAL INTEREST EXPENSE	7wtcll	\$ 8.19	\$ 14,147,910.42	\$ 1,179,731.58	\$ 1,179,731.58	\$ 1,179,731.58	\$ 1,179,731.58	\$ 1,179,731.58	\$ 1,179,731.58	\$ 1,179,731.58	\$ 1,179,731.58	\$ 1,179,731.58	\$ 1,176,775.40	\$ 1,176,775.40	\$ 1,176,775.40	
8500400	DEPRECIATION EXPENSE	7wtcll	\$ 2.04	\$ 3,519,556.92	\$ 293,296.41	\$ 293,296.41	\$ 293,296.41	\$ 293,296.41	\$ 293,296.41	\$ 293,296.41	\$ 293,296.41	\$ 293,296.41	\$ 293,296.41	\$ 293,296.41	\$ 293,296.41	\$ 293,296.41	
8500700	AMORT-TENANT IMPROVMNT	7wtcll	\$ 0.08	\$ 133,333.05	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,444.57	\$ 44,444.57	\$ 44,443.91	
8501000	AMORT-MORTGAGE COST	7wtcll	\$ 0.16	\$ 269,393.64	\$ 22,449.47	\$ 22,449.47	\$ 22,449.47	\$ 22,449.47	\$ 22,449.47	\$ 22,449.47	\$ 22,449.47	\$ 22,449.47	\$ 22,449.47	\$ 22,449.47	\$ 22,449.47	\$ 22,449.47	
8501500	AMORTIZATION-LEGAL COSTS	7wtcll	\$ 0.05	\$ 81,765.56	\$ 6,628.58	\$ 6,628.58	\$ 6,628.58	\$ 6,628.58	\$ 6,628.58	\$ 6,628.58	\$ 6,628.58	\$ 6,628.58	\$ 6,628.58	\$ 7,369.32	\$ 7,369.32	\$ 7,369.70	
8501600	AMORT-LEASE COMMISSIONS	7wtcll	\$ 0.82	\$ 1,420,427.71	\$ 115,322.53	\$ 115,322.53	\$ 115,322.53	\$ 115,322.53	\$ 115,322.53	\$ 115,322.53	\$ 115,322.53	\$ 115,322.53	\$ 115,322.53	\$ 127,508.46	\$ 127,508.46	\$ 127,508.02	
	TOTAL DEPRECIATION & AMORTIZATION	7wtcll	\$ 3.14	\$ 5,424,476.88	\$ 437,696.99	\$ 437,696.99	\$ 437,696.99	\$ 437,696.99	\$ 437,696.99	\$ 437,696.99	\$ 437,696.99	\$ 437,696.99	\$ 437,696.99	\$ 495,068.23	\$ 495,068.23	\$ 495,067.51	
	NET INCOME	7wtcll	\$ 27.84	\$ 47,757,192.85	\$ 3,613,772.17	\$ 3,699,891.70	\$ 3,637,236.98	\$ 3,872,776.18	\$ 4,232,970.01	\$ 4,076,654.05	\$ 4,029,546.42	\$ 3,954,048.77	\$ 4,116,975.57	\$ 4,142,355.06	\$ 4,056,340.40	\$ 4,324,625.54	
1700100	PREPAID LEASING COMMISSION	7wtcll	\$ 0.97	\$ 1,681,657.90	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,121,105.27	\$ -	\$ -	\$ -	\$ 560,552.63	\$ -	\$ -	
1710100	PREPAID LEGAL	7wtcll	\$ 0.06	\$ 102,222.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,222.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	TOTAL LEASE COMMISSIONS & LEGAL	7wtcll	\$ 1.03	\$ 1,783,880.40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,223,327.77	\$ -	\$ -	\$ -	\$ 560,552.63	\$ -	\$ -	
1619000	REIMBURSABLE EXPENSES	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1630200	BUILDING IMPROVEMENTS 1	7wtcll	\$ 0.25	\$ 440,000.00	\$ -	\$ -	\$ 220,000.00	\$ 150,000.00	\$ 70,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1630300	BLDG IMPR-LANDLORD WORK	7wtcll	\$ 1.04	\$ 1,798,000.00	\$ 249,703.00	\$ 249,703.00	\$ 249,594.00	\$ -	\$ -	\$ 262,250.00	\$ 262,250.00	\$ 262,250.00	\$ 262,250.00	\$ -	\$ -	\$ -	
1650100	EQUIPMENT 1	7wtcll	\$ 0.05	\$ 85,000.00	\$ -	\$ 65,000.00	\$ 10,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000.00	\$ -	\$ -	\$ -	
	TOTAL BUILDING IMPROVEMENTS	7wtcll	\$ 1.34	\$ 2,323,000.00	\$ 249,703.00	\$ 314,703.00	\$ 479,594.00	\$ 150,000.00	\$ 70,000.00	\$ 262,250.00	\$ 262,250.00	\$ 262,250.00	\$ 272,250.00	\$ -	\$ -	\$ -	
1640300	TENANT IMPROVEMENTS	7wtcll	\$ 7.56	\$ 13,065,614.50	\$ 1,494,948.75	\$ 1,494,948.75	\$ 1,248,253.50	\$ 1,609,718.50	\$ 361,465.00	\$ 1,894,802.50	\$ 1,894,802.50	\$ 1,533,337.50	\$ 1,533,337.50	\$ -	\$ -	\$ -	
	TOTAL TENANT IMPROVEMENTS	7wtcll	\$ 7.56	\$ 13,065,614.50	\$ 1,494,948.75	\$ 1,494,948.75	\$ 1,248,253.50	\$ 1,609,718.50	\$ 361,465.00	\$ 1,894,802.50	\$ 1,894,802.50	\$ 1,533,337.50	\$ 1,533,337.50	\$ -	\$ -	\$ -	
1666100	SOFTWARE DEVELOPMENT COSTS	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1666200	SOFTWARE DEVELOPMENT COSTS - SUBSCRIPTION	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	TOTAL OTHER CAPITAL COSTS	7wtcll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	TOTAL CAPITAL & LEASING EXPENSES	7wtcll	\$ 9.94	\$ 17,172,494.90	\$ 1,744,651.75	\$ 1,809,651.75	\$ 1,727,847.50	\$ 1,759,718.50	\$ 431,465.00	\$ 3,380,380.27	\$ 2,157,052.50	\$ 1,795,587.50	\$ 1,805,587.50	\$ 560,552.63	\$ -	\$ -	
2301200	IDA BONDS O/S	7wtcll	\$ 0.96	\$ 1,660,000.02	\$ -	\$ -	\$ -	\$ 276,666.67	\$ 276,666.67	\$ 276,666.67	\$ 276,666.67	\$ 276,666.67	\$ 276,666.67	\$ -	\$ -	\$ -	
	TOTAL BONDS PAYABLE	7wtcll	\$ 0.96	\$ 1,660,000.02	\$ -	\$ -	\$ -	\$ 276,666.67	\$ 276,666.67	\$ 276,666.67	\$ 276,666.67	\$ 276,666.67	\$ 276,666.67	\$ -	\$ -	\$ -	

2024 Speculative Leasing Assumptions - 7 World Trade Center

Spec Type	Unit	Lease Name	SQFT*	LED	LCD	LXD	\$/SF	RCD	Lease Term (Mos)	Free Rent Mos	TI Amount		TI Timing	LL Work Amount	LL Work Timing	LC INT Amount	LC INT Timing	LC EXT Amount	LC EXT Timing	Legal	Comments
New Assumption	4000	Spec New - Standard TIA	40,889	6/1/2024	10/1/2024	3/31/2036	\$ 87.00	4/1/2026	138	18	\$ 150.00	\$ 6,133,350	October 2024, November 2024, December 2024, January 2025	See Below		\$ 560,552.63	June 2024, October 2024	\$ 1,121,105.27	June 2024	\$ 2.50	Currently Whitebox Day 1: As-Is Day 2: \$150 TIA LLW: Restrooms (See CapEx below)
Expansion	3750 / 3725	Wilmer Hale Expansion	35,685	9/15/2023	10/1/2023	8/31/2027	\$ 69.67	12/1/2023	47	3 (mo 1-2 & 19)	\$ -		N/A	-	N/A	\$ 182,804.32	September 2023	\$ 365,608.63	September 2023	\$ 2.50	N/A

2024 BUDGET DEMO/WHITEBOX/BATHROOM/CORRIDOR/AMENITY ASSUMPTION

Spec Type	Unit	Lease Name	SQFT*	LED	LCD	LXD	\$/SF	RCD	New Lease Term (Mos)		Free Rent Mos	TI Amount		TI Timing	LL Work Amount	LL Work Timing	LC INT Amount	LC INT Timing	LC EXT Amount	LC EXT Timing	Legal	Comments
Restrooms	4000		40,889												\$ 1,049,000	June 2024, July 2024, August 2024, September 2024						New Restrooms (40th Floor)
Common Corridor	3350		20,275												\$ 50,000	January 2024, February 2024, March 2024						Corridor: New Paint
Common Corridor	3050		25,002												\$ 199,000	January 2024, February 2024, March 2024						Corridor: Upgrade lighting, wall covering and carpet
Cosmetic Upgrades	3050	Vacant - To Be Leased to New Tenant	25,002												\$ 500,000	January 2024, February 2024, March 2024						Currently: Raised trading floor installation w/ supp AC & potential access to generator Day 1: MEI Recommend upgrading finishes (see MKDA proposal) •Lighting oReplace linear fixtures in open area with updated fixtures oReplace “fluorescent” fixtures where present (primarily in offices) with updated fixtures •Pantry – replace linear fixture, repair cabinetry •Paint (including current locations of wall covering) •Carpet (where carpet currently exists) •Corridor Upgrade: Lighting, wall covering and carpet (See below)
Spec Prebuild	3450	Vacant - To Be Leased to New Tenant	11,122									\$ 130.00	\$ 1,445,860	April 2024, May 2024, June 2024, July 2024	\$ 300,000	October 2023, November 2023, December 2023						COSTS WERE INCLUDED IN THE 2023 BUDGET **TIMING OF THIS PROJECT IS STILL TBD & SUBJECT TO DISCUSSIONS WITH LEADERSHIP** Current Condition: Former DRW trading floor w/ supplemental HVAC (demo to be completed in 2023) Prebuilt: Estimate assuming same level of finishes as 1177 LLW: Corridor Recapture (Note, RSF without the corridor recapture is 10,695)

Type	Unit	Tenant	SQFT	Sign	Lease From	Lease To	Annual Rent/Sqft	Monthly Rent/Sqft	Monthly Rent	Rent Dates	Free Rent amt	Free Rent Months	TI AMT	LL AMT *	Total Leasing Commission	Legal	Total Cap Cost
New Assumption	4000	Suite 4000 - VACANT - SPEC NEW TENANT	39,799	6/1/2024	10/1/2024	3/31/2036	\$ 296,445.25	\$ 24,703.77	\$ 983,185,375.40	10/1/2024	\$ 296,445.25	18	\$ 6,133,350.00	\$ -	\$ 1,681,657.90	\$ 102,222.50	\$ 7,917,230.40
							\$ 296,445.25	\$ 24,703.77	\$ -	6/1/2027	\$ -	0	\$ 6,133,350.00	\$ -	\$ 1,681,657.90	\$ 102,222.50	\$ 7,917,230.40
							\$ 323,704.58	\$ 26,975.38	\$ -	6/1/2033					\$ -		\$ -

*For LL Work please refer to account 1630300 - Building Improvements LL Work

5200	Existing	Moody's Corporation - t0003466	43,008	43,008	43,008	43,008	43,008	43,008	43,008	43,008	43,008	43,008	43,008	43,008	43,008
5301	Existing	Sterling Entertainment - t0003482	4	4	4	4	4	4	4	4	4	4	4	4	4
5302	Existing	NYC Police Dept. - t0003484	100	100	100	100	100	100	100	100	100	100	100	100	100
Total			1,614,015	1,614,015	1,613,415	1,613,415	1,613,414	1,613,414	1,613,414	1,598,233	1,598,233	1,598,233	1,598,233	1,598,233	1,598,233
Occupancy %			93%	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%

Vacant	Property	Unit	Type	Lease	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
		0003	Existing	Vacant	Occupied	Occupied	Occupied	Occupied	Occupied	1	1	1	1	1	1	1
		0006	Existing	Vacant	Occupied	Occupied	Occupied	Occupied	Occupied	Occupied	Occupied	Occupied	5	5	5	5
		0100	Existing	Vacant	150	150	150	150	150	150	150	150	150	150	150	150
		0400	Existing	Vacant	9,124	9,124	9,124	9,124	9,124	9,124	9,124	9,124	9,124	9,124	9,124	9,124
		040M	Existing	Vacant	9,520	9,520	9,520	9,520	9,520	9,520	9,520	9,520	9,520	9,520	9,520	9,520
		0425	Existing	Vacant	Occupied	Occupied	600	600	600	600	600	600	600	600	600	600
		0500	Existing	Vacant	Occupied	Occupied	Occupied	Occupied	Occupied	Occupied	Occupied	15,176	15,176	15,176	15,176	15,176
		1040	Existing	Vacant	818	818	818	818	818	818	818	818	818	818	818	818
		3050	Existing	Vacant	23,770	23,770	23,770	23,770	23,770	23,770	23,770	23,770	23,770	23,770	23,770	23,770
		3350	Existing	Vacant	20,009	20,009	20,009	20,009	20,009	20,009	20,009	20,009	20,009	20,009	20,009	20,009
		3450	Existing	Vacant	4,012	4,012	4,012	4,012	4,012	4,012	4,012	4,012	4,012	4,012	4,012	4,012
		3460	Existing	Vacant	6,498	6,498	6,498	6,498	6,498	6,498	6,498	6,498	6,498	6,498	6,498	6,498
		3725	Existing	Vacant	-	-	-	-	-	-	-	-	-	-	-	-
		4000	Existing	Vacant	40,889	40,889	40,889	40,889	40,889	40,889	40,889	40,889	40,889	40,889	40,889	40,889
Total					114,790	114,790	115,390	115,390	115,391	115,391	115,391	130,572	130,572	130,572	130,572	130,572
Vacant Percentage					7%	7%	7%	7%	7%	7%	7%	8%	8%	8%	8%	8%
Area Remeasures	Property	Unit			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec

Speculative	Property	Unit	Type	Lease	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
		4000	New Assumption	Spec New - Tenant - TIA											40,889	40,889	40,889
				Total	-	-	-	-	-	-	-	-	-	-	40,889	40,889	40,889
				Speculative Occupancy	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	2%	2%	2%
				Speculative + Existing	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%	95%	95%	95%

7 WORLD TRADE CENTER II, LLC
2024 Budget
fm_commr

[illegible]

7 WORLD TRADE CENTER II, LLC
2024 Budget
fm. commonc

Account Code	Account Description	Lease From	Lease To	Tenant	Unit	Area	Annual PSF	Annual Total	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec
4000320	RENTAL CONCESSIONS - COMMERCIAL	9/29/2007	11/30/2033	Kostelanetz & Fink, LLP	3425 - 3430	18,158	\$ (6.33)	\$ (115,000.67)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (115,000.67)
		6/9/2012	1/31/2034	Casey Family Programs	4625	6,947	\$ (7.08)	\$ (49,207.92)	\$ (49,207.92)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		1/2/2013	1/31/2029	Silver Suites 7 WTC LLC	4650	30,137	\$ (5.42)	\$ (163,242.08)	\$ (163,242.08)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		10/1/2013	11/30/2038	Thailand Board of Investment	3400	3,623	\$ (14.17)	\$ (54,159.16)	\$ (27,079.58)	\$ (27,079.58)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		12/1/2022	11/30/2038	Broadcast Music	3025	6,231	\$ (80.00)	\$ (498,480.00)	\$ (41,540.00)	\$ (41,540.00)	\$ (41,540.00)	\$ (41,540.00)	\$ (41,540.00)	\$ (41,540.00)	\$ (41,540.00)	\$ (41,540.00)	\$ (41,540.00)	\$ (41,540.00)	\$ (41,540.00)	\$ (41,540.00)
		12/1/2022	11/30/2038	Broadcast Music	3000 - 3100	51,183	\$ (73.92)	\$ (3,783,420.00)	\$ (341,220.00)	\$ (341,220.00)	\$ (341,220.00)	\$ (341,220.00)	\$ (341,220.00)	\$ (341,220.00)	\$ (341,220.00)	\$ (341,220.00)	\$ (341,220.00)	\$ (341,220.00)	\$ (341,220.00)	\$ (341,220.00)
		5/7/2022	5/31/2029	Upstack Holdco Inc.	4600	5,358	\$ (6.83)	\$ (36,595.20)	\$ (3,049.60)	\$ (3,049.60)	\$ (3,049.60)	\$ (3,049.60)	\$ (3,049.60)	\$ (3,049.60)	\$ (3,049.60)	\$ (3,049.60)	\$ (3,049.60)	\$ (3,049.60)	\$ (3,049.60)	\$ (3,049.60)
		12/1/2022	3/31/2034	Capstone Investment Advisors LLC	3200	40,716	\$ (20.00)	\$ (814,320.00)	\$ (271,440.00)	\$ (271,440.00)	\$ (271,440.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		10/1/2024	3/31/2036	Suite 4000 - VACANT - SPEC NEW TENANT	4000	40,889	\$ (21.75)	\$ (889,335.75)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (296,445.25)	\$ (296,445.25)	\$ (296,445.25)
							\$ (31.48)	\$ (6,403,760.78)	\$ (896,779.18)	\$ (884,329.18)	\$ (657,249.60)	\$ (385,809.60)	\$ (385,809.60)	\$ (385,809.60)	\$ (385,809.60)	\$ (385,809.60)	\$ (385,809.60)	\$ (682,254.85)	\$ (682,254.85)	\$ (486,035.52)
	TOTAL RENTCONCESSION						\$ -	\$ (6,403,760.78)	\$ (896,779.18)	\$ (884,329.18)	\$ (657,249.60)	\$ (385,809.60)	\$ (385,809.60)	\$ (385,809.60)	\$ (385,809.60)	\$ (385,809.60)	\$ (385,809.60)	\$ (682,254.85)	\$ (682,254.85)	\$ (486,035.52)
							\$ -	\$ (6,403,760.78)	\$ (896,779.18)	\$ (884,329.18)	\$ (657,249.60)	\$ (385,809.60)	\$ (385,809.60)	\$ (385,809.60)	\$ (385,809.60)	\$ (385,809.60)	\$ (385,809.60)	\$ (682,254.85)	\$ (682,254.85)	\$ (486,035.52)

7 WORLD TRADE CENTER II, LLC
2024 Budget
fm_licfee

Account Code	Account Description	Lease From	Lease To	Tenant	Unit	Area	Annual PSF	Annual Total	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec
4000310	LICENSE FEE INCOME	5/1/2008	3/31/2027	Zayo Group, LLC	0001	1	\$ 44,810.17	\$ 44,810.17	\$ 3,653.80	\$ 3,653.80	\$ 3,653.80	\$ 3,741.49	\$ 3,763.41	\$ 3,763.41	\$ 3,763.41	\$ 3,763.41	\$ 3,763.41	\$ 3,763.41	\$ 3,763.41	\$ 3,763.41
		6/1/2008		Coigent Communications, Inc.	0002	9	\$ 1,004.71	\$ 9,042.36	\$ 753.53	\$ 753.53	\$ 753.53	\$ 753.53	\$ 753.53	\$ 753.53	\$ 753.53	\$ 753.53	\$ 753.53	\$ 753.53	\$ 753.53	\$ 753.53
		4/3/2009	4/2/2024	Crown Castle Fiber LLC	0003	1	\$ 14,458.93	\$ 14,458.93	\$ 4,714.87	\$ 4,714.87	\$ 4,714.87	\$ 314.32	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		8/1/2009	7/31/2024	Level 3 Communications, LLC	0500	15,176	\$ 2.49	\$ 37,817.08	\$ 5,402.44	\$ 5,402.44	\$ 5,402.44	\$ 5,402.44	\$ 5,402.44	\$ 5,402.44	\$ 5,402.44	\$ -	\$ -	\$ -	\$ -	\$ -
		10/1/2011		Cablevision Lightpath, Inc.	0004	-	\$ -	\$ 59,270.40	\$ 4,939.20	\$ 4,939.20	\$ 4,939.20	\$ 4,939.20	\$ 4,939.20	\$ 4,939.20	\$ 4,939.20	\$ 4,939.20	\$ 4,939.20	\$ 4,939.20	\$ 4,939.20	\$ 4,939.20
		11/7/2011		XO Communications Services	0005	-	\$ -	\$ 22,368.00	\$ 1,864.00	\$ 1,864.00	\$ 1,864.00	\$ 1,864.00	\$ 1,864.00	\$ 1,864.00	\$ 1,864.00	\$ 1,864.00	\$ 1,864.00	\$ 1,864.00	\$ 1,864.00	\$ 1,864.00
		10/21/2015		AT&T Corp.	0430	10	\$ 2,363.58	\$ 23,635.80	\$ 1,969.65	\$ 1,969.65	\$ 1,969.65	\$ 1,969.65	\$ 1,969.65	\$ 1,969.65	\$ 1,969.65	\$ 1,969.65	\$ 1,969.65	\$ 1,969.65	\$ 1,969.65	\$ 1,969.65
		5/8/2006	5/7/2026	New York SMSA d/b/a Verizon	0475	330	\$ 23.09	\$ 7,619.57	\$ 633.38	\$ 633.38	\$ 633.38	\$ 633.38	\$ 633.38	\$ 633.38	\$ 633.38	\$ 633.38	\$ 633.38	\$ 633.38	\$ 633.38	\$ 652.39
		4/1/2017		SilverTech Ventures LLC	1025	9,689	\$ 18.58	\$ 180,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00
							\$ 62,681.55	\$ 399,022.31	\$ 38,930.87	\$ 38,930.87	\$ 38,930.87	\$ 34,618.01	\$ 34,325.61	\$ 34,325.61	\$ 34,325.61	\$ 28,923.17	\$ 28,923.17	\$ 28,923.17	\$ 28,923.17	\$ 28,942.18
4009999	TOTAL LICENSE FEE						\$ -	\$ 399,022.31	\$ 38,930.87	\$ 38,930.87	\$ 38,930.87	\$ 34,618.01	\$ 34,325.61	\$ 34,325.61	\$ 34,325.61	\$ 28,923.17	\$ 28,923.17	\$ 28,923.17	\$ 28,923.17	\$ 28,942.18
							\$ -	\$ 399,022.31	\$ 38,930.87	\$ 38,930.87	\$ 38,930.87	\$ 34,618.01	\$ 34,325.61	\$ 34,325.61	\$ 34,325.61	\$ 28,923.17	\$ 28,923.17	\$ 28,923.17	\$ 28,923.17	\$ 28,942.18

**7 World Trade Center II, LLC
2024 Operating Escalation Budget**

DAYS IN YEAR: 365
Beginning of Year: 1/1/2024
End of Year: 12/31/2024

Tenant Cost Based on																		
Suite	T-Code	Tenant Name	Units	Lease Start Date	Lease End Date	Square Footage	OPEX Pool Type	Gross Up Type	Lease Base Year	Base Year Costs	YTD Costs	Tenants Billable Costs	Tenant Prorata Share (%)	Tenants' Share of Costs	Days Occupied	Adj. Occupancy	Tenant Cost Based on	Comments/Notes
1020	t0003786	Squadron NYC, LLC	1020	8/19/22	8/31/31	13,776	4	95%	2021	\$23,439,668.55	\$28,022,976.17	\$4,583,307.62	0.8387%	\$38,440.20	365		\$38,440.20	
1100	t0003455	MOODY'S CORPORATION	1100, 1200, 1400, 1500, 1600, 1700, 1800, 1900, 2000, 2100, 2200, 2300, 2400, 2500, 2600	10/20/06	11/30/27	589,945	3	100%	2007	\$17,384,943.00	\$30,026,375.50	\$12,641,432.50	35.120%	\$4,439,671.09	365		\$4,439,671.09	
2700	t0003461	MOODY'S CORPORATION	2700, 2800	11/15/07	11/30/27	78,568	3	100%	2007	\$17,384,943.00	\$30,026,375.50	\$12,641,432.50	4.6800%	\$591,619.04	365		\$591,619.04	
2900	t0003454	MANSUETO VENTURES, LLC	2900	6/1/22	8/31/28	39,809	3	100%	7/22-6/23	\$27,680,878.27	\$30,026,375.50	\$2,345,497.24	2.3700%	\$55,588.28	365		\$55,588.28	Base year estimated based on 2023 budget
3000	t0003485	Broadcast Music	3000, 3025, 3100	12/1/22	11/30/38	44,516	3	100%	2023	\$27,828,536.00	\$30,026,375.50	\$2,197,839.50	3.3230%	\$73,034.21	365		\$73,034.21	Base year estimated based on 2023 budget
3200	t0003494	Capstone Investment Advisors LLC	3200	12/1/22	3/31/34	39,631	3	100%	2023	\$27,828,536.00	\$30,026,375.50	\$2,197,839.50	2.3594%	\$51,855.83	365		\$51,855.83	Base year estimated based on 2023 budget
3300	t0003492	JEFFREY BEERS INTERNATIONAL LLC	3300	11/29/19	10/31/35	17,359	4	95%	2020	\$22,670,121.79	\$28,022,976.17	\$5,352,854.37	1.00590%	\$53,844.36	365		\$53,844.36	
3325	t0003491	AXIAL READE CAPITAL, LP	3325	2/20/21	8/31/31	3,173	4	95%	2020	\$22,670,121.79	\$28,022,976.17	\$5,352,854.37	0.18000%	\$9,635.14	365		\$9,635.14	
3400	t0003478	THAILAND BOARD OF INVESTMENT	3400	12/1/22	2/28/27	3,823	4	95%	2023	\$26,233,452.20	\$28,022,976.17	\$1,789,523.97	0.2300%	\$4,115.91	365		\$4,115.91	Base year estimated based on 2023 budget
3425	t0003462	KOSTELANETZ & FINK, LLP	3425	12/1/22	11/30/33	13,969	1	95%	2022	\$24,868,203.48	\$27,301,575.06	\$2,433,371.58	0.8300%	\$20,196.98	365		\$20,196.98	
3430	t0003462	KOSTELANETZ & FINK, LLP	3430	12/1/22	11/30/33	4,189	1	95%	2022	\$24,868,203.48	\$27,301,575.06	\$2,433,371.58	0.2400%	\$5,840.09	365		\$5,840.09	
3475	t0003453	SILVERSTEIN PROPERTIES, INC.	3475	4/1/15	6/30/27	7,793	3	100%	2012	\$20,754,014.81	\$30,026,375.50	\$9,272,360.69	0.4330%	\$40,149.32	365		\$40,149.32	
3500	t0003489	MOET HENNESSY USA	3500, 3600	4/7/20	7/6/36	81,986	8	95%	2019	\$27,046,249.92	\$28,097,176.25	\$1,050,926.33	4.751%	\$49,929.51	365		\$49,929.51	
3700	t0003453	SILVERSTEIN PROPERTIES, INC.	3700	9/1/20	6/30/27	5,322	3	100%	2021	\$25,416,791.45	\$30,026,375.50	\$4,609,584.05	0.310%	\$14,298.93	365		\$14,298.93	
3800	t0003453	SILVERSTEIN PROPERTIES, INC.	3800	4/30/06	6/30/27	39,912	3	100%	2007	\$17,384,943.00	\$30,026,375.50	\$12,641,432.50	2.3300%	\$294,545.38	365		\$294,545.38	
3900	t0003486	ZOLA	3900, 3950, 3975	1/17/19	12/31/29	40,442	3	100%	2019	\$27,178,035.84	\$30,026,375.50	\$2,848,339.66	2.3436%	\$66,753.69	365		\$66,753.69	
4100	t0003469	WILMER HALE LLP	3750, 4100, 4200, 4300, 4400, 4500	8/30/11	8/31/32	246,526	7	95%	2012	\$19,622,208.70	\$28,097,176.25	\$8,474,967.55	14.2900%	\$1,211,072.86	365		\$1,211,072.86	Amended lease, increased pro-rata 9/23
4600	t0003493	Upstack Holdco Inc.	4600	4/1/22	3/31/29	5,358	4	95%	2021	\$ 23,439,668.55	\$28,022,976.17	\$4,583,307.62	0.3105%	\$0.00	365		\$0.00	
4625	t0003474	CASEY FAMILY PROGRAM	4625	9/1/18	1/31/34	6,947	4	95%	Avg 2023-2024	TBD	\$28,022,976.17	\$0.00	0.4140%	\$0.00	365		\$0.00	Open for 2023 and 2024 actuals
4650	t0003475	SILVER SUITES 7 WTC LLC	4650	1/2/13	1/31/29	30,137	4	95%	2022	\$25,469,371.07	\$28,022,976.17	\$2,553,605.10	1.7500%	\$44,688.09	365		\$44,688.09	
4700	t0003471	MSCI, INC.	4700, 4800, 4900	2/1/12	1/31/33	125,811	4	95%	2012	\$19,296,489.34	\$28,022,976.17	\$8,726,486.83	7.2900%	\$636,160.89	365		\$636,160.89	
5000	t0003466	MOODY'S CORPORATION	5000, 5100, 5200	1/2/14	11/30/27	129,024	1	95%	2009	\$17,974,188.71	\$27,301,575.06	\$9,327,386.35	7.6800%	\$716,343.27	365		\$716,343.27	
														\$8,417,783.07			\$8,417,783.07	
Per Sch. Of Income:																		

7 World Trade Center II, LLC

2024 PILOT Escalation Budget FY24

						Period		Start		End				
								1/1/2024		6/30/2024				
Tenants	T-Code					Billable Square		Base Year		YTD Costs	Increase Over Base Year	Months Occupied	Tenants' Share of	
		Units	Area	Lease From	Lease To	Footage	Lease Base Year	Costs	Costs				Costs	
Squadron NYC, LLC (t0003786)	t0003786	1020	13,776.00	8/19/2022	8/31/2031	10,885.80	2020/2021	8.15	7.30		0.00	6	-	
SilverTech Ventures LLC (t0003483)	t0003483	1025	9,689.00	4/1/2017	1/0/1900	7,656.25	N/A	0.00	7.30		7.30	0	-	
Moody's Corporation (t0003455)	t0003455	1100, 1200, 1400, 1500, 1600, 170	589,945.00	10/20/2006	11/30/2027	466,174.54	2007	4.33	7.30		2.98	6	693,434.63	
* Skidmore, Owings & Merrill (t0003488)	t0003488	2700, 2800	80,720.00	12/1/2027	11/30/2035	63,784.94	2027	N/A	7.30		0.00	0	-	
Moody's Corporation (t0003461)	t0003461	2700, 2800	78,568.00	11/15/2007	11/30/2027	62,084.43	2007	4.33	7.30		2.98	6	92,350.59	
Mansueto Ventures LLC (t0003454)	t0003454	2900	40,900.00	7/26/2006	5/31/2033	32,319.18	2022/2023	6.77	7.30		0.53	6	8,510.92	
Broadcast Music (t0003485)	t0003485	3000, 3025, 3100	57,414.00	12/1/2022	11/30/2038	45,368.54	2022/2023	6.77	7.30		0.53	6	11,947.33	
Capstone Investment Advisors LLC (t0003494)	t0003494	3200	40,716.00	12/1/2022	3/31/2034	32,174.00	Avg 7/22-6/24	7.04	7.30		0.26	6	4,236.34	
Jeffrey Beers International LLC (t0003492)	t0003492	3300	17,359.00	11/29/2019	12/31/2035	13,717.08	2020/2021	8.15	7.30		0.00	6	-	
Axial Reade Capital, LP (t0003491)	t0003491	3325	3,173.00	2/20/2021	8/31/2031	2,507.30	2020/2021	8.15	7.30		0.00	6	-	
Thailand Board of Investment (t0003478)	t0003478	3400	3,823.00	10/1/2013	11/30/2028	3,020.93	Avg 7/22-6/24	7.04	7.30		0.26	6	397.77	
Kostelanetz & Fink, LLP (t0003462)	t0003462	3425, 3430	18,158.00	9/29/2007	11/30/2033	14,348.45	2022/2023	6.77	7.30		0.53	6	3,778.52	
Moet Hennessy USA (t0003489)	t0003489	3500, 3600	81,986.00	4/7/2020	7/6/2036	64,785.34	2019/2020	7.76	7.30		0.00	6	-	
Wilmer Hale LLP (t0003469)	t0003469	3750, 4100, 4200, 4300, 4400, 450	246,526.00	8/30/2011	8/31/2032	194,804.85	2012/2013	5.34	7.30		1.96	6	190,908.75	
Zola (t0003486)	t0003486	3900, 3950, 3975	40,442.00	1/17/2019	12/31/2029	31,957.27	2019/2020	7.76	7.30		0.00	6	-	
Upstack Holdco Inc. (t0003493)	t0003493	4600	5,358.00	5/7/2022	5/31/2029	4,233.89	2021/2022	6.67	7.30		0.63	6	1,333.68	
Casey Family Programs (t0003474)	t0003474	4625	6,947.00	6/9/2012	1/31/2034	5,489.52	2018/2019	7.27	7.30		0.03	6	82.34	
Silver Suites 7 WTC LLC (t0003475)	t0003475	4650	30,137.00	1/2/2013	1/31/2029	23,814.26	2012/2013	5.34	7.30		1.96	6	23,337.97	
MSCI, Inc. (t0003471)	t0003471	4700, 4800, 4900	125,811.00	2/1/2012	1/31/2033	99,415.85	2011/2012	5.06	7.30		2.24	6	111,345.75	
Moody's Corporation (t0003466)	t0003466	5000, 5100, 5200	129,024.00	7/1/2009	11/30/2027	101,954.76	2009/2010	4.94	7.30		2.36	6	120,306.62	
Silverstein Properties, Inc. (t0003453)	t0003453	3475	7,793	4/1/15	6/30/27	6,158.03	2012/2013	5.34	7.30		1.96	6	6,034.87	
Silverstein Properties, Inc. (t0003453)	t0003453	3700	5,322	9/1/20	6/30/27	4,205.44	2021/2022	6.67	7.30		0.63	6	1,324.71	
Silverstein Properties, Inc. (t0003453)	t0003453	3800	39,912	4/30/06	6/30/27	31,538.46	2006/2007	4.36	7.30		2.94	6	46,361.54	
												Total	1,315,692.34	
												Monthly	219,282.06	

7 World Trade Center II, LLC

2024 PILOT Escalation Budget FY25

Tenants	T-Code	Period				Start	End						
						7/1/2024	12/31/2024						
		Units	Area	Lease From	Lease To	Billable Square Footage	Lease Base Year	Base Year Costs	YTD Costs	Increase Over Base Year	Months Occupied	Tenants' Share of Costs	
Squadron NYC, LLC (t0003786)	t0003786	1020	13,776.00	8/19/2022	8/31/2031	10,885.80	2020/2021	8.15	7.51	0.00	6	-	
SilverTech Ventures LLC (t0003483)	t0003483	1025	9,689.00	4/1/2017	1/0/1900	7,656.25	N/A	0.00	7.51	7.51	0	-	
Moody's Corporation (t0003455)	t0003455	1100, 1200, 1400, 1500, 1600, 1700, 1800, 1900, 2	589,945.00	10/20/2006	11/30/2027	466,174.54	2007	4.33	7.51	3.19	6	742,382.95	
* Skidmore, Owings & Merrill (t0003488)	t0003488	2700, 2800	80,720.00	12/1/2027	11/30/2035	63,784.94	2027	N/A	7.51	0.00	0	-	
Moody's Corporation (t0003461)	t0003461	2700, 2800	78,568.00	11/15/2007	11/30/2027	62,084.43	2007	4.33	7.51	3.19	6	98,869.46	
Mansueto Ventures LLC (t0003454)	t0003454	2900	40,900.00	7/26/2006	5/31/2033	32,319.18	2022/2023	6.77	7.51	0.74	6	11,904.43	
Broadcast Music (t0003485)	t0003485	3000, 3025, 3100	57,414.00	12/1/2022	11/30/2038	45,368.54	2022/2023	6.77	7.51	0.74	6	16,711.03	
Capstone Investment Advisors LLC (t0003494)	t0003494	3200	40,716.00	12/1/2022	3/31/2034	32,174.00	Avg 7/22-6/24	7.04	7.51	0.47	6	7,614.61	
Jeffrey Beers International LLC (t0003492)	t0003492	3300	17,359.00	11/29/2019	12/31/2035	13,717.08	2020/2021	8.15	7.51	0.00	6	-	
Axial Reade Capital, LP (t0003491)	t0003491	3325	3,173.00	2/20/2021	8/31/2031	2,507.30	2020/2021	8.15	7.51	0.00	6	-	
Thailand Board of Investment (t0003478)	t0003478	3400	3,823.00	10/1/2013	11/30/2028	3,020.93	Avg 7/22-6/24	7.04	7.51	0.47	6	714.96	
Kostelanetz & Fink, LLP (t0003462)	t0003462	3425, 3430	18,158.00	9/29/2007	11/30/2033	14,348.45	2022/2023	6.77	7.51	0.74	6	5,285.10	
Moet Hennessy USA (t0003489)	t0003489	3500, 3600	81,986.00	4/7/2020	7/6/2036	64,785.34	2019/2020	7.76	7.51	0.00	6	-	
Wilmer Hale LLP (t0003469)	t0003469	3750, 4100, 4200, 4300, 4400, 4500	246,526.00	8/30/2011	8/31/2032	194,804.85	2012/2013	5.34	7.51	2.17	6	211,363.26	
Zola (t0003486)	t0003486	3900, 3950, 3975	40,442.00	1/17/2019	12/31/2029	31,957.27	2019/2020	7.76	7.51	0.00	6	-	
Upstack Holdco Inc. (t0003493)	t0003493	4600	5,358.00	5/7/2022	5/31/2029	4,233.89	2021/2022	6.67	7.51	0.84	6	1,778.23	
Casey Family Programs (t0003474)	t0003474	4625	6,947.00	6/9/2012	1/31/2034	5,489.52	2018/2019	7.27	7.51	0.24	6	658.74	
Silver Suites 7 WTC LLC (t0003475)	t0003475	4650	30,137.00	1/2/2013	1/31/2029	23,814.26	2012/2013	5.34	7.51	2.17	6	25,838.47	
MSCI, Inc. (t0003471)	t0003471	4700, 4800, 4900	125,811.00	2/1/2012	1/31/2033	99,415.85	2011/2012	5.06	7.51	2.45	6	121,784.42	
Moody's Corporation (t0003466)	t0003466	5000, 5100, 5200	129,024.00	7/1/2009	11/30/2027	101,954.76	2009/2010	4.94	7.51	2.57	6	131,011.87	
Silverstein Properties, Inc. (t0003453)	t0003453	3475	7,793	4/1/15	6/30/27	6,158.03	2012/2013	5.34	7.51	2.17	6	6,681.46	
Silverstein Properties, Inc. (t0003453)	t0003453	3700	5,322	9/1/20	6/30/27	4,205.44	2021/2022	6.67	7.51	0.84	6	1,766.29	
Silverstein Properties, Inc. (t0003453)	t0003453	3800	39,912	4/30/06	6/30/27	31,538.46	2006/2007	4.36	7.51	3.15	6	49,673.08	
											Total Monthly		1,434,038.38 239,006.40

Property Management Fee Validation

Account	Account Description	Add/Sub	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024
7 WORLD TRADE CENTER II, LLC(7wtcll), 7 WORLD TRADE CENTER AT 250 GREENWICH STREET : Operating Budgets : 1/2024 - 12/2024														
Comm Management Fee w/o PPD(MgmIFeC1)														
5100100	MANAGEMENT FEES		228,226	233,675	235,221	239,323	240,534	243,903	246,827	249,497	247,544	241,548	241,323	246,680
4000100	RENTAL INCOME - COMMERCIAL	Add	8,735,118	8,751,969	8,751,969	8,751,969	8,751,969	8,751,969	8,751,969	8,751,969	8,751,969	9,048,414	9,048,414	9,048,414
4000119	RENTAL INCOME - COVID-19 DEF	Add	4,975	4,975	4,975	4,975	4,975	4,975	4,975	4,975	4,975	4,975	4,975	4,975
4000300	RENT INCOME-STORAGE	Add	4,688	4,688	4,688	4,688	4,688	4,688	4,688	4,688	4,688	4,688	4,688	4,688
4000310	LICENSE FEE INCOME	Add	38,931	38,931	38,931	34,618	34,326	34,326	34,326	28,923	28,923	28,923	28,923	28,942
4000320	RENTAL CONCESSIONS - COMMERCIAL	Add	-896,779	-684,329	-657,250	-385,810	-385,810	-385,810	-385,810	-385,810	-385,810	-682,255	-682,255	-486,036
4000330	BASE RENT CREDIT	Add	0	0	-358	-358	-358	-358	-358	-358	-358	-358	-358	-358
4100100	R.E. TAX ESCALATION	Add	219,282	219,282	219,282	219,282	219,282	219,282	239,006	239,006	239,006	239,006	239,006	239,006
4100300	OPER EXPENSE ESC.	Add	701,482	701,482	701,482	701,482	701,482	701,482	701,482	701,482	701,482	701,482	701,482	701,482
4100800	COMMON AREA MAINTENANCE	Add	3,719	3,719	3,719	3,719	3,719	3,719	3,719	3,719	3,719	3,719	3,719	3,719
4200200	ELECTRIC INCLUSION	Add	3,098	3,098	3,098	2,881	2,865	2,865	2,865	2,865	2,865	2,882	2,882	2,882
4200400	ELECTRIC - SUBMETERED	Add	207,699	195,871	230,220	129,724	178,355	312,911	410,118	522,424	444,022	204,488	195,014	213,854
4210200	ELEVATOR	Add	21,143	21,143	21,143	21,143	21,143	21,143	21,143	21,143	21,143	21,143	21,143	21,143
4210300	REPAIRS AND MAINTENANCE	Add	3,757	3,757	3,757	3,757	3,757	3,757	3,757	3,757	3,757	3,757	3,757	3,757
4210800	CONSULTANTS	Add	2,686	2,686	2,686	2,686	2,686	2,686	2,686	2,686	2,686	2,686	2,686	2,686
4210900	HVAC	Add	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667
4211000	CONDENSER WATER INCOME	Add	40,182	40,126	39,370	39,370	39,370	39,370	39,370	39,370	39,370	39,370	39,370	39,370
4211100	CLEANING	Add	539	539	539	539	539	539	539	539	539	539	539	539
4211300	BUILDING ENGINEERS	Add	8,892	8,892	8,892	8,892	8,892	8,892	8,892	8,892	8,892	8,892	8,892	8,892
4211500	SECURITY	Add	553	553	553	553	553	553	553	553	553	553	553	553
4211600	UTILITY INCOME	Add	1,423	1,987	3,512	1,168	1,277	1,482	1,533	1,435	1,715	1,377	1,843	1,048
4211800	TRIS ADMIN FEES	Add	4,302	4,302	4,302	4,302	4,302	4,302	4,302	4,302	4,302	4,302	4,302	4,302
4301000	MISC EVENT INCOME	Add	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667
4301900	TENANT ARREARS/LATE FEES	Add	0	0	0	0	0	0	0	0	0	0	0	0
Total			9,129,023	9,347,004	9,408,844	9,572,913	9,621,345	9,756,106	9,873,088	9,979,894	9,901,772	9,661,917	9,652,909	9,867,193
Fee Percent			2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Calculated Management Fee(Negative Transaction:Yes)			228,226	233,675	235,221	239,323	240,534	243,903	246,827	249,497	247,544	241,548	241,323	246,680
Minimum Fee			0	0	0	0	0	0	0	0	0	0	0	0
Minimum or Calculation			228,226	233,675	235,221	239,323	240,534	243,903	246,827	249,497	247,544	241,548	241,323	246,680
Difference between Posted amount and calculation			0	0	0	0	0	0	0	0	0	0	0	0

7 WORLD TRADE CENTER II, LLC
2024 Budget
fm_cap_lcle

Account Code	Account Description	Property	Narrative	Annual PSF	Annual Total	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec
1700100	PREPAID LEASING COMMISSION	7wtcll	Lease LC: LC EXT	\$ 0.65	\$ 1,121,105.27	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,121,105.27	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		7wtcll	Lease LC: LC INT	\$ 0.32	\$ 560,552.63	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 560,552.63	\$ -	\$ -
	Total			\$ 0.97	\$ 1,681,657.90	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,121,105.27	\$ -	\$ -	\$ -	\$ 560,552.63	\$ -	\$ -
1710100	PREPAID LEGAL	7wtcll	Lease LC: LEGAL	\$ 0.06	\$ 102,222.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,222.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Total			\$ 0.06	\$ 102,222.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,222.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL LEASE COMMISSIONS & LEGAL	7wtcll		\$ 1.03	\$ 1,783,880.40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,223,327.77	\$ -	\$ -	\$ -	\$ 560,552.63	\$ -	\$ -
	Total			\$ 1.03	\$ 1,783,880.40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,223,327.77	\$ -	\$ -	\$ -	\$ 560,552.63	\$ -	\$ -

2024 BUDGET - 7 WTC
5 YEAR - CAPITAL EXPENDITURE SCHEDULE
10.16.23

	RSF					1,733,424	
	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>Notes:</u>	
<u>YA1630200 BUILDING IMPROVEMENTS</u>	\$440,000	\$1,606,000	\$1,300,000	\$555,000	\$1,530,000		
Plaza marble benches and bench lighting.					\$865,000	Project deferred from 2024/2025 to 2028/2029 and escalated 3.5% per year.	Place holder to replace marble bench's due to cracks in marble and replacement of lighting located within the benches. Our annual maintenance program of the green benches permits project on being deferred.
Replace Pietra Cardoza stones in park area				\$555,000	\$665,000	Project deferred from 2024/2025 to 2025/2026 and escalated 3.5% per year.	Replacement of stones due to stress and wear. Work to be coordinated with replacement of benches. Annual PM replacement of damaged stones and application of sealant has allowed project to be deferred.
Sidewalk Replacement - Barclay Street		\$218,000				Project being deferred from 2024 to 2025 and escalated 3.5%.	NYC DDC (Dept. of Design & Construction) scope of work includes the addition of an ADA curb ramp at new crosswalk located on Barclay Street (mid-street) and the northeast corner of the building at Barclay and Greenwich, at their expense. NYC DDC expects to be completed in 3rd quarter of 2024. Barclay street sidewalk, replacement planned to completed after NYC DDC work, the sidewalk condition will be monitored annually.

2024 BUDGET - 7 WTC
5 YEAR - CAPITAL EXPENDITURE SCHEDULE
10.16.23

	RSF					1,733,424
	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>Notes:</u>
Bollard Replacement - Washington St. Loading Dock						Placeholder for work, \$1,030,000, in 2026 removed after scope developed for the Washington Street Sidewalk Replacement (new line item below). In addition the NYPD checkpoint and street bollards will remain in place, allowing the project to be removed entirely.
NEW LINE ITEM: Sidewalk Replacement - Washington Street	\$370,000					Portion of sidewalk at two loading dock bays and the adjacent flags north and south will be replaced. Also, reinstalment of Presray anchors onto sidewalk slab will be required for the Hurricane protection. To include removal and disposal of bollards located at two loading dock bays.
Replacement of marble doors in lobby		\$88,000				Project being deferred to 2025 - Replace marble doors due to wear. Existing maintenance of doors allows project to be deferred, escalated 3.5%. Will be monitored annually.
Elevator cabs interior glass wall upgrade and floor regrouting (29 cabs)		\$1,300,000	\$1,300,000			Total project costs have increased from \$2.5M to \$2.6M. A portion of the work was anticipated to be performed on straight time due to COVID reduced occupancy in 2022. Project has been deferred to 2025/2026, due to increased occupancy, work to be performed on overtime.

2024 BUDGET - 7 WTC
5 YEAR - CAPITAL EXPENDITURE SCHEDULE
10.16.23

	RSF					1,733,424
	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>Notes:</u>
Jenny Holzer Art Wall Project	\$70,000					2024 budget includes final payment of the original 2019 contract to contractor, SACO (\$50K). Installation of new LED strips to be completed in the 1st Quarter of 2024. Consultant services to review install of new light strips (\$20K). Project has been delayed due to supply chain issues in 2021, 2022 and 2023.
<u>YA1630600 CODE COMPLIANCE</u>	\$0	\$350,000	\$0	\$0	\$0	
ADA compliance at park sidewalk corners		\$100,000				NYC DOT notice received in 2019 via the Port Authority to modify park corner curbs from cobblestone to ADA compliant ramps. Project deferred to 2025 due to City Street Project, NYC DDC (Dept. of Design & Construction) scheduled to be completed in the 4th quarter of 2024. Budget reduced from \$400K to \$100K due to reduction in the scope of work. SP will be responsible for the ADA compliance of the North-East corner of the park only. NYC DDC is replacing the Barclay/Greenwich park corner, and the two Vesey Street park corners (south of the bollards are PA responsibility.
Upgrade fire command station.		\$250,000				Place Holder - deferred to 2025. Project will be reviewed annually as life safety codes are updated by the FDNY and NFPA.

2024 BUDGET - 7 WTC
5 YEAR - CAPITAL EXPENDITURE SCHEDULE
10.16.23

	RSF					1,733,424	
	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>Notes:</u>	
<u>YA1650100 EQUIPMENT</u>	\$85,000	\$2,159,000	\$2,490,000	\$2,320,000	\$895,000		
ATS Replacement			\$200,000			Place holder to replace one switch, there are (10) primary and (6) secondary Auto Transfer Switches (ATS).	
UPS Replacement		\$549,000				Project deferred from 2024 to 2025 and escalated 3.5%. Place holder to replace either of our (2) two (UPS) Uninterrupted Power Supply Units.	
Replace LED light fixtures in main lobby					\$875,000	Purchase of New LED lights/fixtures & controls, last installed in 2022. These fixtures have a 6 to 7 year life lifespan. Labor for the removal and installment of new LED lighting/fixtures will be performed by building engineering.	
Electric Submeters	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	Annual place holder, lease driven and for any as needed replacements.	
Replace existing X-RAY machines two (2) in the main lobby and one (1) located in the messenger center.			\$180,000			Upgrade 20 year old x-ray machines with new models and features.	
Furnish and install new elevator call compass fixtures in the main lobby (29 fixtures) and on tenant floors (84 fixtures).		\$1,040,000	\$1,040,000			Project deferred from 2024/2025 to 2025/2026 and escalated 4%. Existing compass fixtures are obsolete and no longer supported. Otis is only able to provide attic stock.	

2024 BUDGET - 7 WTC
5 YEAR - CAPITAL EXPENDITURE SCHEDULE
10.16.23

	RSF					1,733,424
	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>Notes:</u>
Overhaul building security cameras to allow for high-definition smart cameras. A 3 year project to replace all cameras and remove old analogy cable to be replaced with Fiber backbone.		\$250,000	\$1,000,000	\$1,500,000		Design in 2025, Install fiber optic-backbone in 2026, conversion to high definition smart cameras in 2027.
Replace LED light fixtures and control-programming for the 4th floor setback, last performed in 2016.		\$300,000				Placeholder, Light fixtures will have reached expected hours of operation, new control-programing while be required with new LED fixtures.
Replace Halogen light fixtures with LED fixtures on all four facades of the 53rd floor, setback. New control-programing will be included with the project.			\$50,000	\$800,000		Design in 2026, replacement of energy efficient LED fixtures and programing in 2027.
New - 4th fl Demo of Data Room to former tenant (FXDD) decommissioning of the generator	\$65,000					The project includes the decommissioning of the generator (\$65K). The generator (installed by Tenant at Tenant's cost) can be re-used and re-activated by a new Tenant.

2024 BUDGET - 7 WTC
5 YEAR - CAPITAL EXPENDITURE SCHEDULE
10.16.23

	RSF					1,733,424
	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>Notes:</u>
<u>YA1660100 FURNITURE & FIXTURES</u>	\$0	\$0	\$0	\$0	\$0	
<u>YA1631400 ARTWORK</u>	\$0	\$0	\$0	\$0	\$0	
	\$525,000	\$4,115,000	\$3,790,000	\$2,875,000	\$2,425,000	
SUB-TOTAL BLDG IMPROVEMENTS \$/SF	\$0.30	\$2.37	\$2.19	\$1.66	\$1.40	
	\$1,798,000	\$0	\$0	\$2,432,500	\$27,322,500	
SUB-TOTAL LANDLORD'S WORK \$/SF	\$1.04	\$0.00	\$0.00	\$1.40	\$15.76	2024 per the AM1. LLW for 2025 through 2028 assumes \$28 psf, escalated 3.5% per year. Placeholder budget for bathroom renovations to commence in 2027-2028, bathrooms will be 20 years old, assumes two floors per year.
	\$2,323,000	\$4,115,000	\$3,790,000	\$5,307,500	\$29,747,500	
TOTAL CAPITAL BUDGET \$/SF	\$1.34	\$2.37	\$2.19	\$3.06	\$17.16	

7 WORLD TRADE CENTER II, LLC
2024 Budget
fm_cap_T1_BI

Account Code	Account Description	Property	Narrative	Annual PSF	Annual Total	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec			
1619000	REIMBURSABLE EXPENSES	7wtcll	TG Budget	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
	Total			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
1630200	BUILDING IMPROVEMENTS 1	7wtcll	JENNY HOLZER - CONSULTING SERVICE FOR INSTALL OF NEW LIGHT STRIPS (\$20K). FINAL PAYMENT OF NEW LIGHT STRIPS INSTALL TO SACO (\$50K)	\$ 0.04	\$ 70,000.00	\$ -	\$ -	\$ 70,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
		7wtcll	SIDEWALK REPLACEMENT - WASHINGTON STREET LOADING DOCK BAYS	\$ 0.21	\$ 370,000.00	\$ -	\$ -	\$ 150,000.00	\$ 150,000.00	\$ 70,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		Total		\$ 0.25	\$ 440,000.00	\$ -	\$ -	\$ 220,000.00	\$ 150,000.00	\$ 70,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1630300	BLDG IMPR-LANDLORD WORK	7wtcll	30TH FLOOR - SUITE 3050-25,002 RSF - VACANT - COMMON CORRIDOR UPGRADES - CORRIDOR WORK INCLUDES NEW LIGHTING (REPLACE-IN-KIND), REMOVE WALL COVERING AND PREP SURFACES, PAINT AND REPLACE CARPET (JAN-MAR PER AM1)	\$ 0.12	\$ 199,000.00	\$ 66,333.00	\$ 66,333.00	\$ 66,334.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
		7wtcll	30TH FLOOR - SUITE 3050-25,002 RSF - VACANT - COSMETIC UPGRADES- NEW LIGHTING THROUGHOUT SPACE, REMOVE WALL COVERING AND PREP SURFACES FOR NEW PAINT, REPLACE CARPET, AND REPAIR PANTRY CABINETRY. (JAN-MAR PER AM1)	\$ 0.29	\$ 500,000.00	\$ 166,700.00	\$ 166,700.00	\$ 166,600.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		7wtcll	33RD FLOOR - SUITE 3350-20,275 RSF - VACANT - COMMON CORRIDOR COSMETIC CHANGES - NEW PAINT AND WALLCOVERING FOR COMMON CORRIDOR (JAN-MAR PER AM1)	\$ 0.03	\$ 50,000.00	\$ 16,670.00	\$ 16,670.00	\$ 16,660.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		7wtcll	34TH FLOOR - SUITE 3450-11,122 RSF - VACANT - DEMO & STANDARD LLW TO PREPARE FOR PREBUILD IS IN PROGRESS AND WILL BE COMPLETED IN 2023. PCAF APPROVED 8/14/23. ESTIMATED PROJECT COST IS \$300K. BUILDOUT TO BE BUDGETED UNDER T1 GL 1640300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		7wtcll	40TH FLOOR - SUITE 4000 - 40,889 RSF - NEW TENANT - NEW RESTROOMS - LEASE DEPENDENT. LL WORK SCOPE TO DEMOLISH EXISTING RESTROOMS, FURNISH & INSTALL NEW MEN'S & WOMEN'S RESTROOMS. (JUNE-SEPT PER AM1)	\$ 0.61	\$ 1,049,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 262,250.00	\$ 262,250.00	\$ 262,250.00	\$ 262,250.00	\$ 262,250.00	\$ 262,250.00	\$ -	\$ -	\$ -	
		Total		\$ 1.04	\$ 1,798,000.00	\$ 249,703.00	\$ 249,703.00	\$ 249,594.00	\$ -	\$ -	\$ 262,250.00	\$ 262,250.00	\$ 262,250.00	\$ 262,250.00	\$ 262,250.00	\$ 262,250.00	\$ -	\$ -	\$ -	
1650100	EQUIPMENT 1	7wtcll	ELECTRICAL SUB-METERS	\$ 0.01	\$ 20,000.00	\$ -	\$ -	\$ 10,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000.00	\$ -	\$ -	\$ -			
		7wtcll	NEW LINE ITEM: 4TH FLOOR DATA ROOM OF FORMER TENANT (FXDD) DECOMMISSION GENERATOR	\$ 0.04	\$ 65,000.00	\$ -	\$ 65,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		Total		\$ 0.05	\$ 85,000.00	\$ -	\$ 65,000.00	\$ 10,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000.00	\$ -	\$ -	\$ -		
	TOTAL BUILDING IMPROVEMENTS	7wtcll		\$ 1.34	\$ 2,323,000.00	\$ 249,703.00	\$ 314,703.00	\$ 479,594.00	\$ 150,000.00	\$ 70,000.00	\$ 262,250.00	\$ 262,250.00	\$ 262,250.00	\$ 272,250.00	\$ 272,250.00	\$ -	\$ -	\$ -		
	Total			\$ 1.34	\$ 2,323,000.00	\$ 249,703.00	\$ 314,703.00	\$ 479,594.00	\$ 150,000.00	\$ 70,000.00	\$ 262,250.00	\$ 262,250.00	\$ 262,250.00	\$ 272,250.00	\$ 272,250.00	\$ -	\$ -	\$ -		
1640300	TENANT IMPROVEMENTS	7wtcll	Lease TI: T1	\$ 3.55	\$ 6,133,350.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,533,337.50	\$ 1,533,337.50	\$ 1,533,337.50	\$ 1,533,337.50	\$ 1,533,337.50	\$ -	\$ -	\$ -		
		7wtcll	Suite 2900 MANSUETO	\$ 2.37	\$ 4,090,000.00	\$ 1,022,500.00	\$ 1,022,500.00	\$ 1,022,500.00	\$ 1,022,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		7wtcll	Suite 3200 CAPSTONE	\$ 0.30	\$ 513,023.00	\$ 128,255.75	\$ 128,255.75	\$ 128,255.75	\$ 128,255.75	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		7wtcll	Suite 3425/3430 KOSTELANETZ & FINK	\$ 0.11	\$ 181,581.00	\$ 45,395.25	\$ 45,395.25	\$ 45,395.25	\$ 45,395.25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		7wtcll	Suite 3450 - VACANT - SPEC PREBUILD - TO BE LEASED TO A NEW TENANT	\$ 0.84	\$ 1,445,860.00	\$ -	\$ -	\$ -	\$ 361,465.00	\$ 361,465.00	\$ 361,465.00	\$ 361,465.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		7wtcll	Suite 4625 CASEY FAMILY	\$ 0.12	\$ 208,410.00	\$ 52,102.50	\$ 52,102.50	\$ 52,102.50	\$ 52,102.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		7wtcll	Suite 4650 SILVERSUITES	\$ 0.29	\$ 493,390.50	\$ 246,695.25	\$ 246,695.25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
	Total		\$ 7.56	\$ 13,065,614.50	\$ 1,494,948.75	\$ 1,494,948.75	\$ 1,248,253.50	\$ 1,609,718.50	\$ 361,465.00	\$ 1,894,802.50	\$ 1,894,802.50	\$ 1,533,337.50	\$ 1,533,337.50	\$ 1,533,337.50	\$ 1,533,337.50	\$ -	\$ -	\$ -		
	TOTAL TENANT IMPROVEMENTS	7wtcll		\$ 7.56	\$ 13,065,614.50	\$ 1,494,948.75	\$ 1,494,948.75	\$ 1,248,253.50	\$ 1,609,718.50	\$ 361,465.00	\$ 1,894,802.50	\$ 1,894,802.50	\$ 1,533,337.50	\$ 1,533,337.50	\$ 1,533,337.50	\$ -	\$ -	\$ -		
	Total			\$ 7.56	\$ 13,065,614.50	\$ 1,494,948.75	\$ 1,494,948.75	\$ 1,248,253.50	\$ 1,609,718.50	\$ 361,465.00	\$ 1,894,802.50	\$ 1,894,802.50	\$ 1,533,337.50	\$ 1,533,337.50	\$ 1,533,337.50	\$ -	\$ -	\$ -		

**NYC DEPARTMENT OF FINANCE
OFFICE OF THE CITY REGISTER**

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RECORDING AND ENDORSEMENT COVER PAGE

PAGE 1 OF 6

Document ID: 2007120700954006

Document Date: 12-05-2007

Preparation Date: 12-07-2007

Document Type: DEED

Document Page Count: 5

PRESENTER:

COMMONWEALTH/LAWYERS TITLE
RETURN TO ROOPIE
140 EAST 45TH STREET, 22ND FLOOR
NEW YORK, NY 10017
212-949-0100
skaelin@landam.com/SS070921M

RETURN TO:

DLA PIPER US LLP
ATTN: DANIEL DWYER
1251 AVENUE OF THE AMERICAS
NEW YORK, NY 10020

PROPERTY DATA

Borough	Block	Lot	Unit	Address
MANHATTAN	84	36	Entire Lot	7 WORLD TRADE CENTER
Property Type: OTHER				

CROSS REFERENCE DATA

CRFN _____ or Document ID _____ or _____ Year _____ Reel _____ Page _____ or File Number _____

PARTIES

GRANTOR/SELLER:

THE LOWER MANHATTAN DEVELOPMENT
CORPORATION
ONE LIBERTY PLAZA
NEW YORK, NY 10005

GRANTEE/BUYER:

THE PORT AUTHORITY OF NEW YORK AND NEW
JERSEY
THE PORT AUTHORITY OF NEW YORK AND NEW
JERSEY, 225 PARK AVENUE SOUTH
NEW YORK, NY 10003

FEES AND TAXES

Mortgage			Filing Fee:	
Mortgage Amount:	\$	0.00		\$ 165.00
Taxable Mortgage Amount:	\$	0.00	NYC Real Property Transfer Tax:	
Exemption:				\$ 0.00
TAXES: County (Basic):	\$	0.00	NYS Real Estate Transfer Tax:	
City (Additional):	\$	0.00		\$ 0.00
Spec (Additional):	\$	0.00		
TASF:	\$	0.00		
MTA:	\$	0.00		
NYCTA:	\$	0.00		
Additional MRT:	\$	0.00		
TOTAL:	\$	0.00		
Recording Fee:	\$	62.00		
Affidavit Fee:	\$	0.00		

**RECORDED OR FILED IN THE OFFICE
OF THE CITY REGISTER OF THE
CITY OF NEW YORK**

Recorded/Filed 12-13-2007 12:47

City Register File No.(CRFN):

2007000611074



Gannette McMill

City Register Official Signature

THIS INDENTURE made the 5th day of December, 2007.

BETWEEN

Lower Manhattan Development Corporation a subsidiary of the Urban Development Corporation of the State of New York d/b/a Empire State Development Corporation, having an address at One Liberty Plaza, New York, New York 10005 (the "LMDC"),

party of the first part,

and

The Port Authority of New York and New Jersey (f/k/a The Port of New York Authority), a body corporate and politic created by compact between the States of New York and New Jersey with the consent of the Congress of the United States of America, having an address at 225 Park Avenue South, New York, New York 10003 (the "Port Authority")

party of the second part,

WHEREAS, The City of New York, a municipal corporation, having an address at City Hall in the Borough of Manhattan, New York (the "City"), the LMDC and the Port Authority have entered into an agreement relating to certain land transfers dated November 1, 2006 (the "Request Letter").

WHEREAS, the City and the Port Authority have now agreed to effectuate a portion of the transfers contemplated under the Request Letter by delivering a notice to LMDC dated April 4, 2007.

WHEREAS, immediately preceding the delivery of this Indenture, the City delivered to the LMDC an indenture transferring all of the City's interest in that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the County of New York, City of New York and State of New York and being more particularly described on Schedule A annexed hereto from the City to the LMDC.

WHEREAS, accordingly, the LMDC and the Port Authority agree that the LMDC shall now deliver, and the Port Authority shall accept, this Indenture

THEREFORE, the party of the first part, in consideration of Ten Dollars and other valuable consideration paid by the party of the second part, the receipt and sufficiency of which is hereby acknowledged, does hereby grant and release unto the party of the second part, the heirs or successors and assigns of the party of the second part forever:

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the County of New York, City of New York and State of New York and being more particularly described on Schedule A annexed hereto.

SUBJECT TO certain easements and/or rights expressly provided for and reserved to the City of New York in the agreements by and between the City of New York and the Port Authority previously recorded and unrecorded;

TOGETHER WITH the appurtenances and all the estates and rights of the party of the first part in and to said premises;

TOGETHER WITH all strips, gores and hiatuses;

TO HAVE AND TO HOLD the premises herein granted unto the party of the second part, its heirs or successors and assigns forever;

AND the party of the first part, in compliance with Section 13 of the Lien Law, covenants that the party of the first part will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose.

The word "party" shall be construed as if it read "parties" whenever the sense of this Indenture so requires.

IN WITNESS WHEREOF, the party of the first part has duly executed this Indenture the date first above written.

Lower Manhattan Development Corporation

By: David Emil

Name: David Emil

Title: President

STATE OF NEW YORK)

) ss.:

COUNTY OF NEW YORK)

On the 5th day of December in the year 2007 before me, the undersigned, personally appeared David Emil, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

SUSAN M. BARLOW
Notary Public, State of New York
No. 01044648902
Qualified in Queens County
Commission Expires January 31, 2010

Susan M. Barlow
Notary Public

SEAL

SCHEDULE A

7WTC Negotiated (Parcels 31 and 32)

PARCEL 31

All that certain plot, piece or parcel of land, situate, lying and being in a portion of the bed Greenwich Street, as discontinued and closed on Map Acc. No. 29937, in the Borough of Manhattan, City, County, and State of New York, being more particularly bounded and described as follows:

BEGINNING at the point formed by the intersection of the westerly line of Greenwich Street as eliminated on the Manhattan Borough President's Map Acc. No. 29910 with the northerly line of Vesey Street as shown on the map entitled "The Port Authority of New York and New Jersey No. 7 World Trade Center Acquisition Map" Dated October 11, 1983, said point having the Borough President of Manhattan coordinates of North 5271.53 West 9920.22;

1. Running thence along the westerly line of Greenwich Street as eliminated on Map Acc. No. 29910 North 17 degrees 57 minutes 14 seconds West a distance of 189.61 feet to a point on the southerly line of Barclay Street;
2. Running thence along the southerly line of Barclay Street South 88 degrees 39 minutes 01 second East a distance of 10. 80 feet to a point;
3. Running thence South 17 degrees 57 minutes 14 seconds East a distance of 189.71 feet to a point on the northerly line of Vesey Street as shown on said Acquisition Map;
4. Running thence along the northerly line of Vesey Street as shown on said Acquisition Map North 88 degrees 07 minutes 52 seconds West a distance of 10.63 feet to the point and place of Beginning.

The coordinates and bearings set forth in the above description refer to the 10th Avenue Meridian as established by the Borough of Manhattan Topographical Bureau with Grid north being 28 degrees 59 minutes 13.5 seconds east of true north.

PARCEL 32

All that certain plot, piece or parcel of land, situate, lying and being in a portion of the bed of Greenwich Street, as discontinued and closed on Map Acc. No. 29937, in the Borough of Manhattan, City, County, and State of New York, and having an upper limiting plane 1.35 feet below curb grade, being more particularly bounded and described as follows:

BEGINNING at the point formed by the intersection of the easterly line of Greenwich Street as eliminated on the Manhattan Borough President's Map Acc. No. 29910 with the northerly line of Vesey Street as shown on the map entitled "The Port Authority of New York and New Jersey No. 7 World Trade Center Acquisition Map" dated October 11, 1983, said point having the Borough President of Manhattan coordinates of North 5269.32 West 9852.40;

1. Running thence along the northerly line of Vesey Street as shown on said Acquisition Map North 88 degrees 07 minutes 52 seconds West a distance of 57.23 feet to a point;
2. Running thence North 17 degrees 57 minutes 14 seconds West a distance of 189.71 feet to a point on the southerly line of Barclay Street;
3. Running thence along the southerly line of Barclay Street South 88 degrees 39 minutes 01 second East a distance of 57.21 feet to a point on the easterly line of Greenwich Street as eliminated on Map Acc. No. 29910;
4. Running thence along the easterly line of Greenwich Street as eliminated on Map Acc. No. 29910 South 17 degrees 54 minutes 21 seconds East a distance of 190.20 feet to the Point and Place of Beginning

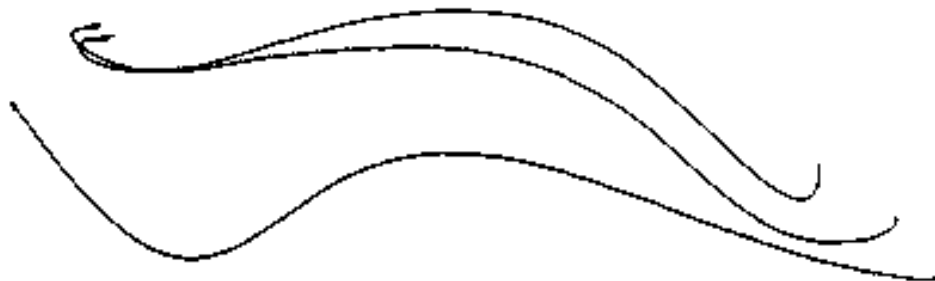
The coordinates and bearings set forth in the above description refer to the 10th Avenue Meridian as established by the Borough of Manhattan Topographical Bureau with Grid north being 28 degrees 59 minutes 13.5 seconds east of true north.

7 World Trade Center
New York, New York

Block 84
Lot 36

Upon Recordation Return to:

DLA Piper US LLP
1251 Avenue of the Americas
New York, NY 10020
Attn: Daniel Dwyer

A handwritten signature in black ink, consisting of a series of fluid, connected loops and curves, positioned above the file name.

NYC DEPARTMENT OF FINANCE
OFFICE OF THE CITY REGISTER



2007120700954006001S4666

SUPPORTING DOCUMENT COVER PAGE

PAGE 1 OF 1

Document ID: 2007120700954006

Document Date: 12-05-2007

Preparation Date: 12-07-2007

Document Type: DEED

ASSOCIATED TAX FORM ID: 2007112600354

SUPPORTING DOCUMENTS SUBMITTED:

Page Count

RP - S217 REAL PROPERTY TRANSFER REPORT

1

C1. County Code _____ C2. Date Deed Recorded _____
Month Day Year
C3. Book _____ C4. Page _____
OR
C5. GRFM _____



STATE OF NEW YORK
STATE BOARD OF REAL PROPERTY SERVICES
RP - 5217NYC

Rev 11/2003

1. Property Location		7 STREET NUMBER	WORLD TRADE CENTER STREET NAME	MANHATTAN BOROUGH	10048 ZIP CODE
2. Buyer Name					
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY					
LAST NAME - COMPANY			FIRST NAME		
LAST NAME - COMPANY			FIRST NAME		
3. Tax Billing Address					
Indicate where future Tax Bills are to be sent if other than buyer address (at bottom of form)					
LAST NAME - COMPANY			FIRST NAME		
STREET NUMBER AND STREET NAME		CITY OR TOWN		STATE	ZIP CODE
4. Indicate the number of Assessment Roll parcels transferred on this deed					
1		# of Parcels		OR ☐ Part of a Parcel	
5. Deed Property Size					
FOOT FEET		X	DEPTH	OR	ACRES
6. Seller Name					
THE LOWER MANHATTAN DEVELOPMENT CORPORATION					
LAST NAME - COMPANY			FIRST NAME		
LAST NAME - COMPANY			FIRST NAME		
8. Check the box below which most accurately describes the use of the property at the time of sale:					
A ☐ One Family Residential		C ☐ Residential Vacant Land		E ☒ Commercial Apartment	
B ☐ 2 or 3 Family Residential		D ☐ Non-Residential Vacant Land		G ☐ Entertainment / Amusement Community Service	
				I ☐ Industrial Public Service	

10. Sale Contract Date 12 / 5 / 2007
Month Day Year

11. Date of Sale / Transfer 12 / 5 / 2007
Month Day Year

12. Full Sale Price \$ 0

(Full Sale Price is the total amount paid for the property including personal property. This payment may be in the form of cash, other property or goods, or the assumption of mortgages or other obligations.) Please round to the nearest whole dollar amount.

(3. Indicate the value of personal property included in the sale _____

A	Sale Between Relatives or Former Relatives
B	Sale Between Related Companies or Partners in Business
C	One of the Buyers is also a Seller
D	Buyer or Seller is Government Agency or Lending Institution
E	Deed Type and Warranty or Bargain and Sale (Specify Below)
F	Sale of Fractional or Less than Fee Interest (Specify Below)
G	Significant Change in Property Between Taxable Status and Sale Date
H	Sale of Business Is Included in Sale Price
I	Other Unusual Factors Affecting Sale Price (Specify Below)
J	☒ None

15. Building Class 0, 4 16. Total Assessed Value (all ML parcels in transfer) _____

17. Borough, Block and Lot / PO# Identifier(s) (If more than three, attach sheet with additional identifier(s))

MANHATTAN B4 36

CERTIFICATION I certify that all of the items of information entered on this form are true and correct to the best of my knowledge and belief and I understand that the making of any false statement of material fact herein will subject me to the provisions of the general law relating to the making and filing of false instruments.

BUYER'S ATTORNEY

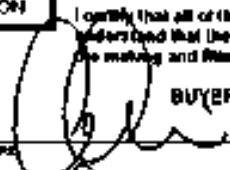
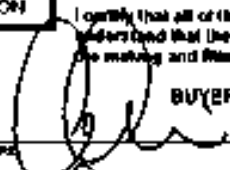
12-5-07
 225 Park Avenue South - 15th Floor
 N.Y. N.Y. 10003

LAST NAME	FIRST NAME
212	335-4621
AREA CODE	TELEPHONE NUMBER
	SELLER
DATE OF PURCHASE	DATE

2007112600354201

CERTIFICATION

I certify that all of the items of information entered on this form are true and correct (to the best of my knowledge and belief) and understand that the making of any willful false statement of material fact herein will subject me to the provisions of the penal law relative to the making and filing of false instruments.

		BUYER		BUYER'S ATTORNEY	
		DATE			
STREET NUMBER		STREET NAME (AFTER SALE)		PHONE NUMBER	
225		Park Avenue South		335-4621	
CITY OR TOWN		STATE		ZIP CODE	
N.Y.		N.Y.		10003	
SELLER SIGNATURE		DATE		SELLER	

CERTIFICATION

I certify that all of the items of information entered on this form are true and correct (to the best of my knowledge and belief) and understand that the making of any willful false statement of material fact herein will subject me to the provisions of the penal law relative to the making and filing of false instruments.

BUYER
BUYER'S ATTORNEY

BUYER SIGNATURE		DATE		BUYER'S ATTORNEY SIGNATURE		DATE	
STREET NUMBER		CITY NAME AND STATE		212		335-4621	
CITY OR TOWN		STATE		ZIP CODE		TELEPHONE NUMBER	
				BUYER'S SIGNATURE		DATE	

Appendix D

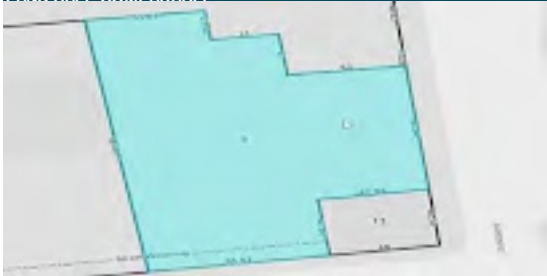
Comparable Data

Land Sale Comparables

7 World Trade Center Real Estate Appraisal

LAND SALE COMPARABLE			No.	1
	Property Name:	112 Liberty Street		
	Address:	112 Liberty Street		
	City/State/Zip:	New York, NY 10006		
	County:	New York		
	Tax ID:	Block 52, Lot 16		
	Comparable ID:	338c8218bc9448a4915b23be8a8c3568		
	Current Use:	Land		
	Land (SF):	6,100	Topography:	Level
	Land (ac):	0.140	Zoning:	C5-5 (LM)
	Usable Land (SF):		Utilities:	All to Site
Shape:	Irregular	Environmental Issues:		
Transaction Summary				
Transaction Type:	Closed Sale	Date:	3/28/2024	
Buyer:	HW Liberty LLC	Sale Price:	\$21,687,750	
Seller:	112 Liberty Associates LLC	Sale Price per Unit:		
Deed Reference:	2024040400737001	Sale Price per Usable SF:		
Verified With:	ACRIS, CoStar	Financing:	Cash to Seller	
Ownership Interest:	Fee Simple	Conditions of Sale:	Arm's Length	
Remarks				
This comparable is the sale of an irregularly shaped through-block site that is located between the northerly side of Cedar Avenue and the southerly side of Liberty Street within the Financial District neighborhood of Manhattan. The site is located within the C5-5 zoning district (R10 residential equivalent) and within the Special Lower Manhattan District. As such, the site has a maximum FAR of 10 for residential uses and 15 for commercial or community facility uses. The resulting residential envelope of 61,000 SFDA reflects 67% of the maximum development envelope. The site sold vacant and has 61'-3" of frontage along Cedar Street and 48'-2" of frontage along Liberty Street. As of March 11, 2024, recent redevelopment plans have not been filed with the Department of Buildings. The sale contracted on March 6, 2024, and closed on March 28, 2024.				

7 World Trade Center Real Estate Appraisal

LAND SALE COMPARABLE		No.	2
	Property Name:	259 Clinton Street	
	Address:	259 Clinton Street	
	City/State/Zip:	New York, NY 10002	
	County:	New York	
	Tax ID:	246/5	
	Comparable ID:	c643a356bd084303a9dac2f9c6fca078	
	Current Use:	Land	
	Proposed Use:	Multi-housing	
	Land (SF):	20,177	Topography: Level
	Land (ac):	0.463	Zoning: C6-4
			Utilities: All to Site
			Flood Zone: Partially
		Shape: Irregular	Environmental Issues:
Transaction Summary			
Transaction Type:	Closed Sale	Date:	12/28/2022
Buyer:	Extell Development Company	Sale Price:	\$40,000,000
Seller:	Starrett Corporation	Sale Price per Unit:	
Deed Reference:	2023000001277	Sale Price per Usable SF:	
Verified With:	CoStar, Public Records, Press Release	Financing:	Cash to Seller – Buyer Obtained Financing
Ownership Interest:	Fee Simple	Conditions of Sale:	Arm's Length
Remarks			
This is the sale of a development site located in the Lower East Side neighborhood of Manhattan. The site is part of an assemblage which includes the adjacent site (Block 246/Lot 1). There are permits filed to build a rental multifamily building with a total zoning floor area of 851,984 square feet, of which 201,770 SF is allocated to Lot 5.			

LAND SALE COMPARABLE		No.	3
	Property Name:	511-515 West 35th Street	
	Address:	511 West 35th Street	
	City/State/Zip:	New York, NY 10001	
	County:	New York	
	Tax ID:	Block 707, Lots 26, 41, and 45	
	Comparable ID:	ca99103e64f8444192a95f0fa61a46b4	
	Current Use:	Land	
	Land (SF):	17,281	Topography:
	Land (ac):	0.397	Zoning:
	Usable Land (SF):	17,281	Utilities:
		Usable Land (ac):	0.397
		Shape:	Irregular
		Environmental Issues:	
Level			
C6-4 (HY A3)			
All to Site			
Transaction Summary			
Transaction Type:	Closed Sale	Date:	10/18/2021
Buyer:	517 West 35th LLC	Sale Price:	\$117,694,131
Seller:	511 West 35th Street LLC	Sale Price per Unit:	
Deed Reference:	2021102101408005	Sale Price per Usable SF:	\$6,810.61
Verified With:		Financing:	Loan Assumption
Ownership Interest:	Fee Simple	Conditions of Sale:	Arm's Length
Remarks			
This comparable is a 17,281 square foot through-block development site located between West 35th Street and West 36th Street, and Tenth and Eleventh Avenues in the Hudson Yards neighborhood of Manhattan. The site has 350'-0" of frontage along West 36th Street, 375'-0" of frontage along West 37th Street, and 98'-8" of frontage along Eleventh Avenue. The property is located within the C6-4 zoning districts, Sub-district A3 of the Special Hudson Yards District (HY), which has a basic floor area ratio (FAR) of 10.0 and which can be improved to 18.0 with contribution to the District Improvement Fund (DIF). To maximize the development envelope, a contribution of \$19,734,902 would have been necessary at the time of sale based on a DIF cost of \$142.75 per SFDA and the DIF bonus floor area of 138,248 SFDA. The comparable's total allowable bulk includes 103,686 SFDA available for purchase through the Eastern Rail Yards (ERY) bonus, or large-scale plan bonus. Such distribution is only permitted for receiving sites that have maximized their permitted floor areas through contributions to the DIF. To account for the 103,686 SFDA available, the appraisal applies an adjustment based on the combined sale price and DIF payment of \$310.99 per square foot of zoning floor area $((\\$77,000,000 \text{ sale price} + \\$19,734,902 \text{ DIF Bonus}) \div (172,810 \text{ basic SFDA} + 103,686 \text{ SFDA DIF Bonus})) = \\$310.99 \text{ per basic and DIF SFDA}$. Assuming the ERY air rights are available for purchase at 65% of the appraised value, this results in an additional ERY adjustment of \$20,959,229 $(\\$310.99 \text{ per basic and DIF SFDA} \times 65\% \times 103,686 \text{ SFDA})$. This results in total development envelope of 414,744 SFDA. Prior to the sale, there was a Zoning Lot Development and Easement Agreement (ZLDA) with the adjacent Lots 20 and 31 to facilitate the development of a larger, multi-phase mixed-use project on all affected lots. The agreement was terminated and Lots 26, 41 and 45 were sold to the Lot 20 and 31 owner.			

			No.	4
	Property Name:	111 Washington Street		
	Address:	111 Washington Street		
	City/State/Zip:	New York, NY 10006		
	County:	New York		
	Tax ID:	Block 53, Lot 12		
	Comparable ID:	C5693100		
	Current Use:	Land		
	Proposed Use:	Multi-housing		
	Land Units:			
	Land (SF):	11,255	Encumbrance or Easement:	No
	Land (ac):	0.258	Topography:	Level
	Usable Land (SF):	11,255	Zoning:	C6-9
	Usable Land (ac):	0.258	Utilities:	All to Site
	Shape:	Irregular	Flood Zone:	Yes
			Environmental Issues:	No

Transaction Summary

Transaction Type:	Closed Sale	Date:	9/10/2021
Buyer:	Carlisle New York Apartments LLC	Sale Price:	\$89,155,000
Seller:	111 Washington Owner LLC	Sale Price per Unit:	
Deed Reference:	2021092300074003	Sale Price per Usable SF:	\$7,921.37
Verified With:	Public records, media reporting, listing	Financing:	Cash to Seller – Buyer Obtained Financing
Ownership Interest:	Fee Simple	Conditions of Sale:	Short Sale

Remarks

This comparable is an irregular-shaped development site located at the southeasterly corner of Washington Street and Carlisle Street, in the Financial District neighborhood of Manhattan. The site was vacant and unimproved at the time of sale. The site transferred with 172,164 SFDA of excess development rights (via a Zoning Lot Determination Agreement) from neighboring Lots 4, 6, 35, 36, and 37. According to various press releases, the buyer plans to develop the site with a 50-story, 400-unit mixed-use rental apartment facility with retail use at grade level utilizing the Affordable New York Housing Program. According to the selling broker, the sale price was influenced by unusual sale conditions as the prior ownership group was involved in a lengthy dispute over plans for the site. This was effectively a forced sale and a structured deal in which the sale price reportedly reflected the amount of debt on the property. Construction does not appear to have commenced as of early 2023, and we are unable to confirm if the property has qualified for the Affordable New York tax abatement program.



		No.	5
Property Name:	72-76 Nassau Street		
Address:	72-76 Nassau Street		
City/State/Zip:	New York, NY 10038		
County:	New York		
Tax ID:	Block 78, Lots 1401 and 1402		
Comparable ID:	364547		
Current Use:	Multi-housing		
Land Units:		Encumbrance or Easement:	Yes
Land (SF):	8,044	Topography:	Level
Land (ac):	0.185	Zoning:	C5-5
Usable Land (SF):	7,841	Utilities:	All to Site
Usable Land (ac):	0.180	Flood Zone:	Unknown
Shape:	Rectangular	Environmental Issues:	

Transaction Summary			
Transaction Type:	Closed Sale	Date:	12/4/2019
Buyer:	72 Nassau Associates, LLC	Sale Price:	\$36,642,140
Seller:	GALB Realty Associates LLC	Sale Price per Unit:	
Deed Reference:	2019120600316002	Sale Price per Usable SF:	\$4,673.15
Verified With:	Public records, media reporting (the	Financing:	Loan Assumption
Ownership Interest:	Leased Fee	Conditions of Sale:	Arm's Length

Remarks

This comparable is a corner development site located along the northerly side of John Street and the easterly side of Nassau Street, in the Financial District neighborhood of Manhattan. At the time of sale, the property was improved with a 3-story 32,107 square foot mixed-use retail and residential apartment facility. The property is subject to a condominium ownership regime whereby the retail portion represents a single condominium unit and the multifamily apartments represent another condominium unit. Both units were owned and operated as a single economic unit, and were sold together. According to media reporting, the apartments were vacant but the retail component was leased. It was unable to be determined how long the property was encumbered by the commercial leases. The appraisal processes a market-oriented demolition cost based on \$20.00 per square foot of building area. The property is located in the C5-5 zoning district, which has a basic FAR of 15.0 for commercial and community facility uses and 10.0 for residential use. As of the date of this report, plans for redevelopment have not been filed.

Improved Sale Comparables

7 World Trade Center Real Estate Appraisal

IMPROVED SALE COMPARABLE		No.	1
	Property Name:	245 Park Avenue	
	Address:	245 Park Avenue	
	City/State/Zip:	New York, NY 10029	
	Comparable ID:	ba2650d09e6f417e942df58117fcb3b4	
	Property Subtype:		
	Year Built:	1967	Rentable Area (SF): 1,723,993
	Renovated:	2017	Condition: N/A
	Buildings:	1	Quality: N/A
	Floors:	45	Investment Class: A
	Construction Class:		Land (ac): 1.870
Location:		N/A	Occupancy: 84%
Transaction Summary			
Transaction Type:	Closed Sale	Date:	6/26/2023
Buyer:	Mori Trust	Sale Price:	\$2,000,000,000
Seller:	SL Green Realty Corp.	Price/Rentable Area:	\$1,160.10
Deed Reference:		Capitalization Rate:	3.90%
Verified With:	CoStar, Press Release, JLL Capital Markets	EGIM:	
Ownership Interest:	Leased Fee	Occupancy at Sale:	84%
Financing:	Loan Assumption	Deferred Maintenance:	
Buyer Type:	REIT	Capital Adjustment:	
Seller Type:	REIT	Adjusted Price:	
Financial Analysis			
NOI Includes Mgt. Fee	Yes		
NOI Includes Reserves	Yes		
Remarks			

This is the implied 100% interest valuation of the partial interest transfer of 245 Park Avenue, a Class A office building located on a full-block site bounded by Park Avenue, Lexington Avenue, East 46th Street and East 47th Streets, in the Grand Central submarket of Manhattan. Mori Trust purchased the 49.9% partial interest for \$998,000,000. While going-in cap rate was reportedly in the high 3.0% range, this would reportedly be in the mid 5.0%'s on a stabilized basis. The property was 83.9% occupied at the time of sale, and large tenants include SocGen, Ares Management, and Angelo Gordon. There is reportedly a \$170m budgeted capital improvement plan. The buyer assumed the existing debt on the building by buying into the joint venture; there is reportedly approximately \$1.7bn of secured debt at a 4.22% interest rate maturing in 6/2027. Additionally, there was reported to be a concurrent debt purchase.

IMPROVED SALE COMPARABLE

No. 2



Property Name: One Liberty Plaza
 Address: One Liberty Plaza
 City/State/Zip: New York, NY 10006
 Tax ID: 0062-7501
 Comparable ID: C6357898
 Property Subtype: CBD

Year Built:	1972	Rentable Area (SF):	2,346,000
Renovated:	2007	Condition:	Very Good
Buildings:	1	Quality:	Very Good
Floors:	54	Investment Class:	A
Construction Class:	A	Land (ac):	2.130
Location:	N/A	Occupancy:	82%

Transaction Summary

Transaction Type:	Closed Sale	Date:	4/6/2023
Buyer:	Brookfield Asset Management, Inc.	Sale Price:	\$1,000,000,000
Seller:	Blackstone Inc.	Price/Rentable Area:	\$426.26
Deed Reference:		Capitalization Rate:	6.48%
Verified With:	CoStar, Public Records	EGIM:	
Ownership Interest:	Leased Fee	Occupancy at Sale:	82%
Financing:	Loan Assumption	Deferred Maintenance:	
Buyer Type:	Institutional	Capital Adjustment:	
Seller Type:	Institutional	Adjusted Price:	

Building Amenities

Marina, Gated Entrance

Financial Analysis

NOI Includes Mgt. Fee	Yes
NOI Includes Reserves	Yes

Remarks

This is the 49% interest transfer of a Class A office building located in the Financial District of Manhattan. The purchase price reportedly reflected a 100% interest valuation of \$1 billion. Brookfield, the existing majority interest owner, bought out Blackstone, who had previously purchased the 49% interest in 2017 for \$742 million (a gross valuation of \$1.5 billion). The property was reportedly 82% occupied at the time of sale with a WALT of approximately 8 years. At the time of the sale, the major tenants within the property include: Cleary Gottlieb, NYC EDC, Transatlantic Reinsurance, Vitru Financial and Aon Corp. A capitalization rate of 6.48% was reported. The property underwent a complete renovation in 2007. Zuccotti Park is part of the property. It is noted that the property was refinanced in June 2024.

IMPROVED SALE COMPARABLE

No. 3



Property Name:	200 Fifth Avenue		
Address:	200 Fifth Avenue		
City/State/Zip:	New York, NY 10010		
Tax ID:	0825-0031		
Comparable ID:	C6214738		
Property Subtype:			
Year Built:	1910	Rentable Area (SF):	867,804
Renovated:	2008	Condition:	N/A
Buildings:	1	Quality:	N/A
Floors:	14	Investment Class:	A
Construction Class:		Land (ac):	1.410
Location:	N/A	Occupancy:	93%

Transaction Summary

Transaction Type:	Closed Sale	Date:	11/17/2022
Buyer:	Boston Properties, Inc.	Sale Price:	\$1,050,000,000
Seller:	L&L Holding Company, LLC	Price/Rentable Area:	\$1,209.95
Deed Reference:		Capitalization Rate:	4.66%
Verified With:	Buyer, Appraised by JLL	EGIM:	
Ownership Interest:	Leased Fee	Occupancy at Sale:	93%
Financing:	Loan Assumption	Deferred Maintenance:	
Buyer Type:	Institutional	Capital Adjustment:	
Seller Type:	N/A	Adjusted Price:	

Financial Analysis

NOI Includes Mgt. Fee	Yes
NOI Includes Reserves	Yes

Remarks

This is the implied 100% interest in the sale of a 14-story office building with multi-level retail space that is interconnected with a 4-story, mixed-use office and retail building located at the northwest corner of Fifth Avenue and West 23rd Street in the Flatiron section of Manhattan. The sale reflects the transfer of the 26.6877% interest in the property. The property was valued at \$1,050,000,000, which was an implied going in cap rate of 4.66% based on NOI of \$48,896,796 for the 12 months 11/1/2022-10/31/2023. The buyer assumed the existing debt as part of buying into the partnership. The debt on the property was \$600M loan with a maturity date of 11/30/2028 and interest rate of 4.336%. Interest rate swaps were in place, fixing the interest rate on the debt.

7 World Trade Center Real Estate Appraisal

IMPROVED SALE COMPARABLE		No. 4	
	Property Name:	One Manhattan West	
	Address:	400 W 33rd St	
	City/State/Zip:	New York, NY 10001	
	Tax ID:	0729-0060	
	Comparable ID:	360267	
	Property Subtype:	Blank	
	Year Built:	2019	Rentable Area (SF): 2,077,557
	Buildings:	1	Quality: N/A
	Floors:	69	Investment Class: A+
	Construction Class:	A	Land (ac): 1.500
	Location:	N/A	Occupancy: 94%
	Land-to-Bldg. Ratio:	0.0	
Transaction Summary			
Transaction Type:	Closed Sale	Date:	3/14/2022
Buyer:	Blackstone Real Estate Income Trust, Inc.	Sale Price:	\$2,850,000,000
Seller:	QIA Advisory (USA), Inc.	Price/Rentable Area:	\$1,371.80
Deed Reference:		Capitalization Rate:	4.25%
Ownership Interest:	Leased Fee	Occupancy at Sale:	94%
Financing:	Loan Assumption	Deferred Maintenance:	
Buyer Type:	Institutional	Capital Adjustment:	
Seller Type:	Institutional	Adjusted Price:	
Financial Analysis			
NOI Includes Mgt. Fee	Yes		
NOI Includes Reserves	Yes		
Remarks			
This is the implied 100% interest of Blackstone's acquisition of 49% of One Manhattan West in March 2022. Prior to the sale, Qatar Investment Authority Advisory owned 44% of One Manhattan West while Brookfield owned 56%. Post sale, the division of interests currently stands at Blackstone owning 49% while Brookfield owns 51%. It is noted that this transfer only consists of the office portion and does not include any retail condos. One Manhattan West was 94% leased at the time of sale and reportedly sold at a 4.25% capitalization rate.			

7 World Trade Center Real Estate Appraisal

IMPROVED SALE COMPARABLE		No.	5
	Property Name:	100 Pearl Street	
	Address:	100 Pearl Street	
	City/State/Zip:	New York, NY 10004	
	Comparable ID:	bd70034b70c44b8ba68b9654e7958515	
	Property Subtype:	CBD	
	Year Built:	1982	Rentable Area (SF): 1,007,115
	Renovated:	2021	Condition: Very Good
	Buildings:	1	Quality: Very Good
	Floors:	27	Investment Class: A
	Construction Class:	A	Land (ac): 0.830
	Location:	N/A	Occupancy: 93%
Transaction Summary			
Transaction Type:	Closed Sale	Date:	12/15/2021
Buyer:	CR Sunflower Fee Owner LLC	Sale Price:	\$850,000,000
Seller:	7 Hanover Fee Owner Co. LLC	Price/Rentable Area:	\$843.99
Deed Reference:	2021122700150002	Capitalization Rate:	4.63%
Ownership Interest:	Leased Fee	Occupancy at Sale:	93%
Financing:	Cash to Seller – Buyer Obtained Financing	Deferred Maintenance:	
Buyer Type:	Private Equity	Capital Adjustment:	
Seller Type:	Private Equity	Adjusted Price:	
Marketing Time (Months):	3	Weighted Avg. Rent /SF:	
Listing Broker:		Projected IRR:	5.50%
Financial Period Utilized:	Appraiser		
Financial Analysis			
Financial Period:	Appraiser		
NOI Includes Mgt. Fee	No		
NOI Includes Reserves	No		
Remarks			
This is the sale of a 27-story Class "A" office building in Lower Manhattan. Prior to the sale, the property had undergone a \$125 million renovation, which included upgrading the lobby, demising new retail spaces, renovating the 14th floor and two penthouse floors for office use, upgrading mechanical systems, and establishing new amenity space including a new roof deck. Major tenants include NYC Health and Hospitals (who occupy space via a leasehold condominium structure for tax advantage purposes), US SEC, and NY Legal Assistance Group. The property had a WALT of approximately 21 years. The going-in OAR was 4.63%, and the projected IRR was 5.50%.			

Lease Comparables

7 World Trade Center Real Estate Appraisal

LEASE COMPARABLE		No.	1
	Property Name:	1 World Financial Center	
	Address:	200 Liberty Street	
	City/State/Zip:	New York	
	Property Subtype:	CBD	
	Year Built:	1986	Renovated: 2020
	GBA (SF):	1,501,878	NRA (SF): 1,501,878
	Buildings:	1	Floors: 40
	Constr. Class:	A	Investment Class: A
	On Campus:	N/A	Market Class: Primary
	Quality:	Very Good	Condition: Very Good
	Land (ac):	2.29	Parking Ratio: N/A
Lease Summary			
Tenant:	Cadwalader, Wickersham & Taft	Base Rent:	\$72.00
SF Leased:	220,156	Effective Rent:	\$54.19
Floor:	E34-40	Lease Term (mo.):	262
Reimbursements:	Modified Gross	Credit Rating Src.:	
Free Rent:	22	Options:	No
Commence Date:	3/1/2025	Tenant Improv:	\$140.00
Sign Date:	3/6/2023	New Lease:	Renewal
Escalations:	Fixed Steps	Direct or Sublease:	Direct
Verification			
Source:	Marketsphere	Contact Phone:	N/A
Contact Person:	N/A	Contact Email:	N/A

LEASE COMPARABLE		No.	2
	Property Name:	4 World Trade Center	
	Address:	4 World Trade Center	
	City/State/Zip:	New York	
	Year Built:	2013	Renovated: –
	GBA (SF):	N/A	NRA (SF): 2,500,000
	Buildings:	1	Floors: 72
	Constr. Class:	N/A	Investment Class: A+
Lease Summary			
Tenant:	NYC Regional Center	Base Rent:	\$92.00
SF Leased:	6,930	Effective Rent:	N/A
Floor:	P44	Lease Term (mo.):	72
Reimbursements:	Modified Gross	Credit Rating Src.:	
Free Rent:	10	Options:	N/A
Commence Date:	4/3/2024	Tenant Improv:	\$60.00
Sign Date:	4/3/2024	New Lease:	New Lease
Escalations:	None	Direct or Sublease:	Direct
Verification			
Source:	Marketsphere	Contact Phone:	N/A
Contact Person:	N/A	Contact Email:	N/A

LEASE COMPARABLE		No.	3	
	Property Name:	107 Greenwich Street		
	Address:	107 Greenwich Street		
	City/State/Zip:	New York		
	Year Built:	2020	Renovated:	—
	GBA (SF):	N/A	NRA (SF):	410,000
	Buildings:	1	Floors:	26
	Constr. Class:	N/A	Investment Class:	A+
Lease Summary				
Tenant:	Revolut	Base Rent:	\$72.00	
SF Leased:	10,108	Effective Rent:	N/A	
Floor:	6	Lease Term (mo.):	66	
Reimbursements:	Modified Gross	Credit Rating Src.:		
Free Rent:	6	Options:	N/A	
Commence Date:	1/6/2024	Tenant Improv:	\$150.00	
Sign Date:	10/13/2023	New Lease:	New Lease	
Escalations:	None	Direct or Sublease:	Direct	
Verification				
Source:	Valuer Research	Contact Phone:	N/A	
Contact Person:	N/A	Contact Email:	N/A	

LEASE COMPARABLE		No.	4	
	Property Name:	4 World Trade Center		
	Address:	4 World Trade Center		
	City/State/Zip:	New York		
	Year Built:	2013	Renovated:	—
	GBA (SF):	N/A	NRA (SF):	2,500,000
	Buildings:	1	Floors:	72
	Constr. Class:	N/A	Investment Class:	A+
Lease Summary				
Tenant:	Duolingo	Base Rent:	\$62.00	
SF Leased:	68,673	Effective Rent:	N/A	
Floor:	26-27	Lease Term (mo.):	123	
Reimbursements:	Modified Gross	Credit Rating Src.:		
Free Rent:	20	Options:	N/A	
Commence Date:	1/1/2024	Tenant Improv:	N/A	
Sign Date:	12/22/2023	New Lease:	N/A	
Escalations:	Fixed Steps	Direct or Sublease:	Sublease	
Verification				
Source:	Marketsphere	Contact Phone:	N/A	
Contact Person:	N/A	Contact Email:	N/A	

LEASE COMPARABLE		No.	5	
	Property Name:	225 Liberty Street		
	Address:	225 Liberty Street		
	City/State/Zip:	New York		
	Year Built:	1987	Renovated:	—
	GBA (SF):	N/A	NRA (SF):	2,591,244
	Buildings:	1	Floors:	44
	Constr. Class:	N/A	Investment Class:	A
Lease Summary				
Tenant:	AXA Insurance	Base Rent:	\$76.00	
SF Leased:	56,043	Effective Rent:	N/A	
Floor:	40-41	Lease Term (mo.):	198	
Reimbursements:	Modified Gross	Credit Rating Src.:		
Free Rent:	18	Options:	N/A	
Commence Date:	11/1/2023	Tenant Improv:	\$130.00	
Sign Date:	10/1/2022	New Lease:	N/A	
Escalations:	Fixed Steps	Direct or Sublease:	Direct	
Verification				
Source:	Marketsphere	Contact Phone:	N/A	
Contact Person:	N/A	Contact Email:	N/A	

LEASE COMPARABLE		No.	6	
	Property Name:	1 World Trade Center		
	Address:	285 Fulton Street		
	City/State/Zip:	New York		
	Year Built:	2014	Renovated:	—
	GBA (SF):	N/A	NRA (SF):	3,210,175
	Buildings:	1	Floors:	104
	Constr. Class:	N/A	Investment Class:	A+
Lease Summary				
Tenant:	Energy Capital Partners	Base Rent:	\$72.00	
SF Leased:	26,292	Effective Rent:	N/A	
Floor:	P58	Lease Term (mo.):	136	
Reimbursements:	Full Service Gross	Credit Rating Src.:		
Free Rent:	16	Options:	N/A	
Commence Date:	10/2/2023	Tenant Improv:	\$140.00	
Sign Date:	10/2/2023	New Lease:	Renewal	
Escalations:	Fixed Steps	Direct or Sublease:	Direct	
Verification				
Source:	N/A	Contact Phone:	N/A	
Contact Person:	N/A	Contact Email:	N/A	

LEASE COMPARABLE		No.	7
	Property Name:	3 World Trade Center	
	Address:	3 World Trade Center	
	City/State/Zip:	New York	
	Year Built:	2018	Renovated: —
	GBA (SF):	N/A	NRA (SF): 2,861,402
	Buildings:	1	Floors: 80
	Constr. Class:	N/A	Investment Class: A+
Lease Summary			
Tenant:	Vistria Group	Base Rent:	\$94.00
SF Leased:	10,426	Effective Rent:	N/A
Floor:	P68	Lease Term (mo.):	132
Reimbursements:	Modified Gross	Credit Rating Src.:	
Free Rent:	12	Options:	N/A
Commence Date:	3/11/2023	Tenant Improv:	\$135.00
Sign Date:	2/9/2023	New Lease:	New Lease
Escalations:	Fixed Steps	Direct or Sublease:	Direct
Verification			
Source:	Marketsphere	Contact Phone:	N/A
Contact Person:	N/A	Contact Email:	N/A

LEASE COMPARABLE		No.	8	
	Property Name:	3 World Trade Center		
	Address:	3 World Trade Center		
	City/State/Zip:	New York		
	Year Built:	2018	Renovated:	—
	GBA (SF):	N/A	NRA (SF):	2,861,402
	Buildings:	1	Floors:	80
	Constr. Class:	N/A	Investment Class:	A+
	Lease Summary			
Tenant:	Hudson River Trading	Base Rent:	\$90.00	
SF Leased:	75,297	Effective Rent:	N/A	
Floor:	72-73	Lease Term (mo.):	200	
Reimbursements:	Modified Gross	Credit Rating Src.:		
Free Rent:	20	Options:	N/A	
Commence Date:	1/1/2023	Tenant Improv:	\$130.00	
Sign Date:	12/8/2021	New Lease:	Expansion in Building	
Escalations:	Fixed Steps	Direct or Sublease:	Direct	
Verification				
Source:	Marketsphere	Contact Phone:	N/A	
Contact Person:	N/A	Contact Email:	N/A	

LEASE COMPARABLE				No.	9
		Property Name:	3 World Trade Center		
		Address:	3 World Trade Center		
		City/State/Zip:	New York		
		Year Built:	2018	Renovated:	—
		GBA (SF):	N/A	NRA (SF):	2,861,402
		Buildings:	1	Floors:	80
		Constr. Class:	N/A	Investment Class:	A+
Lease Summary					
Tenant:	Freshfields Bruckhaus Deringer	Base Rent:	\$84.00		
SF Leased:	179,724	Effective Rent:	N/A		
Floor:	51-54	Lease Term (mo.):	200		
Reimbursements:	Modified Gross	Credit Rating Src.:			
Free Rent:	20	Options:	N/A		
Commence Date:	8/24/2022	Tenant Improv:	\$135.00		
Sign Date:	8/24/2022	New Lease:	Relocation		
Escalations:	Fixed Steps	Direct or Sublease:	Direct		
Verification					
Source:	Marketsphere	Contact Phone:	N/A		
Contact Person:	N/A	Contact Email:	N/A		

Appendix E

Discounted Cash Flow

Present Value Report
7 World Trade Center (Amounts in USD)
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Valuation (PV/IRR) Date: Jul, 2024
Discount Method: Annual

Analysis Period	Period Ending	Cash Flow Before Debt Service	P.V. of Cash Flow @ 5.50%	P.V. of Cash Flow @ 6.00%	P.V. of Cash Flow @ 6.50%	P.V. of Cash Flow @ 7.00%	P.V. of Cash Flow @ 7.50%	NOI to Book Value
Year 1	Jun-2025	69,163,889	65,558,189	65,248,952	64,942,619	64,639,149	64,338,501	1077.06%
Year 2	Jun-2026	57,239,411	51,426,887	50,942,872	50,465,658	49,995,118	49,531,129	294.75%
Year 3	Jun-2027	68,223,594	58,100,145	57,281,845	56,478,840	55,690,775	54,917,303	243.73%
Year 4	Jun-2028	-109,808,457	-88,639,225	-86,978,583	-85,356,649	-83,772,346	-82,224,630	22.23%
Year 5	Jun-2029	15,167,069	11,604,845	11,333,716	11,070,153	10,813,910	10,564,753	13.44%
Year 6	Jun-2030	61,182,695	44,372,495	43,131,386	41,930,588	40,768,613	39,644,032	35.01%
Year 7	Jun-2031	82,018,266	56,382,375	54,546,832	52,779,264	51,076,854	49,436,912	41.76%
Year 8	Jun-2032	85,101,504	55,452,044	53,393,737	51,420,983	49,529,850	47,716,604	43.44%
Year 9	Jun-2033	14,966,232	9,243,583	8,858,490	8,491,140	8,140,638	7,806,139	27.74%
Year 10	Jun-2034	60,503,377	35,420,527	33,784,770	32,231,724	30,756,849	29,355,871	26.92%
Totals		403,757,580	298,921,865	291,544,015	284,454,321	277,639,411	271,086,613	
Property Resale @ 5.50% C		1,775,269,403	1,039,296,995	991,301,162	945,732,231	902,456,944	861,349,935	
Total Unleveraged Present Value			1,338,218,860	1,282,845,177	1,230,186,551	1,180,096,355	1,132,436,549	

Percentage Value Distribution						
Income		22.34%	22.73%	23.12%	23.53%	23.94%
Net Sale Price		77.66%	77.27%	76.88%	76.47%	76.06%
		100.00%	100.00%	100.00%	100.00%	100.00%

* Results displayed are based on Forecast data only

Valuation & Return Summary Report

7 World Trade Center (Amounts in USD)
7/24/2024 2:36:03 PM

Valuation Assumptions	
PV Calculation Date	July, 2024
Unleveraged Cash Flow Rat	6.50%
Unleveraged Resale Rate	6.50%
Leveraged Cash Flow Rate	6.50%
Leveraged Resale Rate	6.50%
Discount Method	Annual
Hold Period	10 Years
Residual Sale Date	June, 2034
Period to Cap	12 Months After Sal
Exit Cap Rate	5.50%
Gross-up NOI	97.00%
Selling Costs	4.00%

Sales Proceeds Calculation	
Net Operating Income	95,179,456
Occupancy Gross-up Adjustment	-6,755
Free Rent Offset	6,901,564
NOI To Capitalize	102,074,265
Divided by Cap Rate	5.50%
Gross Sale Price	1,855,895,728
TI Adjustment	-4,560,192
LC Adjustment	-2,096,575
Adjusted Gross Sale Price	1,849,238,961
Selling Costs	-73,969,558
Net Sales Price	1,775,269,403
Less: Loan Balance	0
Proceeds from Sale	1,775,269,403
Pv of Net Sales Price	945,732,231

Return Summary		
Total Return (Unleveraged)	2,179,026,983	
Total Return to Invest (Unlever	0.00	
PV-Cash Flow (Unleveraged)	284,454,321	
PV-Net Sales Price	945,732,231	
Total PV (Unleveraged)	1,230,186,551	
Initial Investment	0	
NPV (Unleveraged)	1,230,186,551	
% of PV-Income	23.12%	
% of PV-Net Sales Price	76.88%	
IRR (Unleveraged)	-	
IRR (Leveraged)	-	
PV-Cash Flow (Unleveraged) /	168.55	23.12%
PV-Net Sales Price / % Total	560.37	76.88%
Total PV (Unleveraged) \$/SF	728.92	100.00%

Distributions of Net Proceeds	
Net Sale Price	1,775,269,403
Less: Loan Payoff	0
Less: Equity (Investment Balan	0
Ending Proceeds	1,775,269,403

Investment & Cash Flow Summary							
Year-Month	Unleverage Investment	Unleveraged Cash Flow	PV of Unleveraged Cash Flow @ 6.50%	Cash to Purchase Price	Leveraged Investment	Leveraged Cash Flow	Cash to Initial Equit
2024-July (Pd. 0)	0				0		
2025-June	0	69,163,889	64,942,619	N/A	0	69,163,889	N/A
2026-June	0	57,239,411	50,465,658	N/A	0	57,239,411	N/A
2027-June	0	68,223,594	56,478,840	N/A	0	68,223,594	N/A
2028-June	0	-109,808,457	-85,356,649	N/A	0	-109,808,457	N/A
2029-June	0	15,167,069	11,070,153	N/A	0	15,167,069	N/A
2030-June	0	61,182,695	41,930,588	N/A	0	61,182,695	N/A
2031-June	0	82,018,266	52,779,264	N/A	0	82,018,266	N/A
2032-June	0	85,101,504	51,420,983	N/A	0	85,101,504	N/A
2033-June	0	14,966,232	8,491,140	N/A	0	14,966,232	N/A
2034-June	0	60,503,377	32,231,724	N/A	0	60,503,377	N/A
Totals	0	403,757,580	284,454,321		0	403,757,580	

* Results displayed are based on Forecast data only

		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
For the Years Ending	Suite	Year 1 Jun-2025	Year 2 Jun-2026	Year 3 Jun-2027	Year 4 Jun-2028	Year 5 Jun-2029	Year 6 Jun-2030	Year 7 Jun-2031	Year 8 Jun-2032	Year 9 Jun-2033
Rental Revenue										
Potential Base Rent		113,093,328	113,554,176	114,237,651	128,494,356	137,247,286	138,799,204	139,267,002	140,461,865	150,174,741
1. Squadron NYC, LLC	1020	413,280	528,080	562,520	576,296	590,072	603,848	606,144	573,523	508,282
2. SilverTech Ventures LLC	1025	198,445	299,390	299,390	299,390	299,390	299,390	299,390	321,345	323,341
3. Vacant	1040	24,540	24,540	24,540	24,540	24,540	24,540	25,522	26,503	26,503
4. Moody's Corporation	1100	2,222,126	2,222,126	2,222,126	2,745,070	3,118,602	3,118,602	3,118,602	3,118,602	3,118,602
5. Moody's Corporation	1200	2,222,126	2,222,126	2,222,126	2,745,070	3,118,602	3,118,602	3,118,602	3,118,602	3,118,602
6. Moody's Corporation	1400	2,222,126	2,222,126	2,222,126	2,745,070	3,118,602	3,118,602	3,118,602	3,118,602	3,118,602
7. Moody's Corporation	1500	2,222,126	2,222,126	2,222,126	2,745,070	3,118,602	3,118,602	3,118,602	3,118,602	3,118,602
8. Moody's Corporation	1600	2,222,126	2,222,126	2,222,126	2,807,801	3,226,140	3,226,140	3,226,140	3,226,140	3,226,140
9. Moody's Corporation	1700	2,222,126	2,222,126	2,222,126	2,807,801	3,226,140	3,226,140	3,226,140	3,226,140	3,226,140
10. Moody's Corporation	1800	2,222,126	2,222,126	2,222,126	2,807,801	3,226,140	3,226,140	3,226,140	3,226,140	3,226,140
11. Moody's Corporation	1900	2,222,126	2,222,126	2,222,126	2,807,801	3,226,140	3,226,140	3,226,140	3,226,140	3,226,140
12. Moody's Corporation	2000	2,222,126	2,222,126	2,222,126	2,808,853	3,227,943	3,227,943	3,227,943	3,227,943	3,227,943
13. Moody's Corporation	2100	2,222,126	2,222,126	2,222,126	2,810,860	3,231,385	3,231,385	3,231,385	3,231,385	3,231,385
14. Moody's Corporation	2200	2,222,126	2,222,126	2,222,126	2,846,177	3,291,928	3,291,928	3,291,928	3,291,928	3,291,928
15. Moody's Corporation	2300	2,222,126	2,222,126	2,222,126	2,880,560	3,350,869	3,350,869	3,350,869	3,350,869	3,350,869
16. Moody's Corporation	2400	2,222,126	2,222,126	2,222,126	2,862,430	3,319,789	3,319,789	3,319,789	3,319,789	3,319,789
17. Moody's Corporation	2500	2,222,126	2,222,126	2,222,126	2,866,530	3,326,818	3,326,818	3,326,818	3,326,818	3,326,818
18. Moody's Corporation	2600	2,222,126	2,222,126	2,222,126	2,866,530	3,326,818	3,326,818	3,326,818	3,326,818	3,326,818
19. Moody's Corporation	2700 and 2800	6,065,450	6,065,450	6,065,450	2,527,271	0	0	0	0	0
20. Skidmore, Owings & Merrill	2700 and 2800	0	0	0	3,625,673	6,215,440	6,215,440	6,215,440	6,545,047	6,780,480
21. Mansueto Ventures LLC	2900	3,067,500	3,067,500	3,067,500	3,091,358	3,353,800	3,353,800	3,353,800	3,353,800	3,419,723
22. Broadcast Music	3000, 3100	4,094,640	4,094,640	4,094,640	4,094,640	4,273,781	4,401,738	4,401,738	4,401,738	4,401,738
23. Broadcast Music	3025	498,480	498,480	498,480	498,480	520,289	535,866	535,866	535,866	535,866
24. Vacant	3050	1,901,600	1,901,600	1,901,600	1,901,600	1,901,600	1,901,600	1,901,600	2,015,696	2,053,728
25. Capstone Investment Advisors	3200	3,257,280	3,257,280	3,257,280	3,257,280	3,328,533	3,542,292	3,542,292	3,542,292	3,542,292
26. Jeffrey Beers International LLC	3300	1,310,604	1,375,701	1,440,797	1,440,797	1,440,797	1,440,797	1,510,233	1,579,669	1,579,669
27. Axial Reade Capital, LP	3325	253,840	253,840	270,677	272,878	272,878	272,878	272,878	313,769	321,947
28. Vacant	3350	1,650,743	1,700,265	1,700,265	1,700,265	1,700,265	1,700,265	1,700,265	1,768,275	1,836,286
29. Thailand Board of Investment	3400	324,955	324,955	324,955	324,955	342,471	354,983	354,983	354,983	354,983
30. Kostelanetz & Fink, LLP	3425 and 3430	1,380,008	1,380,008	1,380,008	1,380,008	1,454,153	1,507,114	1,507,114	1,507,114	1,507,114
31. Vacant	3450	330,990	340,920	340,920	340,920	340,920	340,920	340,920	347,738	368,193
32. Vacant	3460	536,085	552,168	552,168	552,168	552,168	552,168	552,168	563,211	596,341
33. Silverstein Properties, Inc.	3475	428,615	428,615	428,615	702,539	702,539	702,539	702,539	702,539	702,539
34. Moet Hennessy USA	3500, 3600	5,902,992	5,902,992	6,467,638	6,476,894	6,476,894	6,476,894	6,476,894	7,041,539	7,050,796
35. Silverstein Properties, Inc.	3700	292,710	292,710	292,710	494,317	494,317	494,317	494,317	494,317	494,317
36. Wilmer Hale LLP	3750	2,288,479	2,288,479	2,288,479	3,143,486	3,314,487	3,314,487	3,314,487	3,314,487	3,314,487
37. Silverstein Properties, Inc.	3800	2,075,424	2,075,424	2,075,424	3,707,098	3,707,098	3,707,098	3,707,098	3,707,098	3,707,098
38. Zola	3900, 3950, 3975	3,194,918	3,194,918	3,194,918	3,194,918	3,194,918	3,590,002	3,985,086	3,985,086	3,985,086
39. Vacant	4000	3,482,413	3,586,885	3,586,885	3,586,885	3,586,885	3,586,885	3,586,885	3,586,885	3,873,836
40. Wilmer Hale LLP	4100, 4200, 4300, 4400, 4500	13,521,233	13,521,233	13,521,233	14,760,100	14,872,724	14,872,724	14,872,724	14,872,724	21,953,886
41. Upstack Holdco Inc.	4600	402,761	402,761	405,217	432,230	440,183	543,497	543,497	543,497	543,497
42. Casey Family Programs	4625	590,495	590,495	590,495	590,495	610,757	639,124	639,124	639,124	639,124
43. Silver Suites 7 WTC LLC	4650	1,958,905	1,958,905	1,958,905	1,958,905	2,379,342	2,967,953	2,967,953	2,967,953	2,967,953
44. MSCI, Inc.	4700, 4800, 4900	8,829,416	8,829,416	8,829,416	9,197,413	9,712,609	9,712,609	9,712,609	9,712,609	11,642,199
45. Moody's Corporation	5000, 5100, 5200	11,484,635	11,484,635	11,484,635	12,187,135	12,688,921	12,688,921	12,688,921	12,688,921	12,688,921
Absorption & Turnover Vacancy		-7,487,145	-2,041,663	0	-20,218,553	-874,706	-1,086,854	0	-207,557	-9,773,842
1. Squadron NYC, LLC	1020	0	0	0	0	0	0	0	-127,071	0
2. SilverTech Ventures LLC	1025	-48,445	-24,949	0	0	0	0	0	0	0
3. Vacant	1040	-12,270	0	0	0	0	0	0	0	0
4. Moody's Corporation	1600	0	0	0	-1,344,225	0	0	0	0	0
5. Moody's Corporation	1700	0	0	0	-1,344,225	0	0	0	0	0
6. Moody's Corporation	1800	0	0	0	-1,344,225	0	0	0	0	0
7. Moody's Corporation	1900	0	0	0	-1,344,225	0	0	0	0	0
8. Moody's Corporation	2000	0	0	0	-1,344,976	0	0	0	0	0
9. Moody's Corporation	2100	0	0	0	-1,346,410	0	0	0	0	0
10. Moody's Corporation	2200	0	0	0	-1,371,636	0	0	0	0	0
11. Moody's Corporation	2300	0	0	0	-1,396,196	0	0	0	0	0
12. Moody's Corporation	2400	0	0	0	-1,383,246	0	0	0	0	0
13. Moody's Corporation	2500	0	0	0	-1,386,174	0	0	0	0	0

Cash Flow

Forecast	Forecast	Forecast
Year 10 Jun-2034	Year 11 Jun-2035	Total
156,081,513	161,480,172	1,492,891,294
508,282	508,282	5,978,610
323,341	323,341	3,286,155
26,503	26,503	278,774
3,139,393	3,368,090	31,511,941
3,139,393	3,368,090	31,511,941
3,139,393	3,368,090	31,511,941
3,139,393	3,368,090	31,511,941
3,226,140	3,398,201	32,229,219
3,226,140	3,398,201	32,229,219
3,226,140	3,398,201	32,229,219
3,226,140	3,398,201	32,229,219
3,227,943	3,400,100	32,242,988
3,231,385	3,403,725	32,269,274
3,291,928	3,467,497	32,731,617
3,350,869	3,529,582	33,181,736
3,319,789	3,496,845	32,944,389
3,326,818	3,504,249	32,998,067
3,326,818	3,504,249	32,998,067
0	0	20,723,619
6,780,480	6,780,480	49,158,480
4,269,218	4,269,218	37,667,216
4,580,879	4,708,836	47,549,007
557,675	573,252	5,788,599
2,053,728	2,053,728	21,488,080
3,752,425	4,514,309	38,793,555
1,579,669	1,579,669	16,278,402
321,947	321,947	3,149,480
1,836,286	1,836,286	19,129,464
354,983	354,983	3,772,187
1,768,145	1,954,596	16,725,382
368,193	368,193	3,828,826
596,341	596,341	6,201,324
716,590	758,742	6,976,409
7,050,796	7,050,796	72,375,125
504,203	533,862	4,882,097
3,336,583	3,579,646	33,497,586
3,781,240	4,003,666	36,253,767
3,985,086	3,985,086	39,490,021
3,873,836	3,873,836	40,212,114
23,370,119	23,370,119	183,508,820
543,497	543,497	5,344,131
703,290	793,123	7,025,646
2,967,953	2,967,953	28,022,677
14,343,625	14,343,625	114,865,547
12,688,921	13,534,849	136,309,413
-2,494,172	0	-44,184,493
0	0	-127,071
0	0	-73,394
0	0	-12,270
0	0	-1,344,225
0	0	-1,344,225
0	0	-1,344,225
0	0	-1,344,225
0	0	-1,344,976
0	0	-1,346,410
0	0	-1,371,636
0	0	-1,396,196
0	0	-1,383,246
0	0	-1,386,174

Cash Flow

7 World Trade Center (Amounts in USD)

Jul, 2024 through Jun, 2035

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		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
For the Years Ending	Suite	Jun-2025	Jun-2026	Jun-2027	Jun-2028	Jun-2029	Jun-2030	Jun-2031	Jun-2032	Jun-2033
14. Moody's Corporation	2600	0	0	0	-1,386,174	0	0	0	0	0
15. Mansueto Ventures LLC	2900	0	0	0	0	0	0	0	0	-345,406
16. Vacant	3050	-1,426,200	0	0	0	0	0	0	0	0
17. Capstone Investment Advisors	3200	0	0	0	0	0	0	0	0	0
18. Axial Reade Capital, LP	3325	0	0	0	0	0	0	0	-80,487	0
19. Vacant	3350	-1,650,743	0	0	0	0	0	0	0	0
20. Thailand Board of Investment	3400	0	0	0	0	-88,746	0	0	0	0
21. Kostelanetz & Fink, LLP	3425 and 3430	0	0	0	0	0	0	0	0	0
22. Vacant	3450	-330,990	-85,230	0	0	0	0	0	0	0
23. Vacant	3460	-536,085	-138,042	0	0	0	0	0	0	0
24. Silverstein Properties, Inc.	3475	0	0	0	-175,635	0	0	0	0	0
25. Silverstein Properties, Inc.	3700	0	0	0	-123,579	0	0	0	0	0
26. Wilmer Hale LLP	3750	0	0	0	-828,622	0	0	0	0	0
27. Silverstein Properties, Inc.	3800	0	0	0	-926,775	0	0	0	0	0
28. Zola	3900, 3950, 3975	0	0	0	0	0	-996,271	0	0	0
29. Vacant	4000	-3,482,413	-1,793,442	0	0	0	0	0	0	0
30. Wilmer Hale LLP	4100, 4200, 4300, 4400, 4500	0	0	0	0	0	0	0	0	-5,842,530
31. Upstack Holdco Inc.	4600	0	0	0	0	-43,972	-90,583	0	0	0
32. Casey Family Programs	4625	0	0	0	0	0	0	0	0	0
33. Silver Suites 7 WTC LLC	4650	0	0	0	0	-741,988	0	0	0	0
34. MSCI, Inc.	4700, 4800, 4900	0	0	0	0	0	0	0	0	-3,585,906
35. Moody's Corporation	5000, 5100, 5200	0	0	0	-3,172,230	0	0	0	0	0
Free Rent		-529,210	-6,167,210	-5,582,233	-23,114,479	-58,571,591	-16,069,431	-2,966,183	-230,159	-16,259,397
1. Squadron NYC, LLC	1020	0	0	0	0	0	0	0	-42,357	-110,128
2. SilverTech Ventures LLC	1025	0	-89,817	0	0	0	0	0	0	0
3. Vacant	1040	-12,270	-12,270	0	0	0	0	0	0	0
4. Moody's Corporation	1100	0	0	0	-1,819,184	-2,858,718	0	0	0	0
5. Moody's Corporation	1200	0	0	0	-1,819,184	-2,858,718	0	0	0	0
6. Moody's Corporation	1400	0	0	0	-1,819,184	-2,858,718	0	0	0	0
7. Moody's Corporation	1500	0	0	0	-1,819,184	-2,858,718	0	0	0	0
8. Moody's Corporation	1600	0	0	0	-537,690	-3,226,140	-1,075,380	0	0	0
9. Moody's Corporation	1700	0	0	0	-537,690	-3,226,140	-1,075,380	0	0	0
10. Moody's Corporation	1800	0	0	0	-537,690	-3,226,140	-1,075,380	0	0	0
11. Moody's Corporation	1900	0	0	0	-537,690	-3,226,140	-1,075,380	0	0	0
12. Moody's Corporation	2000	0	0	0	-537,990	-3,227,943	-1,075,981	0	0	0
13. Moody's Corporation	2100	0	0	0	-538,564	-3,231,385	-1,077,128	0	0	0
14. Moody's Corporation	2200	0	0	0	-548,655	-3,291,928	-1,097,309	0	0	0
15. Moody's Corporation	2300	0	0	0	-558,478	-3,350,869	-1,116,956	0	0	0
16. Moody's Corporation	2400	0	0	0	-553,298	-3,319,789	-1,106,596	0	0	0
17. Moody's Corporation	2500	0	0	0	-554,470	-3,326,818	-1,108,939	0	0	0
18. Moody's Corporation	2600	0	0	0	-554,470	-3,326,818	-1,108,939	0	0	0
19. Mansueto Ventures LLC	2900	0	0	0	0	0	0	0	0	0
20. Broadcast Music	3025	-41,540	0	0	0	0	0	0	0	0
21. Vacant	3050	-475,400	-1,901,600	-475,400	0	0	0	0	0	0
22. Capstone Investment Advisors	3200	0	0	0	0	0	0	0	0	0
23. Axial Reade Capital, LP	3325	0	0	0	0	0	0	0	-187,803	-126,096
24. Vacant	3350	0	-1,700,265	-850,132	0	0	0	0	0	0
25. Thailand Board of Investment	3400	0	0	0	0	-118,328	-227,781	0	0	0
26. Kostelanetz & Fink, LLP	3425 and 3430	0	0	0	0	0	0	0	0	0
27. Vacant	3450	0	-255,690	-255,690	0	0	0	0	0	0
28. Vacant	3460	0	-414,126	-414,126	0	0	0	0	0	0
29. Silverstein Properties, Inc.	3475	0	0	0	-526,904	-158,071	0	0	0	0
30. Silverstein Properties, Inc.	3700	0	0	0	-370,738	-111,221	0	0	0	0
31. Wilmer Hale LLP	3750	0	0	0	-1,933,451	-1,298,174	0	0	0	0
32. Silverstein Properties, Inc.	3800	0	0	0	-2,780,324	-834,097	0	0	0	0
33. Zola	3900, 3950, 3975	0	0	0	0	0	-996,271	-2,889,187	0	0
34. Vacant	4000	0	-1,793,442	-3,586,885	0	0	0	0	0	0
35. Wilmer Hale LLP	4100, 4200, 4300, 4400, 4500	0	0	0	0	0	0	0	0	-13,632,569
36. Upstack Holdco Inc.	4600	0	0	0	0	0	-452,914	-76,995	0	0
37. Casey Family Programs	4625	0	0	0	0	0	0	0	0	0
38. Silver Suites 7 WTC LLC	4650	0	0	0	0	-494,659	-2,399,095	0	0	0
39. MSCI, Inc.	4700, 4800, 4900	0	0	0	0	0	0	0	0	-2,390,604

Cash Flow

Forecast	Forecast	Forecast
Year 10	Year 11	
<u>Jun-2034</u>	<u>Jun-2035</u>	<u>Total</u>
0	0	-1,386,174
-711,536	0	-1,056,942
0	0	-1,426,200
-1,095,706	0	-1,095,706
0	0	-80,487
0	0	-1,650,743
0	0	-88,746
-488,649	0	-488,649
0	0	-416,220
0	0	-674,127
0	0	-175,635
0	0	-123,579
0	0	-828,622
0	0	-926,775
0	0	-996,271
0	0	-5,275,855
0	0	-5,842,530
0	0	-134,555
-198,281	0	-198,281
0	0	-741,988
0	0	-3,585,906
0	0	-3,172,230
-25,089,127	-6,901,564	-161,480,584
0	0	-152,485
0	0	-89,817
0	0	-24,540
0	0	-4,677,903
0	0	-4,677,903
0	0	-4,677,903
0	0	-4,677,903
0	0	-4,839,210
0	0	-4,839,210
0	0	-4,839,210
0	0	-4,839,210
0	0	-4,841,914
0	0	-4,847,077
0	0	-4,937,891
0	0	-5,026,304
0	0	-4,979,684
0	0	-4,990,227
0	0	-4,990,227
-3,557,682	-604,806	-4,162,487
0	0	-41,540
0	0	-2,852,400
0	-4,401,451	-4,401,451
0	0	-313,898
0	0	-2,550,397
0	0	-346,108
-651,532	-1,254,199	-1,905,731
0	0	-511,380
0	0	-828,251
0	0	-684,975
0	0	-481,959
0	0	-3,231,625
0	0	-3,614,421
0	0	-3,885,459
0	0	-5,380,327
-9,153,296	0	-22,785,866
0	0	-529,909
-132,187	-641,108	-773,295
0	0	-2,893,754
-11,594,430	0	-13,985,034

Cash Flow
7 World Trade Center (Amounts in USD)
Jul, 2024 through Jun, 2035
7/24/2024 1:59:04 PM

		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
		Year 1 Jun-2025	Year 2 Jun-2026	Year 3 Jun-2027	Year 4 Jun-2028	Year 5 Jun-2029	Year 6 Jun-2030	Year 7 Jun-2031	Year 8 Jun-2032	Year 9 Jun-2033
For the Years Ending	Suite									
40. Moody's Corporation	5000, 5100, 5200	0	0	0	-4,229,640	-8,142,057	0	0	0	0
Scheduled Base Rent		105,076,973	105,345,303	108,655,418	85,161,324	77,800,989	121,642,919	136,300,819	140,024,149	124,141,502
1. Squadron NYC, LLC	1020	413,280	528,080	562,520	576,296	590,072	603,848	606,144	404,096	398,154
2. SilverTech Ventures LLC	1025	150,000	184,624	299,390	299,390	299,390	299,390	299,390	321,345	323,341
3. Vacant	1040	0	12,270	24,540	24,540	24,540	24,540	25,522	26,503	26,503
4. Moody's Corporation	1100	2,222,126	2,222,126	2,222,126	925,886	259,883	3,118,602	3,118,602	3,118,602	3,118,602
5. Moody's Corporation	1200	2,222,126	2,222,126	2,222,126	925,886	259,883	3,118,602	3,118,602	3,118,602	3,118,602
6. Moody's Corporation	1400	2,222,126	2,222,126	2,222,126	925,886	259,883	3,118,602	3,118,602	3,118,602	3,118,602
7. Moody's Corporation	1500	2,222,126	2,222,126	2,222,126	925,886	259,883	3,118,602	3,118,602	3,118,602	3,118,602
8. Moody's Corporation	1600	2,222,126	2,222,126	2,222,126	925,886	0	2,150,760	3,226,140	3,226,140	3,226,140
9. Moody's Corporation	1700	2,222,126	2,222,126	2,222,126	925,886	0	2,150,760	3,226,140	3,226,140	3,226,140
10. Moody's Corporation	1800	2,222,126	2,222,126	2,222,126	925,886	0	2,150,760	3,226,140	3,226,140	3,226,140
11. Moody's Corporation	1900	2,222,126	2,222,126	2,222,126	925,886	0	2,150,760	3,226,140	3,226,140	3,226,140
12. Moody's Corporation	2000	2,222,126	2,222,126	2,222,126	925,886	0	2,151,962	3,227,943	3,227,943	3,227,943
13. Moody's Corporation	2100	2,222,126	2,222,126	2,222,126	925,886	0	2,154,257	3,231,385	3,231,385	3,231,385
14. Moody's Corporation	2200	2,222,126	2,222,126	2,222,126	925,886	0	2,194,618	3,291,928	3,291,928	3,291,928
15. Moody's Corporation	2300	2,222,126	2,222,126	2,222,126	925,886	0	2,233,913	3,350,869	3,350,869	3,350,869
16. Moody's Corporation	2400	2,222,126	2,222,126	2,222,126	925,886	0	2,213,193	3,319,789	3,319,789	3,319,789
17. Moody's Corporation	2500	2,222,126	2,222,126	2,222,126	925,886	0	2,217,879	3,326,818	3,326,818	3,326,818
18. Moody's Corporation	2600	2,222,126	2,222,126	2,222,126	925,886	0	2,217,879	3,326,818	3,326,818	3,326,818
19. Moody's Corporation	2700 and 2800	6,065,450	6,065,450	6,065,450	2,527,271	0	0	0	0	0
20. Skidmore, Owings & Merrill	2700 and 2800	0	0	0	3,625,673	6,215,440	6,215,440	6,215,440	6,545,047	6,780,480
21. Mansueto Ventures LLC	2900	3,067,500	3,067,500	3,067,500	3,091,358	3,353,800	3,353,800	3,353,800	3,353,800	3,074,317
22. Broadcast Music	3000, 3100	4,094,640	4,094,640	4,094,640	4,094,640	4,273,781	4,401,738	4,401,738	4,401,738	4,401,738
23. Broadcast Music	3025	456,940	498,480	498,480	498,480	520,289	535,866	535,866	535,866	535,866
24. Vacant	3050	0	0	1,426,200	1,901,600	1,901,600	1,901,600	1,901,600	2,015,696	2,053,728
25. Capstone Investment Advisors	3200	3,257,280	3,257,280	3,257,280	3,257,280	3,328,533	3,542,292	3,542,292	3,542,292	3,542,292
26. Jeffrey Beers International LLC	3300	1,310,604	1,375,701	1,440,797	1,440,797	1,440,797	1,440,797	1,510,233	1,579,669	1,579,669
27. Axial Reade Capital, LP	3325	253,840	253,840	270,677	272,878	272,878	272,878	272,878	45,480	195,851
28. Vacant	3350	0	0	850,132	1,700,265	1,700,265	1,700,265	1,700,265	1,768,275	1,836,286
29. Thailand Board of Investment	3400	324,955	324,955	324,955	324,955	135,398	127,202	354,983	354,983	354,983
30. Kostelanetz & Fink, LLP	3425 and 3430	1,380,008	1,380,008	1,380,008	1,380,008	1,454,153	1,507,114	1,507,114	1,507,114	1,507,114
31. Vacant	3450	0	0	85,230	340,920	340,920	340,920	340,920	347,738	368,193
32. Vacant	3460	0	0	138,042	552,168	552,168	552,168	552,168	563,211	596,341
33. Silverstein Properties, Inc.	3475	428,615	428,615	428,615	0	544,468	702,539	702,539	702,539	702,539
34. Moet Hennessy USA	3500, 3600	5,902,992	5,902,992	6,467,638	6,476,894	6,476,894	6,476,894	6,476,894	7,041,539	7,050,796
35. Silverstein Properties, Inc.	3700	292,710	292,710	292,710	0	383,096	494,317	494,317	494,317	494,317
36. Wilmer Hale LLP	3750	2,288,479	2,288,479	2,288,479	381,413	2,016,313	3,314,487	3,314,487	3,314,487	3,314,487
37. Silverstein Properties, Inc.	3800	2,075,424	2,075,424	2,075,424	0	2,873,001	3,707,098	3,707,098	3,707,098	3,707,098
38. Zola	3900, 3950, 3975	3,194,918	3,194,918	3,194,918	3,194,918	3,194,918	1,597,459	1,095,899	3,985,086	3,985,086
39. Vacant	4000	0	0	0	3,586,885	3,586,885	3,586,885	3,586,885	3,586,885	3,873,836
40. Wilmer Hale LLP	4100, 4200, 4300, 4400, 4500	13,521,233	13,521,233	13,521,233	14,760,100	14,872,724	14,872,724	14,872,724	14,872,724	2,478,787
41. Upstack Holdco Inc.	4600	402,761	402,761	405,217	432,230	396,210	0	466,501	543,497	543,497
42. Casey Family Programs	4625	590,495	590,495	590,495	590,495	610,757	639,124	639,124	639,124	639,124
43. Silver Suites 7 WTC LLC	4650	1,958,905	1,958,905	1,958,905	1,958,905	1,142,695	568,858	2,967,953	2,967,953	2,967,953
44. MSCI, Inc.	4700, 4800, 4900	8,829,416	8,829,416	8,829,416	9,197,413	9,712,609	9,712,609	9,712,609	9,712,609	5,665,689
45. Moody's Corporation	5000, 5100, 5200	11,484,635	11,484,635	11,484,635	4,785,265	4,546,863	12,688,921	12,688,921	12,688,921	12,688,921
Total Rental Revenue		105,076,973	105,345,303	108,655,418	85,161,324	77,800,989	121,642,919	136,300,819	140,024,149	124,141,502
Other Tenant Revenue										
Total Expense Recoveries		11,989,880	13,379,573	14,764,302	8,792,400	6,615,298	8,795,704	10,623,194	12,055,536	8,264,165
1. Squadron NYC, LLC	1020	48,852	58,983	67,817	65,679	76,265	96,504	112,567	83,276	0
2. SilverTech Ventures LLC	1025	0	0	9,292	6,235	17,847	31,683	42,665	51,105	49,349
3. Vacant	1040	0	985	1,769	1,510	2,490	3,658	4,585	5,298	5,150
4. Moody's Corporation	1100	6,149,501	6,559,356	7,005,796	3,032,882	47,194	103,407	148,024	182,316	175,182
5. Moody's Corporation	1200	0	0	0	0	47,194	103,407	148,024	182,316	175,182
6. Moody's Corporation	1400	0	0	0	0	47,194	103,407	148,024	182,316	175,182
7. Moody's Corporation	1500	0	0	0	0	47,194	103,407	148,024	182,316	175,182
8. Moody's Corporation	1600	0	0	0	0	47,194	103,407	148,024	182,316	175,182
9. Moody's Corporation	1700	0	0	0	0	47,194	103,407	148,024	182,316	175,182
10. Moody's Corporation	1800	0	0	0	0	47,194	103,407	148,024	182,316	175,182
11. Moody's Corporation	1900	0	0	0	0	47,194	103,407	148,024	182,316	175,182

Cash Flow

Forecast	Forecast	Forecast
Year 10 Jun-2034	Year 11 Jun-2035	Total
0	0	-12,371,698
128,498,213	154,578,608	1,287,226,217
508,282	508,282	5,699,055
323,341	323,341	3,122,944
26,503	26,503	241,964
3,139,393	3,368,090	26,834,038
3,139,393	3,368,090	26,834,038
3,139,393	3,368,090	26,834,038
3,139,393	3,368,090	26,834,038
3,226,140	3,398,201	26,045,785
3,226,140	3,398,201	26,045,785
3,226,140	3,398,201	26,045,785
3,226,140	3,398,201	26,045,785
3,227,943	3,400,100	26,056,098
3,231,385	3,403,725	26,075,786
3,291,928	3,467,497	26,422,090
3,350,869	3,529,582	26,759,236
3,319,789	3,496,845	26,581,459
3,326,818	3,504,249	26,621,665
3,326,818	3,504,249	26,621,665
0	0	20,723,619
6,780,480	6,780,480	49,158,480
0	3,664,412	32,447,787
4,580,879	4,708,836	47,549,007
557,675	573,252	5,747,059
2,053,728	2,053,728	17,209,480
2,656,719	112,858	33,296,398
1,579,669	1,579,669	16,278,402
321,947	321,947	2,755,094
1,836,286	1,836,286	14,928,325
354,983	354,983	3,337,333
627,964	700,397	14,331,002
368,193	368,193	2,901,227
596,341	596,341	4,698,946
716,590	758,742	6,115,799
7,050,796	7,050,796	72,375,125
504,203	533,862	4,276,559
3,336,583	3,579,646	29,437,340
3,781,240	4,003,666	31,712,572
3,985,086	3,985,086	34,608,291
3,873,836	3,873,836	29,555,931
14,216,822	23,370,119	154,880,425
543,497	543,497	4,679,666
372,822	152,015	6,054,071
2,967,953	2,967,953	24,386,935
2,749,195	14,343,625	97,294,607
12,688,921	13,534,849	120,765,485
128,498,213	154,578,608	1,287,226,217
8,643,005	10,764,983	114,688,042
18,735	39,718	668,395
64,282	79,040	351,499
6,410	7,656	39,513
235,851	295,810	23,935,318
235,851	295,810	1,187,781
235,851	295,810	1,187,781
235,851	295,810	1,187,781
235,851	295,810	1,187,781
235,851	295,810	1,187,781
235,851	295,810	1,187,781
235,851	295,810	1,187,781
235,851	295,810	1,187,781

		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
		Jun-2025	Jun-2026	Jun-2027	Jun-2028	Jun-2029	Jun-2030	Jun-2031	Jun-2032
For the Years Ending	Suite								
12. Moody's Corporation	2000	0	0	0	0	47,220	103,464	148,107	182,418
13. Moody's Corporation	2100	0	0	0	0	47,270	103,575	148,265	182,612
14. Moody's Corporation	2200	0	0	0	0	46,602	102,111	146,170	180,032
15. Moody's Corporation	2300	0	0	0	0	47,437	103,940	148,787	183,256
16. Moody's Corporation	2400	0	0	0	0	46,997	102,976	147,407	181,556
17. Moody's Corporation	2500	0	0	0	0	47,096	103,194	147,719	181,940
18. Moody's Corporation	2600	0	0	0	0	47,096	103,194	147,719	181,940
19. Moody's Corporation	2700 and 2800	819,467	874,083	933,574	404,154	0	0	0	0
20. Skidmore, Owings & Merrill	2700 and 2800	0	0	0	0	96,773	212,040	303,531	373,848
21. Mansueto Ventures LLC	2900	73,377	101,035	131,162	149,392	169,381	227,353	268,307	304,818
22. Broadcast Music	3000, 3100	97,976	136,756	178,997	204,557	232,583	313,867	371,290	422,482
23. Vacant	3050	0	28,612	51,408	43,887	72,361	106,305	133,246	153,953
24. Capstone Investment Advisors	3200	58,814	86,348	116,341	134,481	154,374	212,087	252,859	289,206
25. Jeffrey Beers International LLC	3300	66,331	78,483	89,077	86,514	99,210	123,483	142,749	157,556
26. Axial Reade Capital, LP	3325	11,870	14,044	15,940	15,481	17,753	22,097	25,544	4,699
27. Vacant	3350	0	0	19,189	12,876	36,857	65,430	88,109	105,539
28. Thailand Board of Investment	3400	7,006	11,678	15,401	14,158	7,835	5,459	9,792	13,123
29. Kostelanetz & Fink, LLP	3425 and 3430	42,785	64,013	80,954	75,720	96,189	121,693	141,811	157,235
30. Vacant	3450	0	0	3,848	2,582	7,390	13,119	17,667	21,162
31. Vacant	3460	0	0	6,232	4,181	11,970	21,249	28,614	34,274
32. Silverstein Properties, Inc.	3475	53,849	58,903	64,407	0	9,343	20,471	29,304	36,093
33. Moet Hennessy USA	3500, 3600	105,382	162,776	221,785	200,707	291,982	406,627	497,624	567,561
34. Silverstein Properties, Inc.	3700	17,140	20,757	24,698	0	6,380	13,980	20,012	24,648
35. Wilmer Hale LLP	3750	0	0	0	0	42,782	93,740	134,186	165,272
36. Silverstein Properties, Inc.	3800	406,803	433,994	463,613	0	47,849	104,843	150,081	184,849
37. Zola	3900, 3950, 3975	58,635	77,181	102,329	120,326	140,071	98,699	45,838	81,068
38. Vacant	4000	0	0	38,168	25,611	73,311	130,144	175,253	209,923
39. Wilmer Hale LLP	4100, 4200, 4300, 4400, 4500	1,790,022	2,080,324	2,311,609	2,234,676	2,523,492	2,868,321	3,142,019	3,352,375
40. Upstack Holdco Inc.	4600	20,072	26,380	31,405	29,728	33,000	0	6,073	10,740
41. Casey Family Programs	4625	0	6,866	13,567	11,328	19,688	29,678	37,608	43,702
42. Silver Suites 7 WTC LLC	4650	116,887	152,438	180,762	171,340	120,581	43,035	77,194	103,447
43. MSCI, Inc.	4700, 4800, 4900	971,368	1,119,465	1,237,454	1,198,233	1,345,590	1,521,503	1,661,129	1,768,442
44. Moody's Corporation	5000, 5100, 5200	1,073,744	1,226,112	1,347,709	546,162	154,683	338,929	485,168	597,564
Total Other Tenant Revenue		11,989,880	13,379,573	14,764,302	8,792,400	6,615,298	8,795,704	10,623,194	12,055,536
Total Tenant Revenue		117,066,853	118,724,876	123,419,721	93,953,725	84,416,286	130,438,623	146,924,013	152,079,685
Other Revenue									
Antenna Income		399,022	410,993	423,322	436,022	449,103	462,576	476,453	490,747
Direct Utility Income		3,452,204	3,658,169	3,804,738	3,540,410	4,026,632	4,143,867	4,287,727	4,408,607
Tenant Income		1,120,893	1,154,520	1,189,155	1,224,830	1,261,575	1,299,422	1,338,405	1,378,557
Storage Income		56,250	57,938	59,676	61,466	63,310	65,209	67,165	69,180
Event Income		200,000	206,000	212,180	218,545	225,102	231,855	238,810	245,975
Total Other Revenue		5,228,369	5,487,619	5,689,072	5,481,274	6,025,722	6,202,929	6,408,561	6,593,066
Potential Gross Revenue		122,295,222	124,212,495	129,108,792	99,434,999	90,442,008	136,641,552	153,332,574	158,672,750
Vacancy & Credit Loss									
Vacancy Allowance		0	0	-1,565,503	0	-1,329,983	-2,501,469	-4,049,530	-3,986,147
Credit Loss		-118,903	-121,641	-130,459	-142,944	-181,537	-296,310	-337,461	-348,956
Total Vacancy & Credit Loss		-118,903	-121,641	-1,695,962	-142,944	-1,511,520	-2,797,779	-4,386,990	-4,335,104
Effective Gross Revenue		122,176,318	124,090,854	127,412,830	99,292,054	88,930,488	133,843,773	148,945,584	154,337,646
Operating Expenses									
Real Estate Taxes/PILOT		6,721,584	7,214,142	7,535,181	6,683,541	7,961,804	8,190,532	8,491,771	8,724,502
Insurance		2,531,528	2,607,473	2,685,698	2,768,326	2,852,890	2,938,476	3,026,631	3,117,430
Utilities		8,528,974	9,037,830	9,399,941	8,746,896	9,948,150	10,237,789	10,593,207	10,891,852
Repair and Maintenance		3,797,291	3,911,210	4,028,546	4,152,489	4,279,334	4,407,715	4,539,946	4,676,144
Payroll		3,797,291	3,911,210	4,028,546	4,152,489	4,279,334	4,407,715	4,539,946	4,676,144
Cleaning and Janitorial		7,310,549	7,746,711	8,057,093	7,497,340	8,526,986	8,775,247	9,079,892	9,335,873
Security		1,096,995	1,129,905	1,163,802	1,199,608	1,236,252	1,273,340	1,311,540	1,350,886

Cash Flow

Forecast	Forecast	Forecast
Year 10	Year 11	
<u>Jun-2034</u>	<u>Jun-2035</u>	<u>Total</u>
235,983	295,975	1,188,445
236,234	296,290	1,189,713
232,897	292,105	1,172,906
237,067	297,335	1,193,907
234,868	294,577	1,182,833
235,365	295,201	1,185,337
235,365	295,201	1,185,337
0	0	3,031,278
483,624	606,573	2,435,608
0	62,297	1,791,269
510,356	581,304	3,510,476
186,279	222,484	1,148,181
263,699	0	1,884,272
180,673	206,564	1,385,117
4,315	9,148	140,891
132,751	163,227	725,891
18,322	24,145	139,348
75,496	27,657	1,037,509
26,618	32,729	145,548
43,111	53,009	235,736
46,691	58,561	412,301
676,745	799,030	4,483,229
31,886	39,992	223,179
213,802	268,156	1,076,743
239,128	299,920	2,508,696
136,068	197,667	1,131,622
264,048	324,668	1,443,836
324,947	646,090	21,825,309
18,027	26,188	211,382
31,043	10,581	246,496
144,432	190,335	1,398,435
193,899	385,529	12,421,179
773,032	969,555	8,086,838
<u>8,643,005</u>	<u>10,764,983</u>	<u>114,688,042</u>
<u>137,141,218</u>	<u>165,343,591</u>	<u>1,401,914,259</u>
520,633	536,252	5,110,592
4,640,147	4,825,874	45,172,213
1,462,511	1,506,386	14,356,169
73,393	75,595	720,439
260,955	268,783	2,561,559
<u>6,957,640</u>	<u>7,212,891</u>	<u>67,920,971</u>
<u>144,098,858</u>	<u>172,556,483</u>	<u>1,469,835,230</u>
-1,671,793	-4,941,200	-20,045,625
-340,928	-411,767	-2,742,785
<u>-2,012,721</u>	<u>-5,352,966</u>	<u>-22,788,410</u>
<u>142,086,137</u>	<u>167,203,516</u>	<u>1,447,046,820</u>
9,166,831	9,597,017	88,827,036
3,307,281	3,406,499	32,453,183
11,463,894	11,922,748	111,601,937
4,960,922	5,109,749	48,679,775
4,960,922	5,109,749	48,679,775
9,826,195	10,219,498	95,658,803
1,433,155	1,476,150	14,063,046

		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
		Jun-2025	Jun-2026	Jun-2027	Jun-2028	Jun-2029	Jun-2030	Jun-2031	Jun-2032
		Jun-2033							
For the Years Ending	Suite	1,096,995	1,129,905	1,163,802	1,199,608	1,236,252	1,273,340	1,311,540	1,350,886
General and Administrative Management		1,096,995	1,129,905	1,163,802	1,199,608	1,236,252	1,273,340	1,311,540	1,350,886
Non Recoverable Expense		1,434,532	1,477,568	1,521,895	1,568,718	1,616,637	1,665,137	1,715,091	1,766,543
Ground Rent		8,520,909	8,877,396	14,650,929	20,300,000	20,300,000	20,300,000	20,300,000	20,300,000
Total Operating Expenses		45,933,644	48,173,257	55,399,236	59,468,623	63,473,893	64,742,630	66,221,103	67,541,147
Net Operating Income		76,242,674	75,917,597	72,013,594	39,823,431	25,456,594	69,101,144	82,724,480	86,796,499
Leasing Costs									
Tenant Improvements		3,385,060	10,047,989	0	108,996,732	3,803,520	5,129,600	0	644,672
1. Squadron NYC, LLC	1020	0	0	0	0	0	0	0	289,296
2. SilverTech Ventures LLC	1025	0	203,469	0	0	0	0	0	0
3. Vacant	1040	57,260	0	0	0	0	0	0	0
4. Moody's Corporation	1100	0	0	0	5,511,100	0	0	0	0
5. Moody's Corporation	1200	0	0	0	5,511,100	0	0	0	0
6. Moody's Corporation	1400	0	0	0	5,511,100	0	0	0	0
7. Moody's Corporation	1500	0	0	0	5,511,100	0	0	0	0
8. Moody's Corporation	1600	0	0	0	5,511,100	0	0	0	0
9. Moody's Corporation	1700	0	0	0	5,511,100	0	0	0	0
10. Moody's Corporation	1800	0	0	0	5,511,100	0	0	0	0
11. Moody's Corporation	1900	0	0	0	5,511,100	0	0	0	0
12. Moody's Corporation	2000	0	0	0	5,514,180	0	0	0	0
13. Moody's Corporation	2100	0	0	0	5,520,060	0	0	0	0
14. Moody's Corporation	2200	0	0	0	5,442,080	0	0	0	0
15. Moody's Corporation	2300	0	0	0	5,539,520	0	0	0	0
16. Moody's Corporation	2400	0	0	0	5,488,140	0	0	0	0
17. Moody's Corporation	2500	0	0	0	5,499,760	0	0	0	0
18. Moody's Corporation	2600	0	0	0	5,499,760	0	0	0	0
19. Skidmore, Owings & Merrill	2700 and 2800	0	0	0	2,018,000	0	0	0	0
20. Mansueto Ventures LLC	2900	0	0	0	0	0	0	0	0
21. Vacant	3050	3,327,800	0	0	0	0	0	0	0
22. Capstone Investment Advisors	3200	0	0	0	0	0	0	0	0
23. Axial Reade Capital, LP	3325	0	0	0	0	0	0	355,376	0
24. Vacant	3350	0	2,801,260	0	0	0	0	0	0
25. Thailand Board of Investment	3400	0	0	0	0	428,176	0	0	0
26. Kostelanetz & Fink, LLP	3425 and 3430	0	0	0	0	0	0	0	0
27. Vacant	3450	0	561,680	0	0	0	0	0	0
28. Vacant	3460	0	909,720	0	0	0	0	0	0
29. Silverstein Properties, Inc.	3475	0	0	0	872,816	0	0	0	0
30. Silverstein Properties, Inc.	3700	0	0	0	596,064	0	0	0	0
31. Wilmer Hale LLP	3750	0	0	0	3,996,720	0	0	0	0
32. Silverstein Properties, Inc.	3800	0	0	0	4,470,144	0	0	0	0
33. Zola	3900, 3950, 3975	0	0	0	0	4,529,504	0	0	0
34. Vacant	4000	0	5,571,860	0	0	0	0	0	0
35. Wilmer Hale LLP	4100, 4200, 4300, 4400, 4500	0	0	0	0	0	0	0	23,614,192
36. Upstack Holdco Inc.	4600	0	0	0	0	600,096	0	0	0
37. Casey Family Programs	4625	0	0	0	0	0	0	0	0
38. Silver Suites 7 WTC LLC	4650	0	0	0	0	3,375,344	0	0	0
39. MSCI, Inc.	4700, 4800, 4900	0	0	0	0	0	0	0	14,090,832
40. Moody's Corporation	5000, 5100, 5200	0	0	0	14,450,688	0	0	0	0
Leasing Commissions		1,370,725	4,515,197	0	35,327,656	1,543,267	2,103,204	0	322,923
1. Squadron NYC, LLC	1020	0	0	0	0	0	0	0	173,401
2. SilverTech Ventures LLC	1025	0	102,137	0	0	0	0	0	0
3. Vacant	1040	12,869	0	0	0	0	0	0	0
4. Moody's Corporation	1100	0	0	0	2,226,869	0	0	0	0
5. Moody's Corporation	1200	0	0	0	2,226,869	0	0	0	0
6. Moody's Corporation	1400	0	0	0	2,226,869	0	0	0	0
7. Moody's Corporation	1500	0	0	0	2,226,869	0	0	0	0
8. Moody's Corporation	1600	0	0	0	1,498,312	0	0	0	0
9. Moody's Corporation	1700	0	0	0	1,498,312	0	0	0	0
10. Moody's Corporation	1800	0	0	0	1,498,312	0	0	0	0
11. Moody's Corporation	1900	0	0	0	1,498,312	0	0	0	0

Cash Flow

Forecast	Forecast	Forecast
Year 10	Year 11	
Jun-2034	Jun-2035	Total
1,433,155	1,476,150	14,063,046
1,433,155	1,476,150	14,063,046
1,874,126	1,930,350	18,390,137
20,300,000	20,300,000	194,449,235
70,159,634	72,024,060	680,929,020
71,926,503	95,179,456	766,117,800
7,392,560	4,560,192	181,665,349
0	0	289,296
0	0	203,469
0	0	57,260
0	0	5,511,100
0	0	5,511,100
0	0	5,511,100
0	0	5,511,100
0	0	5,511,100
0	0	5,511,100
0	0	5,511,100
0	0	5,511,100
0	0	5,514,180
0	0	5,520,060
0	0	5,442,080
0	0	5,539,520
0	0	5,488,140
0	0	5,499,760
0	0	5,499,760
0	0	2,018,000
4,580,800	0	4,580,800
0	0	3,327,800
0	4,560,192	4,560,192
0	0	355,376
0	0	2,801,260
0	0	428,176
2,033,696	0	2,033,696
0	0	561,680
0	0	909,720
0	0	872,816
0	0	596,064
0	0	3,996,720
0	0	4,470,144
0	0	4,529,504
0	0	5,571,860
0	0	23,614,192
0	0	600,096
778,064	0	778,064
0	0	3,375,344
0	0	14,090,832
0	0	14,450,688
3,258,867	2,096,575	68,053,763
0	0	173,401
0	0	102,137
0	0	12,869
0	0	2,226,869
0	0	2,226,869
0	0	2,226,869
0	0	2,226,869
0	0	1,498,312
0	0	1,498,312
0	0	1,498,312
0	0	1,498,312

		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
		Jun-2025	Jun-2026	Jun-2027	Jun-2028	Jun-2029	Jun-2030	Jun-2031	Jun-2032
For the Years Ending	Suite								Year 9
					Jun-2033				
12. Moody's Corporation	2000	0	0	0	1,499,150	0	0	0	0
13. Moody's Corporation	2100	0	0	0	1,500,748	0	0	0	0
14. Moody's Corporation	2200	0	0	0	1,528,866	0	0	0	0
15. Moody's Corporation	2300	0	0	0	1,556,240	0	0	0	0
16. Moody's Corporation	2400	0	0	0	1,541,806	0	0	0	0
17. Moody's Corporation	2500	0	0	0	1,545,070	0	0	0	0
18. Moody's Corporation	2600	0	0	0	1,545,070	0	0	0	0
19. Mansueto Ventures LLC	2900	0	0	0	0	0	0	0	0
20. Vacant	3050	1,357,856	0	0	0	0	0	0	0
21. Capstone Investment Advisors	3200	0	0	0	0	0	0	0	0
22. Axial Reade Capital, LP	3325	0	0	0	0	0	0	149,522	0
23. Vacant	3350	0	1,214,091	0	0	0	0	0	0
24. Thailand Board of Investment	3400	0	0	0	0	164,864	0	0	0
25. Kostelanetz & Fink, LLP	3425 and 3430	0	0	0	0	0	0	0	0
26. Vacant	3450	0	243,437	0	0	0	0	0	0
27. Vacant	3460	0	394,281	0	0	0	0	0	0
28. Silverstein Properties, Inc.	3475	0	0	0	326,279	0	0	0	0
29. Silverstein Properties, Inc.	3700	0	0	0	229,575	0	0	0	0
30. Wilmer Hale LLP	3750	0	0	0	1,539,343	0	0	0	0
31. Silverstein Properties, Inc.	3800	0	0	0	1,721,683	0	0	0	0
32. Zola	3900, 3950, 3975	0	0	0	0	1,850,789	0	0	0
33. Vacant	4000	0	2,561,251	0	0	0	0	0	0
34. Wilmer Hale LLP	4100, 4200, 4300, 4400, 4500	0	0	0	0	0	0	0	10,853,756
35. Upstack Holdco Inc.	4600	0	0	0	0	252,416	0	0	0
36. Casey Family Programs	4625	0	0	0	0	0	0	0	0
37. Silver Suites 7 WTC LLC	4650	0	0	0	0	1,378,403	0	0	0
38. MSCI, Inc.	4700, 4800, 4900	0	0	0	0	0	0	0	6,661,593
39. Moody's Corporation	5000, 5100, 5200	0	0	0	5,893,100	0	0	0	0
Total Leasing Costs		4,755,785	14,563,186	0	144,324,388	5,346,787	7,232,804	0	967,595
Total Leasing Costs									55,220,373
Capital Expenditures									
Building Improvements		440,000	1,606,000	1,300,000	555,000	1,530,000	0	0	0
Code Compliance		0	350,000	0	0	0	0	0	0
Equipment		85,000	2,159,000	2,490,000	2,320,000	895,000	0	0	0
Bldg Improvement- LL Work		1,798,000	0	0	2,432,500	2,517,739	0	0	0
Reserves		0	0	0	0	0	685,644	706,214	727,400
Total Capital Expenditures		2,323,000	4,115,000	3,790,000	5,307,500	4,942,739	685,644	706,214	749,222
Total Capital Expenditures									
Total Leasing & Capital Costs		7,078,785	18,678,186	3,790,000	149,631,888	10,289,526	7,918,449	706,214	1,694,995
Total Leasing & Capital Costs									55,969,595
Cash Flow Before Debt Service		69,163,889	57,239,411	68,223,594	-109,808,457	15,167,069	61,182,695	82,018,266	85,101,504
Cash Flow Before Debt Service									14,966,232
Cash Flow Available for Distribution		69,163,889	57,239,411	68,223,594	-109,808,457	15,167,069	61,182,695	82,018,266	85,101,504
Cash Flow Available for Distribution									14,966,232

Cash Flow

Forecast	Forecast	Forecast
Year 10 Jun-2034	Year 11 Jun-2035	Total
0	0	1,499,150
0	0	1,500,748
0	0	1,528,866
0	0	1,556,240
0	0	1,541,806
0	0	1,545,070
0	0	1,545,070
1,982,748	0	1,982,748
0	0	1,357,856
0	2,096,575	2,096,575
0	0	149,522
0	0	1,214,091
0	0	164,864
907,771	0	907,771
0	0	243,437
0	0	394,281
0	0	326,279
0	0	229,575
0	0	1,539,343
0	0	1,721,683
0	0	1,850,789
0	0	2,561,251
0	0	10,853,756
0	0	252,416
368,349	0	368,349
0	0	1,378,403
0	0	6,661,593
0	0	5,893,100
10,651,427	6,656,767	249,719,112
0	0	5,431,000
0	0	350,000
0	0	7,949,000
0	0	6,748,239
771,699	794,850	4,435,030
771,699	794,850	24,913,269
11,423,126	7,451,617	274,632,380
60,503,377	87,727,839	491,485,419
60,503,377	87,727,839	491,485,419

Appendix F

Engagement Letter

JLL VALUE AND RISK ADVISORY

Engagement Agreement

June 6, 2024

Eitan Horwitz

Vice President – Asset Management

Silverstein Properties, LLC

7 World Trade Center, 250 Greenwich Street, New York, NY 10007

EHorwitz@silvprop.com

Dear Mr. Horwitz,

We are pleased to provide this contract for services:

Property type	Office
Property identification	7 WTC
Property address	250 Greenwich Street, New York, NY 10007
Interest appraised	Leased Fee
Parcel ID	00084-0036
Purpose	Market Value
Intended user(s)	Silverstein Properties Limited, and their respective direct or indirect equity owners, related entities, successors, and/or assigns. [NO OTHER USERS ARE INTENDED BY JLL VALUATION & ADVISORY SERVICES, LLC.] Each appraisal report will contain the following language, updated quarterly: This appraisal is used to aid the Intended Users in the preparations of financial statements to be published in the Tel Aviv Stock Exchange in Q2 2024. We confirm that we have given our full consent to the inclusion of the valuation in its entirety in any Financial Statements published in the Tel Aviv Stock Exchange or disclosed to the Israeli Security Authority. This report is not intended for any other use.
Intended use	Financial Reporting
Value provided	As Is & Stabilized (if applicable), as of the final date of each quarter. For the initial assignment, June 30, 2024.
Appraisal standards	USPAP
Property inspection	Full Inspection
Valuation approaches	All applicable approaches to value
Report option	Appraisal Report
Fee	\$13,500 for the initial report. Future deliverable fees outlined in Schedule A included in this letter.
Expenses	All inclusive
Retainer	No retainer required
Delivery date	Delivery of draft report in the week of July 8, 2024, no later than July 12, 2024

7 WTC is a 52-story, 1.7M± SF office tower in Lower Manhattan. The property was constructed in 2006. The purpose of the assignment is to assist the client with its financial reporting requirements.

A PDF of the report(s) will be delivered to the client contact identified in this engagement agreement.

Hard copies available upon request.

JLL's Value and Risk Advisory platform leverages the firm's global experience and deep knowledge of local real estate markets to provide industry-leading valuation, market analytics and advisory services to a wide range of clients. We offer the highest quality market insights and property valuations to help our clients make optimal business decisions and manage risk. JLL Value and Risk Advisory is comprised of over 2,000 valuation experts and 146 offices globally.

This engagement letter is subject to the General Terms and Conditions attached to this letter as Exhibit A, the Statement of Assumptions and Limiting Conditions attached to this letter as Exhibit B.

Upon your acceptance of this Agreement, we will introduce the team completing the assignment, provide our information request and coordinate a property tour, if applicable. Per USPAP, we are required to analyze any current purchase for the subject property and request that copies of these, or a term sheet be provided with other applicable information.

We appreciate the opportunity to be of service.

Sincerely,

JLL VALUATION & ADVISORY SERVICES, LLC



Adam Dembowitz, MAI, MRICS

Senior Managing Director | U.S. Office Lead



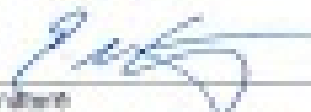
Andrew Frost

Executive Director



AGREED AND ACCEPTED BY

Client company:


Signature

Ethan Horvitz
Printed Name

Vice President
Title

6/10/2017
Date

ehorvitz@silverpop.com
Email Address

212-353-4629
Phone Number

Contact for data and site visit:

Ethan Horvitz
Printed Name

Silverpop Popover
Company

see above
Email Address

see above
Phone Number

Deliver to (if different than client):

Printed Name

Email Address

Company

Phone Number

Invoice to (if different than client):

Name

Company

Street Address

City, ST, Zip

Email Address

Phone Number

Schedule A

Summary of Appraisal Delivery Schedule

Report Option	Fee	Initial Draft Delivery Timing	Final Delivery Timing	Date of Value
Initial Long-Form Appraisal Report	\$13,500	By July 12, 2024	48 Hours from Client Approval	June 30, 2024
*Restricted Update Report	\$6,000	Ten (10) Business Days from last day of quarter	48 Hours from Client Approval	Last day of quarter
*Fair Value Reliance Letter	\$1,500	N/A	Ten (10) Business Days from last day of quarter	Last day of quarter
*Optional Long-Form Appraisal Update	\$10,000	Ten (10) Business Days from last day of quarter	48 Hours from Client Approval	Last day of quarter

* Report Option to be determined by Client six (6) weeks before quarter end.

Exhibit A

Terms and Conditions

1. INTRODUCTION

- 1.1 These Terms and Conditions supplement the proposal, agreement, letter of engagement or email (the “engagement”) between JLL Valuation and Advisory Services, LLC and the Client indicated in the engagement that sets out details of the Services to be provided to the Client. All capitalized terms in this exhibit have the meanings given to them in the engagement unless given a different meaning in this exhibit. These Terms and Conditions, together with the engagement and all other exhibits, schedules and riders to the engagement, are collectively called the “agreement”.

2. SERVICES

- 2.1 We will provide the Services using reasonable care and skill.
- 2.2 We may make changes to the Services if necessary to comply with any law or safety requirement. We will notify you if that happens. Otherwise, each of us must agree in writing to any changes to the Services, the Fees, or any other provision of the agreement.

3. CLIENT OBLIGATIONS

- 3.1 You agree to give us all documents and other information that we advise you are reasonably necessary for us to provide the Services.
- 3.2 You will maintain adequate property and public liability insurance to reasonably insure property that you own or occupy and any activities on that property. You will obtain all necessary licenses, permissions and consents which may be required to enable us to perform the Services (other than professional licenses that we are required to maintain to perform the Services). You are responsible to keep your property in a safe condition so that we may perform the Services in reasonable safety.
- 3.3 You will notify us promptly if you believe any information you have provided is incomplete or inaccurate.

4. DELAY

We are not responsible for any delay in our performance of the Services if caused by any event beyond our reasonable control, or for any delay caused by your failure to comply with the agreement.

5. FEES, EXPENSES AND PAYMENT

- 5.1 Our fee in its entirety is earned upon delivery of the first report. We will invoice you at time of delivery for any outstanding balance.
- 5.2 You agree that your obligation to pay the Fee is not contingent upon the results, conclusions or recommendations we provide.
- 5.3 If we are asked to invoice any other party, you agree to settle our invoice immediately if the other party does not do so within 30 days of the date of the invoice.
- 5.4 Delinquent payments under the agreement will earn interest at the rate of one and one-half percent (1-1/2%) per month from the date due until paid, or if lower, the maximum rate permitted by law. If the Fee or any part of it remains unpaid 30 days after it was due, you may not use any report or work product we have delivered to you for any reason.
- 5.5 If you terminate this agreement before the Services are completed, you will pay us, no later than the termination date, a reasonable fee proportionate to the part of the Services performed to the date of termination.
- 5.6 Our rights under Section 5.3 and 5.4 are in addition to, and will not limit, our right to pursue any other rights and remedies under the agreement or at law or in equity.

6. INDEMNITY

You agree to indemnify and defend us and hold us harmless from any loss, liability or expense (including attorneys’ fees) arising from a third-party action, claim or proceeding (“Loss”) that we suffer arising out of the agreement or the Services, other than Loss that a court of competent jurisdiction has determined was the result of our negligence or willful misconduct. We agree to indemnify and defend you and hold you harmless from any Loss that you suffer arising out of our negligent performance of Services under the

agreement, other than Loss that is found by a court of competent jurisdiction to result from your negligence or willful misconduct.

7. EXCLUSIONS OF, AND LIMITATIONS ON, LIABILITY

- 7.1 EACH OF US WAIVES ANY CLAIMS AGAINST THE OTHER FOR LOSS OF PROFITS, CONSEQUENTIAL, PUNITIVE, EXEMPLARY OR SIMILAR DAMAGES IN CONNECTION WITH THE AGREEMENT. IN NO EVENT SHALL OUR LIABILITY IN CONNECTION WITH THE AGREEMENT EXCEED THE FEE PAID TO US HEREUNDER.**

8. TERMINATION

- 8.1** Either of us may terminate the agreement without reason by giving 30 days' advance written notice to the other.
- 8.2** Either of us may terminate the agreement immediately if the other breaches the agreement and fails to remedy the breach within 10 days of notice by the non-breaching party.
- 8.3** We may terminate the agreement immediately for any of the following reasons:
- (a) We cannot provide any of the Services due to conditions beyond our reasonable control.
 - (b) In our reasonable opinion, there is insufficient information available to provide a report or other work product that meets our standards.
 - (c) A conflict of interest arises which prevents us from acting for you.
 - (d) You have asked us to provide reports or work product that we do not consider to be accurate.

9. ASSUMPTIONS AND LIMITATIONS

- 9.1** Any report or other work product we deliver as part of the Services will be subject to our standard Statement of Assumptions and Limiting Conditions, provided as an exhibit and as part of the agreement, which will be incorporated into the report or work product.
- 9.2** We understand that you may wish to use the report or other work product we deliver as part of the Services to support your Stark law and Anti-Kickback compliance process. Our reports and work product are appraisals prepared pursuant to Uniform Standards of Professional Appraisal Practice, and do not undertake to evaluate any such compliance. You acknowledge that many factors in addition to property value must be considered to determine Stark or anti-kickback law compliance and agree that any reports and work product we deliver make no opinion or representation that any transaction involving property we appraise is compliant with Stark law or any anti-kickback law.

10. CONFIDENTIALITY

- 10.1** We each agree to maintain the confidentiality of each other's confidential information and will not disclose any information received in confidence from each other, until two years after termination or expiration of the agreement, except where required to do so by law.
- 10.2** Any report or other work product that we deliver to you in connection with the Services is confidential and may be used by only you, unless we agree otherwise in writing.

11. INTELLECTUAL PROPERTY RIGHTS

- 11.1** We retain all copyright (and other intellectual property rights) in all materials, reports, systems and other deliverables which we produce or develop for the purposes of the agreement, or which we use to provide the Services.
- 11.2** You will not reproduce or copy any part of any report or other work product we produce as part of the Services without our prior written consent.
- 11.3** In the event that you would like to receive certain information considered by us in the preparation of the report in electronic form, we will grant you access to Valorem, one of our technology tools. More information regarding Valorem and your access to it can be found on Exhibit C.

12. GENERAL

- 12.1** The agreement may be modified only by a written agreement signed by both of us. Liability accruing before the agreement terminates or expires will survive termination or expiration.
- 12.2** The agreement states the entire agreement, and supersedes all prior agreements, between the parties with respect to the matters described in the agreement.
- 12.3** If a court determines that any part of the agreement is unenforceable, the remainder of the agreement will remain in effect.

- 12.4 The agreement is governed by the laws of the State of Illinois. Each of us irrevocably submits to the exclusive jurisdiction of the courts of that State.
- 12.5 The agreement may be executed in multiple counterparts.
- 12.6 No director, officer, agent, employee, or representative of either of us has any personal liability in connection with the agreement.
- 12.7 Neither of us may assign or transfer any rights or obligations under the agreement without the prior written approval of the other. We each agree to be reasonable in evaluating such a request for approval.
- 12.8 If there is any conflict between the terms of the letter and this exhibit, the terms of the letter will prevail.
- 12.9 If either of us fails to enforce any provision or exercise any right under the Agreement at any time, that failure will not operate as a waiver to enforce that provision or to exercise that right at any other time.
- 12.10 The agreement does not establish any partnership or joint venture between us or make either of us the agent of the other.
- 12.11 A person who is not a party to the agreement does not have any rights to enforce its terms unless specifically agreed in writing.
- 12.12 Neither of us may publicize or issue any specific information to the media about the Services or the agreement without the written consent of the other.
- 12.13 Each of us represents to the other that it is not a person or entity with whom U.S. entities are restricted from doing business under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) or under any statute, executive order or other governmental action. Each of us agrees to comply with all applicable laws, statutes, and regulations relating to anti-bribery and anti-corruption.
- 12.14 If either party does not comply with the obligations under the agreement and legal action is commenced to enforce the rights under the agreement, the losing party will reimburse the prevailing party reasonable costs (including attorneys' fees), associated with such action. **THE PARTIES HEREBY WAIVE TRIAL BY JURY.**
- 12.15 Upon request by you, we will provide commercial general liability additional insured coverage to the property owner or its affiliates to the extent a loss is attributable to our negligence.
- 12.16 Sections 5, 6, 7, 10, 11, 12.1, 13, 17 and 18 will survive termination of the agreement.

13. USE OF DATA AND DATA PROTECTION

- 13.1 You agree as follows: (i) The data we collect in connection with the agreement will remain our property. (ii) We and our affiliates may utilize, sell and include data you have provided (either in the aggregate or individually) in our databases and our affiliates and for use in derivative products. (iii) We may utilize all data already in the public domain on an unrestricted basis.
- 13.2 In order for us to provide the Services, we may need to record and maintain in hard copy and/or in electronic form, information regarding the Client, its officers and any other individuals connected with the Client (collectively "Data Subjects"). We may also verify the identity of Data Subjects, which could include carrying out checks with third parties such as credit reference, anti-money laundering or sanctions checking agencies.
- 13.3 We may use all information that we hold regarding Data Subjects to provide the Services. We may also use and share it with third parties for other purposes as described in our Privacy Statement available at www.jll.com. We may use both commercially available and proprietary software programs to perform the Services (web based and others).

14. SPECIAL EXPERTS

- 14.1 If you request our assistance in hiring a special expert to contribute to any assignment (such as a surveyor, environmental consultant, land planner, architect, engineer, business, personal property, machinery and equipment appraiser, among others), you will perform your own due diligence to qualify the special expert. You will be responsible to pay for the services of the special expert.
- 14.2 We are not responsible for the actions and findings of any special expert. You agree to indemnify and defend us and hold us harmless from all damages that may arise out of your reliance on any special expert.

15. CONFLICTS POLICY

We adhere to a strict conflict of interest policy. If we learn of a conflict of interest, we will notify you and recommend a course of action to resolve the conflict. If we learn of a conflict that we do not believe can be resolved, we may terminate the agreement without penalty.

16. FIRREA REQUIREMENTS

Federal banking regulations require banks and other lending institutions to engage appraisers where FIRREA compliant appraisals must be used in connection with mortgage loans or other transactions involving federally regulated lending institutions. Given that requirement, any report produced by us under the agreement, if ordered independent of a financial institution or agent, might not be FIRREA compliant or acceptable to a federally regulated financial institution.

17. USPAP REQUIREMENTS

The Ethics Rule of the Uniform Standards of Professional Appraisal Practice ("USPAP") requires us to disclose to you any prior services (appraisal or otherwise) performed within three years prior to the date of this letter by our individual appraiser who will be performing Services for the Property. We represent that to our knowledge, that we have not provided prior services within the designated disclosure period, outside of what we have identified.

18. USE OF WORK PRODUCT AND RELIANCE

- 18.1 You agree that any report or other work product we produce in connection with the Services are for your use only, and only for the purpose indicated in the agreement. No person or entity other than the Client may use or rely on any such report or work product unless we consent otherwise in writing, even if such reliance is foreseeable. Any person who receives a copy of any report or other work product we produce as a consequence of disclosure requirements that apply to the Client, does not become an intended user of this report unless the Client specifically identified them at the time of the engagement.
- 18.2 You will not use any such report or work product in connection with any public documents. You will not refer to us in any public documents without our prior written consent. We may give or withhold our consent in our sole discretion for any purpose under this Section 18.
- 18.3 Notwithstanding the foregoing, we understand that applicable law in eminent domain proceedings may require you to disclose our reports and work product to landowners and to otherwise make our reports and work product available to the public. To the extent required by applicable law, we consent to such disclosure. However, you and only you, and no such landowner or other person or entity, may rely on our reports or our work product.

19. LITIGATION MATTERS

- 19.1 We are not required to testify or provide court-related consultation or to be in attendance in court unless we have agreed to do so in the agreement or otherwise in writing, or if required by law.
- 19.2 If we receive a subpoena or other judicial command to produce documents or to provide testimony in a lawsuit or proceeding regarding the agreement, we will notify you if allowed by law to do so. However, if we are not a party to these proceedings, you agree to compensate us for our professional time at the then prevailing hourly rates of the personnel responding to the subpoena or providing testimony, and to reimburse us for our actual expenses incurred in responding to any such subpoena or judicial command, including attorneys' fees, if any, as they are incurred.

Exhibit B**Statement of Assumptions and Limiting Conditions**

1. All reports and work product we deliver to you (collectively called “report”) represents an opinion of value, based on historical information and forecasts of market conditions. Actual results may vary from those forecasts in the report. There is no guaranty or warranty that the opinion of value reflects the actual value of the property.
2. The conclusions stated in our report apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events. Assessed values may change significantly and unexpectedly over short periods. We are not liable for any conclusions in the report that may be different if there are subsequent changes in value. We are not liable for loss relating to reliance upon our report more than three months after its date.
3. There may be differences between projected and actual results because events and circumstances frequently do not occur as predicted, and those differences may be material. We are not liable for any loss arising from these differences.
4. We are not obligated to predict future political, economic or social trends. We assume no responsibility for economic factors that may affect or alter the opinions in the report if the economic factors were not present as of the date of the letter of transmittal accompanying the report.
5. The report reflects an appraisal of the property free of any liens or encumbrances unless otherwise stated.
6. We assume responsible ownership and competent property management.
7. The appraisal process requires information from a wide variety of sources. We have assumed that all information furnished by others is correct and complete, up to date and can be relied upon, but no warranty is given for its accuracy. We do not accept responsibility for erroneous information provided by others. We assume that no information that has a material effect on our appraisal has been withheld.
8. We assume the following, unless informed to the contrary in writing: Each property has a good and marketable title. All documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other adverse title conditions, which would have a material effect on the value of the interest under consideration. There is no material litigation pending involving the property. All information provided by the Client, or its agents, is correct, up to date and can be relied upon. We are not responsible for considerations requiring expertise in other fields, including but not limited to: legal descriptions, interpretation of legal documents and other legal matters, geologic considerations such as soils and seismic stability, engineering, or environmental and toxic contaminants. We recommend that you engage suitable consultants to advise you on these matters.
9. We assume that all engineering studies correct. The plot plans and illustrative material in the report are included only to help the reader visualize the property.
10. We assume that there are no hidden or unapparent conditions of the property, subsoil or structures that render it more or less valuable. We are not responsible for such conditions or for obtaining the engineering studies that may be required to discover them.
11. We assume that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the report. We have not made or requested any environmental impact studies in conjunction with the report. We reserve the right to revise or rescind any opinion of value that is based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the report assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.

12. Unless otherwise stated in the report, you should assume that we did not observe any hazardous materials on the property. We have no knowledge of the existence of such materials on or in the property; however, we are not qualified to detect such substances, and we are not providing environmental services. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. Our report assumes that there is no such material on or in the property that would cause a loss in value. We do not assume responsibility for such conditions or for any expertise or engineering knowledge required to discover them. We encourage you to retain an expert in this field, if desired. We are not responsible for any such environmental conditions that exist or for any engineering or testing that might be required to discover whether such conditions exist. We are not experts in the field of environmental conditions, and the report is not an environmental assessment of the property.
13. We may have reviewed available flood maps and may have noted in the report whether the property is generally located within or out of an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property. Any opinion of value we include in our report assumes that floodplain and/or wetlands interpretations are accurate.
14. We have not made a specific survey or analysis of the property to determine whether it is in compliance with the Americans with Disabilities Act ("ADA"), Stark law or any anti-kickback laws. We claim no expertise in such issues and render no opinion regarding compliance of you or the property with ADA, Stark law or anti-kickback law or regulations.
15. We assume that the property conforms to all applicable zoning and use regulations and restrictions unless we have identified, described and considered a non-conformity in the report.
16. We assume that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in the report is based.
17. We assume that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
18. We have not made any investigation of the financial standing of actual or prospective tenants unless specifically noted in the report. Where properties are valued with the benefit of leasing, we assume, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the leases, all rent and other amounts payable under the leases have been paid when due, and that there are no undisclosed breaches of the leases.
19. We did not conduct a formal survey of the property and assume no responsibility for any survey matters. The Client has supplied the spatial data, including sketches and/or surveys included in the report, and we assume that data is correct, up to date and can be relied upon.
20. Unless otherwise stated, the opinion of value included in our report excludes any additional value attributable to goodwill, or to fixtures and fittings which are only of value, in situ, to the present occupier. We have made no allowance for any plant, machinery or equipment unless they form an integral part of the building and would normally be included in a sale of the building. We do not normally carry out or commission investigations into the capacity or condition of services being provided to the property. We assume that the services, and any associated controls or software, are in working order and free from defect. We also assume that the services are of sufficient capacity to meet current and future needs.
21. In the case of property where construction work is in progress, such as refurbishment or repairs, or where developments are in progress, we have relied upon cost information supplied to us by the Client or its appointed experts or upon industry accepted cost guides. In the case of property where construction work is in progress, or has recently been completed, we do not make allowance for any

liability already incurred, but not yet discharged, in respect of completed work, or obligations in favor of contractors, subcontractors or any members of the professional or design team. We assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.

22. Any allocation in the report of value between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
23. The report is confidential to the party to whom it is addressed, and those other intended users specified in the report for the specific purpose to which it refers. Use of the report for any other purpose or use by any party not identified as an intended user of the report without our prior written consent is prohibited, and we accept no responsibility for any use of the report in violation of the terms of this Agreement.
24. We are not required to testify or provide court-related consultation or to be in attendance in court unless we have agreed to do so in writing.
25. Neither the whole report, nor any part, nor reference thereto, may be published in any manner without our prior written approval.
26. We may rely on, and will not verify, the accuracy and sufficiency of documents, information and assumptions provided to it by the Client or others. We will not verify documents, information and assumptions derived from industry sources or that we or our affiliates have prepared in the regular course of business. We are not liable for any deficiency in the report arising from the inaccuracy or insufficiency of such information, documents and assumptions. However, our report will be based on our professional evaluation of all such available sources of information.
27. WE IS NOT LIABLE TO ANY PERSON OR ENTITY FOR LOSS OF PROFITS, CONSEQUENTIAL, PUNITIVE, EXEMPLARY OR SIMILAR DAMAGES IN CONNECTION WITH THIS AGREEMENT. IN NO EVENT SHALL OUR LIABILITY NOR THAT OF OUR AFFILIATES IN CONNECTION WITH THIS AGREEMENT EXCEED THE FEE PAID TO US HEREUNDER.
28. Unless expressly advised to the contrary, we assume that appropriate insurance coverage is and will continue to be available on commercially acceptable terms.
29. We assume that no material changes in any applicable federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
30. We may determine during the course of the assignment that additional Hypothetical Conditions and Extraordinary Assumptions may be required in order to complete the assignment. The Report will be subject to those Hypothetical conditions and Extraordinary Assumptions. Each Person that is permitted to use the report agrees to bound by all the Assumptions and Limiting Conditions and any Hypothetical Conditions and Extraordinary Assumptions stated in the report.

What we do and how we do it

Combining unrivaled experience with unmatched intelligence, we deliver a panoramic view of real estate value and risk for confident, fast investment and lending decisions.

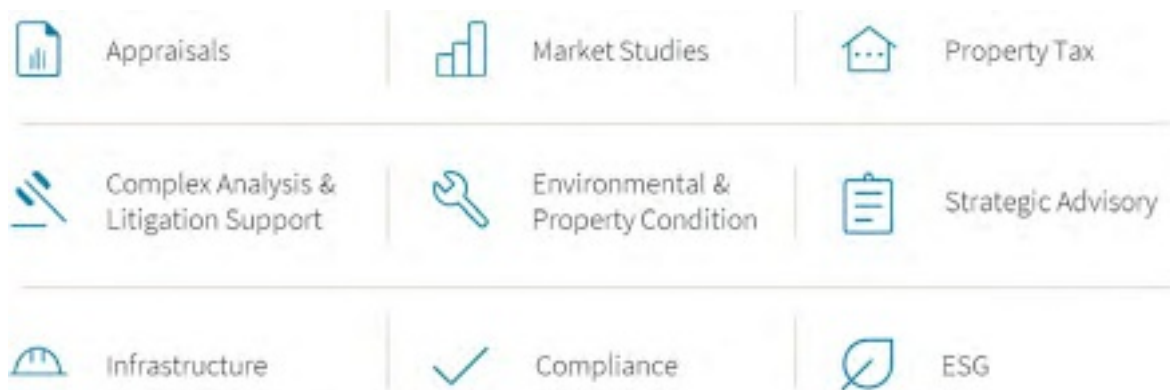
As your trusted advisor of choice, we take a sector-led approach that allows for unrivaled expertise and continuity in every real estate asset class.

Our appraisal services include 3rd-party MAI market valuations, fee simple, leased fee and going concern valuations, quarterly & annual portfolio valuations and Net Asset Valuations (NAV).

Sectors



Services



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About JLL

For over 200 years, JLL (NYSE: JLL), a leading global commercial real estate and investment management company, has helped clients buy, build, occupy, manage and invest in a variety of commercial, industrial, hotel, residential and retail properties. A Fortune 500 company with annual revenue of \$20.9 billion and operations in over 80 countries around the world, our more than 103,000 employees bring the power of a global platform combined with local expertise. Driven by our purpose to shape the future of real estate for a better world, we help our clients, people and communities SEE A BRIGHTER WAY. JLL is the brand name, and a registered trademark, of Jones Lang LaSalle Incorporated. For further information, visit [jll.com](https://www.jll.com).

Value and Risk Advisory

We are value and risk advisory experts supporting you through the changing world of real estate.

JLL Value and Risk Advisory
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Chicago, IL 60601
+1 312 252 8930
+1 312 252 8914

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August 22, 2024

Mr. Kent Williams
SILVERSTEIN PROPERTIES, INC.
250 Greenwich Street 38th Floor
New York, NY 10007

RE: **Value Appraisals – Consent to include within Quarter 2 2024 Financial Report**

Dear Mr. Williams:

We hereby give our full consent to Silverstein Properties Limited (the “**Company**”) to the inclusion of our Appraisal Reports dated August 9, 2024 (effective date June 30, 2024) regarding the River Place and Silver Towers properties.

The reports, in their entirety, can be included in accordance with the Israeli Securities Law within the Quarter 2 2024 Financial Report to be published by the Company during and no later than August 27, 2024 (“the Report”) and for the Israel Securities Authority.

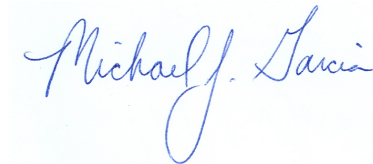
In addition, we hereby give our full consent to the inclusion of a copy of this letter within the Company’s Report.

We appreciate this opportunity to provide valuation services to Silverstein Properties LTD.

Yours truly,
CUSHMAN & WAKEFIELD, INC.



Robert E. Porto, MAI
Executive Director
Valuation & Advisory
212-713-6876
Bobby.Porto@cushwake.com



Michael J. Garcia, MAI
Executive Director
Valuation & Advisory
212-841-7560
Mike.Garcia@cushwake.com



APPRAISAL OF REAL PROPERTY

**River Place
Mixed-Use 75/25 Apartment Building
650 West 42nd Street
New York, New York County, NY 10036**

IN AN APPRAISAL REPORT

As of June 30, 2024

Prepared For:

**Silverstein Properties, Inc.
7 World Trade Center
New York, NY 10007**

Prepared By:

**Cushman & Wakefield, Inc.
Valuation & Advisory
1290 Avenue of the Americas, 9th Floor
New York, NY 10104-6178
C&W File ID: 24-12002-901666**



River Place
Mixed-Use 75/25 Apartment Building
650 West 42nd Street
New York, New York County, NY 10036



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

August 9, 2024

Mr. AJ Arlauckas
Senior Vice President - Asset Management
Silverstein Properties, Inc.
7 World Trade Center
New York, NY 10007

Re: Appraisal of Real Property
In an Appraisal Report

River Place
Mixed-Use 75/25 Apartment Building
650 West 42nd Street
New York, New York County, NY 10036

C&W File ID: 24-12002-901666

Dear Mr. Arlauckas:

In fulfillment of our agreement as outlined in the Letter of Engagement, we are pleased to transmit our appraisal of the above captioned property in an appraisal report dated August 9, 2024. The effective date of value is June 30, 2024.

This appraisal report has been prepared in accordance with the *Uniform Standards of Professional Appraisal Practice* (USPAP).

John T. Feeney, Jr. and Robert E. Porto, MAI have performed appraisal services regarding the subject property within the past three years.

Macro Trends

The Commercial Real Estate (CRE) market is driven by investor demand and strong liquidity. We are monitoring the impacts on both factors as they relate to the Federal Reserve's monetary policy decisions, inflation, and other macroeconomic factors, which have increased uncertainty in the financial and CRE markets. Furthermore, Cushman & Wakefield is closely examining all latest economic developments, and their effects on the subject and its market. Please refer to the Investment Considerations section of this report for additional details.

Market Value As Is

Based on the agreed to Scope of Work, and as outlined in the report, we developed an opinion that the Market Value of the Leased Fee estate of the subject property, subject to the assumptions and limiting conditions, certification, and extraordinary assumptions, if any, and definitions, "As-Is" on June 30, 2024, was:

FIVE HUNDRED FIVE MILLION DOLLARS

\$505,000,000

The market value reported above is **inclusive** of the present value of the tax savings emanating from the 421a Extended Benefits abatement, which is estimated to be **\$70,000,000**, rounded.

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

Extraordinary Assumptions

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

This appraisal does not employ any extraordinary assumptions.

Hypothetical Conditions

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

This appraisal does not employ any hypothetical conditions.

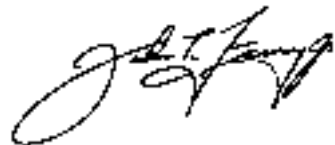
This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Respectfully submitted,

CUSHMAN & WAKEFIELD, INC.



Robert E. Porto, MAI
Executive Director
NY Certified General Appraiser
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NY Certified General Appraiser
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Summary of Salient Facts and Conclusions

The subject property consists of a 40-story mixed-use, 75/25 apartment building known as River Place. The subject building is situated on a 101,043 square foot site located along the easterly blockfront of Twelfth Avenue between West 41st Street and West 42nd Street in the Hudson Yards neighborhood of Manhattan.

The building has an above grade gross building area of 888,508 square feet and a total net rentable area of 665,427 square feet, inclusive of the residential and retail space. The improvements were completed in 1999 and are of good quality and condition.

The subject building was constructed under the auspices of the 80/20 program, which resulted in a 20-year post completion tax abatement. That abatement expired in June 2022. Following the expiration of the 20-year 421a tax abatement, ownership had the ability to file for the Extended Affordability Benefits program. The Extended Affordability Benefits program for the subject commenced October 17, 2022. The subject has been restructured to be a 75/25, mixed-market building to achieve the extended real estate tax benefits. The program permits an additional 15 year tax abatement, subject to the owner increasing the affordable component from 20 percent to 25 percent of the total units. These additional units (47 units at the subject property) must be leased to qualified households based on an Area Median Income (AMI) of 130 percent. In addition, the owner is restricted from converting the building or portions thereof to a condominium form of ownership for the duration of the extended benefit. According to ownership, the building successfully entered the program in October 2022. Per the Department of Finance, the subject is currently in the third year of the Extended Affordability Benefits abatement period.

The property contains a total of 921 residential units, 920 of which are considered rentable. Of the 920 rentable units, 231 are designated as affordable housing units, inclusive of the 47 units that are designated affordable in order to comply with the Extended Benefit Program. The market rate component, which consists of 689 rentable units, contains 478,409 square feet of net rentable area. The affordable housing component (231 rentable units) contains 148,270 square feet of net rentable area. The residential units have a total rentable area of 626,679 square feet and an overall average unit size of 681 square feet, exclusive of the 1,051 square foot property manager unit.

As of the date of value, the residential component was 96.09 percent occupied with 36 vacant units (29 of which are market rate and 7 of which are affordable). The 7 vacant affordable housing units consist of 3 units that must be leased based on an AMI of 80 percent and 4 units that must be leased based on an AMI of 130 percent (part of the 47 units designated affordable under the Extended Benefit Program). The affordable component has an occupancy rate of 96.97 percent. The market rate component has an occupancy rate of 95.79 percent.

In addition to the residential component, the building contains a retail component that consists of three retail suites that contain 38,748 square feet of grade level space and a parking garage with a licensed capacity for 194 parking spaces.

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

BASIC INFORMATION			
Common Property Name:	Mixed-Use 75/25 Apartment Building	Report Type:	Appraisal Report
Address:	650 West 42nd Street	Interest Appraised:	Leased Fee
City:	New York	Date of Value:	6/30/24
State:	NY	Date of Inspection:	7/16/24
Zip Code:	10036	Date of Report:	8/9/24
County:	New York	Property Ownership Entity:	River Place I, LLC c/o Silverstein Properties
Census Tract Number:	117	CW File Reference:	24-12002-901666
SITE INFORMATION			
Land Area Gross SF:	101,043	Frontage:	Excellent
Land Area Acres:	2.32	Access:	Average
Flood Zone:	X and AE	Visibility:	Excellent
Flood Map Number:	360497-0069F	Location Rating:	Good
Flood Map Date:	9/5/07	Parking Type:	Garage
Site Utility:	Excellent		
Site Topography:	Level and at street grade		
Site Shape:	Rectangular		
BUILDING INFORMATION			
Type of Property:	Residential	Quality:	Good
Number of Units:	921	Condition:	Good
Number of Buildings:	1	Year Built:	1999
Gross Building Area (Above Grade):	888,508 SF		
Net Rentable Area (Residential):	626,679 SF (Excludes 1,051 SF Super's Unit)		
Net Rentable Area (Commercial):	38,748 SF		
Number of Stories:	40		
MUNICIPAL INFORMATION			
Assessing Authority:	City of New York	Municipality Governing Zoning:	City of New York
Assessor's Parcel Identification:	Block 1089, Lot 1	Current Zoning:	C6-4 within Subarea 1 of the 42nd Street Perimeter Area Special Clinton District
Tax Year:	2024/2025	Is current use permitted:	Yes
Taxable Assessment:	\$88,582,910	Current Use Compliance:	Legal, Complying Use
Tax Liability (Unabated):	\$11,628,367		
HIGHEST & BEST USE			
As Vacant:	Construction of a mixed-use residential building built to its maximum permitted density.	As Improved:	Continued use as a mixed-use apartment building as currently improved.

VALUATION INDICES		Market Value As Is
SALES COMPARISON APPROACH		
Indicated Value:		\$530,000,000
Per Square Foot:		\$597
INCOME CAPITALIZATION APPROACH		
Discounted Cash Flow		
Projection Period:		11 Years
Holding Period:		10 Years
Indicated Value:		\$505,000,000
FINAL VALUE CONCLUSION		
Concluded Value:		\$505,000,000
EXPOSURE TIME		
Exposure Time:		6 to 9 Months
Marketing Time:		6 to 9 Months

Extraordinary Assumptions

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

This appraisal does not employ any extraordinary assumptions.

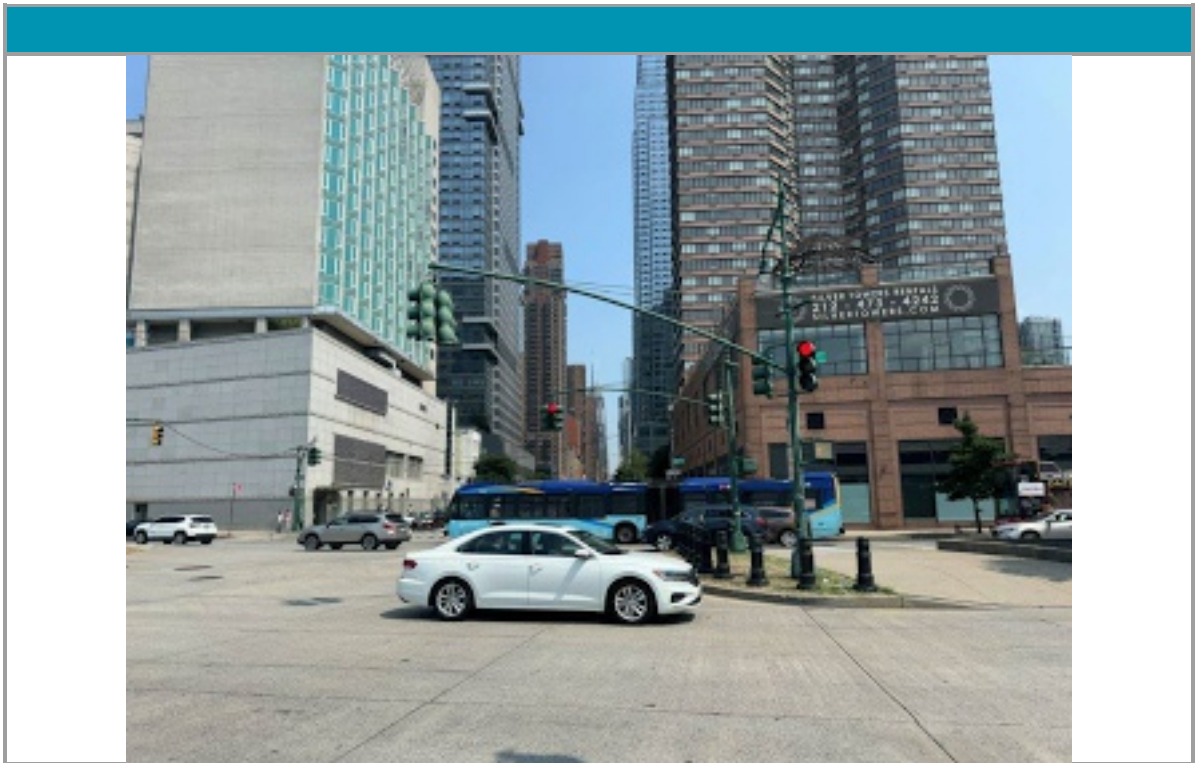
Hypothetical Conditions

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

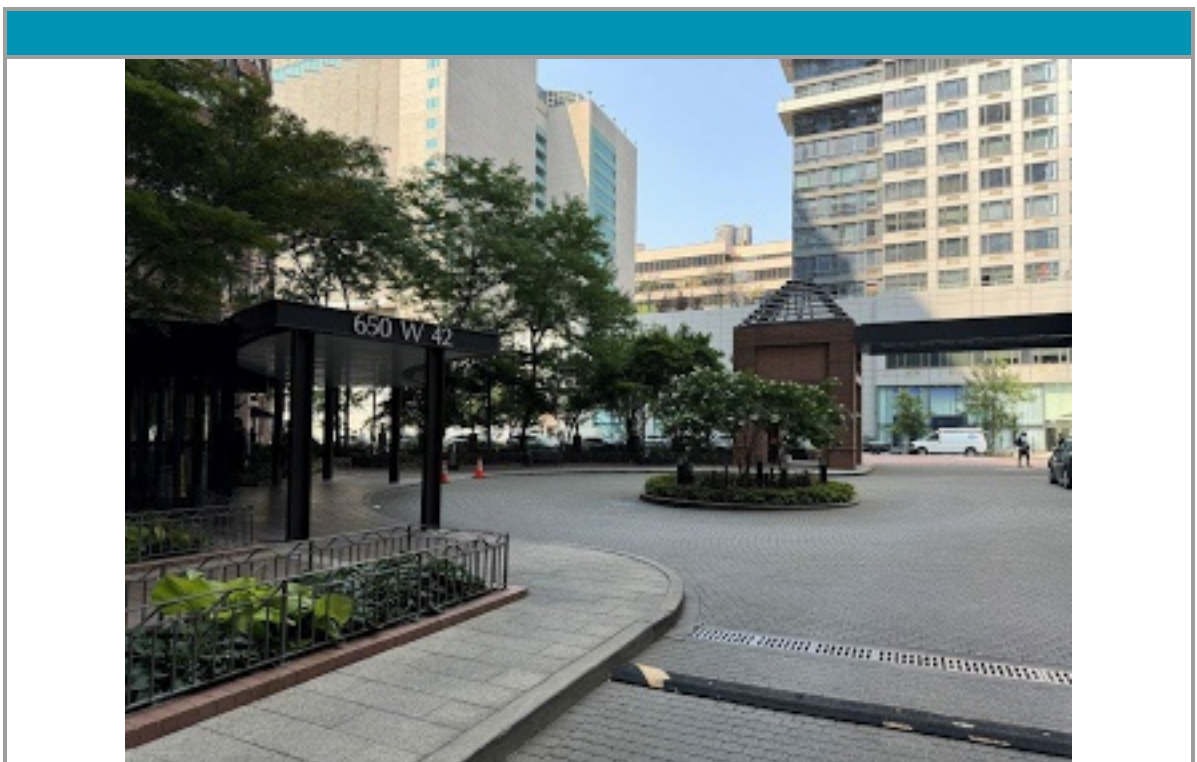
This appraisal does not employ any hypothetical conditions.

Property Photographs

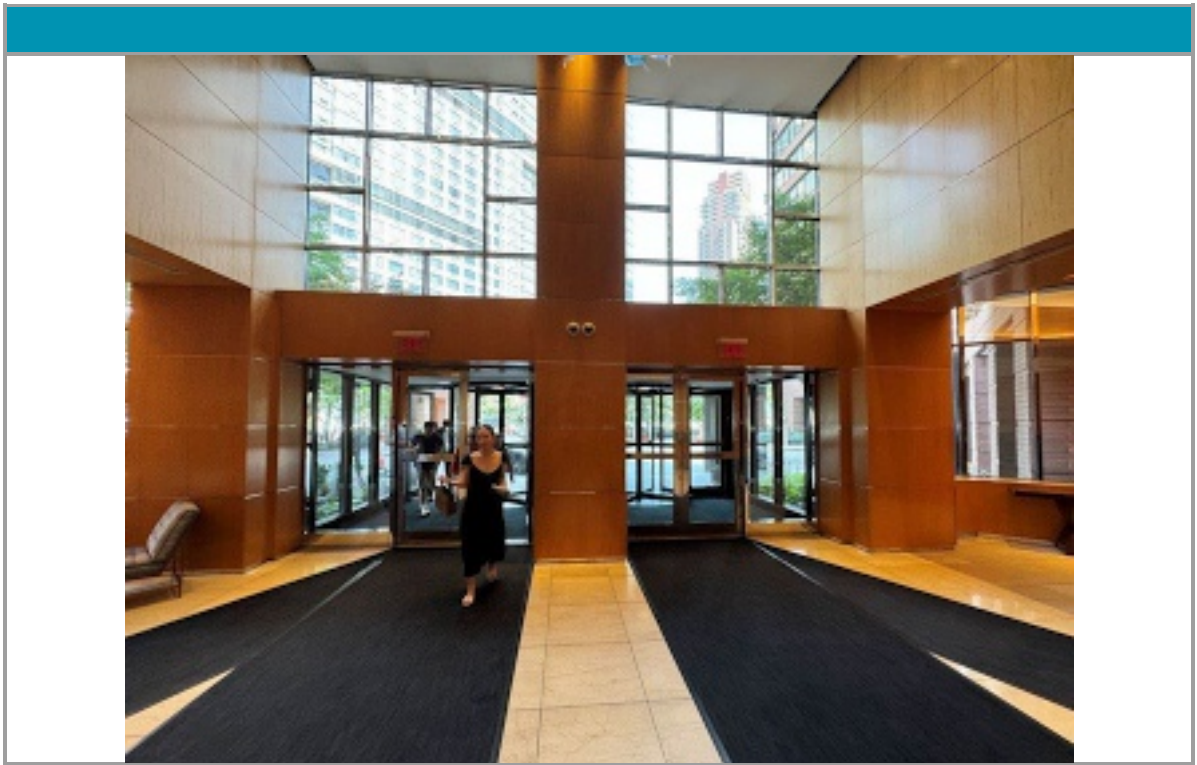




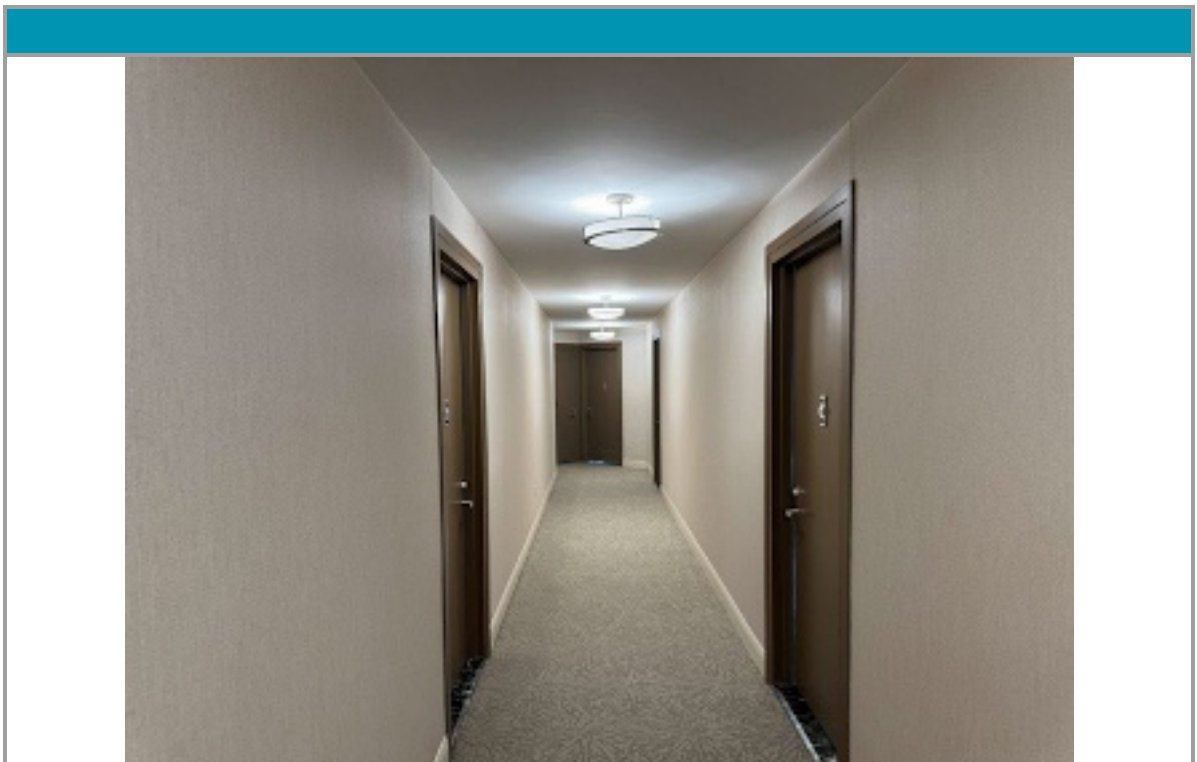
View of subject property looking southeast across West 42nd Street and Twelfth Avenue



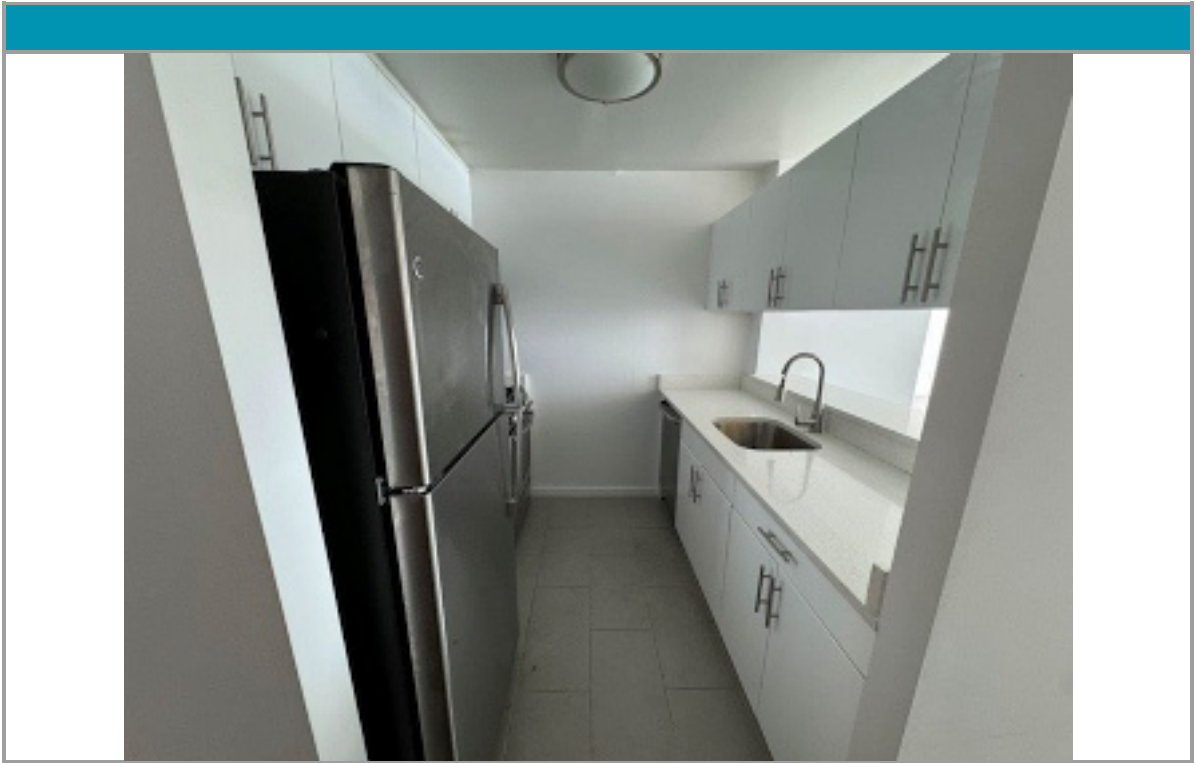
View of the building courtyard and entryway



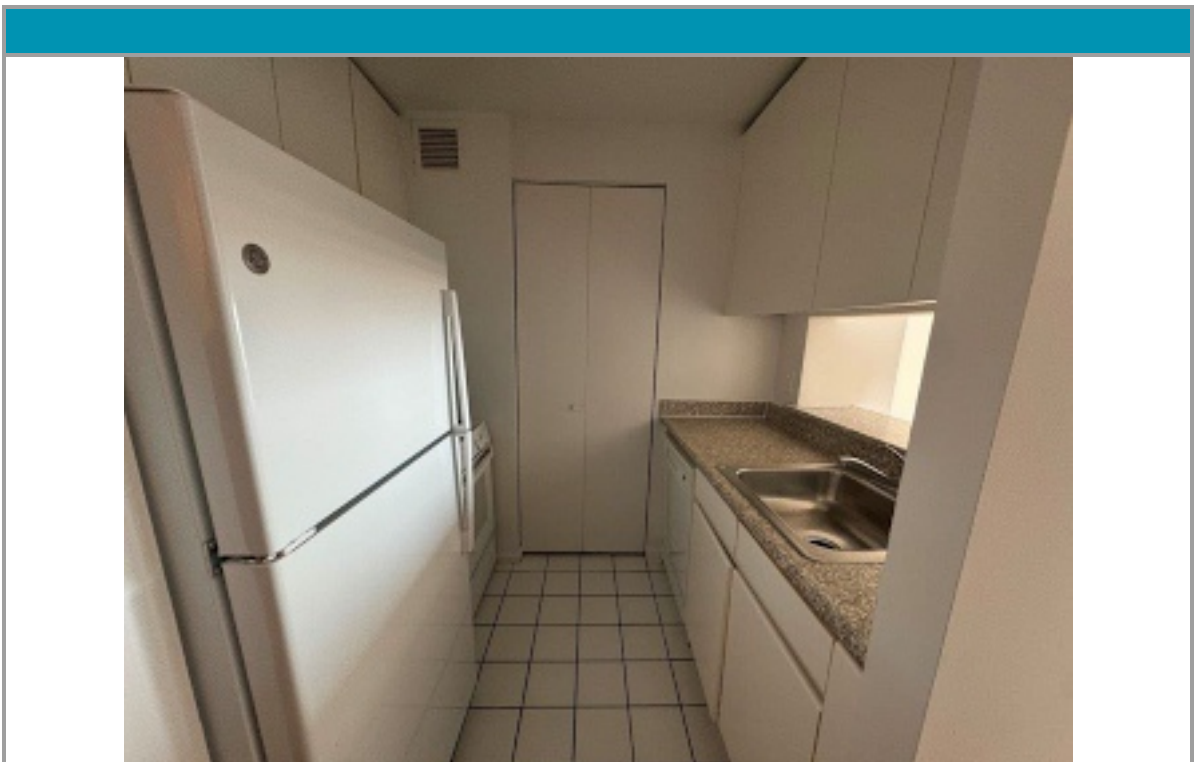
View of the residential lobby



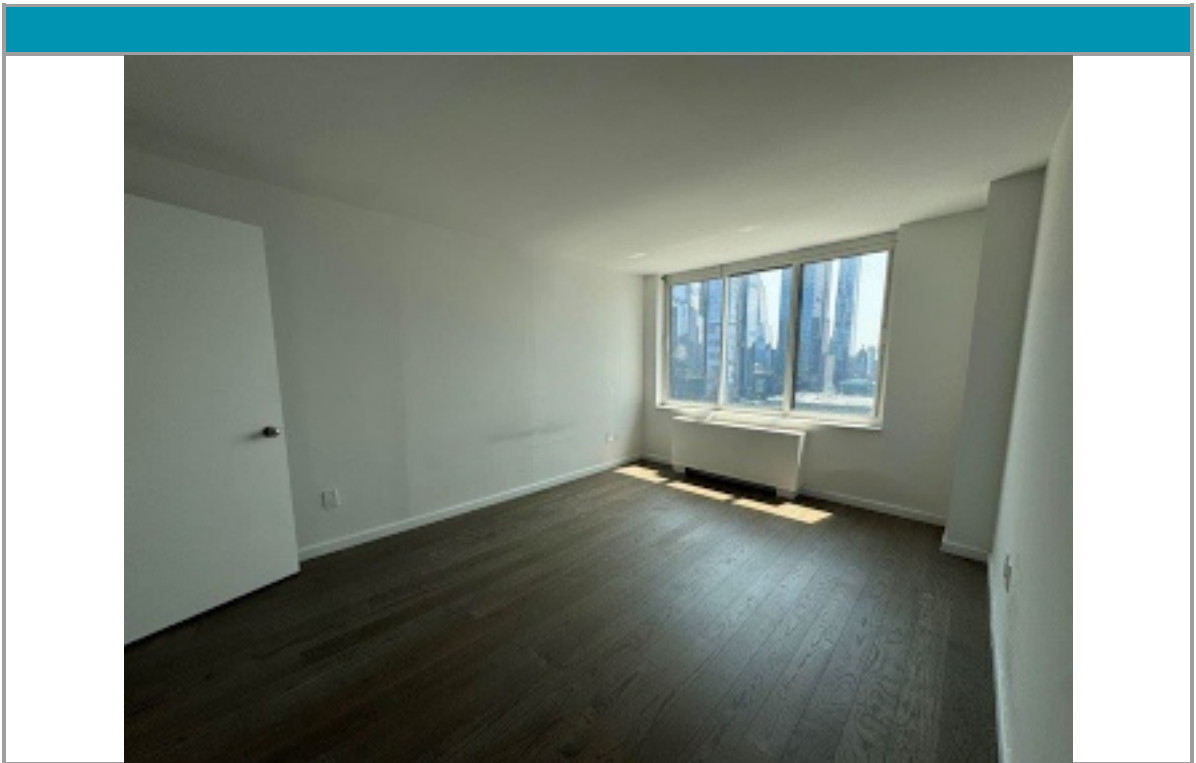
View of a residential hallway



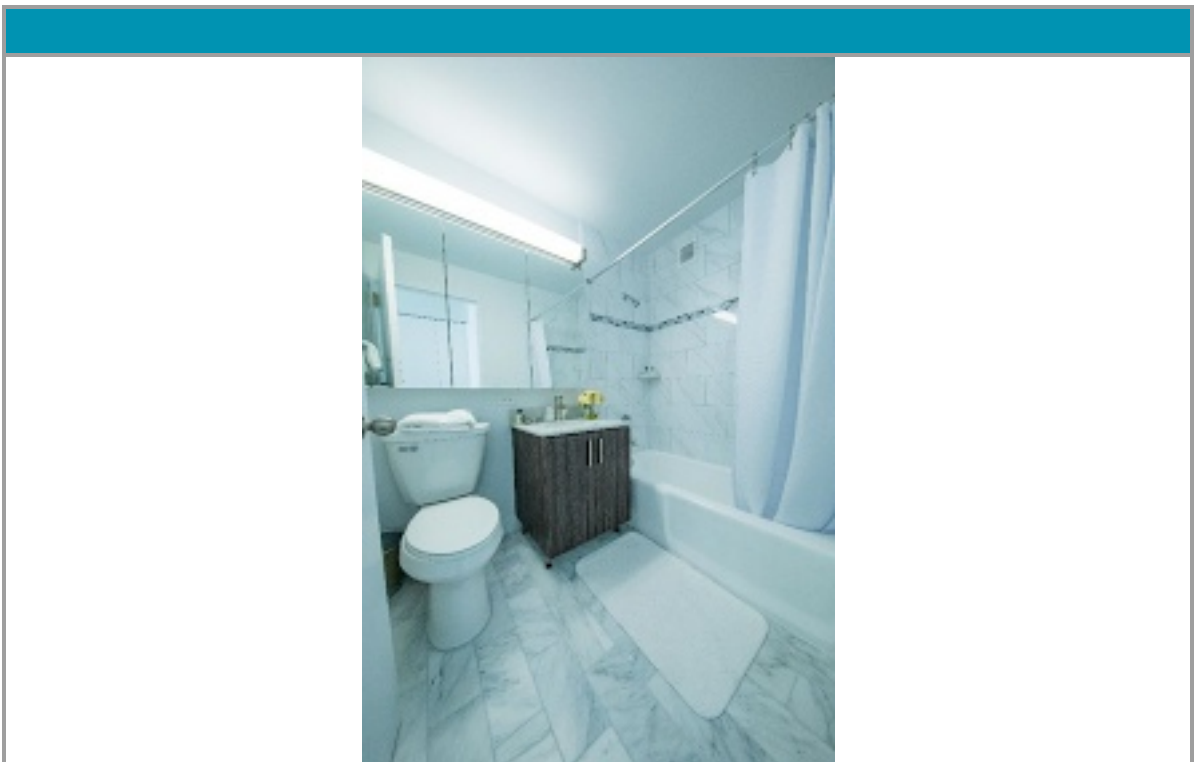
View of a renovated kitchen



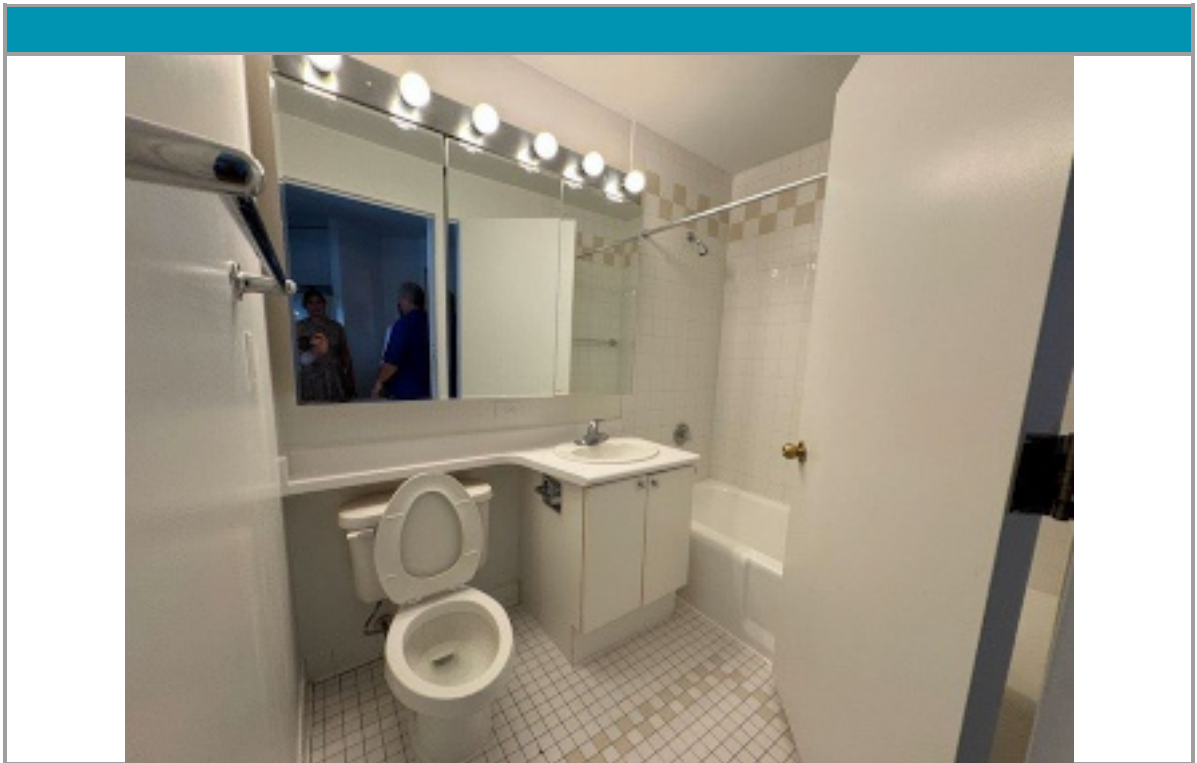
View of an unrenovated kitchen



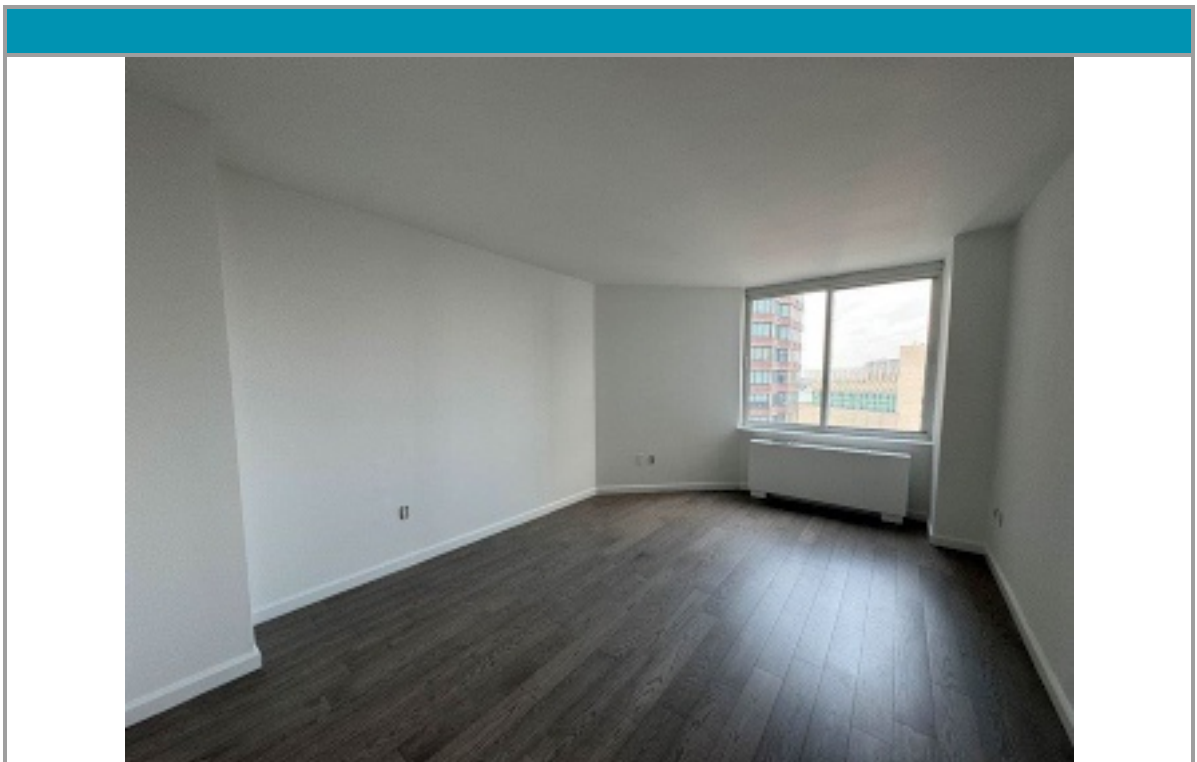
View of a renovated bedroom



View of a renovated bathroom (photo provided by ownership)



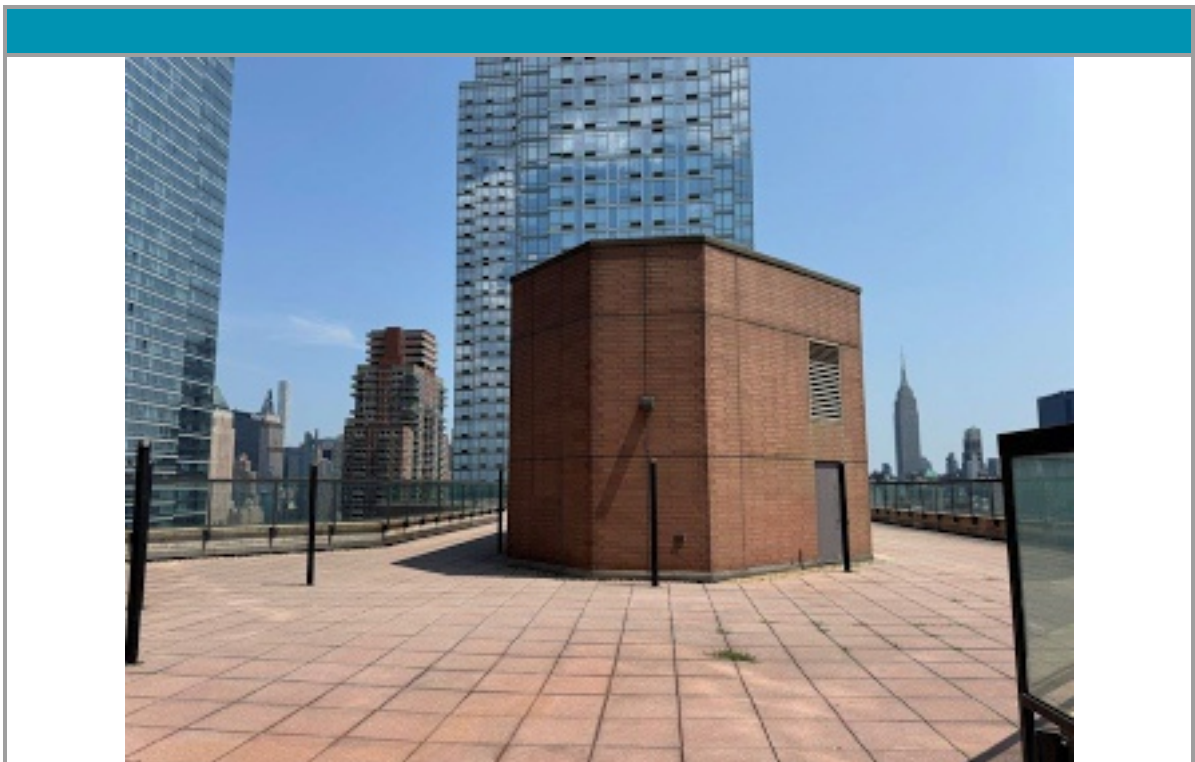
View of the unrenovated bathroom



View of the renovated living room



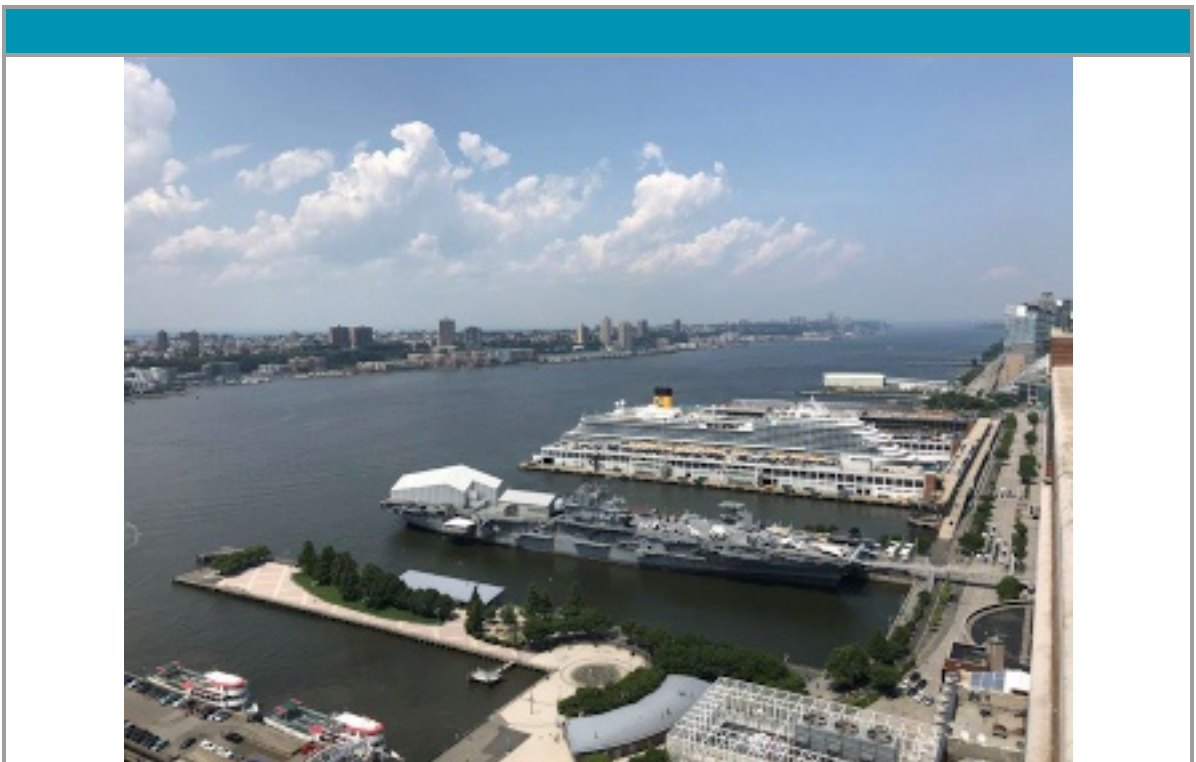
View of a common laundry room



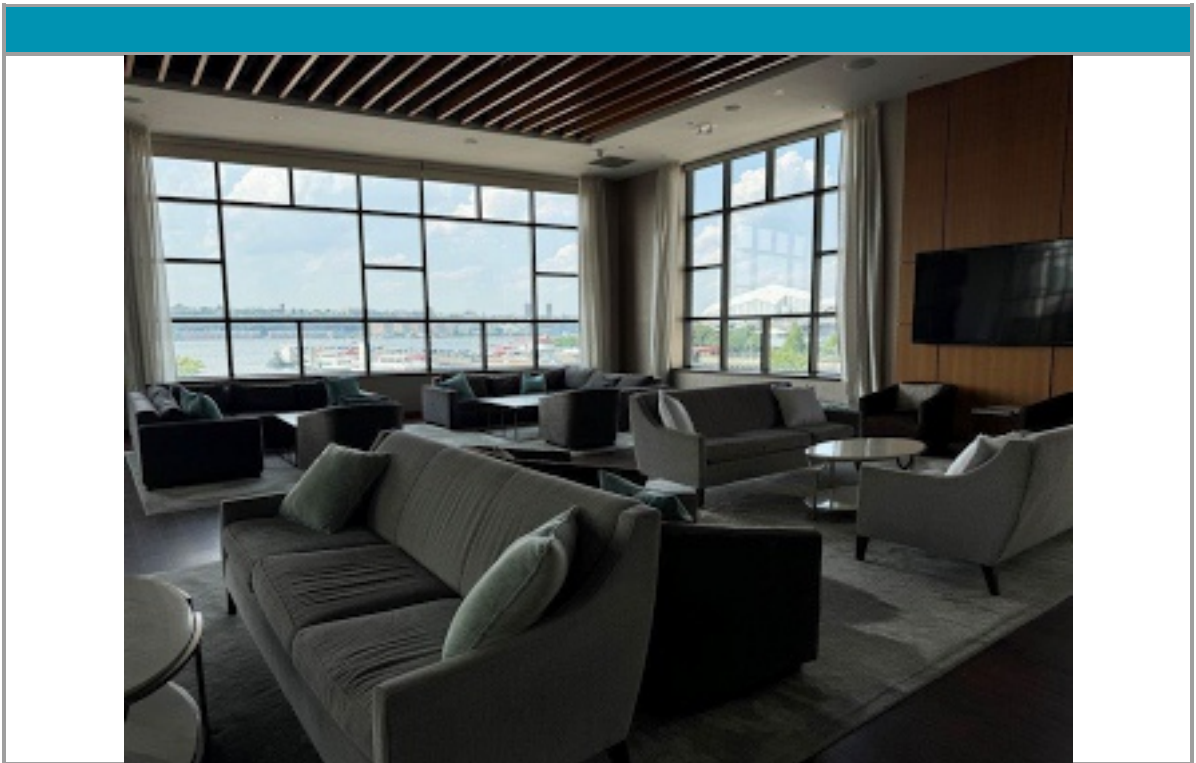
View of the 32nd floor observation deck



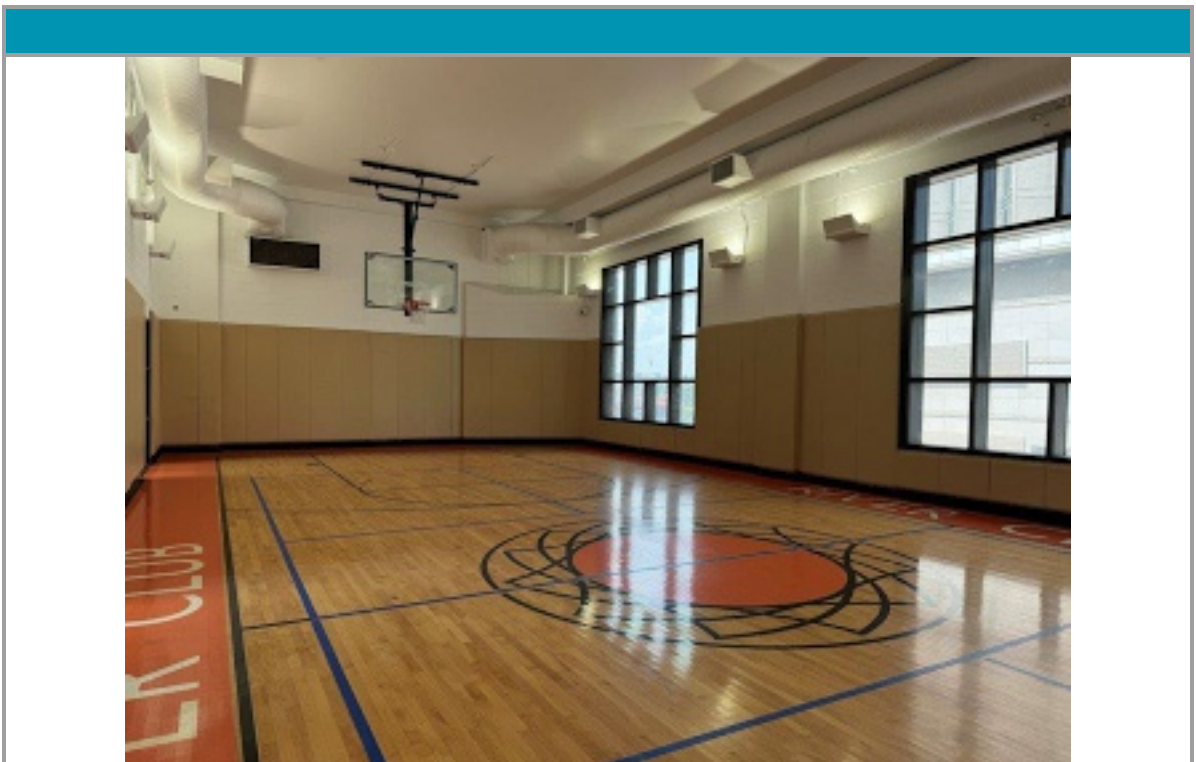
View looking southeast from the roof



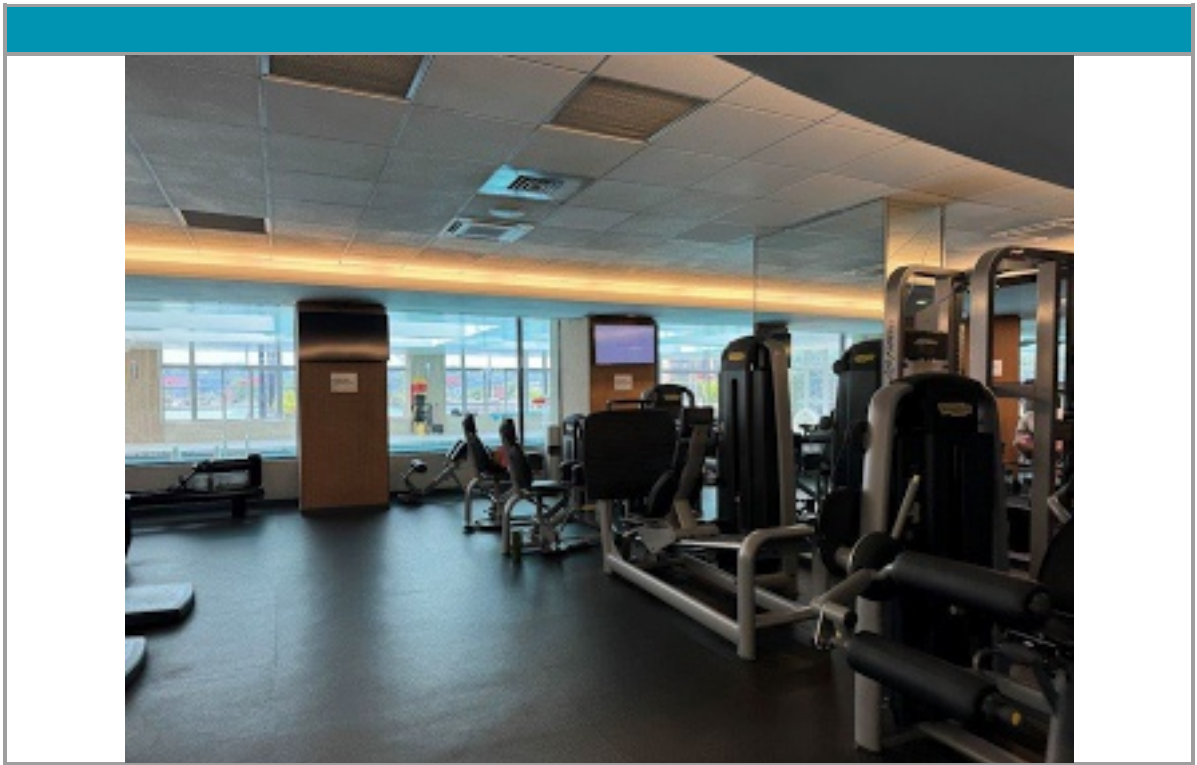
View looking northwest from the roof



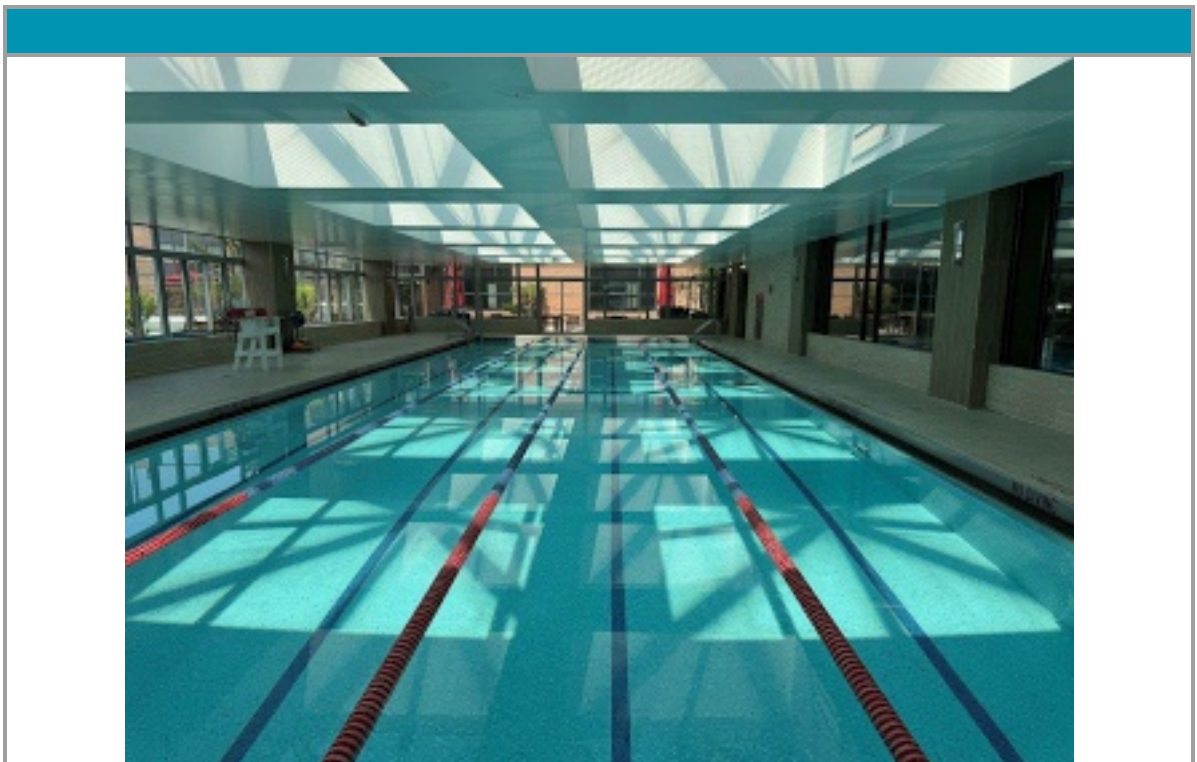
View of the resident lounge



View of the basketball court



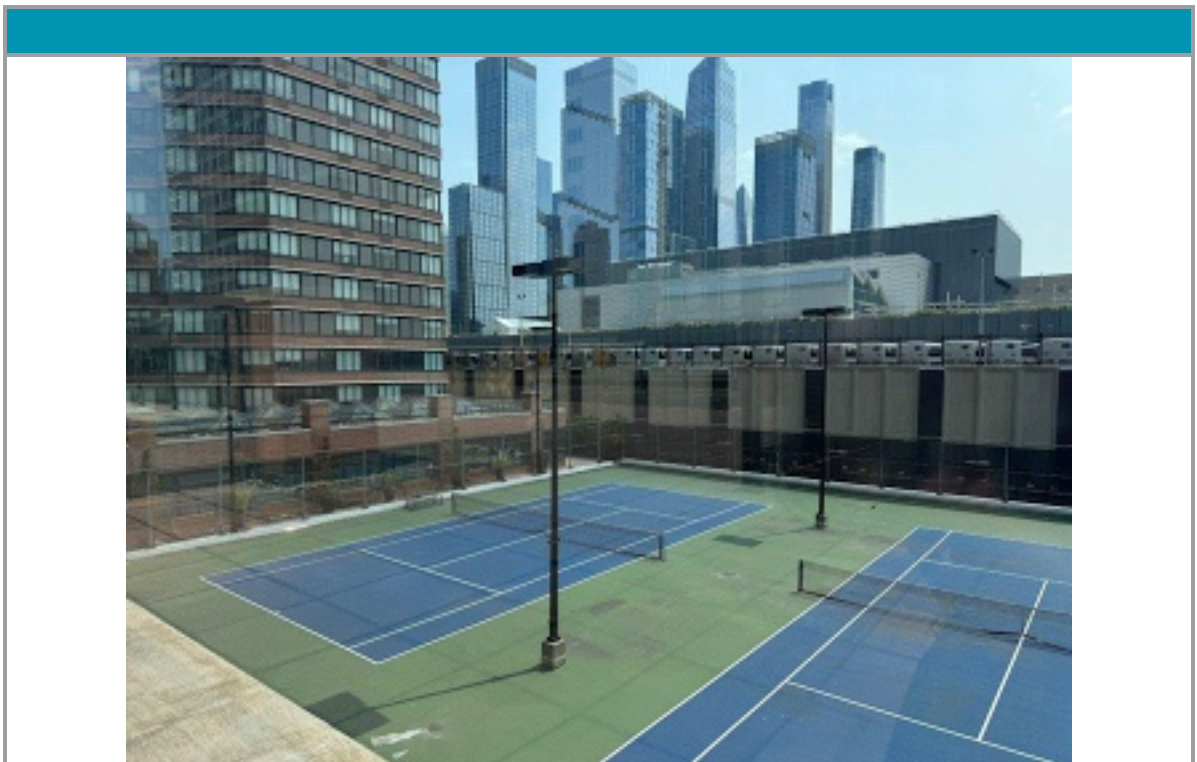
View of the fitness center



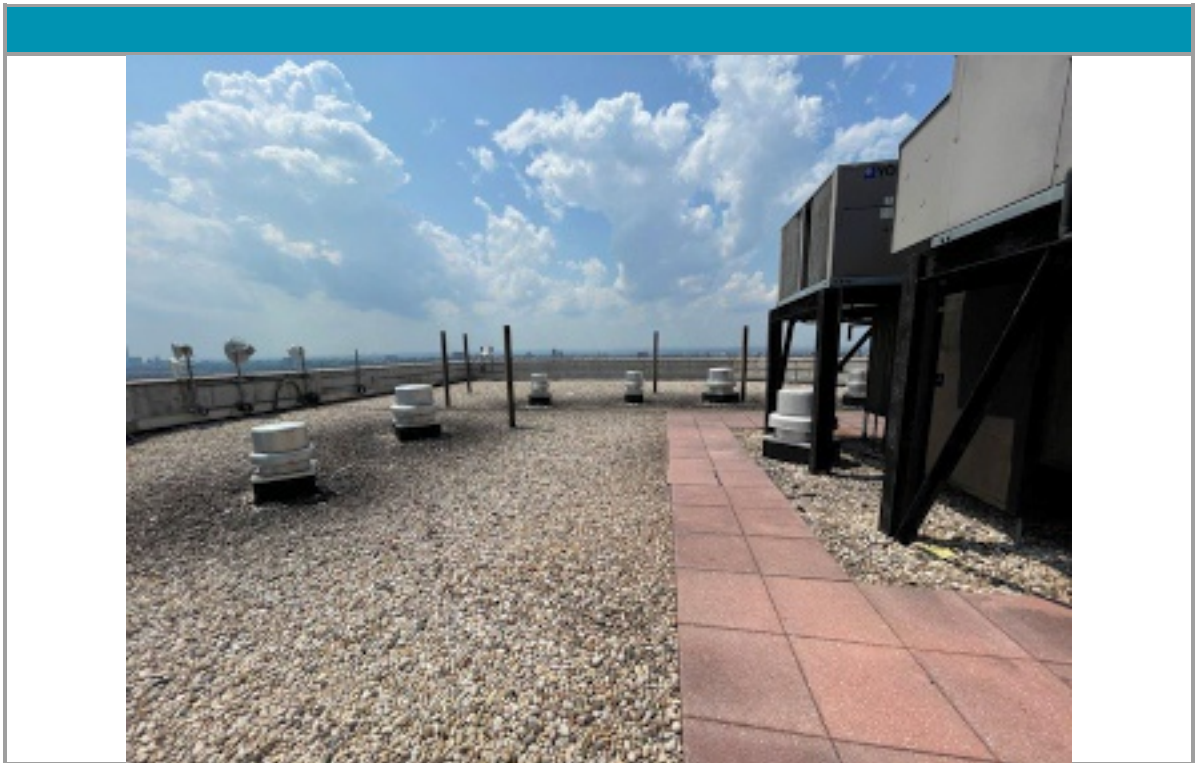
View of the swimming pool



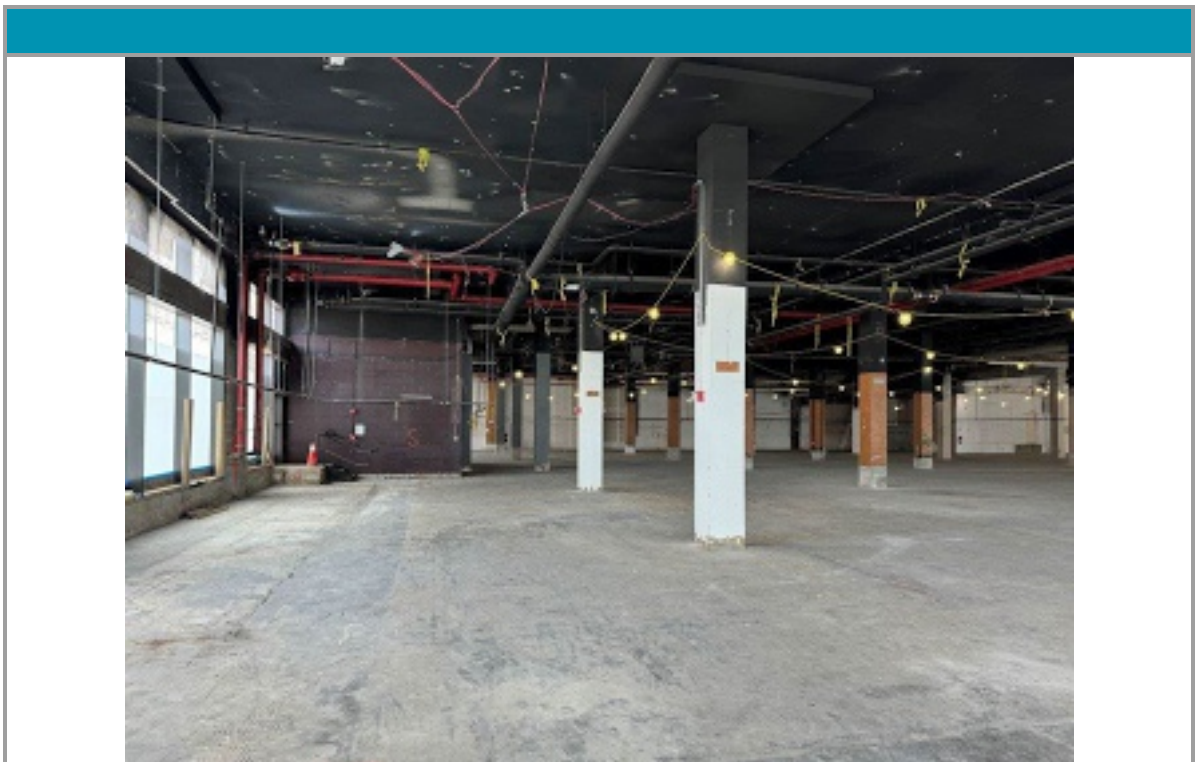
View of the children's playroom



View of the tennis courts



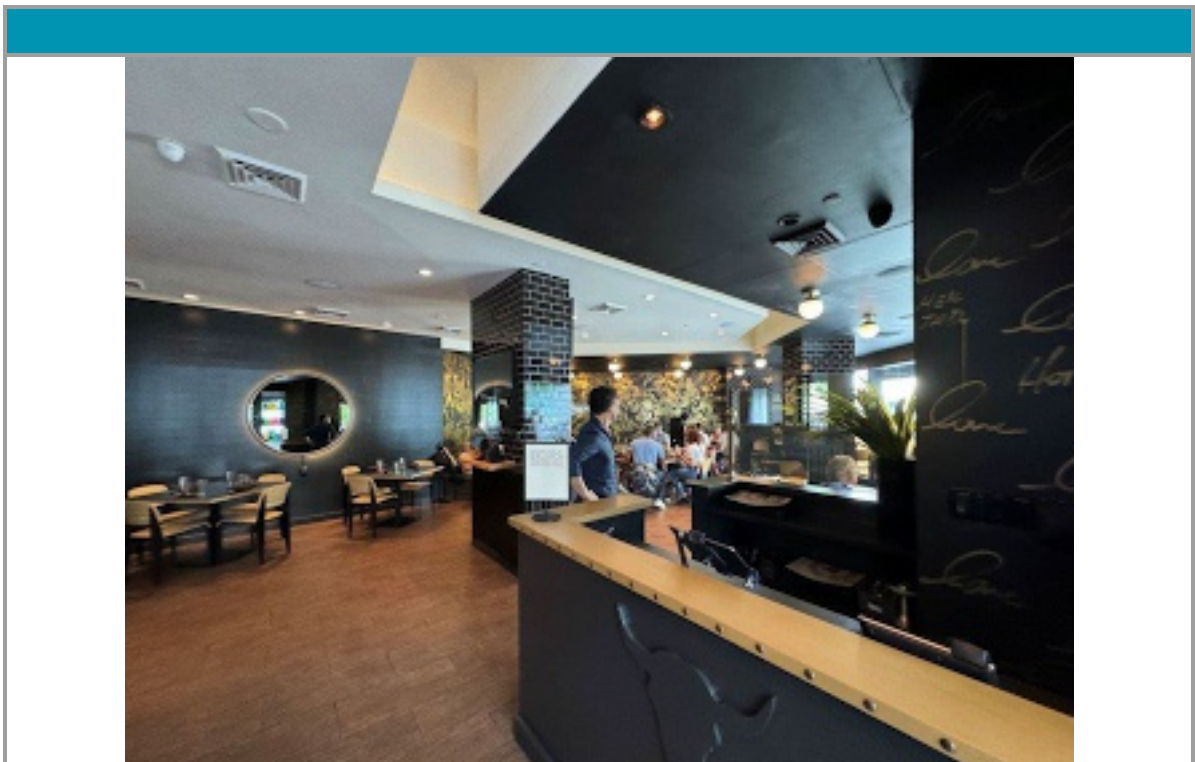
View of the roof



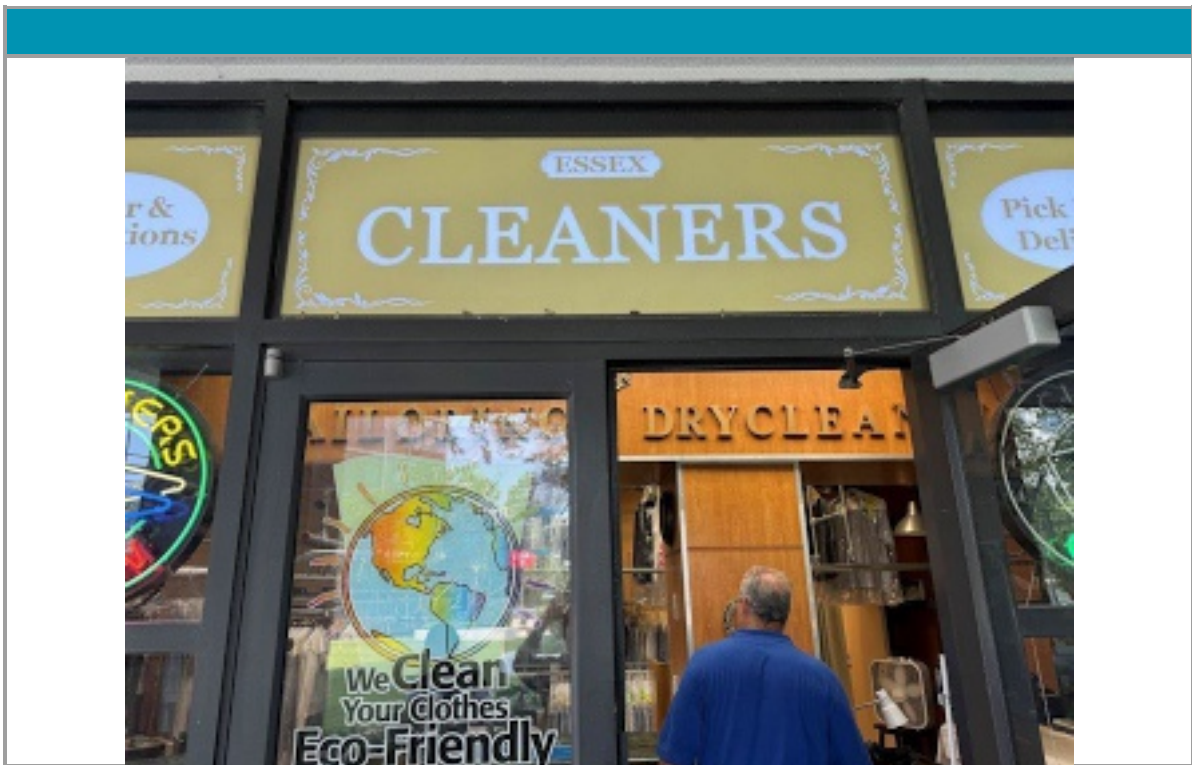
Interior view of the vacant retail suite



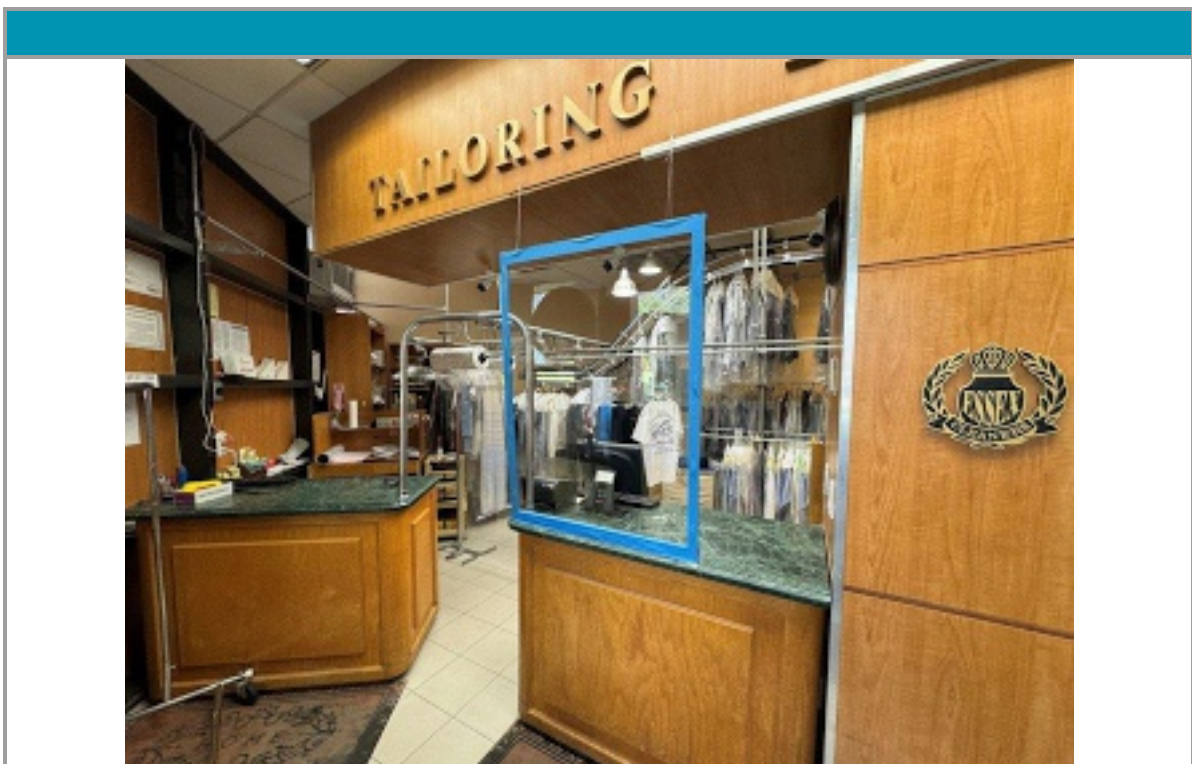
View of the grade level retail leased to Kings of Kobe



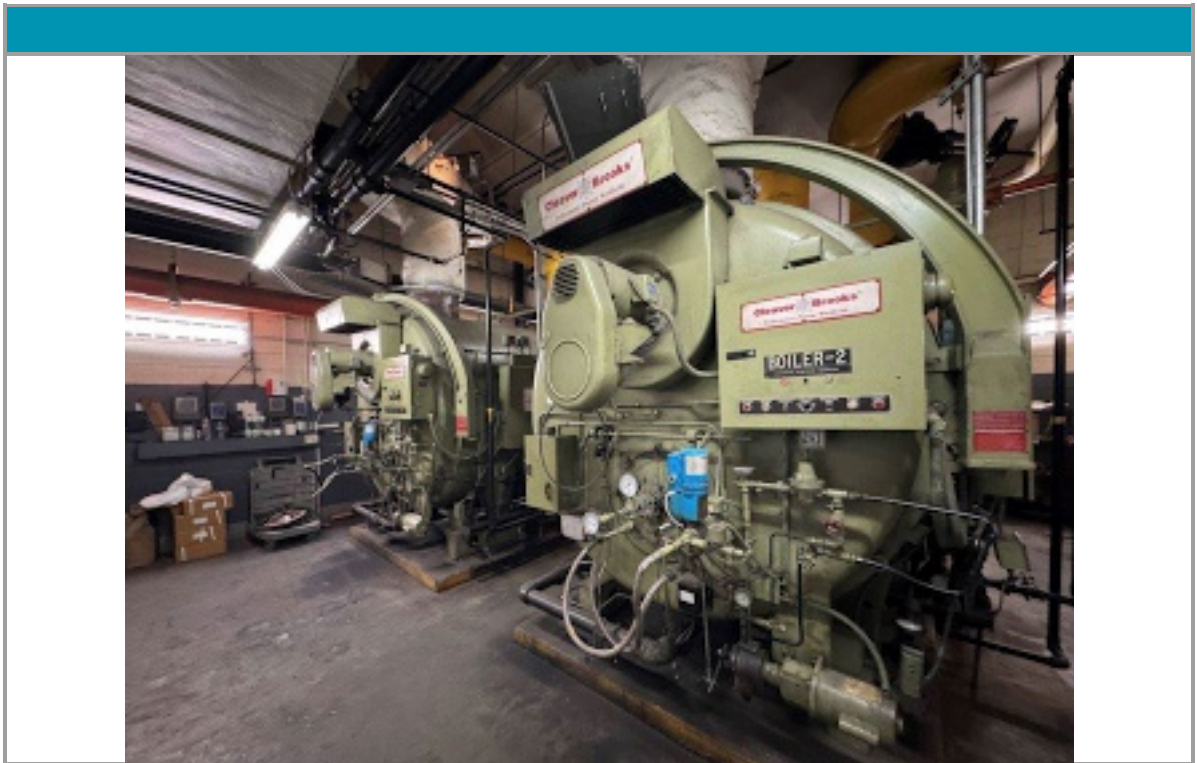
Interior view of the retail suite leased to Kings of Kobe



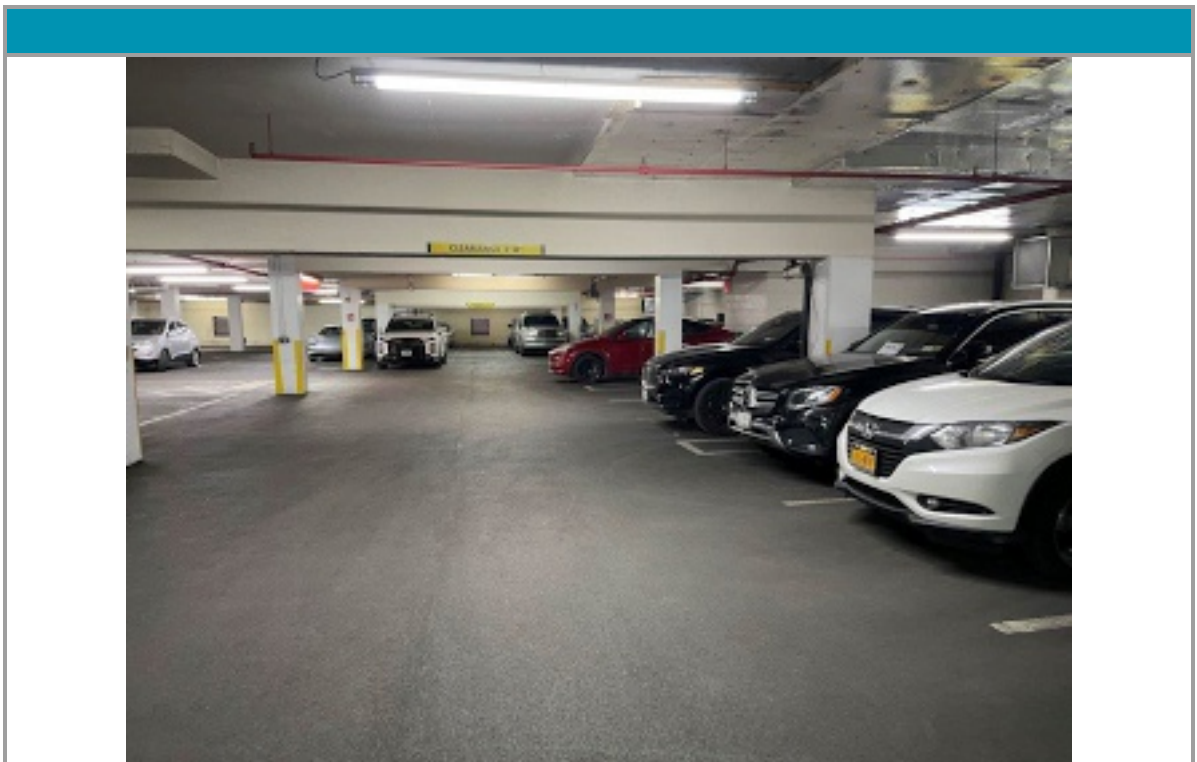
View of the grade level retail leased to Essex Dry Cleaners



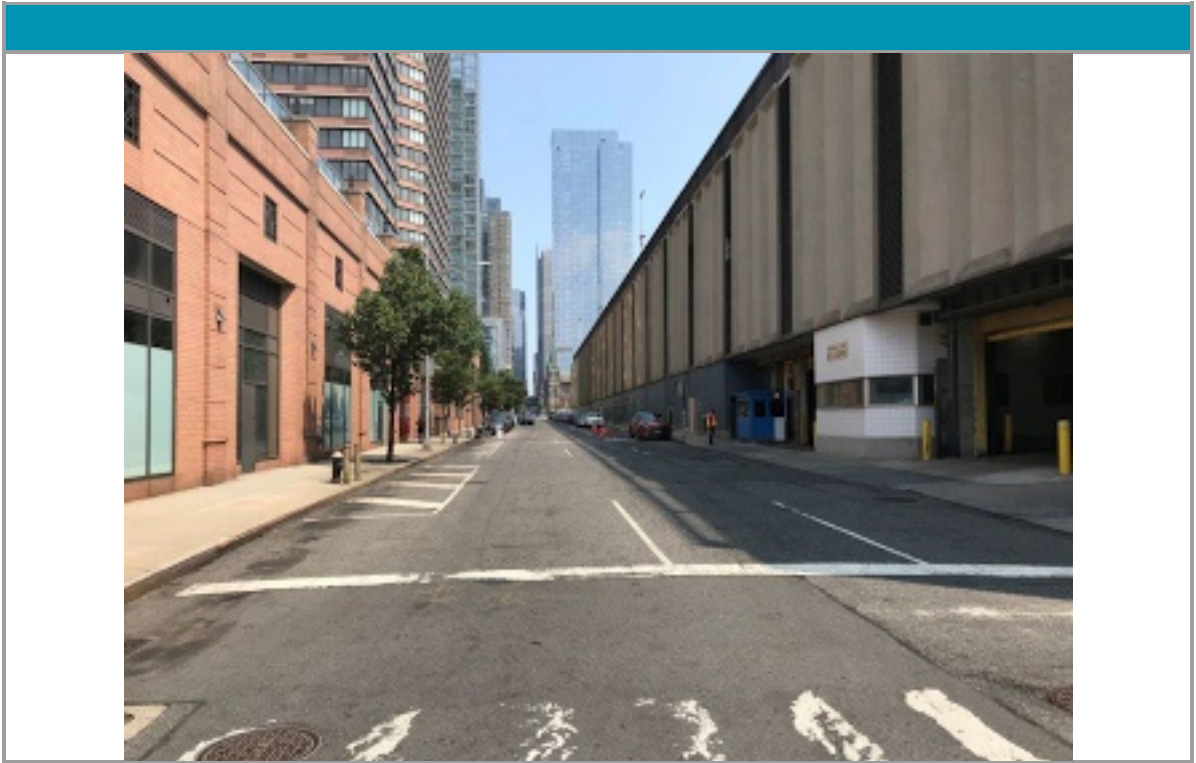
Interior view of the retail suite leased to Essex Dry Cleaners



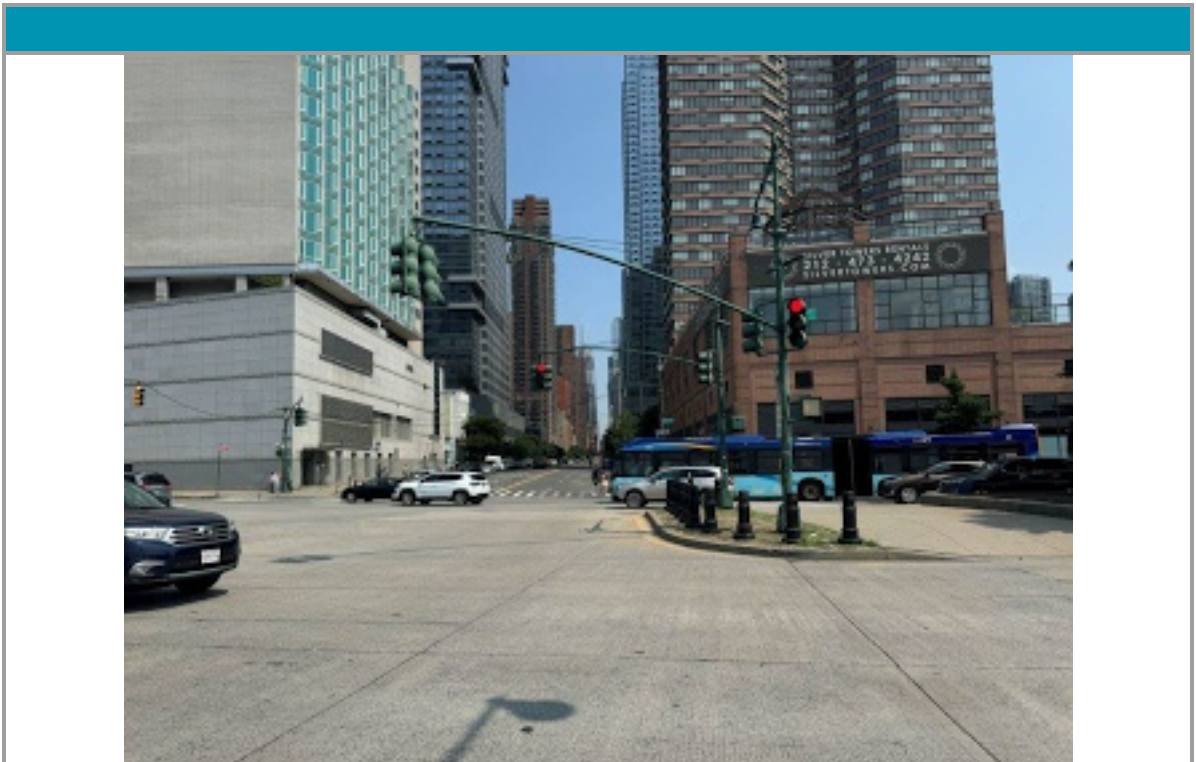
View of the boilers



Interior view of the parking garage



Street scene looking east along West 41st Street, subject to the left



Street scene looking east along West 42nd Street, subject to the right

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Scope of Work

Overview

This appraisal, presented in an appraisal report, is intended to comply with the reporting requirements outlined under the USPAP for an appraisal report. The report was also prepared to comply with the requirements of the Code of Professional Ethics of the Appraisal Institute.

Robert E. Porto, MAI and John T. Feeney, Jr. have not performed services, as an appraiser, regarding the property that is the subject of this report within the three year period immediately preceding the agreement to perform this assignment.

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

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

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

This appraisal employs the Sales Comparison Approach 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. Typical purchasers do not generally rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not utilized the Cost Approach to develop an opinion of market value.

Report Option Description

USPAP identifies two written report options: Appraisal Report and Restricted Appraisal Report. This document is prepared as an Appraisal Report in accordance with USPAP guidelines. The terms “describe,” “summarize,” and “state” connote different levels of detail, with “describe” as the most comprehensive approach and “state” as the least detailed. As such, the following provides specific descriptions about the level of detail and explanation included within the report:

- Describes the real estate and/or personal property that is the subject of the appraisal, including physical, economic, and other characteristics that are relevant
- States the type and definition of value and its source
- Describes the Scope of Work used to develop the appraisal
- Describes the information analyzed, the appraisal methods used, and the reasoning supporting the analyses and opinions; explains the exclusion of any valuation approaches
- States the use of the property as of the valuation date
- Describes the rationale for the Highest and Best Use opinion

Identification of Property

Common Property Name: River Place

Location: The subject property is located at 650 West 42nd Street, New York, New York County, New York 10036.

Assessor's Parcel Number: Block 1089, Lot 1

Legal Description: A metes and bounds legal description is exhibited in the Addenda of the report.

Property Ownership and Recent History

Current Ownership: River Place I, LLC c/o Silverstein Properties

Sale History: To the best of our knowledge, there have been no arm's-length transfers of the subject property within the last three years.

Current Disposition: To the best of our knowledge, the subject property is not currently under contract of sale nor is it being marketed for sale.

Dates of Inspection and Valuation

Date of Valuation: June 30, 2024

Date of Inspection: July 16, 2024

Property Inspected by: Robert E. Porto, MAI

Client, Intended Use and Users of the Appraisal

Client:	Silverstein Properties, Inc.
Intended Use:	This appraisal is intended to provide an opinion of the Market Value of the Leased Fee interest in the subject property as is condition. This appraisal is to be used to aid the Intended Users in the preparation of financial statements to be published in the Tel Aviv Stock Exchange in Q2 2024. We confirm that we have given our full consent to the inclusion of the valuation in its entirety in any Financial Statements published in the Tel Aviv Stock Exchange or disclosed to the Israeli Security Authority. This report is not intended for any other use.
Intended User:	This report is for use and benefit of, and may be relied upon by Silverstein Properties, Inc.. The Client and Silverstein Properties Limited, and their respective direct or indirect equity owners, related entities, successors, and/or assigns are the only identified Intended Users of the appraisal. The appraisal may not be distributed to or relied upon by other persons or entities.

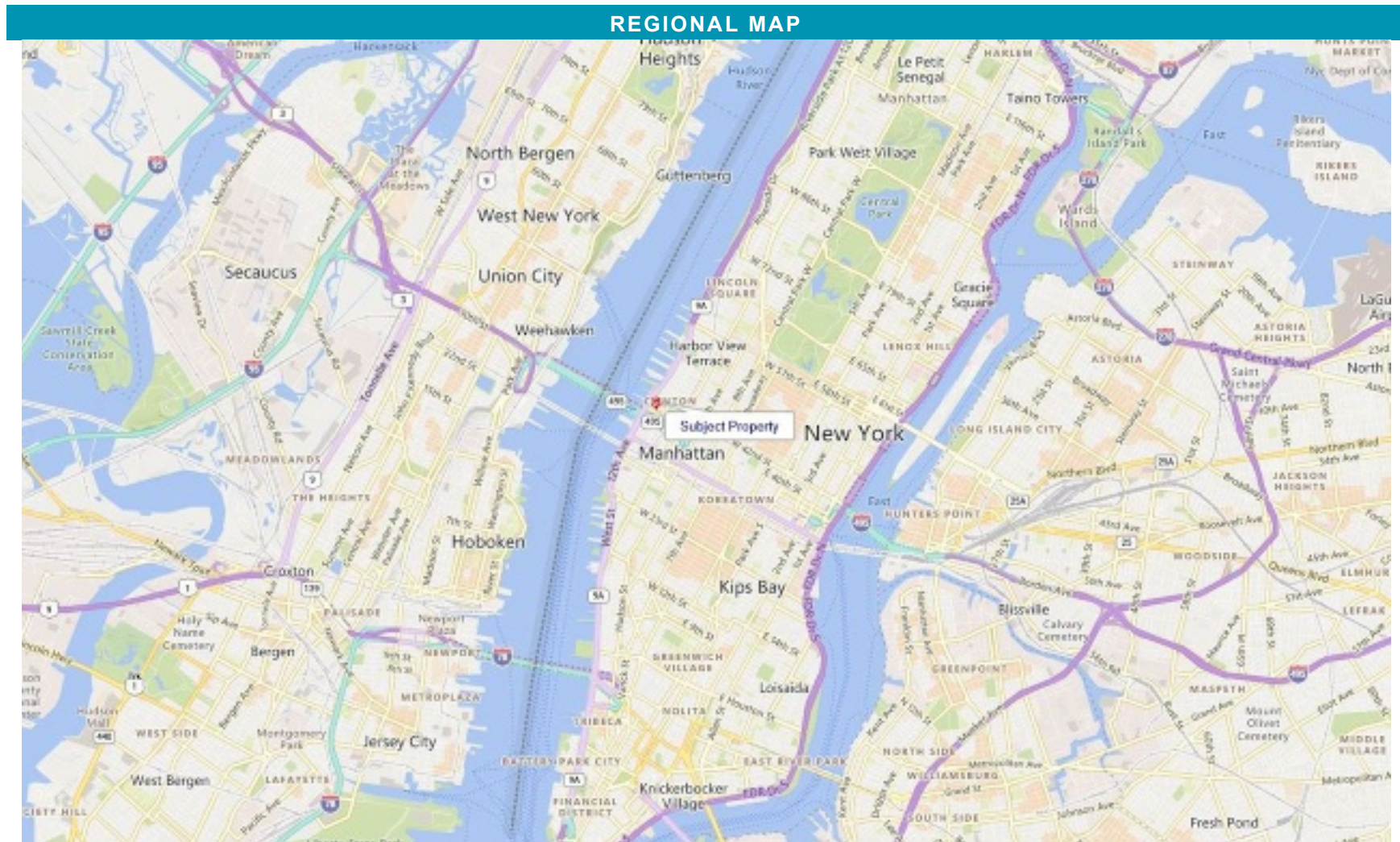
Extraordinary Assumptions

This appraisal does not employ any extraordinary assumptions.

Hypothetical Conditions

This appraisal does not employ any hypothetical conditions.

Regional Analysis



Introduction

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

Map

The following map highlights the Core Based Statistical Area of New York, NY:



Source: Cushman & Wakefield Valuation & Advisory

Macro Trends

Before determining the appropriate risk rate(s) to apply to the subject, a review of recent market conditions, particularly in the financial markets, is warranted. The following subsection provides review of these trends. The trends are based upon the appraiser's market research, discussions with participants in the market, and the relative position of the subject property within its market.

The Commercial Real Estate (CRE) market is driven by investor demand and strong liquidity. We are monitoring the impacts on both factors from the Federal Reserve's recent interest rate hikes, inflation, and other macroeconomic factors, which have increased uncertainty in the financial and CRE markets. The ongoing economic uncertainty has had a dramatic effect on both investor demand and liquidity. Cushman & Wakefield is closely monitoring the latest developments and how they impact the subject and its market.

Current Trends

- In 2016, New York State unveiled a planned expansion of the Jacob K. Javits Convention Center, a convention center used to host events such as the New York International Auto Show and the New York Comic Con. This expansion aimed to significantly increase the convention center's potential as an economic engine and maximize its ability to host more high-profile events from around the world. The expansion included spending \$1.5 billion to add 1.2 million square feet of space to the north end of the existing facility and building a roof terrace for outdoor events. The project aims to serve as a catalyst for new job creation, business opportunities, and enhanced revenue for the hotel, restaurant, tourism, and transportation industries.
- New York State proposed a plan to revitalize Penn Station, leveraging the momentum of President Biden's infrastructure bill that was passed in November 2021. In July 2022, New York State officials approved a plan that includes 18 new entrances to Penn Station, larger passageways between subway platforms and rail lines, a 0.7 acre plaza with landscaped areas and bike paths and raised ceilings to bring in more natural light. A previous proposal included adding additional tracks and rail lines, however this plan has been delayed. State officials have endorsed a plan to build an additional train hall south of Penn Station that would increase passenger capacity. This plan requires federal approval and would cost an additional \$13 billion. In June 2023, Governor Hochul announced that the Penn Station redesign and Vornado's Penn District project had been decoupled. Hochul indicated that the city would not be waiting for the proposed developments to generate revenue to fund the redevelopment of Penn Station. Hochul said that the state will focus on finding new funding sources for the Penn Station redesign, as well as improving the streets that surround the station.
- Vornado has paused their plans to transform the immediate Penn Station area, known as the Penn District. Vornado's original Penn District plan included the renovation of over 10 million square feet of existing office space, ground-up construction of three new office towers, 10+ acres of new public green space, and 1.1 million square feet of retail space. During a Vornado earnings call in February 2023, CEO Steve Roth expressed reservations about the future of the project due to the tight lending environment and persisting work-from-home trends. Vornado president and CFO Michael Franco anticipated the Penn District redevelopment to be delayed by two to three years, however there is no guarantee the project will come to fruition.
- Hudson Yards has matured into a prime destination for office space in Manhattan. The master-planned developments at Manhattan West and the Eastern Rail Yard have largely come to fruition. A total of ten office projects have been built or undergone substantial renovations and are contributing revenues to the district. These ten properties represent approximately 19.6 million square feet of space. In addition to the completed projects, there is one major building still under construction at Three Hudson Boulevard, representing an additional 2.3 million square feet.
- The \$1.6 billion expansion of the Farley Building, now called the Moynihan Train Hall, was unveiled in June 2017, and completed in January 2021. The West End Concourse is a pedestrian entrance connecting Pennsylvania Station to the project on Eighth Avenue. In addition to the West End Concourse, this project includes: the construction of a train hall, 700,000 square feet of commercial office and retail property, as well as a ground level retail concourse that will connect Pennsylvania Station to Ninth Avenue, Hudson Yards, and beyond. Vornado Realty Trust and Related Companies lead the development.

- The City Council's Land Use Committee passed the Great East Midtown rezoning proposal in August 2017, which entails changes to air rights pricing and requirements for new spaces. The rezoning proposal promotes development over approximately a 78-block area in Midtown centered around Grand Central Terminal. North-south, the rezoning starts at East 39th Street goes up to East 57th Street. East-West, it spans from Third Avenue to midway between Madison and Fifth Avenues. The block between East 42nd Street and East 43rd Street extends to Second Avenue, where the Pfizer building is located. The rezoning is expected to create approximately 6.6 msf of new office space in the Midtown East district over the next 20 years.
- Plans to rezone Inwood were approved in August of 2018, following East Harlem rezoning approval at the end of 2017. The rezoning plans will allow for more building density and low-income housing and is expected to be completed by 2032. East New York and Far Rockaway have already been rezoned to allow for additional building density.
- In 2023, New York City introduced the Manhattan Commercial Revitalization (M-CORE) program, which provides commercial building owners with a range of tax benefits to support the repositioning of office buildings. Eligible buildings must contain at least 250,000 square feet, be located in Manhattan below 59th Street, and have been built prior to 2000. M-CORE offers tax abatements, partial mortgage recording tax exemption, and sales tax exemption. This program seeks to help building owners reduce vacancy and attract tenants in search of high-quality office spaces that include amenities. In January 2024, the New York City Economic Development Corporation (NYCEDC) and the New York City Industrial Development Agency (NYCIDA) announced that WSA Waterfront LLC's building at 175 Water Street and HPS Investment Partners' building at 850 Third Avenue were the first awardees of the initiative. The project at 175 Water Street will seek to attract fashion, arts, creative and technology tenants by investing \$150 million into the building while HPS Investment Partners will invest \$62.7 million into 850 Third Avenue. Each project has committed to include incubator or accelerator space for high growth industries.
- The New York City Council passed the Climate Mobilization Act in April of 2019, setting increasingly harsh limits on carbon emission for buildings over 25,000 sf beginning in 2024. The bill will require these buildings to decrease their greenhouse gas emissions by 40% by 2030. These new standards require retrofitting buildings with new energy efficient technology and will lead to the creation of thousands of construction jobs. As of November 15, 2019, New York City requires all new construction and major roof renovations to include a "sustainable roofing system", which includes green roofs, solar panels, or a combination thereof. In January 2024, the New York City Department of Buildings (NYCDOB) announced that offending building owners could defer compliance for one year. These new rules permit building owners to receive an extension to limit emissions until 2026 as long as they perform "good faith efforts" towards decarbonizing their buildings, such as submitting a "decarbonization plan" or providing evidence that a completed application has been approved by the NYCDOB for the work required to comply to 2024 standards.
- The MTA received \$4 billion from the federal government in 2020 but requested an additional \$12 billion in aid to help cover its operating losses through 2021. As of August 2023, ridership averaged 70.1% of the equivalent week in 2019. Even if ridership rebounds to pre-pandemic levels by yearend 2023, the MTA still projects budget deficits totaling over \$19 billion through 2024. Furthermore, in August 2023, the MTA introduced a fair hike, rising the price of a single ride from \$2.75 to \$2.90. Without the requested funding, the MTA announced it would have to enact significant cost-cutting actions, including:
 - Reducing its administrative staff by roughly 2,700, which is currently planned.

- Further increasing fares and tolls by 1% and one dollar, respectively, above the already planned 4% increase in 2023; these increases would raise \$650 million by 2024, according to an MTA report. An additional fare hike was planned in 2021 but was postponed in an effort to bring back commuters.
- Reducing subway and bus service by as much as 40%, causing wait times to increase by eight and 15 minutes, respectively.
- Reducing rail service to suburbs in New York, Connecticut, and Long Island up to 50%, resulting in the LIRR and Metro-North trains operating on 60- or 120-minute intervals.
- The indefinite pause of major infrastructure projects, such as the extension of the Second Avenue subway into Harlem and connecting commuter trains at Pennsylvania Station.
- Eliminating a program which provides paratransit customers accessible vehicles on demand.

Demographic Characteristics

New York City has a highly educated talent pool as the share of its residents with a bachelor's degree or higher (advanced degree) is 36.7%, nearly 5.6 percentage points above that of the United States. Despite its relatively high share of affluent households, New York City has a noticeable gap in educational attainment as the percentage of its residents without a high school diploma is nearly 6.8 percentage points higher than the share of the national population. Additionally, the polarization of educational attainment in the city is supported by the share of its population with some college education, but no bachelor's degree, being 9.1 percentage points below the nation's.

Like the distribution of educational attainment of New York City's residents, the incomes of households are relatively polarized. The high cost of living in the city pushes out many of those whose incomes are not low enough to qualify for subsidized rents or high enough to afford market-rate housing. As a result, middle-income brackets are relatively small. With respect to wealth, 34.5% of the City's households have annual incomes of \$100,000 or more, higher than the national share of 30.5%.

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

Demographic Characteristics New York City vs. United States 2022 Estimates		
Characteristic	New York City	United States
Median Age (years)	36	37
Average Annual Household Income	\$110,634	\$96,357
Median Annual Household Income	\$70,044	\$66,422
<i>Households by Annual Income Level:</i>		
<\$25,000	21.51%	18.21%
\$25,000 to \$49,999	16.79%	20.01%
\$50,000 to \$74,999	14.41%	17.41%
\$75,000 to \$99,999	11.68%	13.31%
\$100,000 plus	35.60%	31.06%
<i>Education Breakdown:</i>		
< High School	20.33%	13.56%
High School Graduate	23.56%	26.85%
College < Bachelor Degree	19.37%	28.46%
Bachelor Degree	21.45%	19.25%
Advanced Degree	15.29%	11.88%

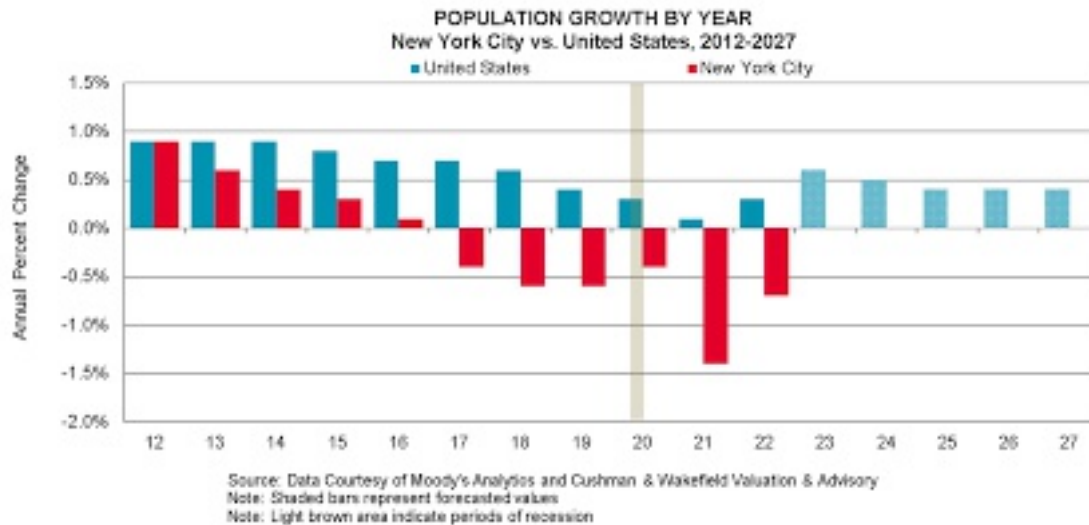
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Cushman & Wakefield Valuation & Advisory

Population

The New York City regional population growth has trailed national population growth, averaging -0.3% annually from 2012 through 2022, the latest data available. During the same time period, New York City's population growth has trailed national population expansion by an average of 90 basis points and is forecast to increase to an average annual growth rate of 0% through 2027. Over the decade, New York City's population grew at a lower rate compared to the nation due to weak performance from the following counties: Queens (-0.4%).

The following chart compares population growth between New York City and the United States:



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

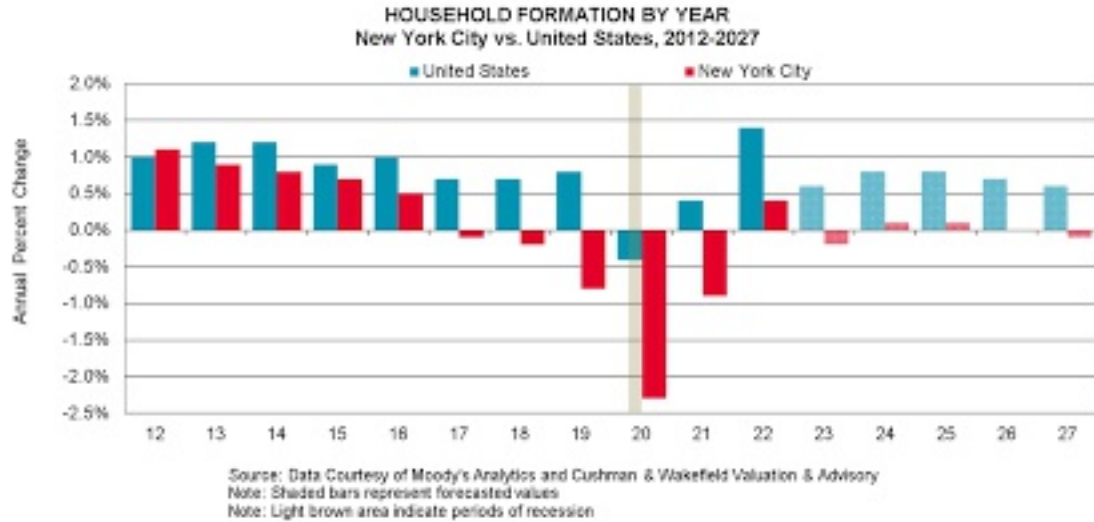
Annualized Population Growth New York City 2012-2027						
Population (000's)	2012	2022	Forecast	Forecast	Compound Annual	Compound Annual
			2023	2027	Growth Rate	Growth Rate
					12-22	23-27
United States	314,728.3	332,838.2	334,678.6	339,991.8	0.6%	0.4%
New York City	8,346.7	8,130.8	8,132.7	8,128.5	-0.3%	0.0%
Bronx County	1,411.5	1,386.1	1,386.4	1,383.4	-0.2%	-0.1%
Kings County	2,568.5	2,493.0	2,492.8	2,495.3	-0.3%	0.0%
New York County	1,623.9	1,593.9	1,596.9	1,605.6	-0.2%	0.1%
Queens County	2,272.2	2,189.9	2,186.5	2,168.3	-0.4%	-0.2%
Richmond County	470.6	468.0	470.0	475.9	-0.1%	0.3%
Source: Data Courtesy of Moody's Analytics, Cushman & Wakefield Valuation & Advisory						

Households

Generally, a region's household formation trends are directly tied to its overall population growth, as an increase in the population drives demand for real estate. From 2012 through 2022, the New York City regional household formation growth rate has trailed national expansion, averaging -0.1% annually. In the same ten-year period, New

York City's household formation growth has trailed national growth by an average of 90 basis points and is forecast to increase to an average annual growth rate of 0% through 2027.

The chart below compares household formation growth between New York City and the United States:

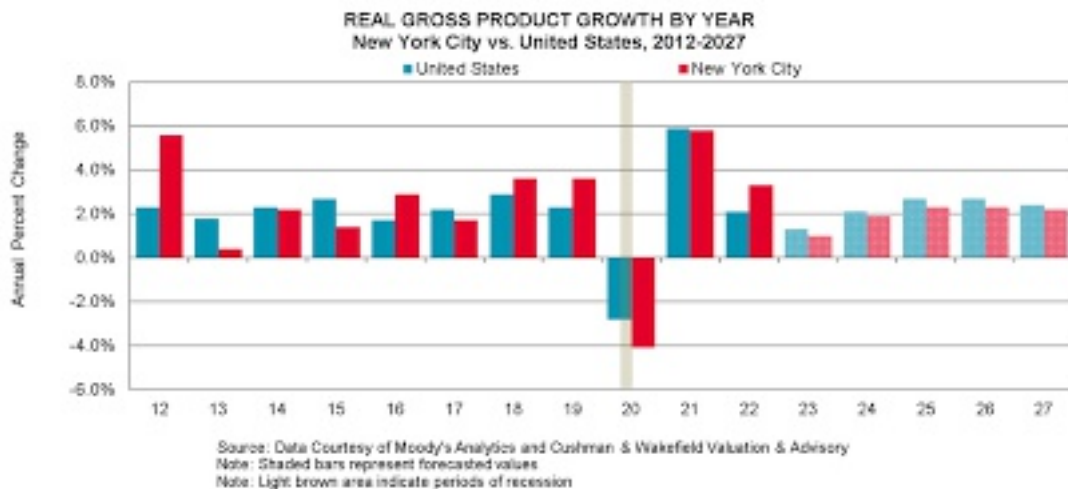


Economic Characteristics

Gross Metro Product

Gross Metro Product (GMP) is defined as the market value of all final goods and services produced within a metropolitan area, and when compared to the nation's Gross Domestic Product (GDP), can determine shifting economic trends in a given region. Economic growth in New York City has trailed national economic expansion over the decade, averaging 2% annually from 2012 through 2022. Over the decade, New York City GMP has trailed national expansion by an average of 10 basis points and is forecast to increase to an average annual growth rate of 2.2% through 2027.

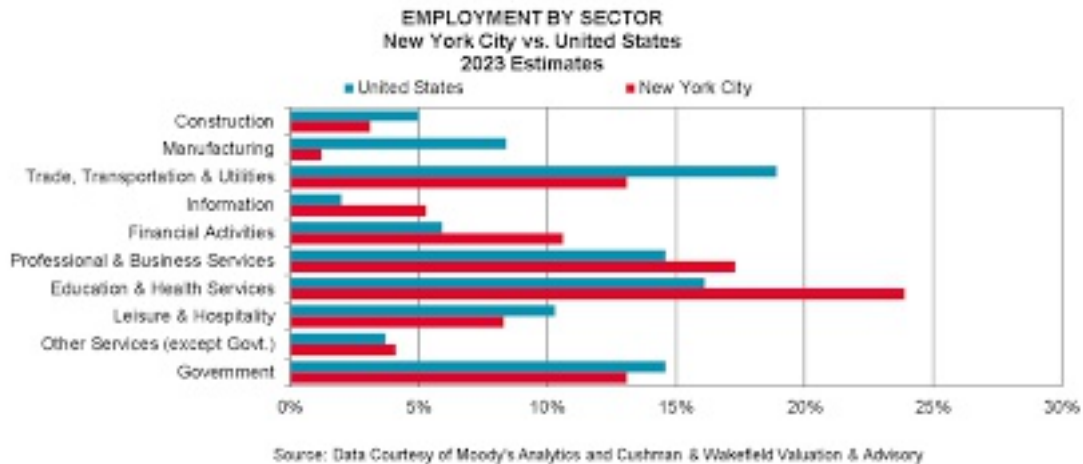
The chart below compares gross product growth by year for New York City and the United States:



Employment Distribution

The Education & Health Services sector dominates New York City as the largest employment sector with roughly 23.9% of the regional workforce, compared to 16.1% on the national level. New York City offers a diverse mix of industry employment with the Professional & Business Services and Trade, Transportation & Utilities sectors accounting for 17.3% and 13.1% of total employment, respectively. Together, these three industries comprise 54.3% of the region's share of employment.

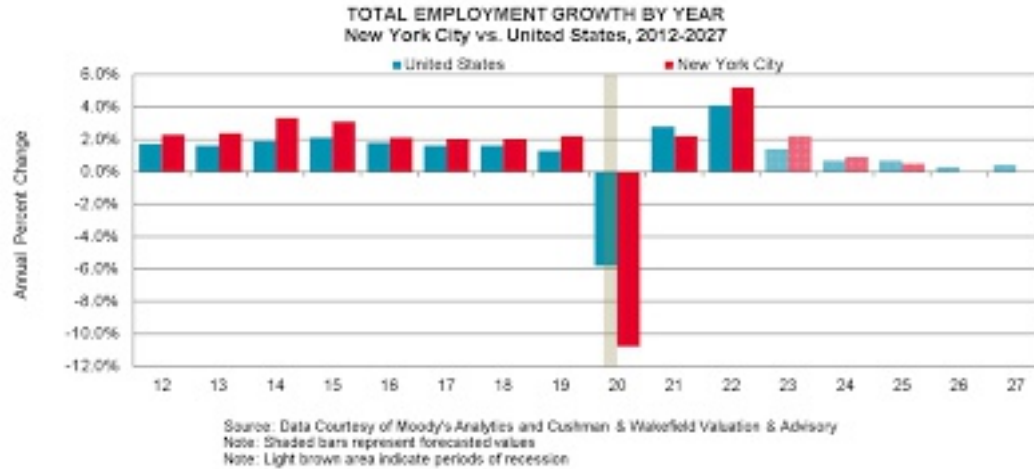
The following chart compares non-farm employment sectors for New York City and the United States:



Employment Growth

From 2012 through 2022, the New York City regional employment growth has remained consistent with national expansion, averaging 1.3% annually. During the same time period, New York City's employment growth has remained consistent with national expansion by an average of 0 basis points and is forecast to decrease to an average annual growth rate of 0.4% through 2027. Over the decade, New York City's employment grew at a higher rate compared to the nation due to strong performance from the following counties: Kings (3.1%), Richmond (2.1%), Bronx (1.6%) and Queens (1.6%).

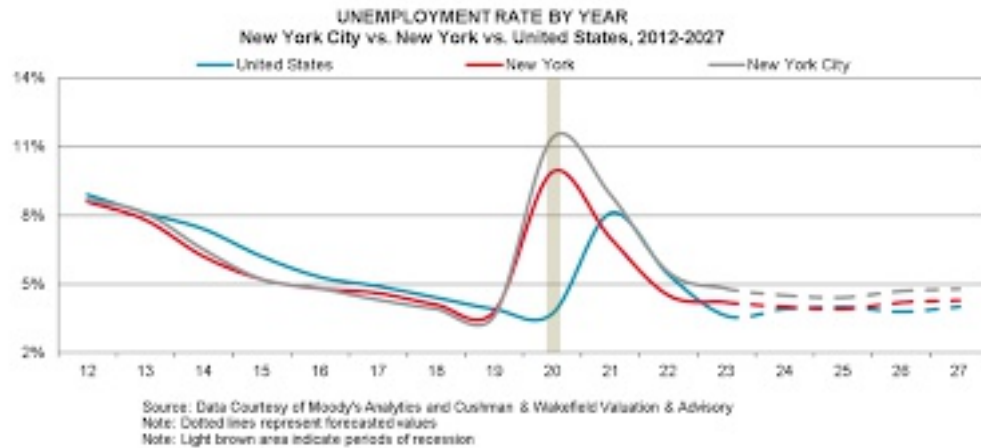
The following chart illustrates employment growth for New York City and the United States:



Unemployment

From 2012 through 2022, the New York City regional unemployment rate decreased at an average annual rate of 4.6%, compared to the nation's unemployment rate which decreased at an average annual rate of 7.7%. New York City's unemployment rate is forecast to increase by an average annual rate of 0.1% between 2023 and 2027. The following counties contributed to the decrease in New York City's unemployment rate over the decade: Richmond (-5.5%) and New York (-5.3%).

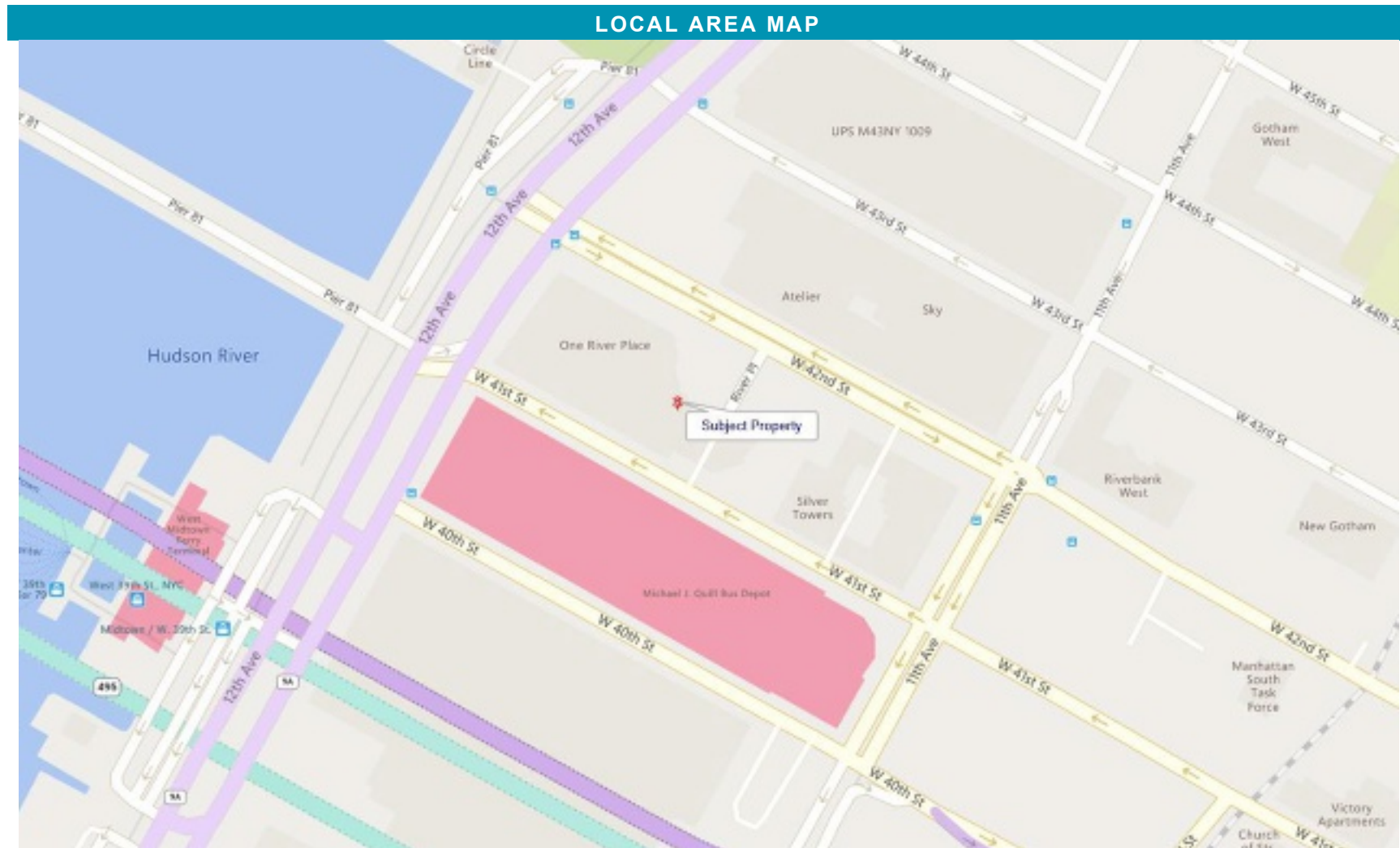
The graph below illustrates unemployment rates for New York City, the State of New York, and the United States:



Conclusion

According to the latest census data, New York City's population has hit 8.8 million, the highest tally in the history of the city, and has added over 600,000 people since 2010, an addition larger than the entire population of Miami, Florida. While commercial real estate has weakened as a result of economic difficulties over the last three years, the market is expected to rebound in the long-term. An increased population, a pipeline of new construction, and multiple large businesses set to move to the area will further improve the economic condition of the city.

Local Area Analysis



Location Overview

The subject site is located along the easterly blockfront of Twelfth Avenue between West 41st Street and West 42nd Street. The subject property is located in the Hudson Yards area of Manhattan. The Hudson Yards district, which generally stretches from Eighth Avenue to the Hudson River, between West 30th Street to the south and West 42nd Street to the north, is outlined in the map below:



Source: Hudson Yards Development Corporation, February 2010

The Hudson Yards development program was planned by the City, in collaboration with the Metropolitan Transportation Authority (MTA) and the State of New York. The zoning controls adopted for Hudson Yards in January 2005 provide for a mix of commercial and residential uses, with a high-density commercial core running along West 33rd Street from Pennsylvania Station to the Eastern Rail Yard, and north between Tenth and Eleventh Avenues from West 33rd to West 41st Streets. A mix of residential and lower-density commercial uses is also provided to the north and east towards Ninth Avenue. These corridors complement the residential properties concentrated along West 42nd Street, and between Ninth and Tenth Avenues, as well as the community's existing lower-density "main-street" on Ninth Avenue.

Formerly zoned as a manufacturing district, the old Hudson Yards could only accommodate low-density commercial and industrial development. Large-scale commercial development was prohibited, as was most residential construction. The 2005 rezoning was designed to create opportunities for large-scale commercial development along Eleventh Avenue (West 30th to West 41st Streets), and residential development throughout the area. In addition, the City created incentives such as the District Improvement Bonus and the Eastern Rail Yards Transferrable Development Rights to facilitate the neighborhood's transformation. In 2009 the western half of the MTA rail yards (the Western Rail Yard) was rezoned to enable an additional 5.7 million square feet of mixed-use development.

The Hudson Yards district provides the increased capacity needed to expand the Midtown office market, the nation's largest central business district (CBD) and a key driver of economic activity in the region. Hudson Yards, along with Downtown Manhattan and emerging outer borough submarkets, would enable the city to accommodate growth in office using employment (OUE) over the next three decades. The availability of sites for new large-scale office towers within Hudson Yards will strengthen the city's ability to capture a significant share of regional OUE growth, solidifying the city's competitive advantage within the region over the next several decades.

Large Development Sites

Related Companies

The most prominent development site in the Hudson Yards district is the 26-acre MTA rail yards site and an adjacent 2-acre parcel, where Related Companies is developing a mixed-use project also named Hudson Yards. Related Companies was designated the conditional developer by the MTA in May 2008 and made a deal to acquire the site in May 2010.

Phase I consists of the Eastern Rail Yards, as well as an additional parcel along the northern border. This phase will contain over 11 million square feet of space encompassing office use, residential use, retail use, hotel use, and cultural use. Projects in the first phase include the following:

The 895-foot **10 Hudson Yards building**, designed by architecture firm Kohn Pederson Fox, contains approximately 1.745 million square feet of office space. Completed in 2016, the project was fully leased by November 2018. Tenants include Tapestry (formerly Coach), the Boston Consulting Group, Guardian Life Insurance Company, L'Oréal, SAP America, and Intersection.

55 Hudson Yards is located just north of the Eastern Rail Yards at the northeast corner of Eleventh Avenue and 33rd Street. The site was formerly controlled by Extell Development Corporation. Related and Mitsui Fudosan built a 51-story, 1.43 million square foot office and retail tower on the site, which includes a subway entrance for the new 7 train extension. The tower broke ground in summer 2015 and was substantially completed by late 2018. The building was over 90 percent preleased. Tenants include Boies, Schiller & Flexner LLP, Point72 Asset Management, Cooley LLP, Milbank, Tweed, Hadley & McCloy LLP, and Third Point LLC. In November 2019, Facebook also announced that it would be taking space in the building as part of its 1.5 million square foot commitment to Hudson Yards, which is now in 2022 will also include space at 30 and 50 Hudson Yards.

30 Hudson Yards, another Related Companies project in the Hudson Yards district, is located at 10th Avenue at West 33rd Street. The 90-story Kohn Pedersen Fox-designed second office tower began construction in 2014 and officially opened in early 2019. The 1,296-foot tower has an observation deck 1,100 feet in the air that opened in March 2020. Major tenants include Wells Fargo, KKR, WarnerMedia, DNB, and Facebook. Facebook exercised termination clauses for some of its office space, which as of 2022 is now leased to KKR.

In 2023, Wells Fargo acquired former Neiman Marcus space at **20 Hudson Yards**, a part of the 1 million-square-foot retail and restaurant complex that was constructed between 10 and 30 Hudson Yards. Wells Fargo purchased the retail condominium for approximately \$550 million. The space includes floors five through seven and Wells Fargo plans a retail to office conversion. Per a press release from Wells Fargo, the Related Companies has been engaged to convert the space into a modern, state-of-the-art office environment over a three-year period. Approximately 2,300 employees are expected to move to the new space at Hudson Yards from the company's current office space at 150 East 42nd Street beginning in late 2026. These employees will join the significant Wells Fargo employee base already located there.

The new space will include a variety of workspace settings for collaborative work and access to leading amenities. Plans include developing a food hall for employees with a rotating local restaurant program, as well as an all-day coffee bar with views of the Vessel and the Backyard at Hudson Yards. The building will also include a dedicated entrance on 10th Avenue and naming rights on the exterior of the property.

The Related Companies' third tower is the **15 Hudson Yards** residential tower. Designed by Diller Scofidio + Renfro and Rockwell Group, 15 Hudson Yards stands 910 feet tall, 70 stories high and encompasses 960,000 square feet. It includes a mix of 391 condominium and rental units. Condominium owners began closing on units in mid-2019.

50 Hudson Yards, another Related Companies project in the Hudson Yards district, is located on the blockfront on Tenth Avenue, bounded by Hudson Boulevard, West 33rd, and West 34th Streets. The 2.9 million square foot office building was completed in late 2022 and stands 985 feet tall. Mitsui Fudosan, who also owns a significant interest in 55 Hudson Yards, purchased a 90 percent stake in the building in early September 2017. The 77-story office tower is anchored by BlackRock, which committed to leasing approximately 845,000 square feet across 15 floors for a 20 year term. Facebook also leases almost 1.2 million square feet in the building.

35 Hudson Yards is a 1,000-foot mixed-use tower containing residential condominiums and a hotel. The hotel, which is the first Equinox Hotel, opened in 2019. Residential owners began closing on units in late 2020.

The second phase will consist of Related Companies' development of the Western Rail Yards. Like the Eastern Rail Yards, the company must build a platform over the site before constructing any new buildings. Preliminary plans indicate approximately 5.7 million square feet of development, encompassing office space, residential space, a school, and open space.

A site plan for the entire Hudson Yards development is provided below:



Source: Related Companies 2019

Brookfield Companies

Brookfield Properties owns the block bounded by Ninth and Tenth Avenues, between West 32nd and West 33rd Streets. The development project, called Manhattan West, currently sits on an open site under which trains pass en route to Penn Station. The first phase of the project, which commenced in October 2012, involved constructing a platform to cover the exposed train tracks. Construction proceeded in such a way as to not disrupt the rail traffic underneath. After two years and \$240.0 million of construction costs, Brookfield Properties completed the platform in November 2014.

The first new tower to be completed at Manhattan West was One Manhattan West. Construction on this 2.1 million square foot office building began in 2015 and the property officially opened in late 2019. The 70-story Class A building was designed by Skidmore, Owings & Merrill and was constructed on “terra firma”, not over the platform. At the time the building opened, it was approximately 90 percent leased. Major tenants include Skadden, Arps, Slate, Meagher & Flom LLP, Accenture LLP, Ernst & Young U.S. LLP, the National Hockey League, and McKool Smith PC.

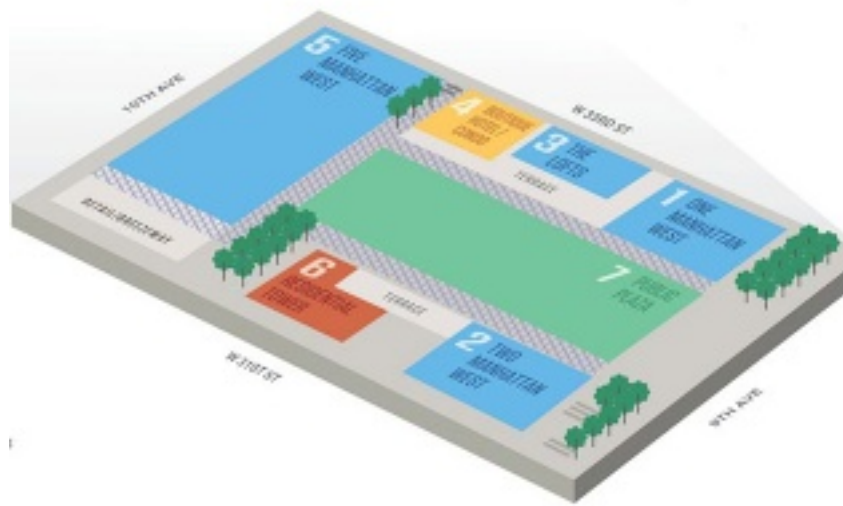
One Manhattan West is next to Brookfield’s 1.7 million-square-foot, 16-story Five Manhattan West property, which recently underwent a \$350 million redevelopment that commenced in 2014 and was completed in 2017. The renovation consists of a new, all-glass modern façade and a breezeway along the south side of the second level that visually connects the High Line to Manhattan West. Major tenants include Amazon, R/GA Media Group, the Markit Group, and JPMorgan.

In November 2017, Brookfield Properties officially filed plans for 2 Manhattan West, a roughly 1.82 million square foot office building. The tower opened in January 2024 and is situated on West 31st Street between 9th and 10th Avenues. The building has a height of 935 feet. Cravath, Swaine & Moore LLP signed a lease for 481,000 square feet to be the anchor tenant of the building and moved in in April 2024.

In addition to the office towers, Brookfield Properties built a third tower on the site that rises 62 stories with 844 residential units and opened in 2017. The building is known as the Eugene. Brookfield also built the Pendry, a 164-room boutique hotel, and a 1.5-acre open plaza spanning the platform between the office towers. The company says the entire project will contain five million square feet of total development at an estimated cost of \$4.5 billion.

In 2023 Brookfield Properties completed Two Manhattan West a 58-story, 2.0 million square foot office building located at the northwest corner of Ninth Avenue and West 31st Street. Designed by Skidmore Owings Merrill, the building is targeting a LEED Gold rating. Major office tenants include Accenture, Ernst & Young, the National Hockey League, and McKool Smith.

The image below details the site plan for Manhattan West:



Source: Brookfield Properties

The Moinian Group

The Moinian Group owns two development sites in the Hudson Yards district. Their most prominent project is 3 Hudson Boulevard, which it proposes to develop with Boston Properties. The site is located on Eleventh Avenue between 34th and 35th Streets. The 1.9 million square foot office tower will be bordered by the new Hudson Park & Boulevard to the east, and the Javits Center to the west. Groundbreaking for the tower took place in November 2017, however construction has stalled with no estimated completion date at this time. Excavation, foundation, and other site work is completed to street level, but further vertical construction is on hold as of November 2023.

The Moinian Group's other development site is a continuation of its Atelier residential condominium project which opened in 2006. The second phase of the development, at 605 West 42nd Street, was completed in 2017 and contains 1,174 rental units.

Tishman Speyer

Tishman Speyer completed the construction of a mixed-use office tower located at the westerly block front of Tenth Avenue between 34th and 35th Streets. Known as the Spiral (or 66 Hudson Boulevard), the 65-story 1,031-foot tower contains 2.85 million square feet, of which 27,000 square feet is allocated to retail. Major tenants include AllianceBernstein, Pfizer, and Debevoise & Plimpton LLP. These three tenants represented over half of the total space in the building when it was completed in 2023.

Tishman Speyer also owns a site located along Eleventh Avenue between West 36th and West 37th Streets. The company is proposing to build a 44-story office building at the site, which it will call 99 Hudson Boulevard. The building will have approximately 1.3 million square feet of space.

Public Access and Transportation

Extensive transportation options (both planned and existing) in the Hudson Yards district will improve overall access. The area has convenient access to the Lincoln Tunnel and West Side Highway, close proximity to the Hudson River Ferries, numerous bus stops, and is within walking distance of Penn Station and the Port Authority Bus Terminal. More importantly, however, is the completed Number 7 subway train extension. Jointly funded by the City and the MTA, the \$2.4 billion project began in 2007 and officially opened in September 2015.

Historically, much of the area was relatively isolated from New York City's expansive subway system. The new extension brings the Number 7 line from Times Square to a new terminus at 34th Street and 11th Avenue – the virtual epicenter of the new office developments – and connects Hudson Yards to all of Manhattan's major subway lines. With the connection, a trip to the major gateway Grand Central Terminal takes approximately six minutes. Employees who work in Hudson Yards will be able to commute with ease from New Jersey, Connecticut, and all five boroughs.

The following image outlines the route of the subway extension with station locations:

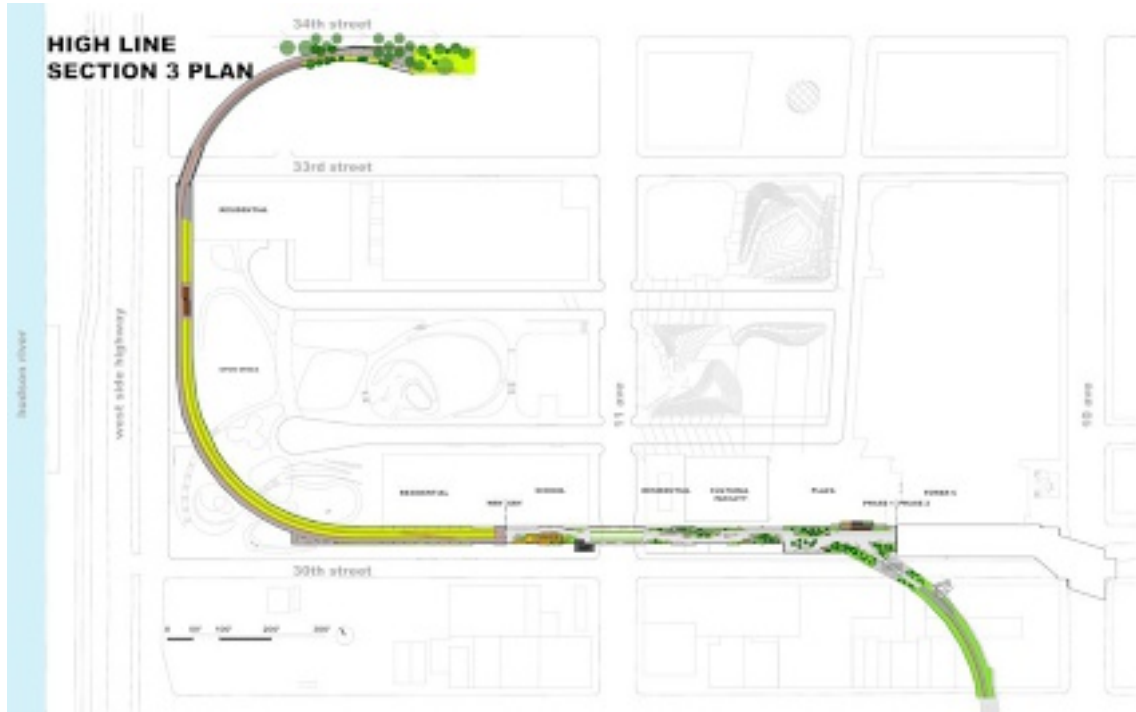


Source: Dattner Architects (<https://www.dattner.com/projects/view/udson-yards-station/>)

Open Space

Hudson Yards is home to a portion of the High Line elevated park. Construction began on the first phase of the park (which runs from Gansevoort Street to West 20th Street) in 2006 and was opened to the public in 2009. The second section, which runs from West 20th Street to West 30th Street (the southern boundary of Hudson Yards), was opened to the public in 2011. The third and final section wraps along the southern border of the Rail Yards on 30th Street before turning north along the western edge of the rail yards, terminating near 34th Street. This third phase was opened to the public in September 2014. Over seven million people visit the High Line each year.

The image below highlights the site plan for the third phase of the High Line:



Source: Related Companies

Bella Abzug Park will run diagonally through the office core of Hudson Yards. Michael Van Valkenburgh Associates, designers of Brooklyn Bridge Park and Teardrop Park in Battery Park City, was selected in 2010 to prepare a master plan and construction drawings for the park and boulevard system.

Bella Abzug Park, an approximately 4-acre system of broad tree-lined parks and open space, will run between 10th and 11th Avenues from West 33rd to West 39th Streets. This project is a fundamental element of the new Hudson Yards district and is intended to help transform the area into a vibrant, pedestrian-friendly mixed-use district, and act as the communal area between the several towers rising on either side of Hudson Boulevard. This project will be developed in two phases:

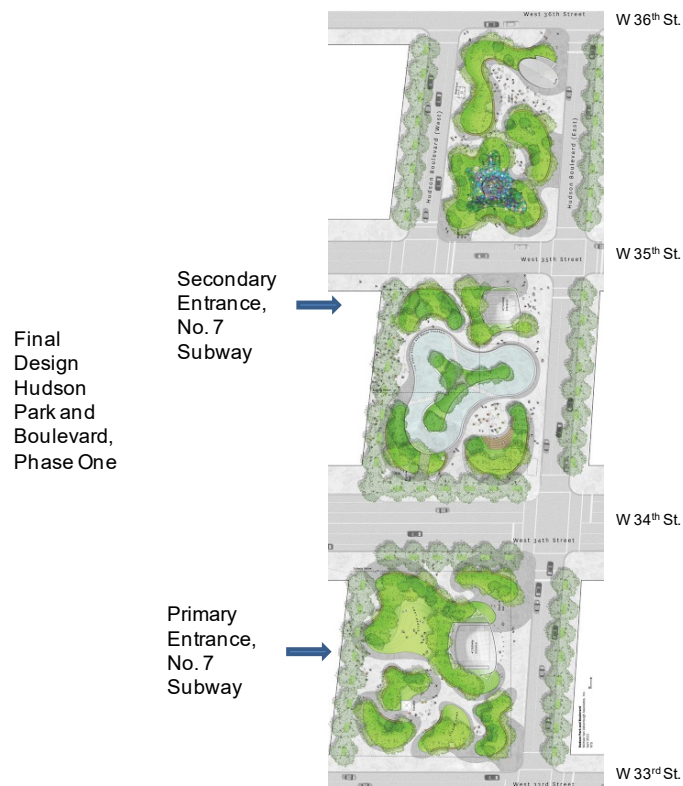
- Construction of Phase 1 began during the summer of 2012 and was completed in September 2015. It extends from West 33rd to West 36th Streets.
- The second phase will be located between West 36th Street and West 39th Street. This future phase was approved for funding in August 2018

Bella Abzug Park has expanded the supply of public open spaces available on Manhattan's west side by building upon the success of both the High Line Park and the Hudson River Park. The renderings below illustrate the conceptual design for the first phase of the Bella Abzug Park:

View of Hudson Park and Boulevard Conceptual Design



Source: Hudson Yards Development Corporation, Michael Van Valkenburgh Associates



Source: Hudson Yards Development Corporation, Michael Van Valkenburgh Associates

Cultural Amenities

Cultural organizations play an integral role in the life of any neighborhood and Hudson Yards will be no exception. The district's new cultural offerings include the Baryshnikov Arts Center (450 West 37th Street) and the Frank Gehry-designed Signature Theatre (MiMA, 450-460 West 42nd Street) which opened in January 2012. The Culture Shed, which is located on the Related Companies' Eastern Rail Yard site, provides the area with another visual and performing arts institution. The building features 200,000 square feet of space in a 140-foot retractable structure and officially opened in 2019. The Vessel, which also opened in 2019, is an attraction that functions as the centerpiece of Hudson Yard's public square.

The Jacob K. Javits Convention Center (Javits Center) anchors the west side of Hudson Yards and underwent a massive renovation. Beginning in 2009 with the North Hall extension, the \$463.0 million renovation focused on the main building's roof, glass curtain walls, skylights, and the re-configuration of the main entrance. The renovation was completed in November 2013. The renovation included the instillation of a state-of-the-art green roof, one of the largest in the United States at almost 7.0 acres in size. The green roof features solar panel arrays and sustainable agriculture managed by Brooklyn Grange. The roof includes greenhouses, bee hives, an orchard, meadow, shade garden, and water/rain water recycling.

Other complementary improvements within Hudson Yards include the renovation of the former Farley Post Office on Eighth Avenue into the Moynihan Train Hall, and the refurbishment of Madison Square Garden. Moynihan Train Hall opened to the public in January 2021, providing access to Amtrak and the Long Island Rail Road.

Madison Square Garden underwent a phased \$850.0 million renovation to enable it to continue as a top sports and entertainment arena. The first phase was completed in 2011 and included updates to the arena's lower bowl. The second phase, which upgraded the luxury suites and concourse section, was unveiled in August 2012. The final phase, completed in 2013, comprised the construction of a Chase Square lobby, Chase Bridges and a new scoreboard.

Residential & Hotel Development

Residential Development

In addition to its convenience for commuters, the Hudson Yards district has become a vibrant neighborhood in its own right since the rezoning. Since 2005, more than 8,000 residential units have been added to the neighborhood or are currently under construction, many of them in new luxury towers. Recent residential projects within or near Hudson Yards include the Eugene at 435 West 31st Street, One Hudson Yards at 530 West 30th Street, Abington House at 500 West 30th Street, 15 Hudson Yards, 35 Hudson Yards, Charlie West at 505 West 43rd Street, and 555 Tenth Avenue, among others.

New housing since the rezoning has boosted the neighborhood's population and household income. Midtown West (the general neighborhood between Hell's Kitchen and Chelsea which contains Hudson Yards) had a population of nearly 70,000 in 2010, a 16.0 percent increase from 2000. In addition, the neighborhood's average household income rose by 18.5 percent from 2000 to 2010, reaching \$88,789. The residential neighborhoods surrounding Hudson Yards to the north and south (Hell's Kitchen and Chelsea) have average household incomes well over \$100,000, suggesting that strong residential growth is possible for Hudson Yards in the future.

A 2012 study by Cushman & Wakefield forecasted that the entire Hudson Yards district could capture 20.0 percent of Manhattan's housing demand, resulting in approximately 20,000 housing units for the neighborhood by 2041. This forecast was boosted by the 2009 rezoning of the Western Rail Yard, which allowed for a higher density of housing on that site. The ongoing residential revival will help make Hudson Yards a vibrant place to live and work,

attracting the best human capital New York City has to offer. Furthermore, the constant foot traffic spurred by the proposed retail and park system will ensure high visibility at all hours for tenants with a presence in Hudson Yards.

Hotel Development

New York City's tourism industry has been a major growth driver over the past several years, prior to the pandemic. In 2019, a record high 66.6 million tourists visited the city. The 2005 rezoning also brought about a boom in Hudson Yards hotel construction. Since 2005, over 3,800 new hotel rooms have been built in the area. The proximity of Hudson Yards to Times Square and the Broadway theatre district makes the neighborhood an ideal location for hotel development.

In December 2021, the City Council adopted the Citywide Hotels Text Amendment, an amendment to the City's Zoning Resolution. The amendment requires developers to obtain a special permit for the construction of a new hotel facility. As of December 2022, no applications had been filed for a special permit to build a hotel. In the second quarter of 2023, Aspen Hospitality announced plans to seek a special permit for a proposed 130-room hotel at 10 Rockefeller Plaza.

Conclusion

In summary, the Hudson Yards district will have a mixture of retail, residential, commercial, and industrial structures. Residential development has been concentrated along the eastern and northern portions of this area, but has spread westward. Any development in the immediate area will greatly benefit from the City's ambitious plans for Hudson Yards, which will continue the westward development of the area. Long-term, our outlook for the subject's area is positive.

Residential Market Analysis

Overview

The New York City residential market is the largest housing market in the United States. It is composed of a complex and diverse group of properties, from single-family townhouses, low-rise walk-up buildings, and luxury high-rise towers, to converted office buildings for multi-tenant residential use. The majority of the market consists of rental units, many of which are governed by rent stabilization and rent control regulations at state and city levels. Tax abatement and incentive plans continue to play a large role in shaping New York City's residential housing development, as do zoning laws and designations of historic preservation districts. The following discussion provides some historical context to the current trends underpinning the fundamentals of the residential market in New York City.

Current Trends

There are numerous current trends impacting the New York City residential market. Some of them are more mature trends while others are recent or evolving trends. These trends are explored in the following section.

Rental Construction Incentive Program

In April 2024, the New York State Legislature passed the 2024-2025 budget, which introduced several major changes to the housing market in New York. Most notably, the budget includes a new replacement program for the Affordable New York tax incentive program, which expired in June 2022. The new program, also known as "Affordable Neighborhoods for New Yorkers" or 485-x, will generally grant a longer exemption period compared to Affordable New York, require deeper affordability for income restricted units, and higher wage requirements for construction labor. Additionally, the income restricted units will remain affordable in perpetuity. Details are summarized in the following table:

485-x Tax Exemption Options					
	Option A: "Very Large"	Option A: "Large"	Option B: "Modest"	Option C: "Small"	Option D: "Homeownership Project"
Project Size (Units)	150+	100+	6 - 99	6 - 10	-
% of Affordable Units	25%	25%	20%	50%	100%
Weighted Average AMI Level	60%	80%	80%	No AMI, units are rent stabilized	N/A
Construction Benefit Period	5 years or 3 years, depending on location	3 years	3 years	3 years	3 years
Post Completion Benefit Period	100% exempt for 40 years	100% exempt for 35 years	100% exempt for 25 years; 20% exempt for 10 years	100% exempt for 10 years	100% exempt for 14 years; 25% exempt for 6 years
Construction Labor Agreement	Minimum of \$63 to \$72.45 per hour, or 60-65% of prevailing wage, depending on location	Minimum of \$40 per hour	-	-	\$40 to \$72.45 per hour depending on size of project and location
Additional Details	No more than 3 income bands for affordable, none can exceed 100% of AMI	No more than 3 income bands for affordable, none can exceed 100% of AMI	No more than 3 income bands for affordable, none can exceed 100% of AMI	-	Average assessed values of the units must not exceed \$89 psf

The budget also extends the completion deadline for qualifying current projects attempting to receive the expired Affordable New York exemption, from June 2026 to June 2031. The extension will not apply to projects utilizing Option C, which includes 30 percent of units at 130 percent of the area median income.

Good Cause Eviction Law

After being pursued by advocates for several years, a version of good cause eviction was officially included in the final budget for 2024-2025. Effective immediately, tenants may only be evicted for good cause, and rent increases are limited to 10 percent or 5 percent plus the annual change in the consumer price index, whichever is lower. Exemptions from the new law include units with a monthly rent exceeding 245 percent of the fair market rent, units owned by landlords with 10 or fewer units, owner-occupied units in buildings with 10 or fewer units, units in condominium or cooperative buildings, units subject to rent regulation or other affordable agreements, and buildings which were built after 2008.

Office-to-Residential Conversions

Given the current state of the New York City office market, an increasing number of building owners have begun to consider office-to-residential conversions, especially for older buildings and those located outside of the core areas of Manhattan. Public officials at both the city and state level have studied the issue and expressed interest in helping accommodate the process. In January 2023, Mayor Eric Adams presented recommendations for changes to laws and zoning requirements that could potentially result in as many as 20,000 new apartments being created through conversions over the next decade. There are already several office buildings which are currently in the process of being converted or being seriously contemplated for conversion, including 160 Water Street, 25 Water Street, 55 Broad Street, 85 Broad Street, 61 Broadway, 222 Broadway, 750 3rd Avenue, 110 West 32nd Street, 235 East 42nd Street, and the McGraw Hill building at 330 West 42nd Street.

Housing Stability and Tenant Protection Act of 2019

In June 2019, the New York State Senate and Assembly passed significant reforms to the existing laws governing rent regulation. The new laws have changed investor and landlord behavior towards buildings with rent regulated units. In general, the new laws have resulted in higher capitalization rates for assets with a meaningful amount of rent-regulated units. Though not exhaustive, the most significant changes to the laws are detailed below:

Expiration Date

Whereas rent-regulation laws previously expired every four to eight years and would require voting for extension, the new laws have no expiration, making any future changes more difficult to enact.

High-Income and High-Rent Vacancy Deregulation

Under the former rent-regulation laws, landlords could deregulate units if an in-place rent-stabilized tenant's annual income for the prior two years was at least \$200,000 and the monthly rent exceeded the high-rent threshold (approximately \$2,816 in the most recent iteration of the laws). If a rent-stabilized unit became vacant, the landlord was permitted to apply a vacancy increase and longevity bonus if applicable, and undertake an in-unit renovation such that should the corresponding legal rent exceed the threshold rent, the unit was deregulated. Neither of these options are available under the new laws.

Owner Use Exception

Owners of rent-regulated assets are now only allowed to reclaim a single rent-stabilized unit for personal use or for their immediate family. In both instances, the unit must be used as a primary residence and tenants who have been in the unit for at least 15 years may not be evicted. Under the former rent-regulation laws, owners were allowed to recapture more than one unit with this procedure and the length of tenancy for the "long-term" protection was at least 20 years.

Vacancy and Longevity Bonuses

Under the new laws, landlords are no longer able to claim the “vacancy bonus” after a tenant vacates a rent-regulated unit. This provision previously allowed rents to be raised by as much as 20 percent upon vacancy. Similarly, landlords are no longer able to increase rents based on the duration of the previous tenancy, a provision which was known as the “longevity bonus”.

Preferential Rent Treatment

In areas of New York City where market rents were lower than the legally allowed rent-stabilized rents for a unit, landlords often charged a “preferential rent” to tenants, reserving the right to raise the rent to the legal limit upon lease renewal. Under the new laws, landlords are no longer allowed to raise rents to the legal rent upon lease renewal; instead, the preferential rent will serve as the base rent for increases. However, landlords are allowed to raise rents to the legal rent upon vacancy, provided the tenant did not vacate due to landlord negligence.

Rent-Controlled Tenant Increases

The new laws focus mainly on rent stabilized units, as they comprise the vast majority of units governed by rent regulation. The only significant provision specifically impacting rent-controlled tenants sets the maximum annual rent increase to the average of the five most recent annual increases as dictated by the Rent Guidelines Board, and prohibits fuel pass-along charges. Prior to the new laws, landlords could increase rents for rent-controlled tenants by up to 7.5 percent per year, depending on the specifics of the unit.

Changes to Major Capital Improvements (MCI)

Under the new laws, MCIs (which constitute building-wide renovations and upgrades) become less attractive as an investment for building owners. Whereas MCIs previously allowed owners to permanently increase rents to rent stabilized tenants by up to six percent each year to recoup the costs, the annual increases are now limited to two percent and are retroactively applicable to MCIs implemented within the last seven years. Furthermore, the amortization period is now longer and the rent increases attributable to the MCI are removed after 30 years. For buildings with 35 units or fewer, the amortization schedule was lengthened from 96 months to 144 months; for larger buildings the schedule increased from 108 months to 150 months.

Changes to Individual Apartment Improvements (IAI)

Similar to MCIs, building owners are able to recoup money spent on in-unit renovations through the IAI program. Under the new laws, owners are allowed approved IAIs limited to \$15,000 over a 15 year period, and the rent increases are removed after 30 years like the changes to the MCI provision. Previously, there was no cap on spending for IAIs and rent increases attributable to the program were permanent. For buildings with 35 units or fewer, the amortization schedule was lengthened from 40 months to 168 months; for larger buildings the schedule increased from 60 months to 180 months. This effectively caps the monthly rent increases at \$89.29 for small buildings and \$83.33 for larger buildings.

Conversion Process for Cooperatives and Condominiums

In a building with rent-regulated tenants, owners needed to place under contract or sell 15 percent of the units under the former rent-regulation laws before a cooperative or condominium conversion plan was considered effective by the New York State Attorney General. There was no requirement for who could purchase the units. Under the new laws, at least 51 percent of the units must be sold to be declared effective, and they must be purchased by existing residents within the building. Additionally, building owners no longer have the option to evict tenants for the conversion.

Interest Rate Environment

While commercial real estate markets have operated in a historically low interest-rate environment for much of the past decade, the Federal Open Market Committee voted to raise rates multiple times since March 2022, in response to inflationary concerns. The most recent increase occurred at the July 2023 meeting, when the committee voted for a 25 basis-point increase. The target range for the federal funds rate now stands at 5.25 to 5.50 percent, compared to the target range of 0.00 to 0.25 percent at the beginning of 2022. The rapid rise in interest rates has caused capitalization rates to expand and borrowing costs to increase. Since the July 2023 meeting, the committee has held rates constant. In the May 2024 meeting, the committee indicated that rates would remain at current levels, but said it is unlikely there will be a rate hike in the future.

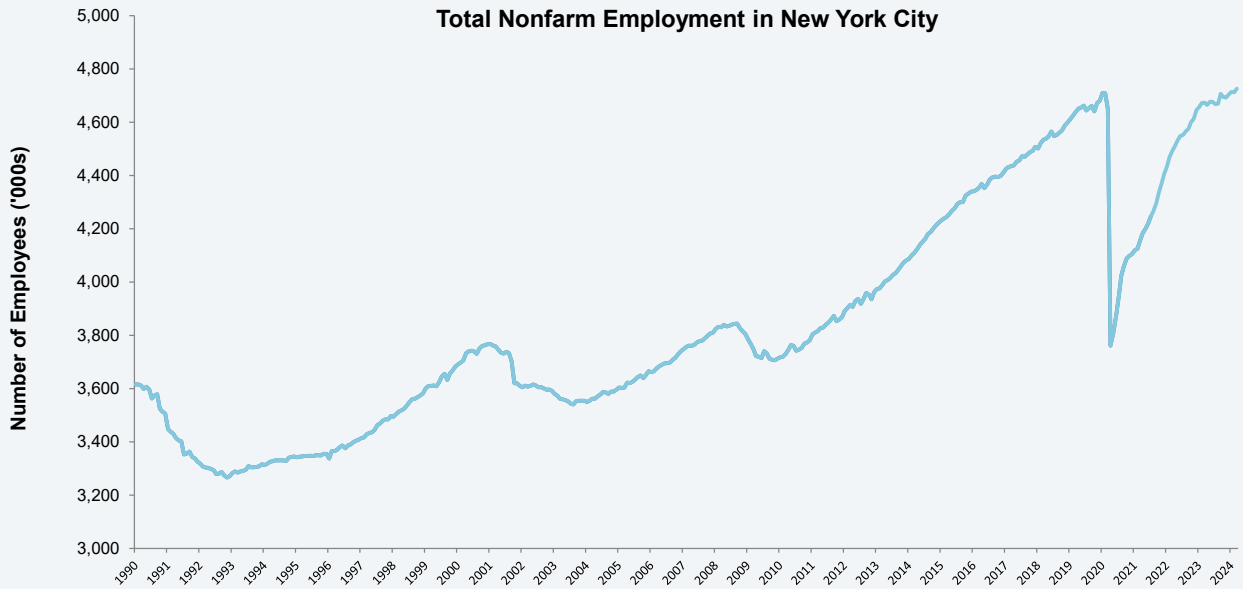
Financing Environment

While financing was difficult to secure for residential assets coming out of the Great Recession, this was not the case between 2011 and the first quarter of 2020. Lending on cash flowing multifamily assets was available in 2010 and forward, while construction financing remained curtailed until Extell Development Corporation secured a \$750 million construction loan for its skyscraper development at 157 West 57th Street. By 2012 construction financing returned to the New York City markets and became increasingly robust through 2016. While there was some hesitancy to provide financing for projects relying on ultra-luxury condominium market, overall commercial financing was available for many multifamily investors and developers in New York City prior to the COVID-19 outbreak. The lending environment for individual purchasers was relatively loose and mortgages were readily available for cooperative and condominium purchases. Since the middle of 2022, rising mortgage rates have impacted some potential buyers.

Local Economy

Though the Great Recession resulted in significant job losses in 2008 and 2009, New York City experienced an employment boom beginning in 2010. From that period through March 2020, when the COVID-19 pandemic began impacting New York City, employment grew by over 930,000 jobs, more than making up for the prior period's job losses. This sustained employment expansion surpassed both the period from 2003 to 2008 and the expansion from 1993 to 2001. Multifamily real estate in New York City was a major beneficiary of this period of strong job growth. In the short term, however, the city is still currently dealing with the effects of the pandemic. Between March and April of 2020, employment declined by nearly 890,000 jobs, an unprecedented number. Since April 2020, employment has grown by over 942,000 jobs.

New York City's employment history from 1990 to the present is detailed in the chart below:

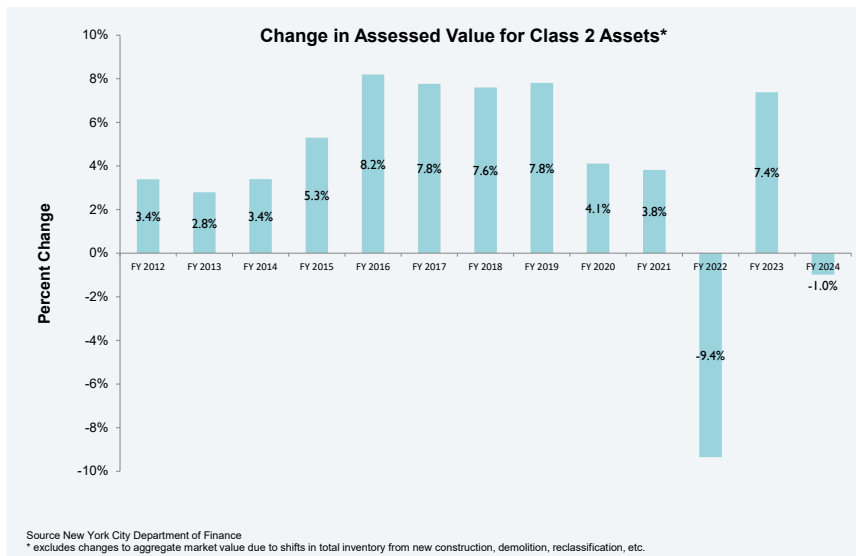


Source: U.S. Bureau of Labor Statistics; Federal Reserve Bank of St. Louis
 Note: Seasonally Adjusted

Role of Property Taxes in the Budgeting Process

Municipal and state budget deficits tend to detract from services and often capital expenditures on infrastructure. When facing budget deficits, real estate tax increases are one of the most effective means of raising revenue for New York City without New York State approval. For Fiscal Year 2024, New York City's Office of Management and Budget forecasts that property tax revenue will constitute over 46 percent of total tax revenue collected. Assessed value is one component of the real estate tax equation. After a decade of steady increases, assessed values for residential assets have fluctuated since the pandemic.

The chart below illustrates the change in assessed values since 2012:

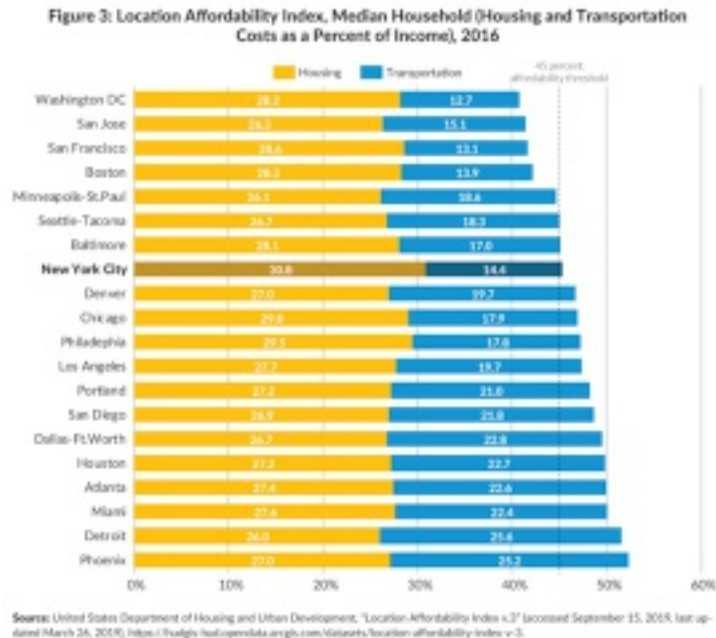


Affordability

New York City is often cited as one of the least affordable cities in the nation, due in large part to its high housing costs. While the city's housing market is more expensive than most cities in the country, overall affordability is impacted by more than housing costs alone. In addition to housing, the largest expense in many household budgets is transportation. These two expenses are related and typically represent a trade-off. As a household moves farther from the city center, housing costs tend to decrease while transportation costs increase.

Though New York City housing costs rank near the top compared to the rest of the nation, transportation costs compare favorably to many of the largest cities. This is directly related to the city's densely packed core and extensive public transportation system. Many residents are able to live without a personal automobile, requiring only a metro card which costs \$132 per month. This is particularly true in Manhattan and the dense neighborhoods of northwestern Brooklyn and western Queens. It is not uncommon for residents in other cities to spend several hundred dollars per month per vehicle for automobile payments, insurance, gas, parking, and maintenance.

Combined with higher wages, New York City's relatively low transportation costs result in a surprisingly affordable experience for many households. In a study from 2019, the Citizens Budget Commission found that the median household in New York City spends 45.2 percent of its income on housing and transportation, in line with the 45 percent affordability threshold suggested by HUD. Several of New York's peer cities, including Los Angeles, Chicago, and Miami, are considered less affordable based upon overall location affordability. These findings are summarized in the following chart:



Market Segments

Rental Market

Manhattan

The Manhattan rental market has exhibited tremendous strength over the past three years, with average rents currently at or near record levels for most unit types. Over the past two quarters, however, rental pricing trends have been mixed. Other relevant metrics like listing inventory and time on market have also softened over the past

year. Despite this recent softness, the expiration of the Affordable New York program will result in minimal new supply entering the market once existing projects are completed, and high mortgage interest rates will force some potential buyers to stay in the rental market. Considering these factors, the outlook for the Manhattan rental market continues to be positive.

The charts below briefly highlight trends in the Manhattan rental market.

Manhattan Average Monthly Rent							
	Q2 2024	Q1 2024	Quarterly % Change	Q2 2023	Annual % Change	Q2 2019	5-year % Change
Studio Rent	\$3,343	\$3,224	3.7%	\$3,274	2.1%	\$2,816	18.7%
One Bedroom Rent	\$4,395	\$4,339	1.3%	\$4,351	1.0%	\$3,634	20.9%
Two Bedroom Rent	\$5,888	\$5,988	-1.7%	\$6,170	-4.6%	\$4,892	20.4%
Three Bedroom Rent	\$8,777	\$8,950	-1.9%	\$10,314	-14.9%	\$7,451	17.8%
Listing Discount	-0.7%	0.2%	-	1.3%	-	1.1%	-

Source: Douglas Elliman

Manhattan Rental Volume and Inventory							
	Q2 2024	Q1 2024	Quarterly % Change	Q2 2023	Annual % Change	Q2 2019	5-year % Change
Days On Market	33	50	-34.0%	37	-11.6%	26	25.3%
Listing Inventory	8,918	7,700	15.8%	6,880	29.6%	5,628	58.5%
Number of New Leases	19,342	13,046	48.3%	14,075	37.4%	15,553	24.4%
Market-Wide Vacancy	2.06%	2.22%	-	2.34%	-	1.11%	-

Source: Douglas Elliman; Corcoran (Vacancy Rate)

Outer Boroughs

Like other major submarkets in New York, the Brooklyn and Queens rental markets experienced significant rental rate growth from 2021 into 2023. Rent growth has moderated recently, but average rents remain at or near record levels, depending on the data source. Despite this recent moderation, the expiration of the Affordable New York program will result in minimal new supply entering the market once existing projects are completed, and high mortgage interest rates will force some potential buyers to stay in the rental market. Considering these factors, the outlook for the Brooklyn and Queens rental markets continues to be positive.

The chart below briefly highlights trends in the Brooklyn rental market.

Brooklyn Rental Pricing							
	Mar-24	Feb-24	Monthly % Change	Mar-23	Annual % Change	Dec-18	5-Year % Change
Average Rental Price	\$3,814	\$3,795	0.5%	\$3,844	-0.8%	\$3,113	22.5%
Rental Price / SF	\$54.86	\$55.29	-0.8%	\$50.71	8.2%	\$44.88	22.2%
Median Rental Price	\$3,495	\$3,499	-0.1%	\$3,493	0.1%	\$2,738	27.6%

Source: Douglas Elliman

The chart below briefly highlights trends in the northwest Queens rental market.

Northwest Queens Rental Pricing							
	Mar-24	Feb-24	Monthly % Change	Mar-23	Annual % Change	Dec-18	5-Year % Change
Average Rental Price	\$3,368	\$3,420	-1.5%	\$3,471	-3.0%	\$2,910	15.7%
Rental Price / SF	\$51.87	\$53.46	-3.0%	\$52.78	-1.7%	\$49.95	3.8%
Median Rental Price	\$3,200	\$3,239	-1.2%	\$3,300	-3.0%	\$2,774	15.4%

Source: Douglas Elliman

Condominium Market

Manhattan

Manhattan condominium pricing generally declined in the most recent quarter, with many buyers shifting to all-cash purchases to avoid high mortgage interest rates. Sales volume has decreased significantly since the first half of 2022, with the most recent quarter representing the lowest total for a first quarter since 2009. Despite the slowdown in sales volume, listing inventory has declined due to the “lock-in” effect for potential sellers with low in-place mortgage rates. The luxury market, which is less reliant on mortgage financing, continues to outperform the overall for-sale market in Manhattan.

The charts below briefly highlight trends in the Manhattan condominium market.

Manhattan Condominium Pricing							
	Q1 2024	Q4 2023	Quarterly % Change	Q1 2023	Annual % Change	Q1 2019	5-year % Change
Average Sales Price	\$2,680,281	\$2,928,249	-8.5%	\$2,889,775	-7.2%	\$3,347,929	-19.9%
Average Price PSF	\$1,939	\$2,150	-9.8%	\$2,119	-8.5%	\$2,331	-16.8%
Median Sales Price	\$1,632,000	\$1,657,155	-1.5%	\$1,644,474	-0.8%	\$1,592,500	2.5%
Listing Discount	7.4%	7.3%	-	5.6%	-	8.2%	-

Source: Douglas Elliman

Manhattan Condominium Sales Volume							
	Q1 2024	Q4 2023	Quarterly % Change	Q1 2023	Annual % Change	Q1 2019	5-year % Change
# of New Sales	777	989	-21.4%	979	-20.6%	856	-9.2%
Days on Market	74	82	-9.8%	78	-5.1%	116	-36.2%
Listing Inventory	3,578	3,309	8.1%	3,604	-0.7%	3,508	2.0%

Source: Douglas Elliman

Outer Boroughs

The Brooklyn and Queens condominium markets experienced a surge in sales activity between 2021 and mid-2022, as a result of pent-up demand from the pandemic. Since that period, elevated mortgage interest rates have led to a significant decrease in sales volume and a reduction in listing inventory. Pricing metrics generally remain near record highs.

The chart below briefly highlights trends in the Brooklyn condominium market.

Brooklyn Condominium Pricing							
	1Q 2024	4Q 2023	Quarterly % Change	1Q 2023	Annual % Change	1Q 2019	5-Year % Change
Average Sales Price	\$1,229,600	\$1,408,492	-12.7%	\$1,198,893	2.6%	\$1,000,769	22.9%
Sales Price / SF	\$1,138	\$1,264	-10.0%	\$1,026	10.9%	\$949	19.9%
Median Sales Price	\$980,000	\$995,000	-1.5%	\$920,000	6.5%	\$810,000	21.0%
Listing Discount	2.9%	1.9%	-	15.6%	-	4.3%	-

Source: Douglas Elliman

The chart below briefly highlights trends in the Queens condominium market.

Queens Condominium Pricing							
	1Q 2024	4Q 2023	Quarterly % Change	1Q 2023	Annual % Change	1Q 2019	5-Year % Change
Average Sales Price	\$724,256	\$788,039	-8.1%	\$737,888	-1.8%	\$661,249	9.5%
Sales Price / SF	\$1,010	\$1,021	-1.1%	\$863	17.0%	\$773	30.7%
Median Sales Price	\$648,500	\$692,500	-6.4%	\$606,000	7.0%	\$615,000	5.4%

Source: Douglas Elliman

Supply

Inventory

For the following discussion, we have relied upon information published by the New York City Department of Housing Preservation and Development in its Housing and Vacancy Surveys, as well as the Rent Guidelines Board in its Housing Supply reports. The Housing and Vacancy Survey is the most comprehensive statistical report on the city's housing stock. The survey is completed approximately every three years and is published in the subsequent year following the survey. The most recent survey was completed in 2023, with the preliminary findings released in February 2024. While brokerage firms provide statistics on the housing market in the city, the Housing and Vacancy Survey conducted by the City is the most comprehensive and reliable survey. As such, these statistics will represent the most complete picture of New York City's housing stock until the next survey is published.

New York City's residential market is characterized by its size and complexity. There are over 3.7 million housing units in the city's five boroughs, ranging from apartments in public housing complexes to luxury condominiums, walk-ups, townhouses and mansions.

The following table provides an overview of New York City's housing inventory:

Housing Inventory Analysis for New York											
Inventory	1996	1999	2002	2005	2008	2011	2014	2017	2021	2023	% Change 2021-2023
Total Housing Units	2,995,275	3,038,797	3,208,587	3,260,856	3,328,648	3,352,041	3,400,093	3,469,240	3,644,000	3,705,000	1.7%
Total Owner Units	857,764	932,123	997,003	1,031,780	1,045,953	1,014,940	1,033,226	1,038,200	-	-	-
Owner Occupied	834,183	915,126	981,814	1,010,370	1,019,365	984,066	1,015,299	1,006,081	986,100	1,109,000	12.5%
Vacant for Sale	23,581	16,997	15,189	21,410	26,588	30,875	17,926	32,119	-	-	-
Total Rental Units	2,027,421	2,017,701	2,084,769	2,092,363	2,144,652	2,172,634	2,184,297	2,183,064	-	-	-
Renter Occupied	1,946,165	1,953,289	2,023,504	2,027,626	2,082,890	2,104,816	2,108,838	2,103,874	2,171,000	2,324,000	7.0%
Vacant for Rent	81,256	64,412	61,265	64,737	61,762	67,818	75,458	79,190	-	33,210	-
Total Vacant Units Not Available	110,090	88,973	126,815	136,712	138,043	164,000	182,571	247,977	353,400	-	-

Source: New York City Housing and Vacancy Surveys

Note: Full 2023 data has not yet been released

The table above indicates that New York City's inventory grew by 1.7 percent between the years of 2021 and 2023, totaling an increase of approximately 61,000 housing units. The rental market is New York City's largest residential category, comprising approximately two-thirds percent of all housing inventory. This ratio is nearly the opposite of the national average, whereby approximately two out of three households are owner-occupied. Brooklyn contains nearly one-third of New York City's renter-occupied housing units, the highest share of any borough, while Staten Island contains the fewest number of occupied housing units of any type.

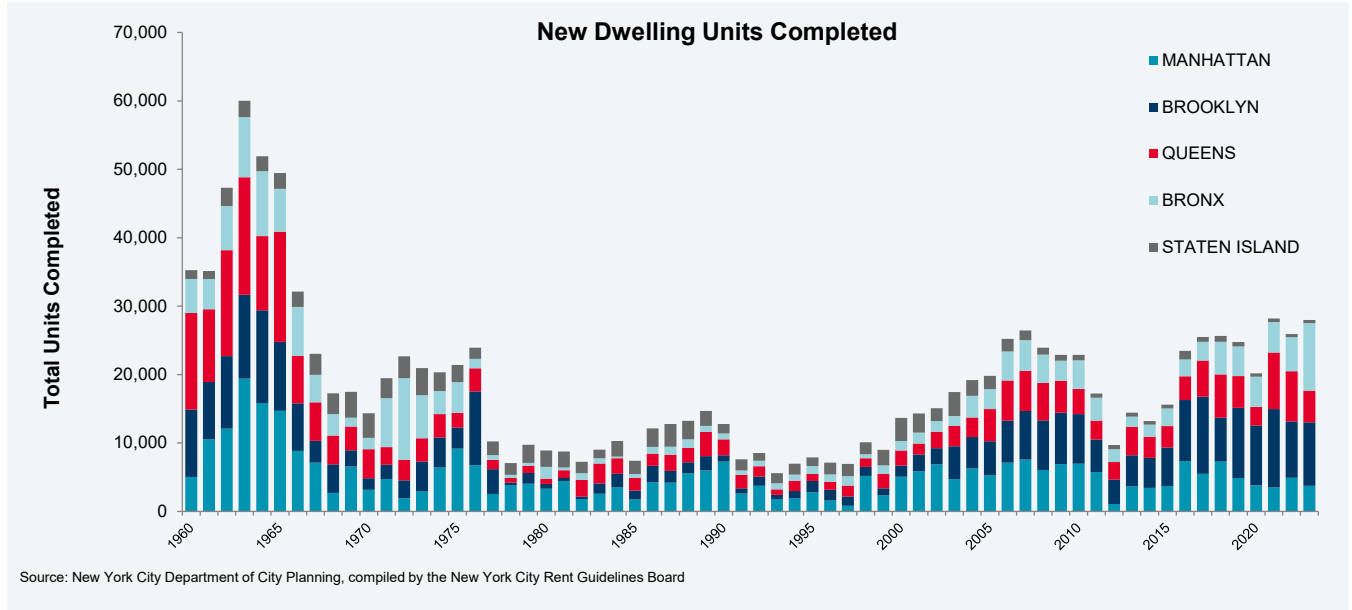
The following chart details total housing units by borough, excluding vacant and dilapidated housing units:

Housing Breakdown by Borough			
	Total Renter Occupied	Total Owner Occupied	Total Units Occupied
Total	2,324,000	1,109,000	3,432,000
Bronx	436,800	93,100	529,900
Brooklyn	727,800	314,200	1,042,000
Manhattan	613,300	209,400	822,700
Queens	481,000	382,700	863,700
Staten Island	64,590	109,110	173,700

Source: 2023 New York City Housing and Vacancy Survey

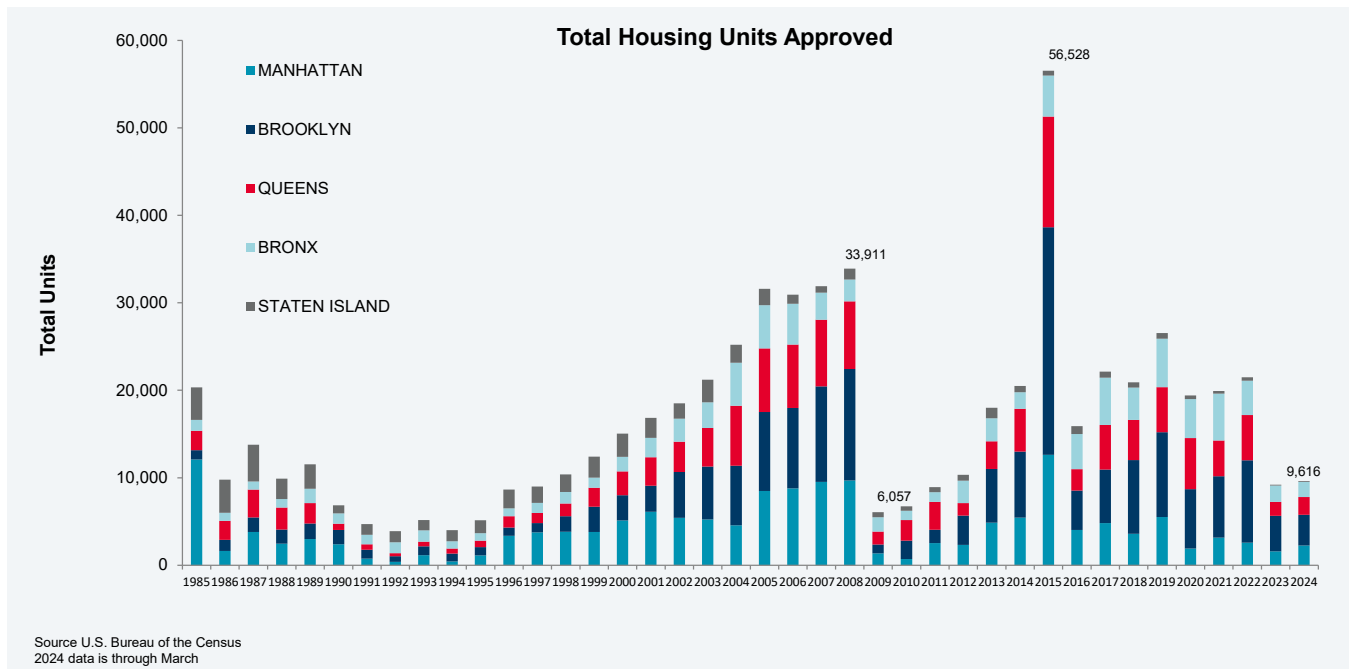
For statistics on the number of new housing units completed each year, the Rent Guidelines Board's Housing Supply report is referenced below.

The following chart illustrates the breakdown of new unit completions by borough since 1960:



The typical development time for a new residential building is 16 to 24 months once all approvals are granted. When the economy turned severely during the downturn, new buildings were still being delivered, which explains the steady production into 2010. Given the lag-time associated with the development process, the volume of units entering the market decreased significantly despite healthier economic conditions in 2011 through 2014.

In order to analyze potential future additions to New York City's housing stock, housing permit statistics from the U.S. Bureau of the Census are used. This data is presented in the chart below:



The number of housing units approved following the financial crisis in 2008 dropped precipitously in Manhattan, Brooklyn, and Queens. In Manhattan, for example, 9,700 units were approved in 2008. By 2010, this number dropped to only 704 units. The same story played out in Brooklyn and Queens as well. Brooklyn approvals dropped

from 12,744 in 2008 to 1,003 in 2009, and Queens approvals fell from 7,730 in 2008 to 1,474 in 2009. As a result of the drop-off in approvals and difficulty in securing financing, new housing construction was greatly reduced, falling to levels last witnessed in the early 2000s.

This phenomenon was particularly pronounced in the for-sale market, as many of the planned condominium buildings either stalled or utilized a rental fall-back strategy. In turn, this resulted in a relatively low inventory of for-sale product which helped cause a run-up in pricing.

While the number of permits issued from 2009 through 2019 generally increased, permit issuance remains well below historic highs. For example, the 23,534 permits issued in 2019 were fewer than the number issued in any year from 2004 through 2008. There was a sharp increase in the number of permits in 2015, but it was widely reported that this increase was driven by impending changes to the 421a tax incentive program. Developers rushed many potential projects through the approvals process in order to secure these incentives in the face of future uncertainty. A similar trend was observed in June 2022, with the expiration of the Affordable New York program.

Rental Vacancy

New York City's rental housing market is governed by rent control and rent stabilization regulations. One of the major factors affecting rent control and stabilization law is the rental vacancy rate. This accounts for vacant, non-dilapidated units that are available for rent. Under New York State law, when a 5 percent vacancy rate is reached, rent control and rent stabilization are suspended. This, however, is something that has never occurred in the history of New York rent regulations.

New York State and City used various sources to determine the residential vacancy rate. Tenant advocacy groups have continuously maintained that the rental vacancy rate is below 3 percent. In past recessionary years, landlord groups argued that the vacancy rate was above 5 percent, including unconverted co-ops, condominiums and vacant owner-occupied housing.

According to the Housing and Vacancy Surveys referenced above, the vacancy rate has remained at approximately 3 - 4 percent for the past three decades. The constant low levels of vacancy, one of the lowest in the country, have left New York City with a perpetual housing shortage, some of which can be attributed to rent control and rent stabilization themselves. The vacancy rate for units available for rent in the city for 2023 was just 1.4 percent. This represents one of the lowest vacancy rates on record since the survey began in 1965. The following chart details the most recent information available regarding housing and vacancy rates for New York City. These figures were included in the 1993 through 2023 Housing and Vacancy Surveys.

New York City Rental Vacancy Rate											
	1993	1996	1999	2002	2005	2008	2011	2014	2017	2021	2023
Manhattan	3.5%	3.5%	2.6%	3.9%	3.8%	2.7%	2.8%	4.1%	4.7%	10.0%	2.3%
Brooklyn	3.3%	4.2%	3.3%	2.7%	2.8%	2.3%	2.6%	3.1%	3.3%	2.7%	1.3%
Queens	3.1%	3.3%	2.1%	1.8%	2.8%	3.3%	3.8%	2.7%	3.5%	4.5%	0.9%
Bronx	4.0%	5.4%	5.0%	3.3%	2.6%	3.1%	3.2%	3.8%	2.7%	0.8%	0.8%
Staten Island	4.1%	4.2%	5.8%	2.4%	-	6.4%	6.7%	5.5%	3.7%	-	-
Overall New York City	3.4%	4.0%	3.2%	2.9%	3.1%	2.9%	3.1%	3.5%	3.6%	4.5%	1.4%

Source: U.S. Bureau of the Census; New York City Housing and Vacancy Surveys

Rent Control and Stabilization

Rent control regulations were first introduced by the federal government during World War II. New York State chose to continue this legislation in 1947, intended as a temporary measure to prevent dramatically increasing rents following the war. The laws were modified and replaced in 1969 by rent stabilization regulations. Over the past several decades the regulations have been revised and extended numerous times. As discussed earlier in this report, the laws were most recently renewed as the Housing Stability and Tenant Protection Act of 2019.

Both rent control and rent stabilization guidelines establish the increase in rent that can be charged for a vacant apartment and for a lease that is renewed by the same tenant. A tenant in an apartment subject to rent control or stabilization cannot be evicted except under extraordinary circumstances. Furthermore, tenants in these apartments have certain “succession rights”, through which a unit can be “passed down” for a single generation. The laws allow for an increase of a renovated apartment’s rent by an amount of the certified construction cost incurred by the landlord.

In general, these laws affect apartment buildings with more than six apartments and those which receive any of several City-sponsored real estate tax abatements and/or tax exemptions. Approximately one million, or 46 percent, of the rental-occupied apartments in New York City are subject to rent control or rent stabilization laws, which is a decrease from the 70 percent subject to restrictions during the early 1990’s. Approximately 24,000 apartments in New York City (based on the 2023 Housing and Vacancy Survey) remain under the protection of rent control laws.

Each year, the Rent Guidelines Board votes on the maximum allowed rent increases for rent stabilized units. In 2015, the Board voted to freeze rents on one-year leases for the first time in 46 years. From 2015 through 2021, the Board continued this trend of no increases or minimal increases that were well below the long-term average. In its most recent vote in June 2024, the Board voted for rent increases generally in line with long-term trends. On one-year leases, the rent will increase by 2.75 percent. For two-year leases, rent may be increased by 5.25 percent. These increases apply to leases that begin between October 1, 2024 and September 30, 2025. These annual increases are detailed in the chart on the following page:

Rent Increase Guidelines Established By The New York State Rent Stabilization Law

Year	1 Year Lease	2 Year Lease
2024	2.75%	5.25%
2023	3.00%	2.75% for 1st year, 3.20% for 2nd year
2022	3.25%	5.00%
2021	0% for 6 months, then 1.5%	2.50%
2020	0.00%	1.00%
2019	1.50%	2.50%
2018	1.50%	2.50%
2017	1.25%	2.00%
2016	0.00%	2.00%
2015	0.00%	2.00%
2014	1.00%	2.75%
2013	4.00%	7.75%
2012	2.00%	4.00%
2011	3.75%	7.25%
2010	2.25%	4.50%
2009	3.00%	6.00%
2008	4.50%	8.50%
2007	3.00%	5.75%
2006	4.25%	7.25%
2005	2.75%	5.50%
2004	3.50%	6.50%
2003	4.50%	7.50%
2002	2.00%	4.00%
2001	4.00%	6.00%
2000	4.00%	6.00%
1999	2.00%	4.00%
1998	2.00%	4.00%
1997	2.00%	4.00%
1996	5.00%	7.00%
1995	2.00%	4.00%
1994	2.00%	4.00%
1993	3.00%	5.00%
1992	3.00%	5.00%
1991	4.00%	6.50%
1990	4.50%	7.00%
1989	6.00%	9.00%
1988	6.00%	9.00%
Average increase	2.87%	5.07%

Source: Rent Guidelines Board

Demand

The demand for new housing is not relegated to luxury housing, but the city's residential base is upwardly mobile. Prime areas witness residential conversions from rental to condominium use. Fringe areas witness new construction of all types. New neighborhoods are forming in old industrial districts. Immigrant household formation typically places upward pressure from the most basic housing types to better accommodated buildings and better locations. Coupled with the dynamics of extraordinarily high incomes for the uppermost component of the market, demand is fueling development of all types of housing.

Demand for new units also comes from several factors that are not easily analyzed by statistics. New York City, and Manhattan in particular, has a very high barrier to entry. Development sites may take years to assemble and

hi-rise construction is costly and technically difficult. New inventory, even luxury class, is often constructed on the fringe of existing neighborhoods where sites are more easily assembled. The truly prime areas of the city rarely witness new development. The existing housing stock is aging, with most dwelling units constructed 50 years or more ago. Rent control and stabilization laws have played a role in landlords' reluctance to make capital improvements to buildings especially between the 1950s and 1985, as the profit motivation was negligible. One result is that some well located, but poorly finished, rental buildings can command high rents from luxury de-controlled tenants. When faced with the prospect of paying a market rent, some tenants will naturally re-locate to buildings with newer and superior finishes, and physical and service amenities.

Other factors driving demand for New York City residential real estate include:

- New York City remains one of the nation's safest large cities, and the preferred urban environment encompassing economic, cultural and entertainment options.
- The city's strong employment growth which was detailed earlier in this analysis.
- The large number of rental units governed under rent regulations drives demand for the relatively small number of rentals which are governed solely by the market.

Area Economic Market Forecasts

The following section details several published forecasts or surveys as they relate to the New York City residential real estate markets.

Federal Reserve Beige Book

In its April 2024 report, the Federal Reserve Bank of New York's Beige Book indicated that economic activity in the Second District weakened modestly, with labor markets generally remaining solid. The report notes that the New York City tourism market is slowly reaching normal pre-pandemic levels. Due to persistently low inventory levels, residential sales activity has weakened, but demand remains high. In the rental market, prices have increased due to low inventory in the housing market.

Real Estate Board of New York

The Real Estate Board of New York (REBNY) releases a quarterly report analyzing broker confidence in the New York City real estate market. In its survey released in January 2024, REBNY reports that residential broker confidence decreased in the third quarter of 2023. Brokers have expressed that the persistence of high mortgage interest rates continues to weigh on the sales market.

Summary

The local economy has faced significant challenges over the residential market cycles beginning in 1995. The initial economic recovery following the recession of the early 1990s began to surge until the dot-com bust in 2000/2001. The tragic effects of the 9/11 terrorist attacks further eroded the city's job base, the Great Recession caused widespread panic among investors, and the COVID-19 pandemic led to a temporary exodus of city residents. Despite all these setbacks, the New York City residential real estate market has been resilient. Price levels have shown strong appreciation over time, and investor and tenant demand have combined to produce a strong pipeline of new developments in both core areas of the city and areas once considered to be on the fringe.

New York City continues to attract significant investor interest in residential assets. The high barrier to entry in New York City's development market, resulting in part from the extraordinarily high costs of construction, long development timing, high land costs, and complexity of the markets, in conjunction with the geographic realities of the other boroughs, will result in a continued trend for investors to pay a premium for assets in this market.

Manhattan Rental Market Analysis

Overview

The following is an analysis of the Manhattan rental market as of the second quarter of 2024, which is the most recent data available from the major brokerage firms that track the market. This analysis relies upon market statistics from Douglas Elliman and Corcoran, which are two of the most prominent residential brokerage firms in New York City.

New York City has a nearly inverse ratio of renter- versus owner-occupied housing units compared to the national rate. According to the latest statistics from the Census Bureau, just over one-third of American housing units are renter-occupied. In Manhattan, more than three-quarters of housing units are occupied by renters. Demand for home ownership is generated from within the market, given the favorable tax advantages for typical households in the United States, and the general preference for residents to own their own house or apartment, especially in high rental rate areas.

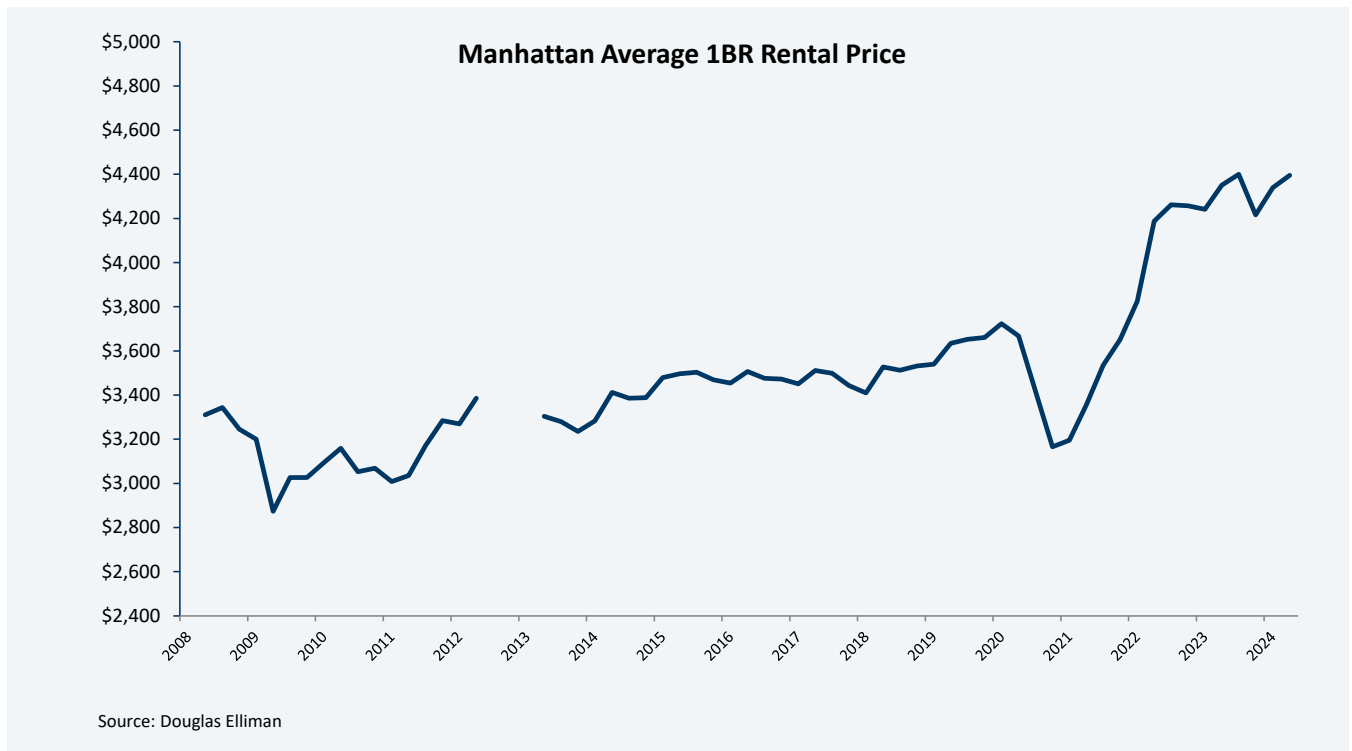
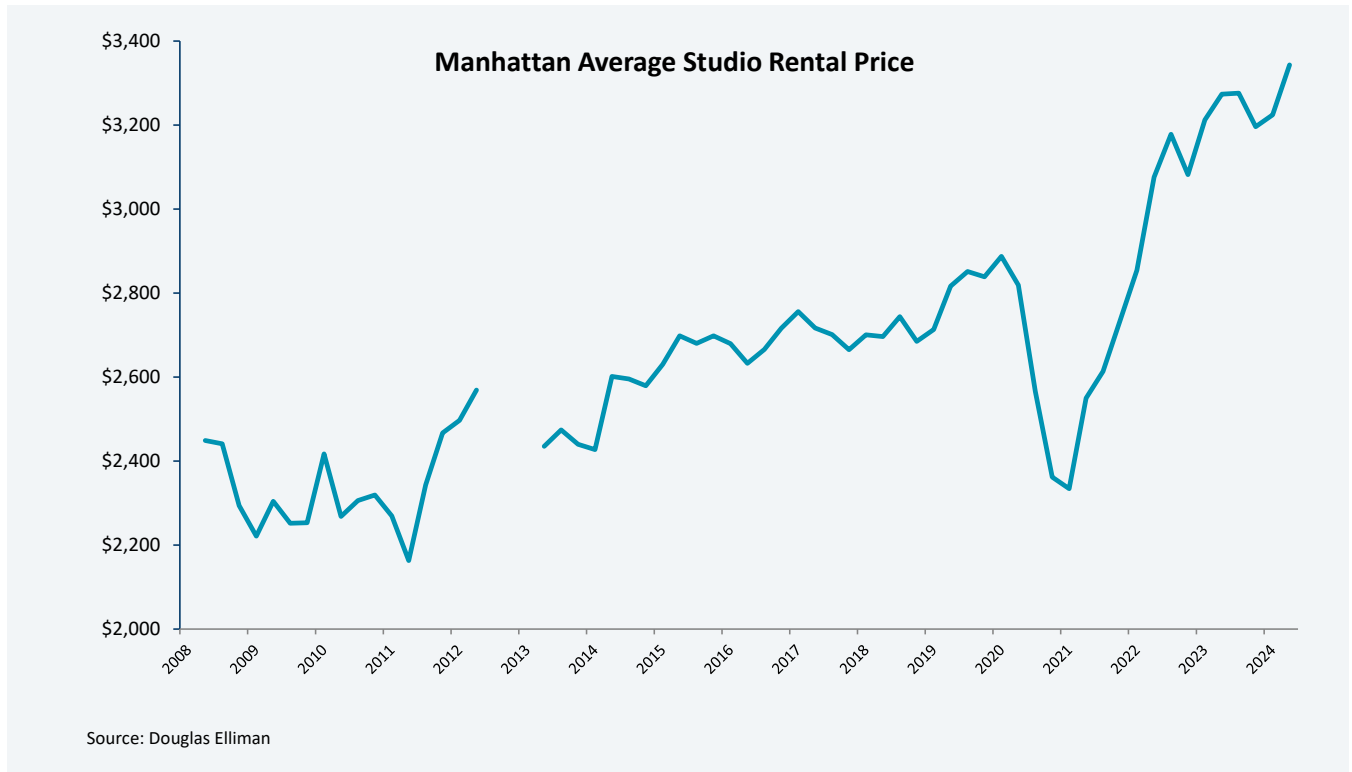
Pricing

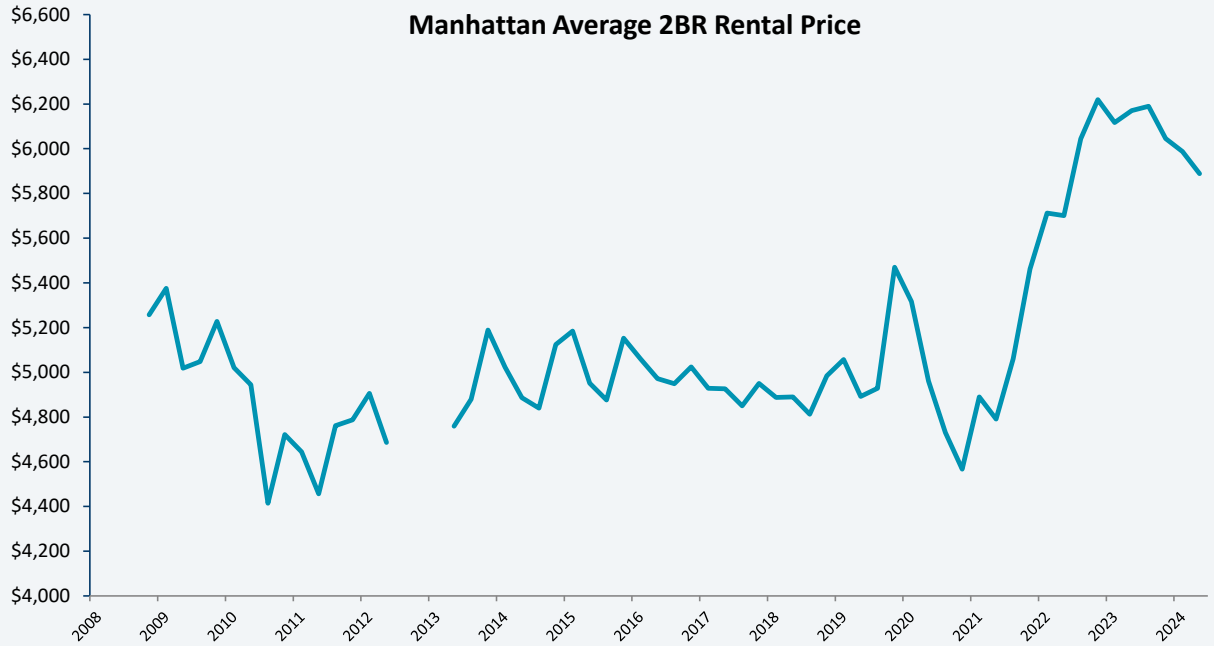
After declining significantly during the pandemic, rental rates in Manhattan increased rapidly from 2021 into 2023. From the trough period in early 2021 through the second quarter of 2023, average rents increased by nearly 50.0 percent in Manhattan. Rental trends were mixed during the most recent quarter, with average studio and one-bedroom rents increasing moderately year-over-year, while other unit types declined. The median rent was relatively stable over the past year. Despite the recent fluctuations, average rents remain at or near record highs for most unit types and concession use is minimal.

The table and graphs on the following two pages illustrate the average rents achieved in Manhattan by unit type from 2008 through the second quarter of 2024:

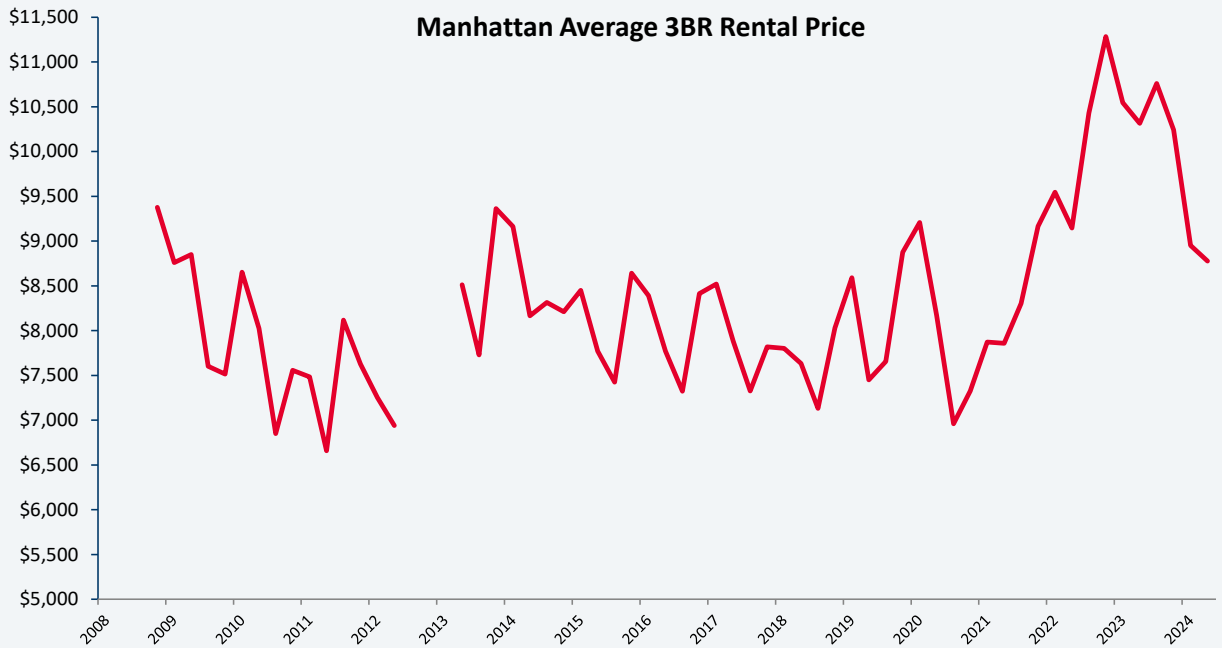
Manhattan Average Monthly Rent							
	Q2 2024	Q1 2024	Quarterly % Change	Q2 2023	Annual % Change	Q2 2019	5-year % Change
Studio Rent	\$3,343	\$3,224	3.7%	\$3,274	2.1%	\$2,816	18.7%
One Bedroom Rent	\$4,395	\$4,339	1.3%	\$4,351	1.0%	\$3,634	20.9%
Two Bedroom Rent	\$5,888	\$5,988	-1.7%	\$6,170	-4.6%	\$4,892	20.4%
Three Bedroom Rent	\$8,777	\$8,950	-1.9%	\$10,314	-14.9%	\$7,451	17.8%
Listing Discount	-0.7%	0.2%	-	1.3%	-	1.1%	-

Source: Douglas Elliman

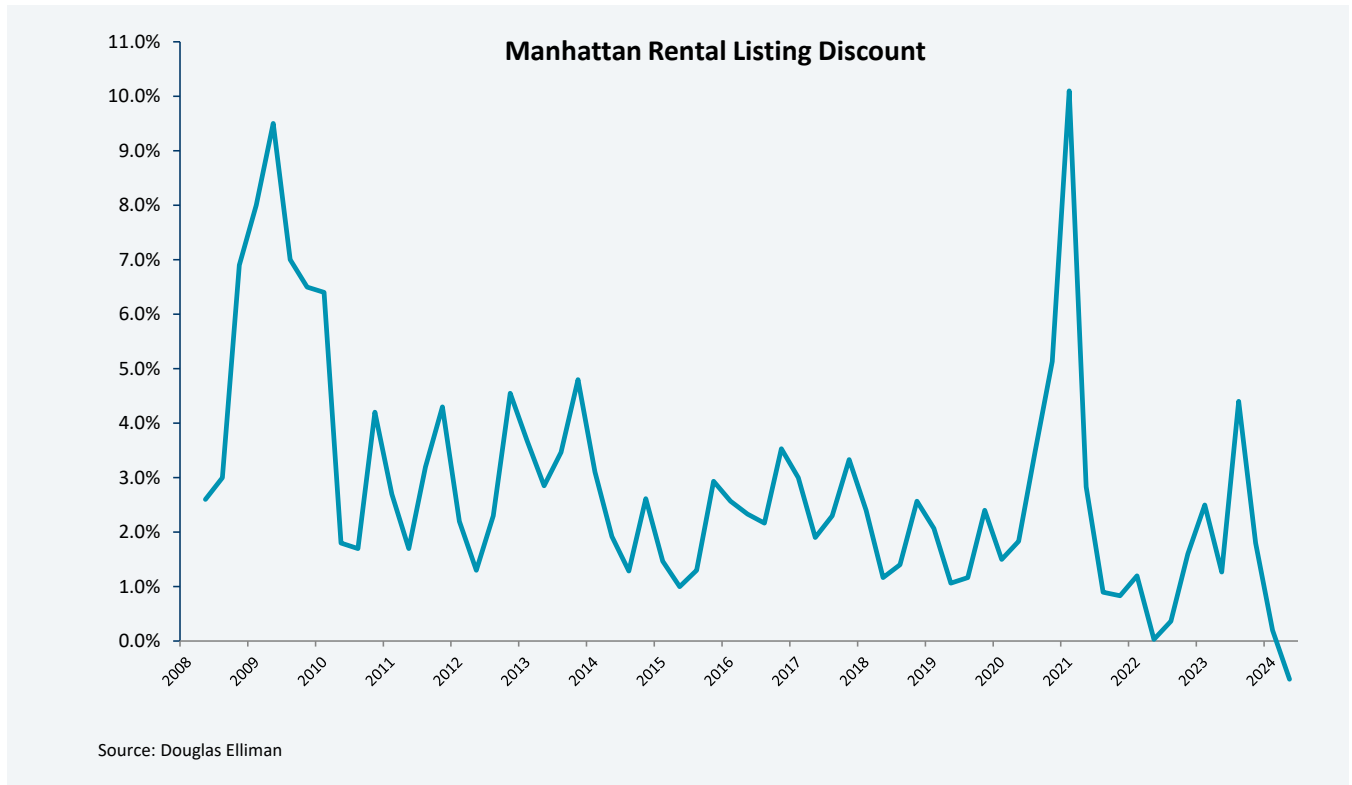




Source: Douglas Elliman



Source: Douglas Elliman



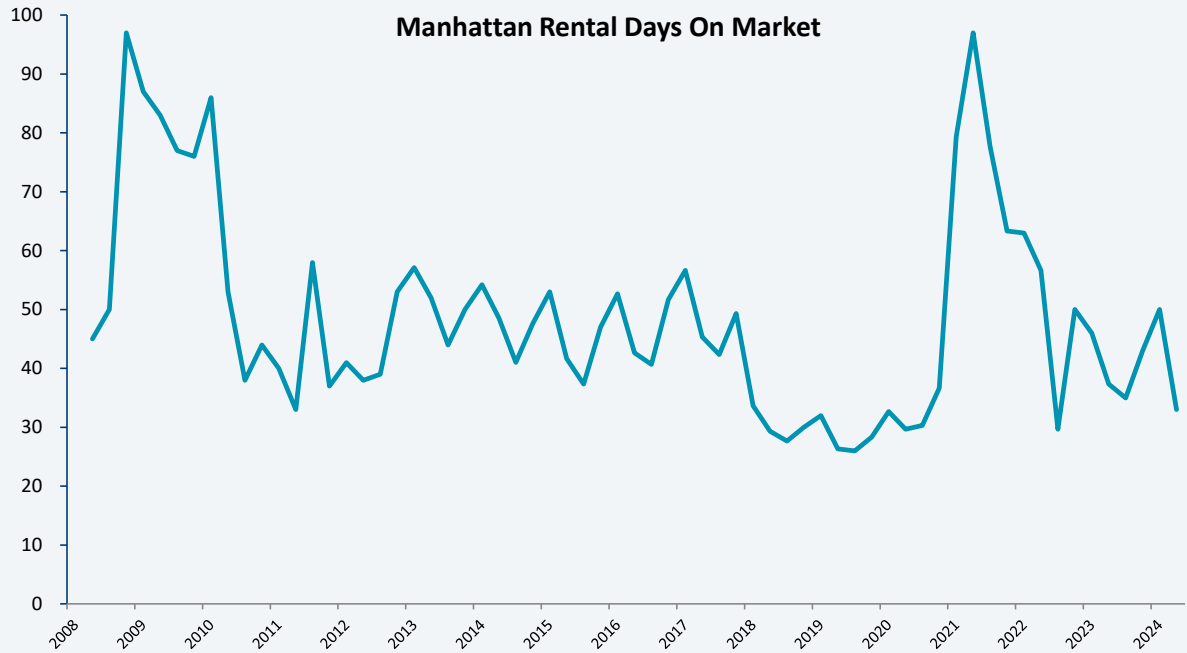
Volume and Inventory

Leasing activity in the second quarter of 2024 was 37.4 percent higher than during the same period last year, and listing inventory increased by 29.6 percent over the past year. This indicates that an increasing number of renters have chosen to not renew leases. Vacancy, which began increasing in early 2022, remained stable at 2.06 percent in the most recent quarter.

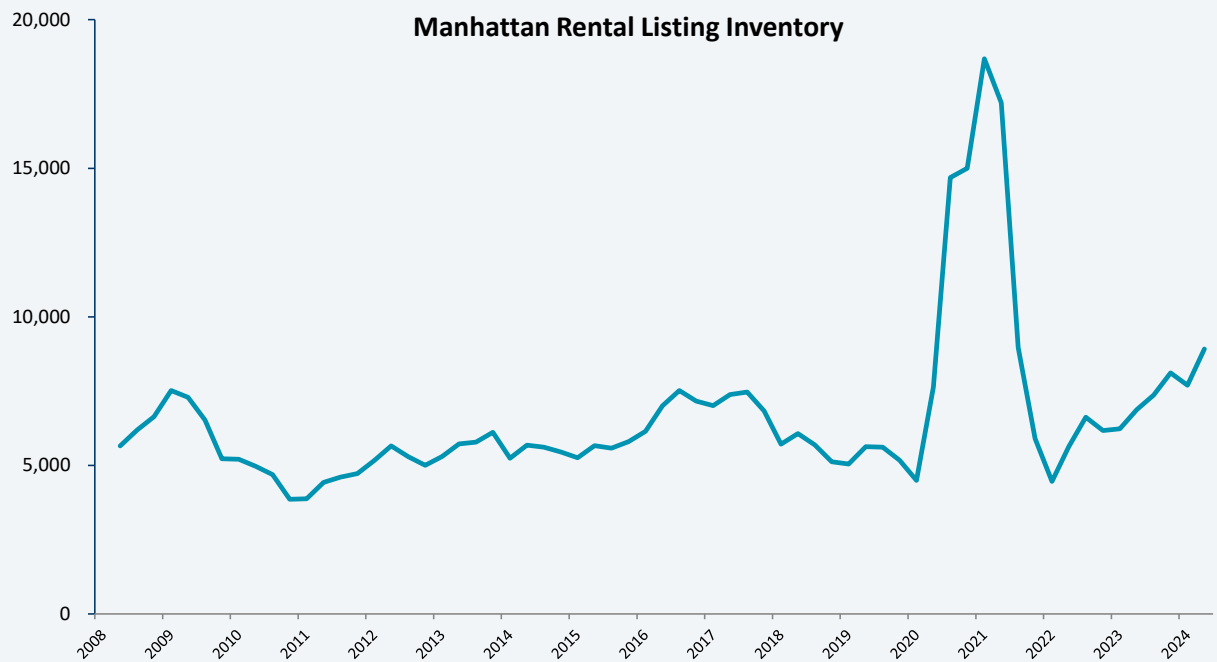
The charts on the following pages illustrate these trends:

Manhattan Rental Volume and Inventory							
	Q2 2024	Q1 2024	Quarterly % Change	Q2 2023	Annual % Change	Q2 2019	5-year % Change
Days On Market	33	50	-34.0%	37	-11.6%	26	25.3%
Listing Inventory	8,918	7,700	15.8%	6,880	29.6%	5,628	58.5%
Number of New Leases	19,342	13,046	48.3%	14,075	37.4%	15,553	24.4%
Market-Wide Vacancy	2.06%	2.22%	-	2.34%	-	1.11%	-

Source: Douglas Elliman; Corcoran (Vacancy Rate)

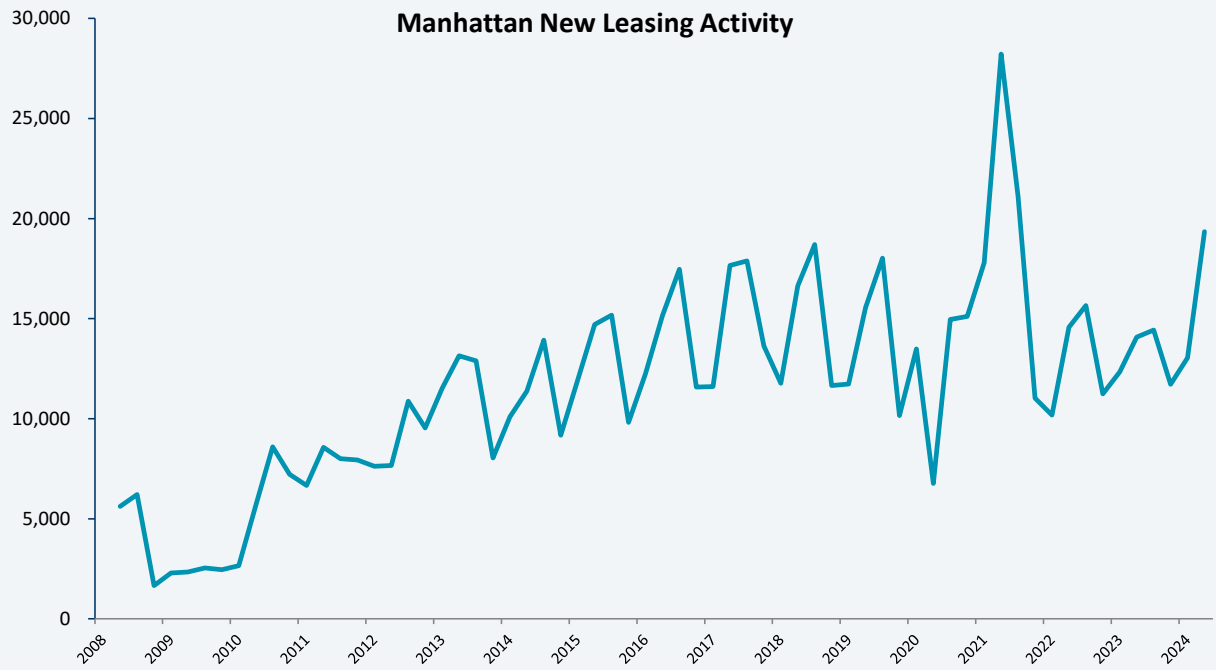


Source: Douglas Elliman

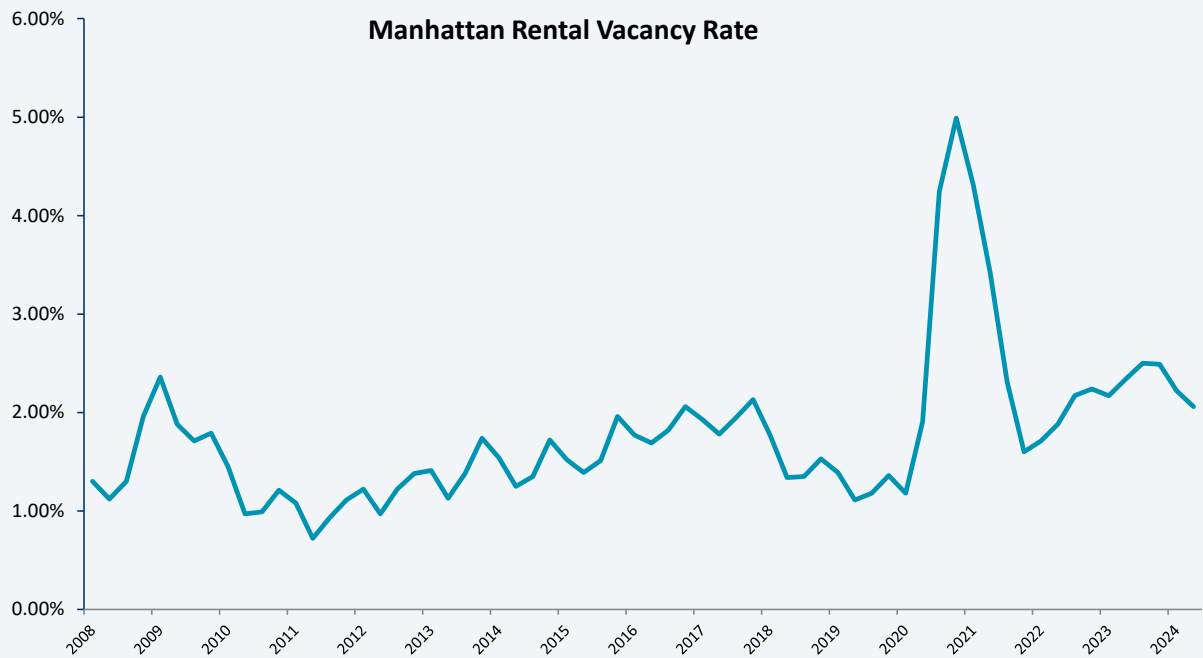


Source: Douglas Elliman

Note: Beginning in December 2020, a methodological change increased the number of listings being pulled into the system



Source: Douglas Elliman



Source: Corcoran

Conclusion

The Manhattan rental market has exhibited tremendous strength over the past three years, with average rents currently at or near record levels for most unit types. Concession use remains minimal and vacant units continue to be absorbed quickly. Listing inventory and leasing activity have both increased significantly over the past year, which indicates that renters have been declining renewal options in favor of signing new leases. The rise in listing inventory has resulted in mixed pricing trends on a year-over-year basis, with some unit types witnessing rental decreases.

Despite this recent softness, the supply pipeline remains minimal and high mortgage interest rates will continue to force some potential buyers to stay in the rental market. Considering these factors, the outlook for the Manhattan rental market continues to be positive.

Property Analysis

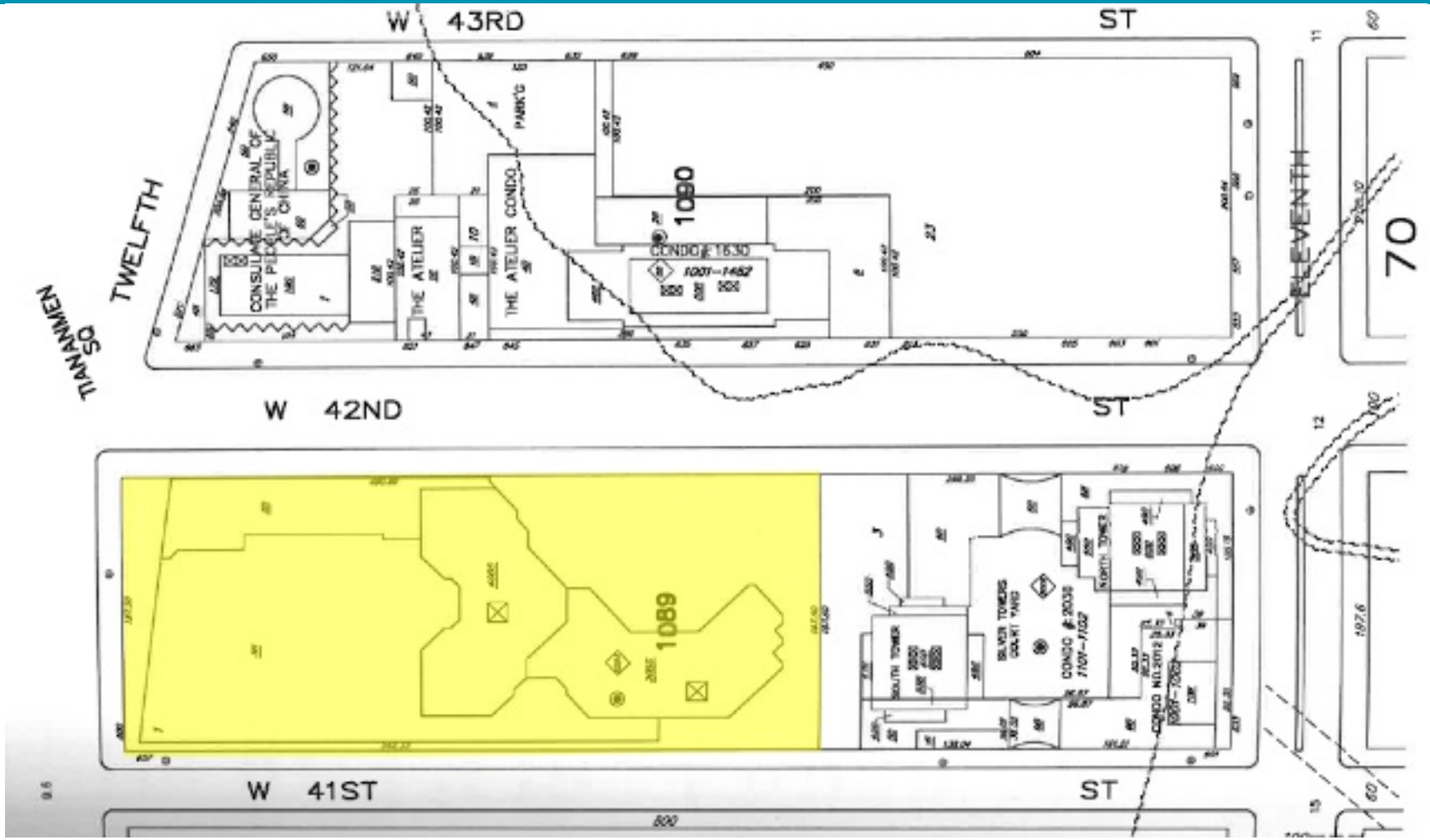
Site Description

Location:	650 West 42nd Street New York, New York County, New York 10036 The subject site is located along the easterly blockfront of Twelfth Avenue between West 41st Street and West 42nd Street.
Shape:	Rectangular
Topography:	Level and at street grade
Land Area:	101,043 square feet; 2.32 acres
Frontage:	The subject site has excellent frontage. The frontage dimensions are listed below: Twelfth Avenue: 198.90 feet West 42nd Street: 480.88 feet West 41st Street: 500.75 feet
Access:	The subject site has average access.
Visibility:	The subject site has excellent visibility.
Soil Conditions:	We were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support the existing structure. We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
Utilities:	All public utilities are available and connected to the site.
Site Improvements:	Typical city improvements including macadam paved streets, street lighting, concrete sidewalks, curbs and gutters and below ground utilities.
Land Use Restrictions:	We were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.
Flood Zone Description:	The subject property is located in flood zone X and AE (Flood Zone X consists of areas determined to be outside the 500 year flood plain. Flood Zone AE consists of special flood hazard areas subject to inundation by the 100-year flood determined in a Flood Insurance Study by detailed methods. Base flood elevations are shown within these zones. Mandatory flood insurance purchase requirements apply.) as indicated by FEMA Map 360497-0069F, dated September 5, 2007.
Hazardous Substances:	We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.

Overall Site Utility: The subject site is functional for its current use.

Location Rating: Good

SANBORN MAP (PRIOR TO CONSTRUCTION)



DIGITAL TAX MAP



Improvements Description

The following description of improvements is based on our physical inspection of the improvements and our discussions with management.

GENERAL DESCRIPTION

Year Built:	1999
Number of Units:	921 residential units, an on-site property manager occupies one unit rent free. As such, 920 units are considered to be rentable. There are 689 market rate units and 231 affordable units (inclusive of the 47 units that are designated affordable in order to comply with the Extended Benefit Program).
Number of Buildings:	1
Number of Stories:	40
Land To Building Ratio:	0.11 to 1
Gross Building Area:	888,508 square feet (above grade)
Net Rentable Area:	
Residential (Rentable):	626,679 square feet (920 units; exclusive of the employee unit)
Retail:	<u>38,748</u> square feet
Total:	665,427 square feet

CONSTRUCTION DETAIL

Basic Construction:	Structural steel and concrete
Foundation:	Reinforced concrete slab
Framing:	Reinforced concrete with steel beams and columns.
Floors:	Concrete poured over a metal deck
Exterior Walls:	The exterior walls consist of a commercial grade brick and horizontal bands of tinted glass.
Roof Type:	The roofing systems consist of a waterproofing membrane system with a ballasted cover. The common roof terraces are covered with concrete pavers.
Windows:	Windows consist of aluminum casement windows with double glazed insulated glass units.
Pedestrian Doors:	The exterior residential and commercial entrances consist of aluminum with glass doors. Residential entrance doors consist of fired-rated hollow metal doors. Interior doors in the residential units consist of solid wood with wood frames.

MECHANICAL DETAIL

Heating/Cooling System:	Individual PTAC units in rooms allow residents to control heating and cooling in the apartments. The building's heat is supplied by four Cleaver Brooks (1997) dual oil/gas-fired boilers that use No. 2 oil. In addition, the building has a cogeneration plant that also serves as a back-up generator.
Plumbing:	The plumbing system is assumed to be adequate for the existing use and in compliance with local law and building codes. The plumbing system is assumed to be typical of other properties in the area with a combination of PVC, steel, copper and cast iron piping throughout the building.
Electrical Service:	Electricity for the building is obtained through low voltage power lines.
Utility Metering:	Each apartment is separately metered for electricity. The building is master metered for gas.
Emergency Power:	The building has a back-up generator for fire and life safety support.
Elevator Service:	The building contains 10 elevators; the western wing contains 4 passenger elevators and 1 service elevator, the eastern wing contains 3 passenger elevators and 1 service elevator, and there is one service elevator that serves the first and second floors.
Fire Protection:	The building is fully sprinklered with smoke detectors and emergency lights where required. Standpipes are located in the stairwells.
Security:	The property has a full-time doorman, 24-hour concierge services and an attended lobby. There are security cameras throughout the development.

INTERIOR DETAIL

Layout:

The main entrance to the building is located along the southern side of West 42nd Street. The entrance contains a motor court area to pick up and drop off residents and guests.

The double height lobby provides access to the 30-story eastern wing and the 40-story western wing of the building. The lobby features decorative marble flooring and paneled walls, and provides access to the lobby attendant and concierge services, elevators, staircases, mailboxes, and manager's office.

Apartments situated on floors 2 through 40 and have ceiling heights that are approximately 8 feet. The ceiling heights on Floors 2, 3, 31 and P2 range between 10.5 and 10.83 feet. Ownership notes that there are a few lowered bath or kitchen ceilings within a high ceiling unit that are 9 feet. Most units have one exposure, but corner units have multiple exposures. The residential units are well laid out and have an average level of finish. Renovated units have a very good level of finish. Due to the building's height and blockfront location the units have very good access to light and air and upper floor units have views of the Hudson River and surrounding cityscape. The apartments range in size from studio to two bedroom units and develop an average unit size of 681 square feet, exclusive of the property manager's unit.

A unit breakdown, exclusive of the property manager's unit, is detailed as follows (as of the rent roll dated May 31, 2024).

UNIT MIX													
No.	Unit Type	Average SF	Total Market Rate Units	Total Affordable Units	Total Market Rate Occupied	No. Vacant Market Rate Units	Total Affordable Occupied	No. Vacant Affordable Units	Units Occupied	Total No. Units	Total Vacant Units	Total (SF)	Unit Occupancy
1	Studio	453	186	63	178	8	59	4	237	249	12	112,788	95.18%
2	One Bedroom	668	341	120	327	14	117	3	444	461	17	308,074	96.31%
3	Two Bedroom	980	162	48	155	7	48	0	203	210	7	205,817	96.67%
TOTAL/AVERAGE			689	231	660	29	224	7	884	920	36	626,679	96.09%

In addition to the residential component, the subject contains three retail suites that contain 38,748 square feet of net rentable area. Two suites are located on either side of the lobby. A 423 square foot suite is leased to a dry cleaner and a 2,516 square foot suite is leased to a restaurant, Kings of Kobe. The dry cleaner has no street frontage and the restaurant suite has limited frontage. The third suite contains 35,809 square feet and is located along the easterly blockfront of Twelfth Avenue with additional frontage along West 41st Street and West 42nd Street.

Floor Covering:

Renovated units have good quality engineered wood flooring. Unrenovated units have parquet tile wood floors in living rooms and bedrooms. Ceramic tile in the bathrooms and tile in the kitchens.

Walls:

Painted gypsum board, marble and ceramic tile in the bathrooms

Ceilings:

Painted gypsum wallboard

Lighting:	LED, fluorescent and incandescent
Kitchens:	Renovated units feature new ceramic tile flooring, Caesarstone countertops with good quality thermofoil or wood cabinets, good quality engineered wood flooring, stainless steel sinks and appliances that include GE refrigerators, gas-fired, four or five top stoves and ovens, microwaves and dishwashers. Unrenovated kitchens have Formica counters, average white laminate cabinets, and white veneer GE appliances. Affordable housing units have the same finishes and appliances as the unrenovated market rate units.
Bathrooms:	Bathrooms have porcelain tile flooring and tile tub surrounds, porcelain countertops, a porcelain toilet, porcelain bathtub with shower fixtures, and sinks with a walnut vanity. Unrenovated bathrooms have older, average quality finishes. Affordable housing units have the same finishes as the unrenovated market rate units.

AMENITIES

Building Amenities:	The building amenities include a full-time doorman, 24-hour attended lobby and concierge services, motor court, on-site parking, shuttle service to and from the Port Authority Bus Terminal, Times Square and Manhattan's subway lines, common laundry rooms on every residential floor (2 through 40), bike storage, 32nd floor observation deck, resident lounge with a billiard table and demonstration kitchen, 34,000 square foot fitness center and spa, inclusive of a steam room, sauna, spin room, aerobics room, 75' glass enclosed swimming pool, putting green, basketball court, dog run, children's playroom, two outdoor tennis courts, outdoor children's playground, and large common terrace with grilling stations. The children's playground and dog run are accessible to the public, not just building residents.
Unit Amenities:	Upper floor units have very good access to light and air and views of the Hudson River and surrounding cityscape.

SITE IMPROVEMENTS

Parking:	The building contains a second floor parking garage that is accessed through the motor court or along the northern side of West 41 st Street. The garage has a legal capacity of 194 spaces.
Onsite Landscaping:	There is minimal on-site landscaping.
Other:	Typical city improvements including macadam paved streets, street lighting, concrete sidewalks, curbs and gutters and below ground utilities.

PERSONAL PROPERTY

Personal property was excluded from our valuation.

SUMMARY

Condition:	Good.
Quality:	Good

Property Rating: After considering all of the physical characteristics of the subject, we have concluded that this property has an overall rating that is very good, when measured against other properties in this marketplace.

Roof & Mechanical Inspections: We inspected the roofs and made a detailed inspection of the mechanical systems. However, the appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed.

CAPITAL EXPENDITURES

Known Costs: Ownership has completed \$7,116,000 in capital expenditure between 2021 and 2024.

Ownership has provided a capital expenditure budget for 2024 through 2028. The details of this budget are provided in the chart below.

CAPITAL EXPENDITURE SCHEDULE					
Project	2024	2025	2026	2027	2028
Replacement of lobby elevator glass doors	\$24,000	\$0	\$0	\$0	\$0
Replacement of base building smokeheads	\$48,000	\$0	\$0	\$0	\$0
Roof Replacement	\$225,000	\$0	\$0	\$0	\$0
Building Improvements	\$184,000	\$2,599,500	\$2,837,300	\$3,027,500	\$2,982,800
DOJ Costs	\$0	\$167,500	\$0	\$0	\$0
Equipment	\$0	\$1,666,100	\$836,800	\$654,200	\$594,400
Furniture	\$0	\$247,300	\$440,500	\$327,200	\$185,600
Totals	\$481,000	\$4,680,400	\$4,114,600	\$4,008,900	\$3,762,800

In our analysis, we have considered these costs in the appropriate year of the holding period. Total capital expenditure costs considered in our analysis are \$17,047,700.

PHYSICAL DETERIORATION

Cost to Cure: Curable physical deterioration refers to those items that are economically feasible to cure as of the effective date of the appraisal. One category of physical deterioration is deferred maintenance and is measured as the cost repairing or restoring the item to new or reasonably new condition. During our inspection, the appraisers did not notice any physical deterioration that would require immediate repair.

Property Condition Assessment: We were not provided with a Third Party Property Condition Survey report.

FUNCTIONAL OBSOLESCENCE

Description: There is no apparent functional obsolescence present at the subject property.

Real Property Taxes and Assessments

Current Property Taxes

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

Class 1 - Includes all primarily residential one, two and three family homes; residential condominiums of three dwelling units or less; residential condominiums of three stories or less that were originally built as condominiums; and certain vacant land zoned for residential use or adjoining improved Class 1 property.

Class 2 - Includes all other primarily residential properties that are not in Class 1, including cooperatives and all other residential condominiums. This classification does not include hotels, motels or other similar property.

Class 3 - Includes all utility corporations and special franchise properties, excluding land and certain buildings.

Class 4 - Includes all other properties, such as stores, warehouses, hotels and vacant land not classified as class 1.

The assessor's parcel identification numbers are Block 1089, Lot 1. The subject property is classified as a Class 2 property. The assessment and taxes for each tax lot are presented below:

NEW YORK CITY ASSESSMENT AND TAX ANALYSIS		
Assessor's Parcel Number:	Block 1089, Lot 1	
Assessing Authority:	City of New York	
Tax Year:	2024/2025	
ASSESSMENT INFORMATION		
Assessed Value	Actual	Transitional
Land:	\$21,285,000	\$21,285,000
Improvements:	77,754,150	67,297,910
Taxable Assessment:	\$99,039,150	\$88,582,910
TAX LIABILITY		
Taxable Assessment	\$88,582,910	
Est. 2024/2025 (23/24 Class 2 Tax Rate increased 5.0%)	13.127%	
Property Taxes (Unabated)	\$11,628,367	
Above Gross Building Area (SF)	888,508	
Number of Units	921	
Property Taxes per Unit	\$12,626	
Property Taxes per Square Foot of GBA	\$13.09	
Assessment per Square Foot of GBA	\$99.70	
Compiled by Cushman & Wakefield, Inc.		

New York City's tax rates tend to be relatively static, while assessments change every year. If the actual assessment is higher than the transitional assessment, the city phases in the difference in equal amounts over a 5-year period. The fiscal year begins July 1 and continues through June 30.

Taxes are based on the lower of the transitional or actual assessments.

The 2024/2025 fiscal year begins July 1, 2024. The 2024/2025 fiscal year assessments were released in January 2024 and became final in May 2024. We have modeled for real estate taxes based on the forward-looking assessments for the 2024/2025 fiscal year. The 2024/2025 tax rates will not be established until the third quarter of 2024. The 2023/2024 tax rates were established in the third quarter of 2023 with the Class 2 tax rate being \$12.502 per \$100 of assessed value. We have grown the tax rate by 5.0 percent and estimated a 2024/2025 tax rate of 13.127 percent.

We applied the estimated 2024/2025 Class 2 tax rate to the transitional assessment, which results in a tax obligation of \$11,628,367, equivalent to \$13.09 per square foot. As such, the unabated tax obligation for the subject is \$11,628,367. The real estate taxes for the subject property are current.

Tax Comparable Analysis

To determine if the taxes on the property are reasonable, we examined the actual tax burdens of similar properties in the market. Our findings are illustrated in the table below.

REAL ESTATE TAX COMPARABLES - RESIDENTIAL COMPONENT								
No.	Property Name & Location	Building Area (SF)	Year Built	Stories	Assessment	Assess/SF	Total Taxes	Taxes/SF
S	SUBJECT PROPERTY	888,508	1999	40	\$88,582,910	\$99.70	\$11,628,367	\$13.09
1	505 West 37th Street	807,316	2007	44	\$82,668,150	\$102.40	\$10,851,931	\$13.44
2	400-428 West 59th Street	919,877	1997	49	\$92,870,460	\$100.96	\$12,191,198	\$13.25
3	770 Eighth Avenue	463,143	2001	52	\$54,808,590	\$118.34	\$7,194,778	\$15.53
4	101 West End Avenue	631,204	2000	33	\$72,348,300	\$114.62	\$9,497,234	\$15.05
5	561 10th Avenue	411,430	2003	45	\$40,463,732	\$98.35	\$5,311,715	\$12.91
6	320-328 West 38th Street	718,503	2008	23	\$65,952,450	\$91.79	\$8,657,644	\$12.05
STATISTICS								
Low:		411,430	1997	23	\$40,463,732	\$91.79	\$5,311,715	\$12.05
High:		919,877	2008	52	\$92,870,460	\$118.34	\$12,191,198	\$15.53
Average:		658,579	2003	41	\$68,185,280	\$104.41	\$8,950,750	\$13.71

Compiled by Cushman & Wakefield, Inc.

The comparable properties reflect assessments ranging from \$91.79 to \$118.34 per square foot with an average of \$104.41 per square foot of gross building area. The comparable properties reflect taxes ranging from \$12.05 to \$15.53 per square foot with an average of \$13.71 per square foot of gross building area. The subject's current assessment of \$99.70 per square foot and taxes of \$13.09 per square foot are at market levels. As such, we have utilized the current taxes in the valuation model.

As further support for our conclusion, we have evaluated the level of real estate taxes as a percentage of effective gross income. Full market rate residential buildings in the City typically exhibit a range in taxes of between 20 and 30 percent of effective gross income. The in-place assessment combined with our revenue projections in the Income Capitalization Approach result in a ratio of unabated real estate taxes of 27.37 percent of effective gross income. This is within the City's targeted range and we believe this level of real estate taxes to be reasonable.

421a Extended Affordability Benefits Program

The subject building was constructed under the auspices of the 80/20 program, which resulted in a 20-year post completion tax abatement. That abatement expired in June 2022. Following the expiration of the 20-year 421a tax abatement, ownership had the ability to file for the Extended Affordability Benefits program. The Extended Affordability Benefits program for the subject commenced October 17, 2022. According to the Department of Finance, the subject is currently in the third year of the Extended Affordability Benefits abatement period.

The program permits an additional 15-year tax abatement, subject to the owner increasing the affordable component from 20 percent to 25 percent. These additional units (47 units at the subject property) must be leased to qualified households based on an Area Median Income (AMI) of 130 percent. In addition, the owner is restricted from converting the building or portions thereof to a condominium form of ownership for the duration of the extended benefit. Silverstein Properties entered the program upon expiration of the subject's initial 20 year 421a tax abatement. The 15-year, 421a extended benefit program allows the property's increase in assessed value to be 50 percent exempt for 15 years. Full taxes will not be incurred until the 16th year.

The charts on the following page illustrate the projected taxes for the building on a tax fiscal year basis beginning June 30, 2024, the as is date of value. The tax rate is assumed to increase at rate of 5.0 percent per year and the building and land assessments are assumed to remain constant. Although tax rates in New York City tend to be fairly static historically, we used this as a means of projecting increased real estate tax expenses in the future.

The charts depict actual and non-abated taxes for the extended benefit program. The non-abated taxes have been used in the cash flows presented later in the Income Capitalization Approach. We have utilized a discount rate of 5.0 percent to arrive at the present value of the abatement. A discount rate of 5.0 percent is reflective of the risk associated with this abatement, which is an agreement between a government entity and the developer. While there is inherent risk associated with dealing with a government agency, this risk is perceived as minimal compared to other forms of investment in the market. Additionally, because the benefits of the abatement are so great, the developer is not likely to break the covenants of the abatement. As such, a 5.0 percent discount rate is considered to be reasonable.

Using a discount rate of 5.0 percent, the present value of the benefits of the tax abatement is **\$70,000,000**, rounded. The tax savings attributable to the extended benefit program are exhibited in the charts presented on the following pages.

421a TAX ABATEMENT PROJECTION
RIVER PLACE - 650 WEST 42ND STREET, NY, NY
NEW YORK, NY

ABATEMENT PERIOD	ANALYSIS YEAR	TAX YEAR	TOTAL AV	BENEFIT BASE	% EXEMPT	\$ EXEMPT	TOTAL PAY AV	TAX RATE	FY TAXES BEG. JULY	FY TAXES BEG. JULY	FY JULY TAXES W/OUT 421a	FY TAX SAVINGS
2		2023/24		\$4,610,000	50%			12.502				
3	1	2024/25	\$88,582,910	\$4,610,000	50%	\$41,986,455	\$46,596,455	13.127	\$6,116,763	\$6,116,763	\$11,628,367	\$5,511,604
4	2	2025/26	\$88,582,910	\$4,610,000	50%	\$41,986,455	\$46,596,455	13.783	\$6,422,601	\$6,422,601	\$12,209,786	\$5,787,184
5	3	2026/27	\$88,582,910	\$4,610,000	50%	\$41,986,455	\$46,596,455	14.473	\$6,743,731	\$6,743,731	\$12,820,275	\$6,076,543
6	4	2027/28	\$88,582,910	\$4,610,000	50%	\$41,986,455	\$46,596,455	15.196	\$7,080,918	\$7,080,918	\$13,461,289	\$6,380,371
7	5	2028/29	\$88,582,910	\$4,610,000	50%	\$41,986,455	\$46,596,455	15.956	\$7,434,964	\$7,434,964	\$14,134,353	\$6,699,389
8	6	2029/30	\$88,582,910	\$4,610,000	50%	\$41,986,455	\$46,596,455	16.754	\$7,806,712	\$7,806,712	\$14,841,071	\$7,034,358
9	7	2030/31	\$88,582,910	\$4,610,000	50%	\$41,986,455	\$46,596,455	17.592	\$8,197,048	\$8,197,048	\$15,583,124	\$7,386,076
10	8	2031/32	\$88,582,910	\$4,610,000	50%	\$41,986,455	\$46,596,455	18.471	\$8,606,900	\$8,606,900	\$16,362,280	\$7,755,380
11	9	2032/33	\$88,582,910	\$4,610,000	50%	\$41,986,455	\$46,596,455	19.395	\$9,037,245	\$9,037,245	\$17,180,394	\$8,143,149
12	10	2033/34	\$88,582,910	\$4,610,000	50%	\$41,986,455	\$46,596,455	20.364	\$9,489,107	\$9,489,107	\$18,039,414	\$8,550,307
13	11	2034/35	\$88,582,910	\$4,610,000	50%	\$41,986,455	\$46,596,455	21.383	\$9,963,563	\$9,963,563	\$18,941,385	\$8,977,822
14	12	2035/36	\$88,582,910	\$4,610,000	50%	\$41,986,455	\$46,596,455	22.452	\$10,461,741	\$10,461,741	\$19,888,454	\$9,426,713
15	13	2036/37	\$88,582,910	\$4,610,000	50%	\$41,986,455	\$46,596,455	23.574	\$10,984,828	\$10,984,828	\$20,882,877	\$9,898,049
16	14	2037/38	\$88,582,910	\$4,610,000	50%	\$41,986,455	\$46,596,455	24.753	\$11,534,069	\$2,883,517	\$5,481,755	\$2,598,238

ASSUMPTIONS

SIZE (GBA)	888,508
ASSESSMENT PER SF OF GBA	\$99.70
2023/2024 CLASS 2 TAX RATE	12.502
TAX RATE GROWTH	5.00%

PRESENT VALUE OF AFFORDABLE NEW YORK TAX SAVINGS						
PRESENT VALUE OF TAX SAVINGS - AS IS						
RIVER PLACE - 650 WEST 42ND STREET, NY, NY						
NEW YORK, NY						
FISCAL YEAR	NET CASH FLOWS		DISCOUNT FACTOR @ 5.00%			PRESENT VALUE OF CASH FLOWS
ONE	\$5,511,604	X	0.9524	=		\$5,249,147
TWO	\$5,787,184	X	0.9070	=		\$5,249,147
THREE	\$6,076,543	X	0.8638	=		\$5,249,147
FOUR	\$6,380,371	X	0.8227	=		\$5,249,147
FIVE	\$6,699,389	X	0.7835	=		\$5,249,147
SIX	\$7,034,358	X	0.7462	=		\$5,249,147
SEVEN	\$7,386,076	X	0.7107	=		\$5,249,147
EIGHT	\$7,755,380	X	0.6768	=		\$5,249,147
NINE	\$8,143,149	X	0.6446	=		\$5,249,147
TEN	\$8,550,307	X	0.6139	=		\$5,249,147
ELEVEN	\$8,977,822	X	0.5847	=		\$5,249,147
TWELVE	\$9,426,713	X	0.5568	=		\$5,249,147
THIRTEEN	\$9,898,049	X	0.5303	=		\$5,249,147
FOURTEEN	\$2,598,238	X	0.5051	=		\$1,312,287
PRESENT VALUE OF CASH FLOWS						\$69,551,193
ROUNDED TO						\$70,000,000

Zoning

General Information

The property is zoned C6-4 within Subarea 1 of the 42nd Street Perimeter Area Special Clinton District by the City of New York. A summary of the subject's zoning is provided below:

ZONING

Municipality Governing Zoning:	City of New York
Current Zoning:	C6-4 within Subarea 1 of the 42nd Street Perimeter Area Special Clinton District
Is existing use permitted:	Yes
	C6 districts permit a wide range of high-bulk commercial uses requiring a central location. Corporate headquarters, large hotels, department stores and entertainment facilities in high-rise mixed buildings are permitted in C6 districts.
	C6-1, C6-2 and most C6-3 districts, typically mapped in areas outside central business cores, such as the Lower East Side and Chelsea, have a commercial floor area ratio (FAR) of 6.0; the C6-3D district has an FAR of 9.0. C6-4 through C6-9 districts, typically mapped within the city's major business districts, have a maximum FAR of 10.0 or 15.0, exclusive of any applicable bonus. Floor area may be increased by a bonus for a public plaza or Inclusionary Housing.
	C6-2A, C6-3A, C6-3X and C6-4A are contextual districts with maximum building heights. C6-3D and C6-4X districts allow towers above a building base; special rules determine the tower's height and articulation. All other C6 districts allow towers to penetrate a sky exposure plane and do not require a contextual base.
	C6 districts are widely mapped within special districts. C6-4.5, C6-5.5, C6-6.5 and C6-7T districts are mapped only within the Special Midtown District and have unique floor area ratios and bonus rules. C6-1G, C6-2G, C6-2M and C6-4M districts are mapped in Chinatown and Chelsea and in the Special Garment Center District, and have rules for the conversion of non-residential space to residential use.

ZONING REQUIREMENTS	MAXIMUM FAR	SUBJECT CONFORMANCE
Residential:	10.00 times lot area	Legal, Complying Use
Community Facility:	10.00 times lot area	Not Applicable
Commercial:	10.00 times lot area	Legal, Complying Use

Compiled by Cushman & Wakefield, Inc.

Zoning Compliance

Property value is affected by whether or not an existing or proposed improvement complies to zoning regulations, as discussed below.

Complying Uses

An existing or proposed use that complies to zoning regulations implies that there is no legal risk and that the existing improvements could be replaced "as-of-right."

Pre-Existing, Non-Complying Uses

In many areas, existing buildings pre-date the current zoning regulations. When this is the case, it is possible for an existing building that represents a non-complying use to still be considered a legal use of the property. Whether or not the rights of continued use of the building exist depends on local laws. Local laws will also determine if the existing building may be replicated in the event of loss or damage.

Non-Complying Uses

A proposed non-complying use to an existing building might remain legal via variance or special use permit. When appraising a property that has such a non-complying use, it is important to understand the local laws governing this use.

Special Clinton District

The subject property is located in Subarea 1 of the Special Clinton zoning District. A map detailing the various areas of the district is shown on the second following page.

The Special Clinton District was created to help the City realize specific goals for this area which include the following:

- To preserve and strengthen the residential character of the community;
- To permit rehabilitation and new construction within the area in character with the existing scale of the community and at rental levels which will not substantially alter the mixture of income groups presently residing in the area;
- To preserve the small-scale character and variety of existing stores and activities and to control new commercial uses in conformity with the existing character of the area;
- To recognize the unique character of the eastern edge of the District as an integral part of the Theater Subdistrict within the Special Midtown District as well as the Special Clinton District;
- To provide an appropriate transition from the mixed-use character along Eighth Avenue to the lower-scale residential character of the Clinton community on the narrow streets;
- To relate the unique character of the 42nd Street Perimeter Area to the adjacent Special Hudson Yards District;
- To provide amenities, such as street trees, to improve the physical environment;
- To restrict demolition of buildings that are suitable for rehabilitation and continued residential use; and
- To promote the most desirable use of land in the area and thus to conserve the value of land and buildings, and thereby protect the City's tax revenues, consistent with the foregoing purposes.

The following is a map of the special purpose district.

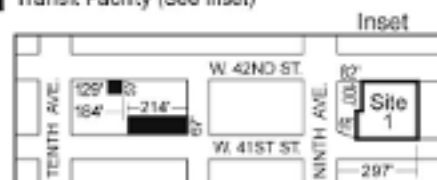


- Special Clinton District Boundary
- Area Boundary
- Preservation Area
- Perimeter Area
- Portion of Perimeter Area B also subject to additional 42nd Street Perimeter Area regulations. (See map below)
- Portion of Perimeter Area B also subject to Article VIII, Chapter I (Special Midtown District)
- Other Areas (Northern Subarea C1, Western Subarea C2)
- Excluded Area

42nd Street Perimeter Area



- Subarea 1 of 42nd Street Perimeter Area
- Subarea 2 of 42nd Street Perimeter Area
- Portion of Subarea 2 of 42nd St. Perimeter Area where Theater Bonus applies
- Where Special Parking Regulations apply (See Inset)
- Transit Facility (See Inset)



Subject Property Conformance

The C6-4 within Subarea 1 of the 42nd Street Perimeter Area Special Clinton District zoning district permits a maximum as-of-right, floor area ratio (FAR) that governs building sizes of 10.0 times the lot size for residential, commercial, and community facility uses.

The subject development is situated on a development site containing 101,043 (2.32 acres) square feet of land area. However, the subject site is part of a larger zoning lot that includes the entire city block, which is partially improved with the Silver Towers mixed-use residential development. The Silver Towers and the balance of the city block were developed by the same entity that owns the subject property, Silverstein Properties. The city block was developed as part of a master plan created as part of a successful ULURP involving the site in the late 1990s. Including the land area of the entire city block, the zoning lot consists of 160,145 square feet of land area. Based on the maximum FAR of 10 times the lot size, the merged zoning lot yields a total of 1,601,450 square feet of zoning floor area.

However, the zoning lot is bonusable by 2.0 times the lot size with the addition of inclusion of inclusionary housing. The construction of affordable housing, either on or off-site, would result in the developer receiving 320,290 square feet of additional zoning floor area. Inclusive of the affordable housing component of the subject property, the Silver Towers and an affordable housing building constructed within the city block, the inclusionary housing requirements have been satisfied.

Developers and architects routinely design buildings that have greater gross building areas than zoning floor area. This results from mechanical areas, such as stairwells, elevator shafts, and utility rooms and risers, not counting towards zoning floor areas. Typical mechanical bonuses range from 3 to 10 percent.

We have assumed the subject's improvements are in full compliance with this master plan and in accordance with the ULURP. We have assumed that any regulatory certification necessary to allow for the current use has been obtained. We are not experts in the interpretation of complex zoning ordinances but based on our review of public information, the subject property appears to be a legal, complying use.

Other Restrictions

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

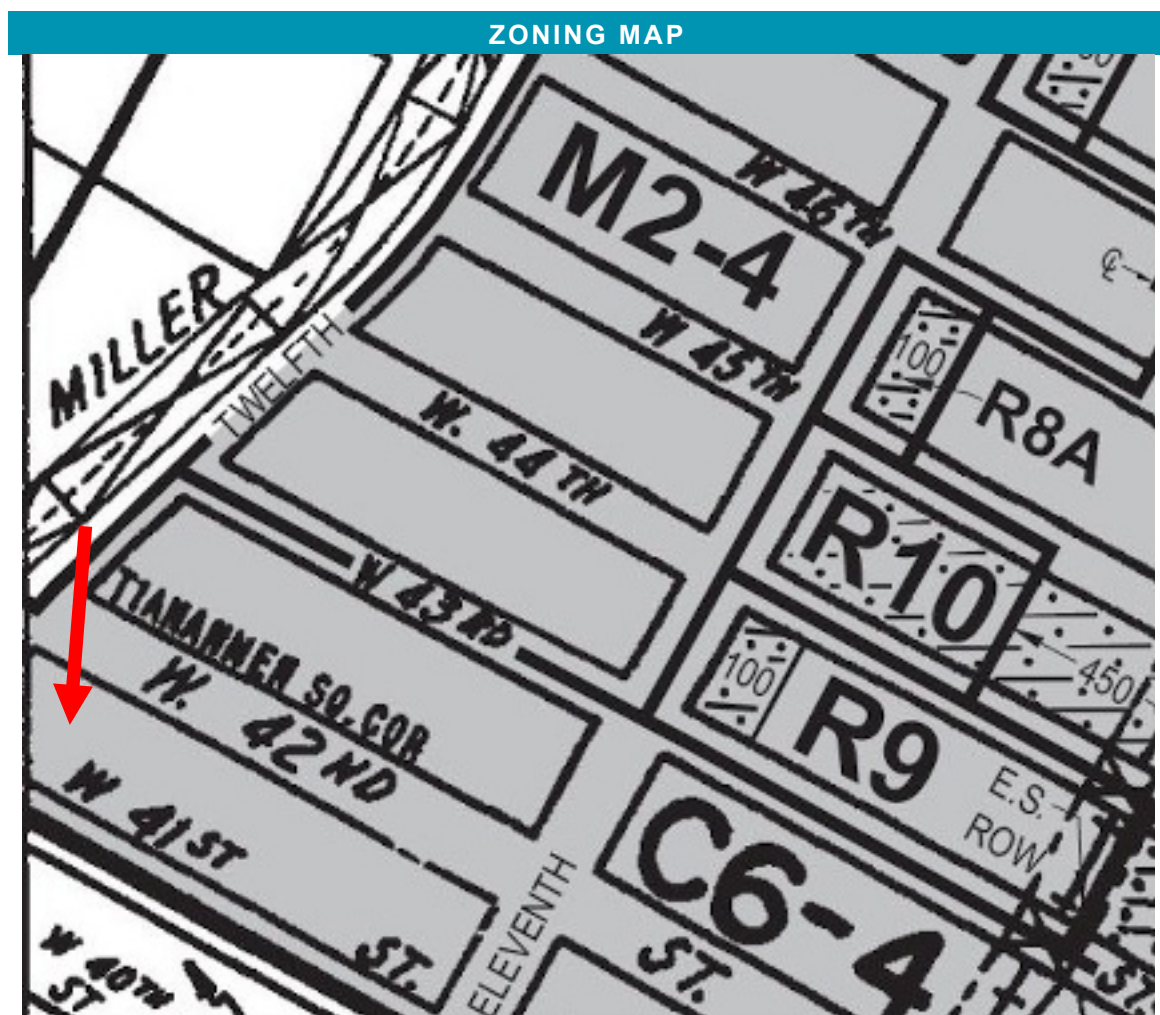
Zoning Conclusions

We are not experts in the interpretation of complex zoning ordinances but based on our review of public information, the development is assumed to represent a legal, complying use.

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

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

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



Valuation

Highest and Best Use

Highest and Best Use Definition

The Dictionary of Real Estate Appraisal, Seventh Edition (2022), a publication of the Appraisal Institute, defines the highest and best use as:

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.

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

Highest and Best Use of Property as though Vacant

Legally Permissible

The zoning regulations in effect at the time of the appraisal determine the legal permissibility of a potential use of the subject site. As described in the Zoning section, the subject site is zoned C6-4 within Subarea 1 of the 42nd Street Perimeter Area Special Clinton District by the City of New York. Residential, commercial, and community facility uses are legally permissible within this zoning district as-of-right. We are not aware of any further legal restrictions that limit the potential uses of the subject. In addition, rezoning of the site is not likely due to the character of the area.

Physically Possible

The physical possibility of a use is dictated by the size, shape, topography, availability of utilities, and any other physical aspects of the site. The subject site contains 101,043 square feet (2.32 acres). The site is rectangular and generally level and at street grade. It has excellent frontage, average access, and excellent visibility. The overall utility of the site is considered to be excellent. All public utilities are available to the site including public water and sewer, gas, electric and telephone. Overall, the site is considered adequate to accommodate most permitted development possibilities.

Financially Feasible and Maximally Productive

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

Conclusion

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

Several features of the subject property indicate that a mixed-use residential development is the highest and best use of the site. The subject is located within a desirable neighborhood that has witnessed a great deal of change in recent years. The subject is located in Hudson Yards. After the rezoning of the area in 2005, a number of new developments were completed in the immediate and extended Hudson Yards areas. The most significant developments include the Victory at Tenth Avenue and 42nd Street, the Ivy, along 42nd Street between Eighth and Ninth Avenues, and Brodsky's newest development at 43rd Street and Ninth Avenue, as well as Theater Row Tower. Silver Towers, the second phase of the subject's River Place development, was completed and leased in 2011. The Related Companies completed MiMA, a large, mixed-use development on West 42nd Street and Tenth Avenue in 2011. Glenwood completed construction of Emerald Green on West 38th Street during the early stages of the economic downturn. Joy Construction completed a 95 unit building in 2012 on West 37th Street near Dyer Avenue. More recently, The Moinian Group completed The Sky, an 1,175 unit mixed-use complex located across 42nd Street from the subject in 2016, Extell Completed 555Ten in 2018, and Lalezarian Properties completed Hudson 36 in 2019. Other notable developments include the Orion and Atelier condominiums.

The local area continues to see new development while achieving high occupancy and rental rates. Transportation access is considered to be average as the property is located three avenues west of the 42 Street station for the A, C, and E trains, and four blocks west of the Times Square 42nd Street station for the 7, 1, 2, 3, N, Q, and R trains.

The site is considered a walk-to-work location for some Midtown office districts, including the burgeoning Hudson Yards office district. The pricing achievable for residential use exceeds that of current or projected rents for any other use. While certain types of commercial and community facility uses are viable for the lower floors of the building given its location, an all commercial development would not be able to maximize the value of the site. Manhattan has witnessed the opening of several new rental buildings pre-pandemic, which were all been well received witnessing rapid absorption and high rental rates. Based on these factors, the highest and best use of the subject, as vacant, is for the development with construction of a mixed-use residential building built to its maximum permitted density.

Given the typical development window of 36 months to complete a mixed-use residential project such as the subject, it is likely that any newly constructed development would face strong market conditions as the economy is expected to improve by the time of completion following the near term disruptions caused by the COVID-19 pandemic and government responses.

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

Highest and Best Use of Property as Improved

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

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

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

Legally Permissible

As described in the Zoning Analysis section of this report, the site is zoned C6-4 within Subarea 1 of the 42nd Street Perimeter Area Special Clinton District. The site is improved with a 40-story mixed-use, apartment building containing 888,508 square feet of above grade gross building area. In the Zoning section of this appraisal, we determined that the existing improvements represent a legal, complying use.

Physically Possible

The subject improvements were completed in 1999. The improvements are in good condition. We know of no current or pending municipal actions or covenants that would require a change to the current improvements.

Some of the subject's market rate residential units have average to good quality in-unit finishes that are inferior to recently renovated or newly constructed product throughout Manhattan. Finishes in newly constructed or renovated developments include hardwood flooring, new ceramic or stone tile flooring in the kitchen and baths, granite or marble counter tops in the kitchens and bathrooms, very good wood quality cabinets, painted gypsum wallboard ceilings, and luxury stainless steel appliances. Within the subject property unrenovated market rate units feature older Formica countertops with average quality wood cabinets, and white veneer appliances and bathrooms have tile flooring and porcelain sinks. Living rooms have parquet tile flooring.

The disparate rental rates between 20 to 50 year-old rental buildings and new or recently completed rental buildings is common throughout Manhattan. As a result, there is a pattern in the market whereby investors are purchasing well located multifamily assets in order to renovate and reposition the market rate units. Recent examples of similar multifamily assets purchased or recapitalized by investors with value-add programs include The Olivia, The Chrystie, Kips Bay Court, Chelsea Apartments, 101 West End Avenue, The Helux, 420 West 42nd Street and the Biltmore. Given the demand for luxury finishes in Kips Bay, there is potential to improve the residential income stream through in-unit renovations.

Financially Feasible and Maximally Productive

In the Reconciliation section, we concluded to a market value for the subject property, as improved, of \$505,000,000 for the subject property, inclusive of the present value of the 421a extended benefit tax abatement. As such, it is our opinion that the improvements contribute significantly to the value of the site.

No use of the site, other than the current use would result in a greater return on the land. The developer must maintain the affordable housing component per the covenants of the 421a Extended Affordability Tax Exemption Program, which mandates a continuation of the current use.

There are several factors that indicate that the highest and best use of the subject is for continued use as a mixed-use apartment building as currently improved. The property has a good location in an emerging neighborhood. Access to public transportation is considered average. The residential component is 96.09 percent occupied as there are 36 vacant units, 29 of which are market rate units.

Conclusion

Our analysis indicates that the subject building as designed as a mixed-use residential building will generate significant cash flow to the owner. Considering the subject building's physical characteristics and location as well as the state of the local market, it is our opinion that the Highest and Best Use of the subject site as improved is for continued use as a mixed-use apartment building as currently improved.

Valuation Process

Methodology

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

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

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

Cost Approach

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

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

Sales Comparison Approach

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

Income Capitalization Approach

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

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

Summary

This appraisal employs the Sales Comparison Approach 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. Typical purchasers do not generally rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not utilized the Cost Approach to develop an opinion of market value.

Sales Comparison Approach

Methodology

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

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

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

The most widely used and market-oriented unit of comparison for properties such as the subject is the sales price per square foot. All comparable sales were analyzed on this basis. The following contains a summary of the improved properties that we compared to the subject property, a map showing their locations, and the adjustment process.

The comparable buildings are in good to very good condition. They range in size from 162 to 416 residential units and were built between 1979 and 2012. The comparables have gross building areas from 171,888 to 598,449 square feet. Sales range in price from \$583 to \$983 per square foot and \$581,633 and \$1,258,203 per residential unit.

Due to the nature of the subject property and the level of detail available for the comparable data, we elected to analyze the comparables through the application of a traditional adjustment grid using percentage adjustments.

SUMMARY OF IMPROVED SALES														
PROPERTY INFORMATION							TRANSACTION INFORMATION							
No.	Property Name Address, City, State	Building GBA	Year Built	No. of Stories	No. of Units	Quality / Condition	Grantor	Grantee	Sale Date	Sale Price	\$/Unit	\$/Sqft	OAR	Comments
S	Subject Property	888,508	1999	40	921	Good								
1	The Lanthian 377 East 33rd Street New York, NY	213,549	1998	23	209	Very Good	Verbena E33rd LLC c/o Verbena Road Holdings, LTD.	New York University	Aug-23	\$210,000,000	\$1,004,785	\$983	4.50%	This is the sale of a 23-story mixed-use apartment building on the northwest corner of East 33rd Street and First Avenue. The building contains 209 residential units (3 of which are rent stabilized), a below-grade parking garage with 45-car capacity, and a 19,113 square foot commercial space that is leased to the buyer, New York University. The rentable unit mix consists of 25 studios, 140 one-bedrooms, 22 two-bedrooms, 20 three-bedrooms, and 1 four-bedroom apartment, with an overall average size of approximately 725 square feet. Building amenities include a 24-hour attended lobby, lounge, fitness center, laundry room, children's playroom, and rooftop terrace. Each apartment also has an in-unit washer and dryer. The seller renovated the building between 2016 and 2018. The buyer was able to assume a favorable \$103 million mortgage with a 3.67 percent interest rate for four years. The charted capitalization rate reflects the pro forma net operating income from the offering memorandum. However, New York University is likely to use the building as housing for its medical students. Based on the trailing 12 months of net operating income through January 2023, the in-place capitalization rate was 3.35 percent.
2	600 Columbus Avenue New York, NY	175,436	1986	14	166	Good	Columbus Townhouse Associates c/o: KB Companies, Inc.	600 Columbus Avenue Owner LLC c/o: Slate Property Group	May-23	\$120,000,000	\$722,892	\$684	4.44%	This is the sale of a 14-story mixed-use apartment building occupying the entire western blockfront of Columbus Avenue between West 89th and West 90th Streets. The building has a total of 166 residential units, 20 percent of which are subject to a Section 8 / HAP contract. The average in-place rents were approximately \$62 per square foot for the market-rate component, and \$75 per square foot for the Section 8 / HAP component. The building also has approximately 29,000 square feet of retail and community facility space, with 4 commercial units on the ground floor and 3 on the second floor. Two of the units are vacant, with the others leased to 7-11, Brickman Hardware, Atmosphere Kitchen & Bar, Columbus Pre-School, and Super Soccer Stars. There is also a 101-space parking garage leased to Imperial Parking through December 2031. Building amenities include 24-hour concierge service, fitness room, laundry room, and a roof terrace. The buyers plan to make significant capital improvements to the common areas, amenities, and apartment interiors. The charted capitalization rate reflects the in-place net operating income.
3	265 East 66th Street New York, NY	490,652	1979	45	320	Good	Townhouse Company II, L.L.C. c/o: Solow Realty and Development Company, LLC	265 East 66th LLC and 265 East 66th Hamilton LLC c/o: Black Spruce Management LLC	Apr-23	\$402,625,000	\$1,258,203	\$821	-	This is the sale of a 45-story mixed-use tower and 11 adjacent townhouses. The tower is located on the entire western blockfront of Second Avenue between East 66th and East 67th Streets, and the townhouses are located midblock on East 67th Street. In total, the development has 320 residential units, 6 of which are rent regulated, 32,623 square feet of retail, 4,182 square feet of professional office space, and below grade parking garage with capacity for 197 cars. The residential units have parquet tile or pre-engineered hardwood flooring, marble tile flooring in the kitchens and bathrooms, black granite countertops, wood cabinetry, black or white veneer appliances, and carpeted hallways. A majority of the commercial component consists of 25,573 square feet of below grade space that was formerly occupied by a movie theater. Building amenities include 24-hour doorman services and attended lobby, porte-cochère, health club with fitness center, locker rooms and saunas, heated indoor pool, rooftop sundeck, and tenant and bicycle storage. The average in-place rents were significantly below market. The buyer was able to assume a \$148.8 million mortgage at favorable terms.
4	RiverEast 408 East 92nd Street New York, NY	194,212	2006	32	196	Good	RiverEast Apartments Investors LLC c/o UBS Realty Investors LLC	408 East 92nd Street Owner, L.L.C.	Apr-23	\$114,000,000	\$581,633	\$587	4.12%	This is the sale of a 32-story mixed-use apartment building located on the southeast corner of East 92nd Street and First Avenue on the Upper East Side. The 80/20 building has 196 residential units and ground-floor retail occupied by a grocery store. The asset benefits from a 20-year 421-a that expires in 2026. Residential units are finished with granite countertops, stainless steel appliances, hardwood floors, and washer/dryers. Building amenities include a 24-hour doorman, lounge, sun deck, and access to the fitness center at the adjacent Marriott hotel for a monthly fee. The buyer, Stonehenge NYC, plans to enter the Extended Benefit program and spend \$6 million on renovations, most of which will be used on building-wide improvements. The charted capitalization rate reflects the in-place net operating income with the abated level of taxes.
5	The Collection at Mercedes House 550 West 54th Street New York, NY	171,888	2012	31	162	Very Good	MH 770-54th Street LLC	Mercedes 11th Realty LLC & Empire MH 26 LLC & Platinum Mercedes House BH LLC	Apr-23	\$100,125,000	\$618,056	\$583	5.44%	This is the sale of a condominium unit containing 162 rental apartments on the top 11 floors of the Mercedes Houses, a 31-story luxury mixed-use apartment building in Hell's Kitchen. The residents of this block of units have access to all of the amenities offered at the property. These include a wellness center and health club, on-site indoor parking, indoor and outdoor swimming pools, multiple outdoor decks with green space for sunbathing, bocce and yoga, an indoor basketball court, boxing studio, outdoor putting green, indoor/outdoor ping pong, outdoor amphitheater, juice bar, spinning studio, and spa facilities. There is 24-hour doorman and concierge services. The building was 95.7 percent leased. The asset is in the final year of its 10-year 421-a exemption period, which expires in June 2023. All of the units are subject to rent stabilization through this period. The unit mix consists of 59 one-bedrooms, 82 two-bedrooms, and 21 three-bedroom apartments, with an overall average size of 891 square feet. In-place rents were approximately \$85 per square foot, with recent leasing at \$94 per square foot. Invesco, the seller, purchased the asset in 2013 for \$170 million. The buyer (Empire Capital Holdings and Namdar Realty Group) financed the purchase with a \$77,380,000 mortgage from Deutsche Bank.
6	525 East 72nd Street New York, NY	598,449	1986	50	416	Good	One East River Place Realty Company II LLC c/o Solow Realty and Development Company LLC	1 East River LLC c/o Black Spruce Management LLC	Nov-22	\$410,000,000	\$985,577	\$685	3.42%	This is the sale of a 50-story mixed-use apartment building located on the southwest corner of East 73rd Street and the FDR Drive, with unobstructed views of the East River. The Class A building contains 416 market-rate residential units, a commercial component that is leased to the Hospital for Special Surgery on a long-term basis, and a parking component with capacity for 208 cars. The residential unit mix consists of studio through three-bedroom units, with an overall average unit size of 963 square feet. In-place rents for the residential component were approximately \$61 per square foot on average, which was significantly below market. Building amenities include a 24-hour attended lobby, swimming pool, sun decks, fitness center, sauna rooms, and a common laundry room. The buyer assumed the in-place debt, which was considered to be significantly accretive to the deal. The interest rate for the existing debt was approximately 300 basis points below what could be achieved in the market at the time of the sale. The charted capitalization rate reflects the in-place net operating income.
STATISTICS														
Low		171,888	1979	14	162				Nov-22	\$100,125,000	\$581,633	\$583	3.42%	
High		598,449	2012	50	416				Aug-23	\$410,000,000	\$1,258,203	\$983	5.44%	
Average		307,364	1995	33	245				Apr-23	\$226,125,000	\$861,857	\$724	4.39%	

Compiled by Cushman & Wakefield, Inc.

IMPROVED SALE ADJUSTMENT GRID

ECONOMIC ADJUSTMENTS (CUMULATIVE)							PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)						
No.	\$/Sqft & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market ⁽¹⁾ Conditions	Per Sqft Subtotal	Location	Size	Age, Quality & Condition	Utility	Economics	Other	Adj. \$/Sqft
1	\$983 8/23	Leased Fee 0.0%	Arm's-Length 0.0%	Superior -5.0%	Similar 0.0%	\$934 -5.0%	Superior -10.0%	Smaller -20.0%	Superior -5.0%	Inferior 10.0%	Superior -5.0%	Similar 0.0%	\$654 -30.0%
2	\$684 5/23	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$684 0.0%	Superior -10.0%	Smaller -20.0%	Similar 0.0%	Inferior 10.0%	Superior -5.0%	Similar 0.0%	\$513 -25.0%
3	\$821 4/23	Leased Fee 0.0%	Arm's-Length 0.0%	Superior -5.0%	Similar 0.0%	\$780 -5.0%	Superior -15.0%	Smaller -10.0%	Similar 0.0%	Inferior 5.0%	Superior -5.0%	Similar 0.0%	\$585 -25.0%
4	\$587 4/23	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$587 0.0%	Superior -5.0%	Smaller -20.0%	Similar 0.0%	Inferior 5.0%	Superior -5.0%	Superior -5.0%	\$411 -30.0%
5	\$583 4/23	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$583 0.0%	Superior -5.0%	Smaller -20.0%	Superior -5.0%	Inferior 5.0%	Similar 0.0%	Similar 0.0%	\$437 -25.0%
6	\$685 11/22	Leased Fee 0.0%	Arm's-Length 0.0%	Superior -5.0%	Superior -5.0%	\$618 -9.7%	Superior -5.0%	Smaller -5.0%	Similar 0.0%	Superior -5.0%	Inferior 5.0%	Similar 0.0%	\$556 -10.0%
STATISTICS													
	\$583	- Low										Low -	\$411
	\$983	- High										High -	\$654
	\$724	- Average										Average -	\$526

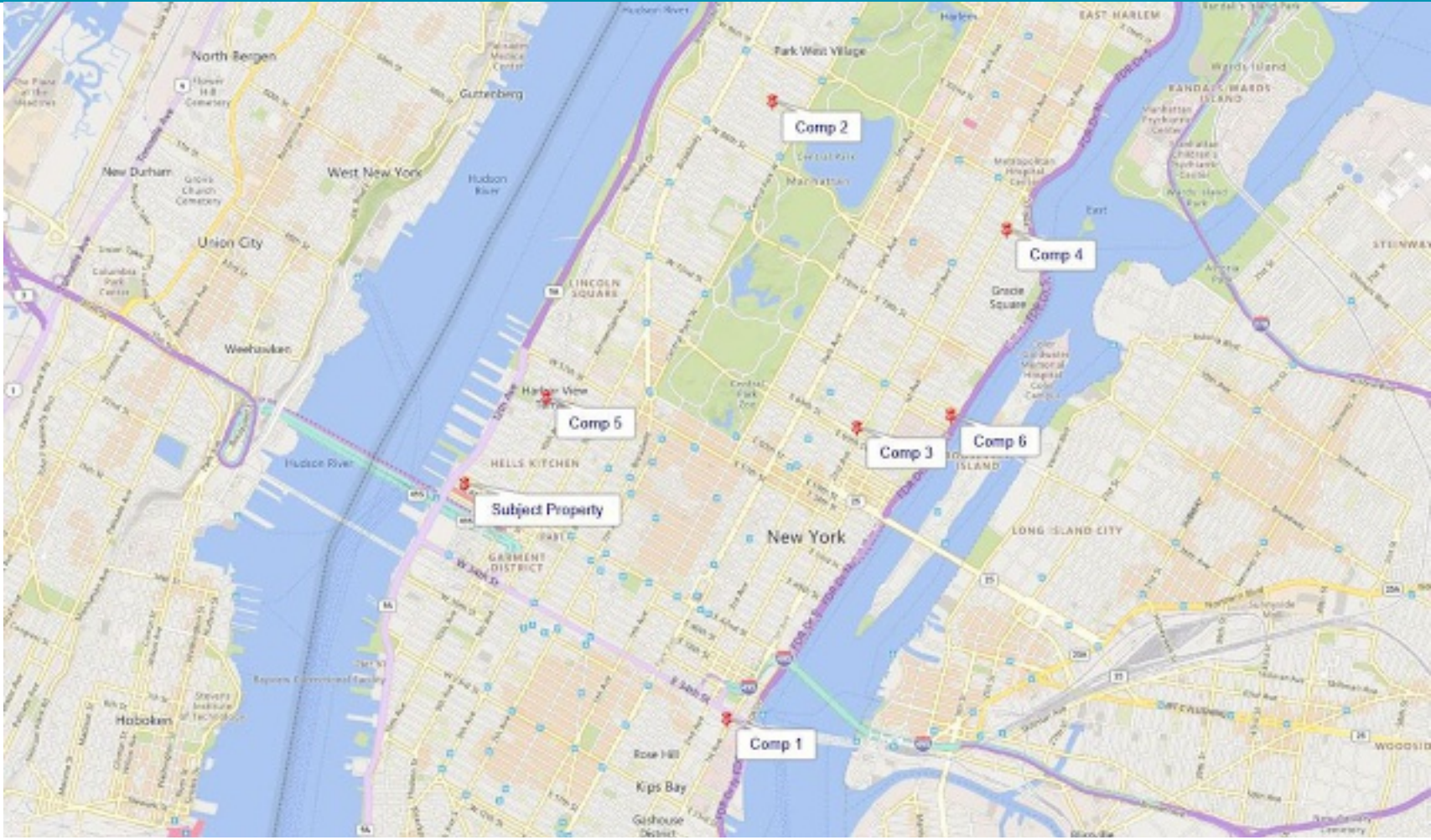
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⁽¹⁾ Market Conditions Adjustment

See Discussion for Market Conditions Adjustment

Date of Value (for adjustment calculations): 6/30/24

IMPROVED SALE LOCATION MAP



Percentage Adjustment Method

Adjustment Process

The sales that we used were the best available comparables to the subject property. The major points of comparison for this type of analysis include the property rights conveyed, the financial terms incorporated into the transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

The first adjustment made to the market data takes into account differences between the subject property and the comparable property sales with regard to the legal interest transferred. Advantageous financing terms or atypical conditions of sale are then adjusted to reflect a normal market transaction. Next, changes in market conditions must be accounted for, thereby creating a time adjusted price. Lastly, adjustments for location, physical traits and the economic characteristics of the market data are made in order to generate the final adjusted unit rate for the subject property.

We made a downward adjustment to those comparables considered superior to the subject and an upward adjustment to those comparables considered inferior. Where expenditures upon sale exist, we included them in the sales price.

Property Rights Conveyed

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

Financial Terms

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favorable financing might pay a higher price, as the reduced cost of debt creates a favorable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the lower equity returns after debt service. We analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all of the sales used in this analysis were accomplished with cash or market-oriented financing with the exception of Comparable Nos. 1, 3, and 6. As such, no adjustments were required to the comparables with the exception of Comparable Nos. 1, 3, and 6. The buyer of Comparable No. 1 was able to assume a favorable \$103 million mortgage with a 3.67 percent interest rate for four years. The buyer of Comparable No. 3 was able to assume a \$148.8 million mortgage on favorable terms. The buyer of Comparable No. 6 was able to assume debt on the property at approximately 300 basis points below what could be achieved in the market at the time of sale. Given the current interest rate environment, these mortgages were considered accretive to value. We have made negative adjustments to these comparables to account for the favorable debt that was assumed.

Conditions of Sale

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

Market Conditions

The sales included in this analysis occurred between November 2022 and August 2023.

We have considered the current investment climate in our adjustment process. There was significant capital available, and the debt markets were robust in the second half of 2020 and throughout 2021. The low interest rate environment helped fuel interest in commercial real estate. As of January 2022, most professionals originating and placing debt reported significant levels of capital ready for deployment in what was initially believed to be a favorable interest rate environment for the rest of calendar year 2022. However, inflation rose significantly throughout 2022 and has remained high into the second quarter of 2023. In response to inflationary pressure, the Federal Reserve increased the federal funds rate throughout calendar year 2022 and the first three meetings in 2023. The increases in March and May of 2022 were 25 and 50 basis points, respectively. However as inflationary pressures persisted during the summer months, the Federal Reserve began more significant increases. It raised the federal funds rate by 75 basis points in each of the next 4 meetings and reiterated its stance to continue to raise rates to curb inflation. Policy makers were not influenced by rising volatility in global markets and maintained their priority to control inflation. In December, the Federal Reserve again increased the federal funds rate by 50 basis points. At the February, March, and May 2023 meetings, the Federal Reserve increased the federal funds rate by 25 basis points (75 basis points in total). Since September 2023 the Federal Reserve has not announced any increases in the federal funds rate. Inflation has been easing since its peak in the summer of 2022, although it has remained well above the target level of 2.0 percent set by the Federal Reserve. With the current rate range of 5.25 to 5.50 percent, federal funds are at their highest levels since August 2007.

Most participants projected that the federal funds rate would increase until its peak in approximately the third or fourth quarter of 2023, with rates anticipated to ease in 2024. While some Federal Reserve voting members still believe further rate increases are necessary to bring the level of inflation down to the target level, investors indicate that the majority of forward-looking curves are projecting that rates are expected to decrease, with most investors expecting the decrease to begin to occur in the next 6 months and to continue through 2025.

The rapid increase in interest rates to curb persistent inflation caused a shift in the mindset of investors. Real estate is considered an investment hedge against inflation and the City remains a top investment market globally. The desirability and competitiveness of the City for the deployment of capital, coupled with anticipated rent growth, somewhat offsets the upward pressure on capitalization rates caused by an increase in the cost of capital emanating from higher interest rates. However, the increases in interest rates have influenced capitalization rates. Many investors are underwriting higher capitalization rates than they had in the first half of 2022 based on the aforementioned increases and the uncertainty surrounding interest rates in the near term.

Given the interest rate environment, we have made a one-time negative adjustment to the comparable sales occurring before August 1, 2022 of 10 percent. For comparables occurring between August 1, 2022 and January 1, 2023 we have made a one-time negative adjustment of 5 percent. Given the timing of the transactions, no adjustments to market conditions were made.

Location

An adjustment for location is required when the locational characteristics of a comparable property are different from those of the subject property. The subject property is considered to have a good location, and it has average access and excellent visibility. The subject's neighborhood is well established and highly desirable. The subject property is located in proximity to public transportation nodes, major employment centers, and cultural attractions. Each comparable was adjusted accordingly. We have made a downward adjustment to those comparables considered superior in location versus the subject. Conversely, an upward adjustment was made to those comparables considered inferior.

Size

The size adjustment generally reflects the inverse relationship between unit price the size of the building. Smaller buildings tend to sell for higher unit prices than larger buildings, and vice versa. The comparable sales were adjusted according to the gross building area.

Physical Traits

The subject property is in good overall condition having been completed in 1999 represents modern construction with modern layouts and efficiencies. The comparables are in good to very good condition. We have considered the quality of construction materials and level of finish in our adjustment process and adjusted each comparable accordingly. Comparable Nos. 1 and 5 have superior condition as compared to the subject. As such, a negative adjustment was applied to Comparable Nos. 1 and 5.

Utility

The utility adjustment is determined by characteristics of the property that make it more appealing based on ceiling and window heights, apartment layouts, room and unit sizes, finishes, amenities, views, etc.

The subject's units have an average rentable unit size of 681 square feet. This is typical of a rental building constructed over the past 25 years. All of the comparables have similar unit sizes and no adjustment is warranted for this characteristic.

We have also considered the level of physical and service amenities in our utility adjustment. The building amenities include a full-time doorman, 24-hour attended lobby and concierge services, motor court, on-site parking, shuttle service to and from the Port Authority Bus Terminal, Times Square and Manhattan's subway lines, common laundry rooms on every residential floor (2 through 40), bike storage, 32nd floor observation deck, resident lounge with a billiard table and demonstration kitchen, 34,000 square foot fitness center and spa, inclusive of a steam room, sauna, spin room, aerobics room, 75' glass enclosed swimming pool, putting green, basketball court, dog run, children's playroom, two outdoor tennis courts, outdoor children's playground, and large common terrace with grilling stations. The children's playground and dog run are accessible to the public, not just building residents. The amenities in all the comparable buildings except Comparable No. 6 are considered inferior to the subject. As such, Comparable Nos. 1 through 5 warranted positive adjustments. Comparable No. 6 has similar amenities and did not warrant an adjustment.

We have also considered building height in our utility adjustment. Residential apartments on the upper floors of taller buildings have superior access to light and air and view corridors, as well as less exposure to street noise. These units tend to generate premiums in terms of rental rates and pricing over units located on the lower floors of buildings. The subject is 40-stories in height and offers excellent views of the Hudson River and surrounding cityscape. Comparable Nos. 1 and 2 warranted positive adjustments for inferior building height and Comparable No. 6 warranted a negative adjustment for superior building height.

We have considered all of these factors in our adjustment process and each comparable was adjusted accordingly. Positive adjustments were made to each of the comparables.

Economic Characteristics

This adjustment is used to reflect differences in rent levels, operating expense ratios, occupancy levels, and other items that would have an economic impact on the transaction. The subject property is a 75/25, mixed-use apartment building. The building contains 231 affordable housing units, including the 47 that are necessary to comply with the extended benefit program. Buildings that contain affordable housing units are impacted in the

amount of rent that can be achieved, which impacts net operating incomes. The larger the affordable housing component is, the greater the impact on net operating income at a property. None of the comparables contain rent regulated units with the exception of those classified as rent regulated because of 421a tax abatements.

Comparable No. 4 is an 80/20 development. Developments constructed under the 80/20 program have 20 percent of their units designated as affordable housing units. These units have deeply discounted rents and must remain affordable for at least 35 years according to regulations of the Department of Housing Preservation and Development. Comparable No. 2 contains 20 percent units subject to a Section 8 / HAP contract. Given that the subject is a 75/25 development under the extended benefit program, a negative adjustment was applied to Comparable Nos. 2 and 4. While Comparable Nos. 1 and 3 contain rent regulated units, they are not significant components as they represent approximately 2.0 percent of the respective total inventories. As such, Comparable Nos. 1 and 3 are considered to be market rate buildings and warranted downward adjustments. All of the units within Comparable No. 5 are subject to rent stabilization through the 421a exemption period. However, as an older 421a building, the legal rents typically outpaced market rent increases, and in place rents were approximately \$85 per square foot at the time of sale. As such, Comparable No. 5 required a negative adjustment. While Comparable No. 6 is a fully market rate building, the in-place rents were approximately \$61 per square foot on average, which was significantly below market. As such, an upward adjustment was made to Comparable No. 6.

In addition, retail operations in mixed-use properties tend to generate higher revenues than similarly located ground floor apartment buildings. Investors are typically willing to pay a higher unit price for apartment buildings with a retail component. The subject property contains a commercial component consisting of 38,748 square feet of retail space. Most of the comparables do contain a commercial component (retail, office, parking, etc.). We have considered the presence of a commercial component, its size, and its overall impact to the net operating income of each comparable and adjusted each comparable accordingly. Comparable No. 5 does not contain a retail component and warrants a positive adjustment. The remaining comparables have retail and or commercial space that is similar to that of the subject. As such, no other adjustments were warranted.

Changes in the rent legislation in June 2019 provide significant tenant protections for rent regulated tenants. As such, aspects of the rent legislation, such as rent growth and vacancy bonuses upon turnover, impact the overall growth in revenue from units that are classified as rent regulated. All of the comparables impacted by these aspects of the rent legislation changes were acquired after the changes occurred. As such, any pricing impact is reflected in the sales price and no adjustments are warranted for this characteristic.

We have considered all of these factors and adjusted each comparable accordingly.

Other

This category accounts for any other adjustments not previously discussed. We made adjustments to sales that benefit from tax abatements. We are considering the subject property exclusive of an abatement as we make our adjustments. We then added the value of the remaining abatement within our value conclusion. Comparable No. 4 and 5 represent recent construction that benefit from 421 tax abatements. Comparable No. 5 was in the final year of its exemption period at the time of sale. As such, only Comparable No. 4 warranted a negative adjustment. No other adjustments are warranted.

Summary of Percentage Adjustment Method

We used the Sales Comparison Approach to determine the value per square foot of the subject property. After adjustments, the comparable improved sales reflect unit prices ranging from \$411 to \$654 per square foot with an average adjusted price of \$526 per square foot. After considering all of the available market data including the sales exhibited in conjunction with the characteristics of the property, it is our opinion that an appropriate unit price range

to apply to the subject property is \$525 to \$525 per square foot. Applying our concluded unit price range to the gross building area, results in the following conclusion:

PERCENT ADJUSTMENT METHOD SUMMARY	
Market Value As Is	
Indicated Value per SF	\$525
GBA	x 888,508
Indicated Value	\$466,466,700
Less Proposed Capital Expenditures	(\$481,000)
LESS Residential Leasing Costs	(\$432,042)
LESS Commercial Leasing Costs	(\$5,369,015)
PLUS 421a Tax Savings	\$70,000,000
Adjusted Value	\$530,184,643
Adjusted Value	\$530,184,643
Rounded to nearest \$5,000,000	\$530,000,000
Per Square Foot:	\$596.51

Compiled by Cushman & Wakefield, Inc.

Sales Comparison Approach Conclusion

As indicated above and will be detailed in the Income Capitalization Approach, we subtracted the residential and commercial leasing costs. We also added in the present value of the 421a tax abatement, estimated to be \$70,000,000, rounded. After analyzing the comparable data based on the percent adjustment method, we have reconciled the range to a market value of \$530,000,000. Therefore, we have concluded that the market value of the subject property, based on the percent adjustment method was, **\$530,000,000**, rounded.

Income Capitalization Approach

Methodology

The Income Capitalization Approach is a method of converting the anticipated economic benefits of owning property into a value through the capitalization process. The principle of “anticipation” underlies this approach in that investors recognize the relationship between an asset’s income and its value. In order to value the anticipated economic benefits of a particular property, potential income and expenses must be projected, and the most appropriate capitalization method must be selected.

The two most common methods of converting net income into value are Direct Capitalization and Yield Capitalization. In direct capitalization, net operating income is divided by an overall capitalization rate to indicate an opinion of market value. In the yield capitalization method, anticipated future cash flows and a reversionary value are discounted to an opinion of net present value at a chosen yield rate (internal rate of return). Investors acquiring this type of asset will typically look at year one returns, but must also consider long-term strategies. Hence, depending on certain factors, both the direct capitalization and yield capitalization techniques have merit.

Considering all of the aspects that would influence an investment decision in the subject property, we conclude that the Discounted Cashflow Analysis is the most appropriate in this assignment. The market has been researched to identify current leasing trends and activity in competitive and comparable properties, which will assist in determining the most appropriate rental levels to be projected. Coinciding with this investigation, a reasonable determination of appropriate expenses and miscellaneous incomes has also been established resulting in the basis for an estimate of the projected rents, other incomes and expenses for the property, subject to current market conditions.

Overview

The subject property consists of a 40-story mixed-use, 75/25 apartment building known as River Place. The subject building is situated on a 101,043 square foot site located along the easterly blockfront of Twelfth Avenue between West 41st Street and West 42nd Street in the Hudson Yards neighborhood of Manhattan.

The building has an above grade gross building area of 888,508 square feet and a total net rentable area of 665,427 square feet, inclusive of the residential and retail space. The improvements were completed in 1999 and are of good quality and condition.

The subject building was constructed under the auspices of the 80/20 program, which resulted in a 20-year post completion tax abatement. That abatement expired in June 2022. Following the expiration of the 20-year 421a tax abatement, ownership had the ability to file for the Extended Affordability Benefits program. The Extended Affordability Benefits program for the subject commenced October 17, 2022. The subject has been restructured to be a 75/25, mixed-market building to achieve the extended real estate tax benefits. The program permits an additional 15 year tax abatement, subject to the owner increasing the affordable component from 20 percent to 25 percent of the total units. These additional units (47 units at the subject property) must be leased to qualified households based on an Area Median Income (AMI) of 130 percent. In addition, the owner is restricted from converting the building or portions thereof to a condominium form of ownership for the duration of the extended benefit. According to ownership, the building successfully entered the program in October 2022. Per the Department of Finance, the subject is currently in the third year of the Extended Affordability Benefits abatement period.

The property contains a total of 921 residential units, 920 of which are considered rentable. Of the 920 rentable units, 231 are designated as affordable housing units, inclusive of the 47 units that are designated affordable in order to comply with the Extended Benefit Program. The market rate component, which consists of 689 rentable

units, contains 478,409 square feet of net rentable area. The affordable housing component (231 rentable units) contains 148,270 square feet of net rentable area. The residential units have a total rentable area of 626,679 square feet and an overall average unit size of 681 square feet, exclusive of the 1,051 square foot property manager's unit.

UNIT MIX													
No.	Unit Type	Average SF	Total Market Rate Units	Total Affordable Units	Total Market Rate Occupied	No. Vacant Market Rate Units	Total Affordable Occupied	No. Vacant Affordable Units	Units Occupied	Total No. Units	Total Vacant Units	Total (SF)	Unit Occupancy
1	Studio	453	186	63	178	8	59	4	237	249	12	112,788	95.18%
2	One Bedroom	668	341	120	327	14	117	3	444	461	17	308,074	96.31%
3	Two Bedroom	980	162	48	155	7	48	0	203	210	7	205,817	96.67%
TOTAL/AVERAGE			689	231	660	29	224	7	884	920	36	626,679	96.09%

Based on our review of the provided rent roll, dated May 31, 2024, the residential component was 96.09 percent occupied with 36 vacant units (29 of which are market rate and 7 of which are affordable). The 7 vacant affordable housing units consist of 3 units that must be leased based on an AMI of 80 percent and 4 units that must be leased based on an AMI of 130 percent (part of the 47 units designated affordable under the Extended Benefit Program). The affordable component has an occupancy rate of 96.97 percent. The market rate component has an occupancy rate of 95.79 percent.

Apartments situated on floors 2 through 40 and have ceiling heights that are approximately 8 feet. The ceiling heights on Floors 2, 3, 31 and P2 range between 10.5 and 10.83 feet, with the exception of some kitchens and bathrooms which have ceiling heights of approximately 9 feet. The residential units are well laid out and have average to very good finishes depending on whether the unit was renovated. As of the date of value, the developer has renovated 498 market rate units (72.28 percent of the total market rate inventory). Most units have one exposure, but corner units have multiple exposures. The units have excellent access to light and air and upper floor units have excellent views of the Hudson River and surrounding cityscape.

The building amenities include a full-time doorman, 24-hour attended lobby and concierge services, motor court, on-site parking, shuttle service to and from the Port Authority Bus Terminal, Times Square and Manhattan's subway lines, common laundry rooms on every residential floor (2 through 40), bike storage, 32nd floor observation deck, resident lounge with a billiard table and demonstration kitchen, 34,000 square foot fitness center and spa, inclusive of a steam room, sauna, spin room, aerobics room, 75' glass enclosed swimming pool, putting green, basketball court, dog run, children's playroom, two outdoor tennis courts, outdoor children's playground, and large common terrace with grilling stations. The children's playground and dog run are accessible to the public, not just building residents. Upper floor units have very good access to light and air and views of the Hudson River and surrounding cityscape.

In addition to the residential component, the building contains a retail component that consists of three retail suites that contain 38,748 square feet of grade level space and a parking garage with a licensed capacity for 194 parking spaces.

Potential Gross Income - Residential

Generally, New York residential tenants pay a fixed gross rent on a monthly basis. Operating expenses and real estate taxes are the responsibility of the landlord. Residential tenants are also responsible for directly metered electric costs and additional charges for various services the building provides. The property manager occupies a 1,051 square foot, two bedroom unit. As such, the total residential net rentable area is 626,679 square feet and the average unit size of the rentable units is 681 square feet.

The subject property's in-place rental revenue, as indicated by the provided rent roll dated May 31, 2024, is illustrated by unit type in the following chart.

Subject Property Rental Income									
		Leased In Place Market Rate SF	In Place Market Rate Rent	Market Rate Average \$/Month	In Place Market \$/SF	Leased Affordable SF	In Place Affordable	Affordable Average \$/Month	In Place Affordable \$/SF
1	Studio	81,562	\$6,941,196	\$3,250	\$85.10	25,749	\$805,922	\$1,138	\$31.30
2	One Bedroom	221,580	\$16,053,592	\$4,091	\$72.45	74,865	\$1,926,598	\$1,372	\$25.73
3	Two Bedroom	154,739	\$11,035,438	\$5,933	\$71.32	43,977	\$909,221	\$1,579	\$20.67
TOTAL/AVERAGE		457,881	\$34,030,225	\$4,297	\$74.32	144,591	\$3,641,741	\$1,355	\$25.19

Market Rate Units

There is a total of 689 rentable market rate units at the subject property. These units have a total net rentable area of 478,409 square feet. Based on the rent roll provided to the appraisers dated May 31, 2024, 660 units are currently leased and 29 units are vacant. The leased units currently achieve an annual rent of \$34,030,225. This equates to an average of \$4,297 per unit per month and \$74.32 per square foot. Based on the following analysis of comparable rents, we have determined that the in-place contract rents are 8.25 percent below market.

All of the units in the subject property were designated as rent stabilized during the initial 20 year 421a period. Upon expiration of the initial 20 year, 421a in June 2022 and expiration of the then respective tenants' leases, the subject's market rate units were no longer restricted to legal rents nor were rent increases for units with preferential rents determined by the Rent Guidelines Board. Based on the rent roll provided as of May 2024, only 44 market rate units are designated as rent stabilized, while the remaining 645 market rate units no longer have restrictions. However, the 44 units will be able to achieve a market level of rent once the tenants vacate. As such, throughout the report, these residential units are referred to as market rate units.

Concessions

New leasing activity was strong in late 2020 and continued to strengthen through 2021 and 2022. As a result, landlords in most submarkets started to reduce the concession levels offered. New leasing activity reached record levels by the end of the third quarter of 2021. Leasing activity continued to surge through the balance of 2021 and into 2022. Although rental rates plateaued in late 2022 and early 2023, rents in the second quarter of 2023 reached all-time highs. At present, concessions in New York City have decreased significantly, or completely. Most landlords in the City have eliminated concessions. Buildings within their initial lease up are typically offering one month of free rent, consistent with pre-pandemic behavior.

At present, ownership reports that concessions were not being offered as of June 2024. The level of concessions being offered at the subject property are generally in line with other developments in the surrounding area. As discussed in the Residential Lease Up Costs subsection on a following page, we have modeled for lease up costs equivalent to three months of rent. The lease up costs modeled include 1 month of lost rent, 1 month of an owner paid leasing commission, and 1 month of free rent for the vacant units.

Market Rental Rates

In order to evaluate the potential rents for market based units we surveyed the competitive market to determine what market rate buildings in residential areas similar to the subject's are offering. From interviews with the leasing agents of the properties, we were able to verify the unit mix and square footages within the competitive properties and the rental ranges associated with each unit type.

In our analysis of the current market rental rates for these units, we utilized the rent per square foot measure. The rent per square foot unit of comparison is the most widely used measure for these types of buildings. The following chart is a survey of rental apartments in the subject's vicinity.

COMPETITIVE APARTMENT PROJECTS														
PROPERTY INFORMATION					QUOTED MONTHLY RENT									
NO.	ADDRESS	NUMBER OF UNITS	YEAR BUILT	NUMBER OF STORIES	BEDROOMS	UNIT SIZE (SF)			QUOTED RENT PER MONTH			QUOTED RENT \$/SF/YEAR		
1	Sky 605 West 42nd Street New York	1,175	2017	71	Studio 1 Bedroom 2 Bedroom 3 Bedroom	463 633 1,032			\$3,620 \$4,855 \$7,375			\$93.91 \$92.11 \$85.74		
2	Ivy Tower 350 West 43rd Street New York	321	2003	41	Studio 1 Bedroom 2 Bedroom 3 Bedroom	493 710 1,109			\$3,430 \$4,312 \$6,349			\$83.57 \$72.84 \$68.72		
3	Riverbank West 560 West 43rd Street New York	418	1987 / 2019	44	Studio 1 Bedroom 2 Bedroom 3 Bedroom	401 646 928			\$3,479 \$4,432 \$6,740			\$104.15 \$82.35 \$87.19		
4	The Victory 561 Tenth Avenue New York	417	2002	47	Studio 1 Bedroom 2 Bedroom 3 Bedroom	580 648 967			\$3,654 \$4,273 \$6,806			\$75.60 \$79.13 \$84.46		
5	Silver Towers 620 West 42nd Street New York	1,360	2009	59	Studio 1 Bedroom 2 Bedroom 3 Bedroom	460 684 930			\$3,831 \$5,285 \$6,758			\$100.04 \$92.75 \$87.16		
STATISTICS					Min			Max	Avg			Min	Max	Avg
Low:		321		41	Studio	401	580	479	\$3,430	\$3,831	\$3,603	\$75.60	\$104.15	\$91.45
High:		1360		71	1 Bedroom	633	710	664	\$4,273	\$5,285	\$4,631	\$72.84	\$92.75	\$83.83
Average:		738		52	2 Bedroom	928	1,109	993	\$6,349	\$7,375	\$6,806	\$68.72	\$87.19	\$82.65
Totals:		3,691			3 Bedroom									

Compiled by Cushman & Wakefield, Inc.

The comparables exhibited a wide unadjusted range in average rental rate. Location, condition of the apartments, level of amenities, and building height are the most critical factors affecting the average rent achievable within apartment buildings. When comparing the comparables to the subject it is necessary to adjust for these factors as well as for unit size, layout, exposure, apartment finish and level of service within the buildings. Buildings with superior qualities and service require negative adjustments, while those with inferior qualities and services require positive adjustments. In our analysis of the current market rental rates for the subject units, we used the rent per month measure. This is the most widely used unit of comparison for these types of buildings in similar locations.

The rents detailed above are gross rents and are not inclusive of concessions or brokerage commissions. Situationally, these costs can reduce rents to an effective basis by about 10 to 15 percent. However, landlords in the area indicate that concessions are not routinely being offered in the market, with the exception of new buildings in the initial lease-up phase. Some buildings offer a landlord paid leasing commission and/or one month of free rent on a case by case basis.

Based on the above rental analysis, we believe the market rent for the subject's market rate units is \$81.00 per square foot. Our rental rate conclusion is within the range of the comparables. The subject's market rate units are of average to very good quality and condition with modern layouts and appliances, depending on whether the unit was renovated, and an excellent level of physical and service amenities. The development is also located in a

desirable and emerging neighborhood of Hudson Yards. The neighborhood has growing levels of retail services and a burgeoning population that is drawn to increasing cultural and entertainment attractions. The immediate area has average access to public transportation, which is enhanced by the landlord's shuttle service to and from the Port Authority Bus Terminal, Times Square and Manhattan's subway lines. Access to public transportation has improved with the extension of the No. 7 subway line, which opened in September 2015. Additionally, the build out of the Eastern Rail Yards has greatly enhanced the overall appeal of the Hudson Yards area as it has over 1 million square feet of retail space and features a large cultural/entertainment venue. The NYC Ferry offers service to the Midtown West, West 39th Street – Pier 79 location, which is served by the St. George route that connects Staten Island with the West Side of Manhattan. NYC Ferry riders using the Midtown West/W. 39th Street landing have access to free shuttle buses that provide service throughout Midtown. These shuttle buses can be boarded at the landing or hailed at stops along their routes.

Additionally, a variety of City buses service stops along the Hudson River Greenway, Eleventh Avenue, and 42nd Street. The lines serving the area include the M12, M42, M50, and M11 at Tenth Avenue.

Our conclusions consider the building's height as well as the desirable view corridors of the Hudson River and surrounding cityscape. Our conclusion also considers the amount of rental supply that will be entering the overall market in the coming years. The level of rental supply entering the market is not expected to outpace demand in the area over the long-term.

The supply of new rental units has also been impacted by the cost of suitable development sites. Higher construction costs, costs of capital, and persistently high land costs in New York City have made acquiring development sites for rental construction difficult as investors cannot achieve required returns on capital. Rental projects are not financially feasible in most areas of Manhattan at current land costs despite very strong market fundamentals. This will continue to limit the amount of supply entering the market in the short term, which will positively impact rent growth.

Given the subject property's physical characteristics and position in the market, and current rental rates, our rental rate conclusion is reasonable. Our rental rate conclusion of \$81.00 per square foot results in an average monthly rent of \$4,700, rounded. This is considered reasonable given the level of finish offered by the units, the amenity package, and the good location. Our conclusion also considers the recent leasing for market rate units at the subject property, which ranges from \$78 to \$81 per square foot.

The concluded weighted average market rent on a per square foot basis is derived from the following concluded monthly rents.

Studio:	\$3,600 per unit per month
One Bedroom:	\$4,350 per unit per month
Two Bedroom:	\$6,400 per unit per month

While the subject's in-place rents are supported by the comparable set, the comparable set consists of rental buildings that are slightly newer or of a similar vintage to the subject property. The subject's in-place market rate rents, which average \$74.32 per square foot, are below the average rental rates generated by newly constructed product, which range between \$90 to \$100 per square foot. We are familiar with the recently completed mixed-use, 75/25 apartment development located at 555 Tenth Avenue. The development is 51 stories in height. The development contains 447 market rate units that generates average rental rates of \$92 to \$97 per square foot. The market rate units in the Sky, Moinian's 75/25 rental building and the Eugene, Brookfield's 70/30 rental development, also generate market rental rates that range from approximately \$90 to \$100 per square foot. The disparate rental rates between 20 to 50 year-old rental buildings and new or recently completed rental buildings is common throughout Manhattan. As a result, there is a pattern in the market whereby investors are purchasing well located multifamily assets in order to renovate and reposition the market rate units.

In addition, our rental rate conclusion considers new market rate leases signed since in the last 12 months which indicate an average rental rate of \$80.97 per square foot, the last 9 months indicate an average rental rate of \$79.82 per square foot, the last 6 months which indicate an average rental rate of \$79.07 per square foot, and the last 3 months which indicate an average rental rate of \$79.27 per square foot.

The owner instituted a formal in-unit capital expenditure plan prior to the pandemic. As of the date of value, 498 market rate units (72.28 percent of the market rate inventory) have been renovated. However, during the pandemic and thereafter in-unit renovations have been completed on a case-by-case base dependent on the condition of a unit upon vacancy and the potential return on investment. The owner is currently re-evaluating the scope of the plan. As such, we also considered that new market rate leases of renovated units signed since January 2023 (134 leases in total) indicate an average rental rate of \$80.95 per square foot, which is a 3.99 increase above the rental rate of \$77.85 per square foot generated by the unrenovated units leased during this period (43 leases in total).

Affordable Housing Component

The subject property contains an affordable housing component that consists of 231 apartments, which equates to approximately 25 percent of the total residential units. The total number of affordable units is inclusive of the 47 units (5 percent of the total residential units) that are leased to qualified households with income levels at or above 130 percent AMI in order to qualify with the extended benefit program.

As of the date of value, the affordable housing component was 96.97 percent occupied with 7 vacant units. The 7 vacant affordable housing units consist of 3 units that must be leased based on an AMI of 80 percent and 4 units that must be leased based on an AMI of 130 percent (part of the 47 units designated affordable under the Extended Benefit Program).

Of the 231 affordable units, 184 affordable units comprise 20 percent of the total residential units. According to ownership, the rental rates for the 184 units were established at 80 percent of the area median income. The affordable units at 130 percent of the area median income contain a total net rentable area of 119,599 square feet.

Based on the rent roll provided to the appraisers, as of May 31, 2024, 3 of the 184 80 percent AMI units are vacant. The vacant units contain 1,476 square feet and the leased units contain 117,583 square feet. Overall, the 181 leased affordable apartments generate annual revenues of \$2,765,719. This level of revenue equates to \$23.52 per square foot, which is significantly below market. The legal rents for the vacant units are below the 80 percent area median income limits. As such, we have modeled for the vacant units to be leased at the stipulated legal rents. The three vacant units have stipulated rental rates totaling \$54,720 per annum. Ownership is not offering concessions for residents of these units, which is typical in the market. However, we modeled for 1 month of downtime between leases, totaling \$3,500.

Of the 231 affordable units, 47 affordable units comprise 5 percent of the total residential units. According to ownership, the rental rates for the 47 units were established at 130 percent of the area median income. The affordable units at 130 percent of the area median income contain a total net rentable area of 28,671 square feet. Based on the rent roll provided to the appraisers, dated May 31, 2024, 4 of the 47 units are vacant. The vacant units contain 1,384 square feet and the leased units contain 27,008 square feet. Overall, the 43 leased affordable apartments generate annual revenues of \$876,022. This level of revenue equates to \$32.44 per square foot, which is significantly below market. The legal rents for the vacant units are below the 130 percent area median income limits. As such, we have modeled for the vacant units to be leased at the stipulated legal rents. The four vacant units have stipulated rental rates totaling \$43,380 per annum. Ownership is not offering concessions for residents of these units, which is typical in the market. However, we modeled for 1 month of downtime between leases, totaling \$2,415.

In Year 1 of the analysis, we modeled total affordable income of \$3,739,841. The total income includes \$3,641,741 from the 224 leased units, \$54,720 generated through the lease up of the three vacant units restricted to the 80 percent AMI level, and \$43,380 generated through the lease up of the four vacant units restricted to the 130 percent AMI level.

Income Qualifications and HUD Fair Market Rents

The following chart details the income qualifications as set by the Department of Housing and Urban Development (HUD) for 2024. These income limits and the subsequent rental rates are established by HUD each May and become effective in January of the following year. The New York City Department of Housing Preservation and Development uses the HUD income qualifications as a base and establishes its own limits for the City.

As detailed, the income limits are established based on a combination of the number of people in the household and a percentage of area median income. The chart below details the various percent area median income limits for the New York metropolitan area. It should be noted that the income limits in many parts of the country are based on county. However, in New York City, there are no county differences. The 40, 50, and 60 percent area median income limitations are classified as low income thresholds while the 80 percent area median income limit is classified as a moderate income threshold. Median income thresholds above 80 percent are considered to be above moderate income levels. Median income thresholds below 40 percent are considered to be at the very low income level.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT & NEW YORK CITY DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT INCOME QUALIFICATIONS (BASED ON NO. IN HOUSEHOLD) NYC METRO AREA								
	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7-Person	8-Person
195% AMI Limit	\$211,965	\$242,385	\$272,610	\$302,835	\$327,015	\$351,195	\$375,570	\$399,750
150% AMI Limit	\$163,050	\$186,450	\$209,700	\$232,950	\$251,550	\$270,150	\$288,900	\$307,500
130% AMI Limit	\$141,310	\$161,590	\$181,740	\$201,890	\$218,010	\$234,130	\$250,380	\$266,500
125% AMI Limit	\$135,875	\$155,375	\$174,750	\$194,125	\$209,625	\$225,125	\$240,750	\$256,250
110% AMI Limit	\$119,570	\$136,730	\$153,780	\$170,830	\$184,470	\$198,110	\$211,860	\$225,500
100% AMI Limit	\$108,700	\$124,300	\$139,800	\$155,300	\$167,700	\$180,100	\$192,600	\$205,000
90% AMI Limit	\$97,830	\$111,870	\$125,820	\$139,770	\$150,930	\$162,090	\$173,340	\$184,500
80% AMI Limit	\$86,960	\$99,440	\$111,840	\$124,240	\$134,160	\$144,080	\$154,080	\$164,000
70% AMI Limit	\$76,090	\$87,010	\$97,860	\$108,710	\$117,390	\$126,070	\$134,820	\$143,500
60% AMI Limit	\$65,220	\$74,580	\$83,880	\$93,180	\$100,620	\$108,060	\$115,560	\$123,000
50% AMI Limit	\$54,350	\$62,150	\$69,900	\$77,650	\$83,850	\$90,050	\$96,300	\$102,500
40% AMI Limit	\$43,480	\$49,720	\$55,920	\$62,120	\$67,080	\$72,040	\$77,040	\$82,000
30% AMI Limit	\$32,610	\$37,290	\$41,940	\$46,590	\$50,310	\$54,030	\$57,780	\$61,500

Based on the income limits established by HUD for the various categories of area median income, the New York City Department of Housing Preservation and Development (HPD) establishes rental rates for each unit type. These rental rates are established in May and become effective in December of that year. The following chart details the most recent rental rates for each unit type. It is important to note that the rental rates are the same for all areas of the City. Additionally, these rental rates exclude a utility allowance as new buildings are typically sub metered and tenants are responsible for utility payments.

NEW YORK METROPOLITAN AREA RENTAL RATES BASED ON AREA MEDIAN INCOME LIMITS FOR 2024 - DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT						
		30% of Median	60% of Median	80% of Median	100% of Median	130% of Median
Bedrooms	Persons	Maximum Rent	Maximum Rent	Maximum Rent	Maximum Rent	Maximum Rent
0 Bedroom	1.0	\$815	\$1,630	\$2,173	\$2,717	\$3,532
1 Bedroom	1.5	\$874	\$1,747	\$2,329	\$2,912	\$3,785
2 Bedroom	3.0	\$1,049	\$2,097	\$2,796	\$3,495	\$4,544
3 Bedroom	4.5	\$1,211	\$2,422	\$3,229	\$4,037	\$5,248
4 Bedroom	6.0	\$1,351	\$2,701	\$3,601	\$4,502	\$5,852
5 Bedroom	7.5	\$1,491	\$2,982	\$3,976	\$4,970	\$6,461

Additionally, each year HUD establishes a fair market rent for each metro area. This is used to determine the amounts of subsidy (if applicable) to be paid by HUD and detailed in each tenant's rental contract for certain types of affordable housing units.

The chart below details the 2024 fair market rental rates for the New York Metro area. Again, no distinction is made by HUD for the counties in New York City.

DEPARTMENT OF HOUSING AND URBAN RENEWAL FAIR MARKET RENTS NYC METRO AREA					
	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Rent/Month	\$2,386	\$2,451	\$2,752	\$3,434	\$3,700

The fair market rents detailed in the chart above are indicative of a market level of rent according to HUD. It is important to note HUD established these rental rates based on unit type irrespective of the size of the units. The program rents for the affordable housing units, as provided to the appraisers, appear to be within the range of rental rates established by HPD.

Residential Rental Increases

The New York City market is highly competitive for a variety of reasons, including high barriers to entry, the limited supply of quality assets for sale, and size of overall acquisitions. In highly competitive markets, purchasers typically have to stretch in order to win deals in the bidding process, while maintaining minimum yield requirement parameters. Given the analysis of supply and demand presented earlier and the state of the economy, we believe that a long-term increase in unfettered market rate rental rates of 3.5 to 4.0 percent is reasonable. We believe this increase is reasonable and indicative of market behavior. However, we note that given the supply constraints in the overall residential market and very low vacancy rates, many investors were modeling for higher levels of growth over projected holding periods. The chart below illustrates the growth rates recently modeled by the investors acquiring comparable Class A assets in New York City up until early 2019, prior to the implementation of the new housing legislation.

Investor Growth Rate Assumptions				
Location	Asset Type	Investor	Growth Rate Assumptions	Average Annual Growth Rate
Tribeca	Class A - 95/5 Mixed-Use Apartment Building	Institutional Investor	6.0%, 6.0%, 5.0%, 4.0% thereafter	4.50%
Lower East Side	Class A - 80/20 Mixed-Use Apartment Building	Private Real Estate Investment Firm	6.5%, 6.5%, 6.0%, 5.5%, 4.5%, 4.0% thereafter	4.90%
Upper East Side	Class A - 80/20 Mixed-Use Apartment Building	Private Real Estate Investment Firm	4.00%	4.00%
Williamsburg, Brooklyn	Class A - Market Rate Apartment Building	Institutional Investor	3.5%, 3.73%, 3.85%, 3.92% thereafter	3.85%
Williamsburg, Brooklyn	Class A - 80/20 Mixed-Use Apartment Building	Institutional Investor	3.7% Years 1-5, 3.9% thereafter	3.80%
Long Island City, Queens	Class A - Market Rate Apartment Building	Private Real Estate Investment Firm	4.00%	4.00%

Investors purchasing market rate assets are modeling for growth rates of 3.5 to 4.5 percent per year on average, over a 10-year holding period. Investors in New York City multifamily assets are indicating very long anticipated holding periods. Given our rental rate conclusion, the supply constraints in the overall rental market, and very low vacancy rates, many investors were modeling for higher levels of growth over the next few years. Another factor influencing investor sentiment is the expiration of the Affordable New York Program. As of June 15, 2022, the program lapsed without a replacement program. Although the 485x and the Affordable Housing from Commercial Conversions (AHCC) tax abatement programs were passed in April 2024, at present, market participants do not believe the programs will yield enough supply to meet New York City's housing demand. Given that there was no tax abatement between June 2022 and April 2024, the limited supply pipeline has, and will continue, to positively influence rent growth in the coming years.

The Rent Guidelines Board announces new rental rate increases in June of each year. In its June 2022 meeting, the Board voted to permit increases of 3.25 percent for one-year lease renewals and 5.0 percent for two-year lease renewals. These increases apply to leases that begin between October 1, 2022 and September 30, 2023. These increases were the largest increases since 2013. At the most recent meeting in June 2023, the Board voted to permit increases of 3.0 percent for one-year lease renewals. For two-year lease renewals, the Board voted to permit an increase of 2.75 percent in the first year and 3.2 percent for the second year of the lease.

The subject property is currently a 75/25 development under the 421a Extended Benefit program. All of the units in the subject property were designated as rent stabilized during the initial 20 -year 421a period. Upon expiration of the initial 20-year, 421a in June 2022 and expiration of the then respective tenants' leases, the subject's market rate units were no longer restricted to legal rents nor were rent increases for units with preferential rents determined by the Rent Guidelines Board.

Overall, investors purchasing market rate assets are modeling for growth rates of 3.5 to 4.5 percent per year on average, over a 10-year holding period. Investors in New York City multifamily assets are indicating very long anticipated holding periods. On a long-term basis, we believe a 3.5 percent increase is reasonable and indicative of market behavior.

Fifty percent of the units are modeled to achieve a market level of rent by Year 2 of the analysis and all of the units are modeled to achieve a market level of rent by Year 3. In order to achieve a market level of rent, we have modeled for additional lease up costs, inclusive of concessions, which are detailed below. We have modeled for rent growth of 3.5 percent per annum in subsequent years.

Absorption

The market rate component of the subject property is currently 95.79 percent leased. There are 29 vacant rentable units that can be leased to market rate tenants. These units contain a total of 20,528 square feet. Consistent with market behavior, for the first year of our analysis we have grossed up the revenue for these vacant units. Thus, these units achieve a rent of \$138,564 per month and \$1,662,768 per year. There are also 7 vacant affordable housing units. We have modeled for the applicable legal rent for each of the vacant affordable housing units.

Residential Lease Up Costs

We have modeled for the leasing costs associated with leasing the vacant market rate units. Given the number of vacant market rate apartments and the pace of absorption being witnessed in the market, which has been strong the past 24 months, we have modeled for all of the vacant units to be leased within 1 month. As such, we have modeled for lost revenue equivalent to 1 month's rent from the vacant units. Additionally, we have modeled for a leasing commission equivalent to 1 month of free rent. For the vacant affordable housing units, we have modeled for lost rent equivalent to 1 month's rent.

We have also modeled for a concession of 3 month's rent for 50 percent of the market rate revenue in Years 2 and 3. These concessions were modeled to facilitate the increase of market rate rents to market levels by Year 3 of the analysis. This is consistent with market trends and models employed by investors of assets similar to the subject.

In total, the residential leasing costs equate to \$432,042 in Year 1 of the analysis, and residential concessions equate to \$5,013,427 in Year 2 and \$5,188,897 in Year 3 of the analysis.

Total Income – Residential Sources

Total potential income for all residential sources equates to \$40,961,902 in the first year of our analysis.

Potential Gross Income – Commercial

The subject's retail component consists of three retail suites that contain 38,748 square feet of net rentable area. Two suites are located on either side of the lobby. A 432 square foot suite is leased to a dry cleaner and a 2,516 square foot suite is leased to a restaurant, Kings of Kobe. The dry cleaner has no street frontage and the restaurant suite has limited frontage. The third suite, which is vacant, contains 35,809 square feet and is located along the easterly blockfront of Twelfth Avenue with additional frontage along West 41st Street and West 42nd Street.

We have modeled our analysis based on the terms of each lease. The leases are summarized in the following chart.

SUBJECT PROPERTY RETAIL COMPONENT							
Tenant Name	Start Date	End Date	Lease Type	Term	Area (SF)	Base Rent	Rent/ SF Rent/Space
Vacant	-	-	-	-	35,809	-	-
Essex Dry Cleaners	7/2014	7/2030	Modified Gross	16	423	\$50,156	\$118.57
Kings of Kobe	7/2019	2/2030	Gross	10	2,516	\$123,418	\$49.05
Total					38,748	\$173,574	\$4.48

The rental rates detailed in the previous chart reflect the ensuing 12 months and reflect any increases stipulated in the respective leases.

Ownership also provide a signed letter of intent for the vacant space. The letter is dated April 23, 2024, and indicates that Lincoln Market will occupy the space and operate a grocery store. The base rent will be \$41.89 per square foot or \$1,500,000 per annum. The lease will have a 20-year duration, with one 10-year option. The base rent is scheduled to increase 10 percent every 5 years. The tenant is responsible for all directly metered utilities and a real estate tax reimbursement. The letter of intent indicated a 14 month free rent period and a tenant improvement allowance of \$1,750,000.

We reviewed and considered the terms of the letter of intent in concluding to market leasing assumptions for the vacant space. Although the terms were considered, our conclusion also reflects our analysis of the comparables and discussions with market participants.

Market Rental Rate – Retail

Typically, retail tenants have long term leases ranging from 10 to 15 years. Retail tenants are also generally charged for electricity (directly metered) and real estate tax escalations. In order to determine an appropriate rental rate for the retail component we have looked to area comparables. The following chart details our findings.

RETAIL RENT COMPARABLES						
COMP.	ADDRESS	TENANT	LEASE DATE	TERM	SIZE (SF)	RENT/SF
1	645-651 Eleventh Avenue	Classic Car Club	Q2 2024	20	50,000	\$69
2	639 West 46th Street	N/A	Q2 2024	6	25,000	\$56
3	247 Water Street	Carnaby House	4Q 2023	2	2,245	\$56
4	666 Broadway	Sweet Sugar Nail & Spa Salc	2Q 2023	5	1,300	\$42
5	649 West 42nd Street	West Pier Market	3Q 2023	10	3,500	\$50
6	415 Tenth Avenue	Los Tacos No. 1	1Q 2023	10	3,000	\$120
7	127 West 43rd Street	The Mermaid Inn	1Q 2023	20	17,000	\$46
8	233 West 49th Street	Empire Steakhouse	1Q 2023	15	2,400	\$80
9	311 West 43rd Street	Fushimi NYC	1Q 2022	10	20,000	\$40
10	510 West 42nd Street	La Casa del Mofongo	1Q 2022	15	10,000	\$54
					MINIMUM	1,300
					MAXIMUM	50,000
					AVERAGE	13,445
						\$40
						\$120
						\$61

The retail rents exhibit grade level rental rates that range from \$40 to \$120 per square foot, with an average rental rate of \$61 per square foot. The subject's retail location is deemed to be inferior to each of the comparables. The dry cleaner's suite does not contain any street frontage, and the Kings of Kobe suite contains minimal street frontage. In addition, foot-traffic to the area generally only consists of residents of the subject building, and its immediate neighbors Silver Towers, the Atelier, and the Sky.

The vacant suite is entirely at street grade and provides good vehicular access and on-site parking for potential patrons. Additionally, the corner location along the West Side highway provides good visibility, good vehicle access, and pedestrian volume given this area represents a major thoroughfare with the riverfront park area. Based on the size of the space and our discussions with market participants, we concluded to a market rent range between \$45 and \$50 per square foot, which is in-line with the recently executed letter of intent.

Based on our analysis of the charted rent comparables and our discussions with retail brokers, we concluded to a market rent of \$40 per square foot for the suite occupied by Kings of Kobe, and \$100 per square foot for the small 432 square foot suite occupied by Essex Dry Cleaners. Therefore, we have determined that both leases are slightly above market. We have modeled for retail income in accordance with the leases in-place.

Therefore, the retail income totals \$175,730 in Year 1.

Leasing Assumptions

Lease Terms

Lease term, work letter and free rent vary based upon size. Typical retail leases are five to fifteen years in duration. We have assumed a 15 year lease term for all future commercial tenants and modeled according to the letter of intent for the vacant space.

Renewal Probability

Regarding lease expirations, we have assumed a 60 percent renewal probability of upon expiration of each primary lease term. This assumption is based on retention rates quoted by owners and managers of competitive properties.

Downtime

Vacancy between leases includes the period of actual downtime and the construction period to build out tenant spaces. We typically model for 6 months of downtime, which is supported by discussions with commercial leasing brokers.

Free Rent

Free rent, calculated from the time the new tenant takes occupancy, ranged from 3 to 6 months for retail tenants in the market for comparable properties. We have assumed a 6-month free rent period for new tenants, which considers the overall size of the suites and their location. Renewal tenants are provided with one month of free rent.

We modeled for free rent according to the terms of the letter of intent.

Tenant Improvement Allowance

Retail leases do not typically offer a tenant improvement allowance. However, given the current circumstances impacting the retail sector, which is still broadly recovering from the effects of the pandemic, investors are modeling for tenant improvement allowances ranging from \$25 to \$100 per square foot for a new lease and an amount equivalent to 50 percent of the new lease allowance for a renewal.

We have modeled for a tenant improvement allowance as detailed in the provided letter of intent.

Leasing Commissions

Leasing commissions have been based upon the generally accepted standard schedule for New York City. Leasing commissions are typically higher for new tenants than renewal tenants. A new tenant typically causes a full

commission to be paid, whereas a renewing tenant typically results in a half commission. We have incorporated this standard assumption in our cash flow projection. For new retail tenants we modeled for leasing commissions of 3.5 percent of the total lease revenue. Renewal tenants are modeled for a commission of 1.75 percent of the total lease revenue. Our conclusion considers the lease-term assumption.

Reimbursement Revenue

The existing leases have clauses that require the tenants to pay a recovery for increases in real estate taxes over a base year. This is typical in the market. We have modeled for reimbursement revenue based on the tenants' pro-rata share and base year recovery clauses. We have estimated a reimbursement recovery for real estate taxes of \$1,383 in the first year of our analysis. In our analysis, we have assumed any future leases are based on the same pro-rata share amounts as currently existing for a particular suite.

Parking Revenue

The subject property contains a parking garage with a license capacity of 194 spaces. Ownership engaged City Parking to manage the garage until August 31, 2024. Per the terms of the management agreement, City Parking is entitled to a monthly management fee of \$5,000 or \$60,000 on an annualized basis. In order to model an appropriate level of revenue for the subject garage, we analyzed parking garage leases, as discussed below.

Although demand has softened, parking supply has decreased due to the development of surface lots and garages. Traffic and environmental concerns make it nearly impossible to obtain a building permit for a parking garage unless it is part of a new office or residential tower. Despite the fact that many new residential towers are including parking in their new basement levels, the new supply is well below the new demand generated by the upper floor development. We estimate that the new garages cover only 30 percent of the new demand created by new tower development. Further, lifestyle and demographic changes point to younger more active families who own cars displacing seniors in Manhattan.

Leases in today's market are being negotiated typically within the range of \$4,000 per space to \$9,000 per space depending on the location. Exhibited on the following page is a chart of comparable parking facility leases that occurred during the past few years. The comparable facilities are located in both residential and commercial office buildings. Generally, rates in these types of garages and the freestanding garages are consistent. Parking garages in New York City are leased according to the licensed car capacity that usually has no relation to square footage. The comparables indicate a range in rental rates from \$4,286 to \$10,417 per space and develop an overall average of \$6,770 per space.

SUMMARY OF COMPARABLE PARKING GARAGE LEASES											
No.	Property Location	Tenant	Lease Date	Legal Parking Spaces	Term (years)	Year One Annual Rent	Rent Per Licensed Space	Monthly Rate	Rent Steps	Lease Type	Comments
1	77 West 24th Street, Chelsea, Manhattan	Imperial Parking	Jul-23	73	10	\$485,000	\$6,644	\$718	2% per annum	Modified Gross	This is the lease of a multi-level parking garage serving a 24-story mixed use residential building. The tenant has been in place since 2003, and the lease represents a renewal. The base rent in the first year is \$485,000 with annual increases of 2 percent. The tenant is also responsible for a payment of its pro rata share of real estate tax increases over the 2022/23 tax year, which is not to exceed \$10,000 per annum.
2	990 Avenue of the Americas Midtown, Manhattan	City Parking	Jan-22	120	10	\$1,250,000	\$10,417	N/A	4% per annum	Modified Gross	This is the lease of a multi-level parking garage serving a 24-story mixed use residential building. The lease represents a renewal. The base rent in the first year is \$600,000. The tenant is also responsible for a payment of 90 percent of annual gross revenue above \$1,140,000. Historically, the garage has generated revenue such that the average payment is approximately \$650,000.
3	100 Pearl Street Lower Manhattan	ICON Parking	May-20	67	10	\$550,000	\$8,209	N/A	1% per annum	Modified Gross	This is the lease of a below parking garage serving a 29-story office building.
4	222 East 44th Street Midtown, Manhattan	Confidential	Feb-19	217	15	\$932,143	\$4,296	N/A	4% per annum	Modified Gross	This is the lease of a multi-level parking garage serving a 42-story mixed use residential building. The development is scheduled for completion by June 2019. The development includes 428 residential units and 2,198 square feet of ground level retail space.
5	435 East 79th Street Upper East Side, Manhattan	Quik Park	Jan-19	49	5	\$210,000	\$4,286	N/A	3% per annum	Modified Gross	This parking garage is located at the base of The York, a 13-story, luxury apartment building that contains 243 units. The building is located at the corner of York Avenue and East 79th Street.
Survey Low:			Jan-19	49	5	\$210,000	\$4,286	\$718			
Survey High:			Jul-23	217	15	\$1,250,000	\$10,417	\$718			
Survey Mean:			Oct-20	105	10	\$685,429	\$6,770	\$718			

Based on our analysis of the charted comparables, we have concluded to a market rent of \$4,250 per space, grown at a rate of 3.5 percent per annum. Based on the market rent conclusion, stabilized parking revenue is modeled to be \$824,500 in Year 1 of the analysis.

Laundry Revenue

The subject contains a small common laundry room on each residential floor (2 through 40). The subject's units do not contain any in-unit washers and dryers. We modeled for laundry income of \$325,000 in Year 1 of the analysis based on the historical and budgeted amounts.

Miscellaneous Revenue

The miscellaneous revenue includes income from forfeited security deposits and interest income, and miscellaneous fees (i.e., lost keys, lock replacement, application fees, forfeited deposits, etc.). Ownership hired Elite to manage the fitness center on September 1, 2023. As of January 1, 2024, Elite charges membership rates \$110 per month per household of one person, \$175 per month per household of two, \$240 per month per household of three, and \$336 per month per household of four. In legacy 80/20 buildings, it is typical to see amenity fees increase with the rents. We have not modeled for this revenue as a separate line item, but have considered it in our estimate of miscellaneous revenue. We budgeted a line item of \$900,000 for miscellaneous revenue. This is a typical amount experienced in the marketplace, for the number of units in the subject property.

Potential Gross Revenue

The following table summarizes the potential gross income anticipated in year one from all sources.

POTENTIAL GROSS INCOME	
Potential Rental Income	Annual Rent
Residential Revenue - Market	\$35,692,993
Residential Revenue - Affordable	\$3,739,841
Retail Revenue	\$1,697,613
Retail Reimbursement Revenue	\$1,383
Parking Revenue	\$824,500
Laundry Revenue	\$325,000
Miscellaneous Revenue	\$900,000
Total Gross Revenue	\$43,181,330
<i>Compiled by Cushman & Wakefield, Inc.</i>	

Vacancy and Collection Loss

Both the investor and the appraiser are primarily interested in the annual revenue an income producing property is likely to produce over a specified period of time, rather than the income it could produce if it were always 100 percent occupied and all tenants were paying their rent in full and on time. A normally prudent practice is to expect some income loss as tenants vacate, fail to pay rent, or pay their rent late. We analyzed the vacancy of the overall and immediate market. In our analysis of the subject property, we have forecasted that residential rental units will have a 2.0 percent weighted average global vacancy charge. Our global vacancy factor assumes an additional average annual collection loss rate of 1.0 percent. These estimates are supported by our survey of occupancy rates at competing projects, on a stabilized basis. Therefore, we have used a total vacancy and collection loss of 3.0 percent for the residential income throughout the holding period. We used a vacancy and collection loss of 5.0 percent applied to all other sources of income in throughout the holding period.

Overall vacancy and collection loss is projected at \$1,369,318 in the first year of analysis.

Operating Expenses and Net Operating Income

Cushman & Wakefield, Inc. recognizes the standards defined by the Appraisal Institute as the definitive standards by which operating expense data should be analyzed. We were provided with the historical operating expenses for 2021, 2022, 2023, and the 2024 budget. This information is detailed in the chart on the following page. We note that ownership's budget reflects the abated level of real estate taxes. Our projection of expenses is based on the unabated level of real estate taxes. In addition, we considered the operating expenses of similar buildings, information provided by consulting local building managers and agents, including Cushman & Wakefield property management personnel, etc.

We forecast the subject's operating expenses based on what the typical informed investor would consider reasonable. We analyzed each expense item individually and provided more detail for those expenses requiring explanations.

REVENUE AND EXPENSE ANALYSIS

	2021 Actual			2022 Actual			2023 Actual			2024 Budget			C&W Forecast Year 1		
POTENTIAL GROSS REVENUE	Total			Total			Total			Total			Total	Per Unit	PSF
Residential Revenue - Market	\$25,974,693			\$31,410,283			\$35,292,517			\$40,122,313			\$35,692,993		
Residential Revenue - Affordable													3,739,841		
Retail Revenue	\$1,986,541			\$165,592			160,772			173,151			1,697,613		
Retail Reimbursement Revenue										43,417			1,383		
Parking Revenue	\$374,906			\$722,404			799,457						824,500		
Laundry Revenue	\$217,635			\$333,501			275,888						325,000		
Miscellaneous Revenue	\$226,035			\$111,612			441,274			1,493,430			900,000		
TOTAL POTENTIAL GROSS REVENUE	\$28,779,810			\$32,743,392			\$36,969,908			\$41,832,311			\$43,181,330		
Vacancy & Collection Loss	(\$3,135,765)			(\$568,788)			(\$270,777)			(\$3,591,687)			(\$1,369,318)		
EFFECTIVE GROSS REVENUE	\$25,644,045			\$32,174,604			\$36,699,131			\$38,240,624			\$41,812,012		
EXPENSES	Total	Per Unit	PSF	Total	Per Unit	PSF	Total	Per Unit	PSF	Total	Per Unit	PSF	Total	Per Unit	PSF
Real Estate Taxes	\$7,686,060	\$8,345	\$8.65	\$7,886,567	\$8,563	\$8.88	\$5,391,634	\$5,854	\$6.07	\$5,377,640	\$5,839	\$6.05	\$11,628,367	\$12,626	\$13.09
Property Insurance	\$825,543	896	0.93	\$946,289	\$1,027	\$1.07	\$897,821	975	1.01	1,021,469	1,109	1.15	977,359	1,061	1.10
Salary & Benefits	\$6,057,992	6,578	6.82	\$6,432,537	\$6,984	\$7.24	\$6,268,274	6,806	7.05	6,201,195	6,733	6.98	5,553,175	6,030	6.25
Utilities	\$823,842	895	0.93	\$1,043,620	\$1,133	\$1.17	\$1,103,431	1,198	1.24	1,275,900	1,385	1.44	1,155,060	1,254	1.30
Water and Sewer	\$400,949	435	0.45	\$377,331	\$410	\$0.42	\$320,884	348	0.36	421,800	458	0.47	355,403	386	0.40
Repairs and Maintenance	\$1,870,953	2,031	2.11	\$2,601,532	\$2,825	\$2.93	\$2,130,908	2,314	2.40	2,026,300	2,200	2.28	1,554,889	1,688	1.75
General and Administrative	\$1,395,087	1,515	1.57	\$1,308,851	\$1,421	\$1.47	\$727,922	790	0.82	881,187	957	0.99	621,956	675	0.70
Legal and Professional Fees	\$222,808	242	0.25	\$690,338	\$750	\$0.78	\$367,247	399	0.41	320,946	348	0.36	266,552	289	0.30
Painting and Supplies	\$767,921	834	0.86	\$543,968	\$591	\$0.61	\$655,860	712	0.74	0	0	0.00	230,250	250	0.26
Management	\$865,753	940	0.97	\$993,102	\$1,078	\$1.12	\$1,343,185	1,458	1.51	1,195,911	1,298	1.35	888,508	965	1.00
Reserves	\$0	0	0.00	\$0	\$0	\$0.00	\$0	0	0.00	0	0	0.00	385,826	419	0.43
Miscellaneous	\$132,043	143	0.15	\$135,198	\$147	\$0.15	\$75,635	82	0.09	\$0	0	0.00	88,851	96	0.10
TOTAL EXPENSES	\$21,048,951	\$22,854	\$23.69	\$22,959,333	\$24,929	\$25.84	\$19,282,801	\$20,937	\$21.70	\$18,722,346	\$20,328	\$21.07	\$23,706,196	\$25,740	\$26.68
Expenses without Real Estate Taxes	\$13,362,891	\$14,509	\$15.04	\$15,072,766	\$16,366	\$16.96	\$13,891,167	\$15,083	\$15.63	\$13,344,707	\$14,489	\$15.02	\$12,077,829	\$13,114	\$13.59
NET OPERATING INCOME	\$4,595,094	\$4,989	\$5.17	\$9,215,271	\$10,006	\$10.37	\$17,416,330	\$18,910	\$19.60	\$19,518,277	\$21,192	\$21.97	\$18,105,816	\$19,659	\$20.38

*one-off lease cancellation rent of \$7,951,369 in 2023 was excluded

EXPENSE ANALYSIS								
Expense Category		Per Unit			Per Square Foot			Analysis
		Historicals / Budget	Comparable	C&W Conclusion	Historicals / Budget	Comparable	C&W Conclusion	
Real Estate Taxes	Min	\$5,839	\$676	\$12,626	\$6.05	\$0.71	\$13.09	A complete discussion of the taxes is included in the Real Property Taxes and Assessments section of this report.
	Max	\$8,563	\$13,512		\$8.88	\$14.57		
	Avg	\$7,150	\$6,325		\$7.41	\$7.01		
Property Insurance	Min	\$896	\$434	\$1,061	\$0.93	\$0.47	\$1.10	Property insurance expenses include coverage for general liability and loss or damage to the property caused by fire, lightning, vandalism, malicious mischief, additional perils fire, extended coverage and owner's liability coverage. We have considered the historicals, budget, and expense comparables in our conclusion. This allows for a comprehensive policy for the subject. The concluded rate considers the trend of higher insurance expenses over recent years, observed at comparable assets.
	Max	\$1,109	\$1,959		\$1.15	\$2.29		
	Avg	\$1,002	\$993		\$1.04	\$1.10		
Salary & Benefits	Min	\$6,578	\$4,474	\$6,030	\$6.82	\$4.69	\$6.25	This expense category includes total payroll costs for on-site management and maintenance personnel including employee salaries, bonuses, payroll taxes, insurance and other benefits. According to ownership, the building's staff currently totals approximately 43 and includes a full-time superintendent, lobby attendants and doormen, porters, handymen, property management and leasing professionals. The estimated payroll expenses reflect the level of staff that is projected for the subject property.
	Max	\$6,984	\$6,236		\$7.24	\$6.76		
	Avg	\$6,775	\$5,261		\$7.02	\$5.75		
Utilities	Min	\$895	\$1,866	\$1,254	\$0.93	\$2.15	\$1.30	This expense category includes expenses for electricity, water and sewer and other utilities. According to ownership, in-unit electric expenses are directly billed to the respective tenants. Utilities are generally property specific and vary considerably from property to property in the subject's market based on the utilities paid by the tenant and the owner, and the efficiency of the HVAC systems. We considered the historicals, budget, and expense comparables.
	Max	\$1,385	\$2,678		\$1.44	\$2.90		
	Avg	\$1,153	\$2,261		\$1.19	\$2.47		
Water and Sewer	Min	\$348	\$326	\$386	\$0.36	\$0.34	\$0.40	This category includes all water and sewer charges. We relied on the historical and budgeted amounts. We also considered the expense levels at competing properties.
	Max	\$458	\$715		\$0.47	\$0.77		
	Avg	\$413	\$495		\$0.43	\$0.54		
Repairs and Maintenance	Min	\$2,200	\$989	\$1,688	\$2.28	\$1.07	\$1.75	Repairs and maintenance considers the ongoing maintenance to the interior and exterior of the building, pest control, as well as any minor and extraordinary maintenance to the plumbing and electrical systems, kitchen appliances and the roof. We have modeled for repairs and maintenance separate from painting and supplies.
	Max	\$2,879	\$2,542		\$2.98	\$2.97		
	Avg	\$2,554	\$1,641		\$2.65	\$1.81		
General and Administrative	Min	\$400	\$832	\$675	\$0.41	\$0.90	\$0.70	This expense category includes general and administrative expenses excluding legal and professional fees.
	Max	\$1,421	\$2,011		\$1.47	\$2.11		
	Avg	\$892	\$1,210		\$0.92	\$1.32		
Legal and Professional Fees	Min	\$169	\$43	\$289	\$0.18	\$0.05	\$0.30	Our estimate is based on the historical and budgeted amount. We also considered the expense levels at competing properties.
	Max	\$750	\$328		\$0.78	\$0.36		
	Avg	\$416	\$224		\$0.43	\$0.24		
Painting and Supplies	Min	\$591	\$109	\$250	\$0.61	\$0.12	\$0.26	This expense allows for the periodic painting of units and common areas and decoration for the lobby. As a rental building, the landlord is required to paint units every three years and usually upon turnover. We allocated \$250 per unit per year.
	Max	\$712	\$541		\$0.74	\$0.58		
	Avg	\$651	\$275		\$0.68	\$0.30		
Management	Min	\$940	\$442	\$965	\$0.97	\$0.52	\$1.00	Management expenses typically include the costs paid for professional management services. Management services may be contracted for or provided by the property owner. We have modeled for a market oriented level of expenses based on the comparables and C&W data.
	Max	\$1,458	\$1,293		\$1.51	\$1.36		
	Avg	\$1,194	\$947		\$1.24	\$1.02		
Reserves	Min	\$0	\$0	\$419	\$0.00	\$0.00	\$0.43	It is customary and prudent to deduct an annual sum from effective gross revenue to establish a reserve for replacing short-lived items throughout the building. We have calculated reserves equivalent to 0.50% of the effective gross income in addition to \$200 per unit per year.
	Max	\$0	\$0		\$0.00	\$0.00		
	Avg	\$0	\$0		\$0.00	\$0.00		
Miscellaneous	Min	\$82	\$3	\$96	\$0.09	\$0.00	\$0.10	This category accounts for minor unforeseen expenses not already included in any of the above expense line items.
	Max	\$147	\$158		\$0.15	\$0.17		
	Avg	\$124	\$107		\$0.13	\$0.12		
Total Operating Expenses Excluding Real Estate Taxes	Min	\$13,336	\$11,186	\$13,114	\$13.82	\$12.06	\$13.59	We thoroughly analyzed the subject's expense history, owner's budget and expense comparables to make our conclusions. We modeled total operating expenses for the subject property excluding real estate taxes to be \$13,114 per unit and \$13.59 per square foot. Our conclusion for total operating expenses excluding real estate taxes is within the range of comparable properties and market parameters.
	Max	\$16,366	\$14,347		\$16.96	\$15.69		
	Avg	\$14,818	\$13,371		\$15.36	\$14.61		
Real Estate Taxes	Min	\$5,839	\$676	\$12,626	\$6.05	\$0.71	\$13.09	A complete discussion of the taxes is included in the Real Property Taxes and Assessments section of this report.
	Max	\$8,563	\$13,512		\$8.88	\$14.57		
	Avg	\$7,150	\$6,325		\$7.41	\$7.01		
Total Operating Expenses	Min	\$20,328	\$14,219	\$25,740	\$21.07	\$14.91	\$26.68	Our conclusion for total operating expenses is 17.17 percent greater than the trailing 12 and budgeted average.
	Max	\$24,929	\$24,697		\$25.84	\$28.05		
	Avg	\$21,969	\$19,695		\$22.77	\$21.63		

Conclusion of Operating Expenses

We forecast total operating expenses for the subject property to be \$23,706,196. Operating expenses excluding real estate taxes total \$165,428 equating to \$13.59 per square foot and \$6,617 per unit. The operating expenses projected, including real estate taxes, for the subject property reflect an operating expense ratio of 35.46 percent of effective gross income. On the following page, we present expense comparisons to support our opinion of operating expenses for the subject. The following table illustrates detailed expense levels at properties considered to be similar to the subject property, based on location and physical attributes.

We also reviewed operating expenses of other similar buildings, consulted local building managers and agents, including Cushman & Wakefield property management personnel, etc. Following are the projected operating expenses used in our analysis. We analyzed each item of expense individually and attempted to project what the typical informed investor would consider reasonable. Although every expense category is addressed herein, only those requiring explanation of variations will be discussed in great detail. The unit expense estimates are analyzed based upon the gross building area above grade, and based upon a stabilized level of occupancy.

The expense comparables range from a low of \$12.06 per square foot to \$15.69 per square foot excluding real estate taxes. On a per unit basis, the comparables indicate a range from \$11,186 to \$14,347 per apartment. Because the estimate for the subject property is within the range of comparable buildings on a per square foot basis, we conclude that there is adequate support for our operating expense conclusions.

COMPARABLE OPERATING EXPENSES															
	Comparable 1			Comparable 2			Comparable 3			Comparable 4			Comparable 5		
Location	New York , New York			New York , New York			New York , New York			New York , New York			New York , New York		
Number of Units	844			767			616			844			894		
Height	64 stories			57 stories			43 stories			64 stories			12 to 27 stories		
Elevator Service	Yes			Yes			Yes			Yes			Yes		
Above Grade GBA	778,726 square feet			656,352 square feet			587,296 square feet			778,726 square feet			829,024 square feet		
Year Built / Renovated	2017			1931 / 2007			2017			2017			1975		
Data Year	2023 Actual			2023 Trailing			2023 Trailing			2023 Actual			2022 Budget		
EXPENSES	Total	Per Unit	PSF	Total	Per Unit	PSF	Total	Per Unit	PSF	Total	Per Unit	PSF	Total	Per Unit	PSF
Real Estate Taxes	\$2,894,679	\$3,430	\$3.72	\$8,112,292	\$10,577	\$12.36	\$416,354	\$676	\$0.71	\$2,894,679	\$3,430	\$3.72	\$12,079,326	\$13,512	\$14.57
Property Insurance	\$687,722	\$815	\$0.88	\$1,502,329	\$1,959	\$2.29	\$579,960	\$941	\$0.99	\$687,722	\$815	\$0.88	\$388,312	\$434	\$0.47
Salaries & Benefits	\$5,262,819	\$6,236	\$6.76	\$3,674,745	\$4,791	\$5.60	\$2,755,770	\$4,474	\$4.69	\$5,262,819	\$6,236	\$6.76	\$4,083,434	\$4,568	\$4.93
Utilities	\$2,260,407	\$2,678	\$2.90	\$1,431,039	\$1,866	\$2.18	\$1,260,101	\$2,046	\$2.15	\$2,260,407	\$2,678	\$2.90	\$1,822,367	\$2,038	\$2.20
Water & Sewer	\$467,094	\$553	\$0.60	\$251,491	\$328	\$0.38	\$200,660	\$326	\$0.34	\$467,094	\$553	\$0.60	\$638,796	\$715	\$0.77
Repairs & Maintenance	\$1,225,973	\$1,453	\$1.57	\$1,949,565	\$2,542	\$2.97	\$1,088,486	\$1,767	\$1.85	\$1,225,973	\$1,453	\$1.57	\$883,842	\$989	\$1.07
General & Administrative	\$869,557	\$1,030	\$1.12	\$880,830	\$1,148	\$1.34	\$1,238,703	\$2,011	\$2.11	\$869,557	\$1,030	\$1.12	\$743,711	\$832	\$0.90
Legal & Professional	\$276,663	\$328	\$0.36	\$162,639	\$212	\$0.25	\$127,788	\$207	\$0.22	\$276,663	\$328	\$0.36	\$38,150	\$43	\$0.05
Management	\$833,660	\$988	\$1.07	\$339,091	\$442	\$0.52	\$796,228	\$1,293	\$1.36	\$833,660	\$988	\$1.07	\$917,950	\$1,027	\$1.11
Painting & Supplies	\$91,639	\$109	\$0.12	\$106,182	\$138	\$0.16	\$295,027	\$479	\$0.50	\$91,639	\$109	\$0.12	\$483,565	\$541	\$0.58
Reserves	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$0	\$0	\$0.00
Miscellaneous	\$133,663	\$158	\$0.17	\$2,538	\$3	\$0.00	\$0	\$0	\$0.00	\$133,663	\$158	\$0.17	\$0	\$0	\$0.00
TOTAL EXPENSES	\$15,003,876	\$17,777	\$19.27	\$18,412,741	\$24,006	\$28.05	\$8,759,077	\$14,219	\$14.91	\$15,003,876	\$17,777	\$19.27	\$22,079,453	\$24,697	\$26.63
EXPENSES LESS RE TAXES	\$12,109,197	\$14,347	\$15.55	\$10,300,449	\$13,430	\$15.69	\$8,342,723	\$13,543	\$14.21	\$12,109,197	\$14,347	\$15.55	\$10,000,127	\$11,186	\$12.06

The following is a summary of stabilized expenses that an investor could expect as of the date of value, based upon stabilized operations. These unit expenses have been grown at a rate of 3.5 percent per year through the holding period. The operating expenses are modeled to grow in line with the building's effective gross income. Given the limited rent growth due the new rent law, prudent management will manage expenses to mitigate the impact.

Conclusion of Operating Expenses

We analyzed each item of expense and developed an opinion of a level of expense we believe a typical investor in a property like this would consider reasonable.

Fixed Expenses

Real Estate Taxes

We refer the reader to the "Real Property Taxes and Assessment" section of this report for a complete discussion of real estate taxes.

Insurance

The insurance expense includes the actual cost of fire and extended liability coverage. We have estimated this expense at \$1.10 per square foot for a total expense of \$977,359 in year one, increasing at the rate of 3.5 percent per year. This allows for a comprehensive policy for the subject at a rate of approximately \$1,061 per residential unit for the entire building. The concluded rate considers the trend of higher insurance expenses over recent years, observed at comparable assets.

Operating Expenses

Payroll and Related Expenses

This expense covers the cost of the employees' salaries. According to ownership, the building's staff currently totals approximately 43 and includes a full-time property manager, lobby attendants and doormen, porters, handymen, property management and leasing professionals. In year one, we have forecasted payroll expenses at \$6.25 per square foot or \$5,553,175.

Utilities

This category includes common area heat and electricity, gas and or oil expenses. According to ownership, in-unit electric expenses are directly billed to the respective tenants. We have estimated this expense at \$1.30 per square foot or \$1,155,060.

Water and Sewer

This expense is estimated at \$0.40 per square foot or \$355,403 and covers the cost of water and sewer charges.

Repairs and Maintenance

This category includes expenses for maintenance to the interior and exterior of the building, mechanical systems, pest control, elevator and HVAC service contracts, and cleaning as well any minor and extraordinary maintenance to the plumbing, kitchen appliances and the roof. Based on the age of the building, we have accounted for this

expense at \$1.75 per square foot or \$1,554,889. This expense level is supported by the comparables. We also accounted for the planned capital expenditures subsequently.

General and Administrative

This expense estimate covers the cost of office overhead, supplies and administrative costs. We estimated this expense at \$0.70 per square foot or \$621,956.

Legal and Professional Fees

We estimated this expense at \$0.30 per square foot or \$266,552.

Painting and Supplies

The cost estimate for the periodic painting of apartments and any common areas, inclusive of supplies, is estimated at \$250 per residential unit, or \$230,250.

Management

The cost for professional management of the subject is estimated at \$1.00 per square foot or \$888,508. Management services may be contracted for or provided by the property owner. We have modeled for a management expense that is aligned with market levels.

Miscellaneous

We estimated a miscellaneous expense, which is a contingency for any unforeseen or extraordinary costs. In addition, we modeled the miscellaneous expense to include expenses associated with the health club and shuttle service. Our estimated miscellaneous expense is \$0.10 per square foot or \$88,851.

Total Operating Expenses

Total operating expenses including unabated real estate taxes, as of the date of value, are estimated at \$23,320,370 equating to an expense ratio of 57.77 percent of effective gross income. Deducting the expense for unabated real estate taxes develops estimated expenses of \$11,692,003 or \$13.16 per square foot of gross building area and \$12,695 per unit. The unit expenses are increased at an annual rate of 3.50 percent per year during the holding period.

The expense comparables range from a low of \$12.06 per square foot to \$15.69 per square foot excluding real estate taxes. On a per unit basis, the comparables indicate a range from \$11,186 to \$14,347 per apartment. Because the estimate for the subject property is within the range of comparable buildings on a per square foot basis, we conclude that there is adequate support for our operating expense conclusions.

The projected expenses of \$13.16 per square foot and \$12,695 per unit (exclusive of taxes) appear reasonable.

Reserves for Replacements and Capital Reserves

It is customary and prudent to deduct an annual sum from effective gross revenue to establish a reserve for replacing short-lived items throughout the building. We have estimated \$200 per unit, per year, to reserve for short-lived items in the apartments (carpet, appliances, etc.) on a regular basis. These are increased 3.50 percent per year. Furthermore, we deducted a total of 0.50 percent of effective gross income per year for capital reserves for the building.

Discounted Cash Flow Analysis - Assumptions Summary

An electronic spreadsheet program was used to model future income and expenses. Our discounted cash flow analysis is presented on the **following page**. The valuation matrix is presented on the **succeeding page**. We incorporated an eleven-year cash flow, which projects the revenue stream during this time frame. In formulating the discounted cash flow for the subject property, the following assumptions were used:

ASSUMPTIONS	
Years in Forecast:	11 years
Holding Period:	10 years
Starting Date:	July 1, 2024
Residential Component:	921 units, 920 of which are considered rentable
Average Market Rental Rate	
Residential:	\$81.00/SF - As of June 2024
Retail:	\$41.89/SF – 35,809 SF Suite (Proposed Lincoln Market)
	\$100/SF – 432 SF Suite (Essex Dry Cleaners)
	\$40/SF – 2,516 SF Suite (Kings of Kobe)
Parking:	\$4,250 per space per year
Growth in Market Rental Rate:	3.5% per annum
Growth in Affordable Rental Rate:	3.0% per annum
Operating Expenses (exclusive of RE Taxes):	\$13.16/SF or \$12,695 per unit
Real Estate Taxes (Unabated):	\$13.09/SF of GBA
Reserves for Replacement:	\$200/Unit per year increasing 3.50% per year
Capital Reserves:	0.50% of effective gross income
Expense Growth Rate:	3.50% per annum
Real Estate Tax Growth Rate:	5.0% per annum
Vacancy/Credit Loss:	3.0% (residential) and 5.0% (other sources)
Reversion Year:	Year 10, based on forward looking NOI in Year 11.

Reversion Cap Rate:	5.00%
Reversion Selling Expenses:	4.0% (includes brokerage, legal fees and estimated transfer taxes)
Discount Rate (IRR):	6.00%

**MIXED-USE 75/25 APARTMENT BUILDING
DISCOUNTED CASH FLOW - AS IS
650 WEST 42ND STREET
NEW YORK, NEW YORK**

		1	2	3	4	5	6	7	8	9	10	11
INCOME	FYB JUL	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Residential Income - Market		\$35,692,993	\$38,524,833	\$41,511,178	\$42,964,069	\$44,467,812	\$46,024,185	\$47,635,032	\$49,302,258	\$51,027,837	\$52,813,811	\$54,662,295
Residential Income - Affordable		\$3,739,841	\$3,852,036	\$3,967,597	\$4,086,625	\$4,209,223	\$4,335,500	\$4,465,565	\$4,599,532	\$4,737,518	\$4,879,644	\$5,026,033
Retail Revenue		\$175,730	\$1,702,885	\$1,708,315	\$1,713,908	\$1,719,668	\$1,752,307	\$1,800,120	\$1,850,968	\$1,856,275	\$1,861,741	\$1,951,075
Retail Reimbursement Revenue		\$1,383	\$27,636	\$55,201	\$84,145	\$114,536	\$146,446	\$177,693	\$214,391	\$253,340	\$294,236	\$337,176
Parking Revenue		\$824,500	\$853,358	\$883,225	\$914,138	\$946,133	\$979,247	\$1,013,521	\$1,048,994	\$1,085,709	\$1,123,709	\$1,163,039
Laundry Revenue		\$325,000	\$336,375	\$348,148	\$360,333	\$372,945	\$385,998	\$399,508	\$413,491	\$427,963	\$442,942	\$458,445
Miscellaneous Income		\$900,000	\$931,500	\$964,103	\$997,846	\$1,032,771	\$1,068,918	\$1,106,330	\$1,145,051	\$1,185,128	\$1,226,608	\$1,269,539
Total Gross Income		\$41,659,447	\$46,228,623	\$49,437,767	\$51,121,064	\$52,863,088	\$54,692,602	\$56,597,769	\$58,574,685	\$60,573,770	\$62,642,690	\$64,867,601
Less: Vacancy and Credit Loss		\$1,294,316	\$1,463,894	\$1,562,313	\$1,615,039	\$1,669,614	\$1,727,436	\$1,787,876	\$1,850,698	\$1,913,381	\$1,978,265	\$2,049,613
Effective Gross Income		\$40,365,131	\$44,764,729	\$47,875,454	\$49,506,025	\$51,193,474	\$52,965,165	\$54,809,892	\$56,723,987	\$58,660,389	\$60,664,425	\$62,817,987
OPERATING EXPENSES												
Real Estate Taxes		\$11,628,367	\$12,209,786	\$12,820,275	\$13,461,289	\$14,134,353	\$14,841,071	\$15,583,124	\$16,362,280	\$17,180,394	\$18,039,414	\$18,941,385
Insurance		\$977,359	\$1,011,566	\$1,046,971	\$1,083,615	\$1,121,542	\$1,160,796	\$1,201,424	\$1,243,473	\$1,286,995	\$1,332,040	\$1,378,661
Salary & Benefits		\$5,553,175	\$5,747,536	\$5,948,700	\$6,156,904	\$6,372,396	\$6,595,430	\$6,826,270	\$7,065,189	\$7,312,471	\$7,568,408	\$7,833,302
Utilities		\$1,155,060	\$1,195,488	\$1,237,330	\$1,280,636	\$1,325,458	\$1,371,849	\$1,419,864	\$1,469,559	\$1,520,994	\$1,574,229	\$1,629,327
Water & Sewer		\$355,403	\$367,842	\$380,717	\$394,042	\$407,833	\$422,108	\$436,881	\$452,172	\$467,998	\$484,378	\$501,331
Repairs & Maintenance		\$1,554,889	\$1,609,310	\$1,665,636	\$1,723,933	\$1,784,271	\$1,846,720	\$1,911,356	\$1,978,253	\$2,047,492	\$2,119,154	\$2,193,324
General & Administrative		\$621,956	\$643,724	\$666,254	\$689,573	\$713,708	\$738,688	\$764,542	\$791,301	\$818,997	\$847,662	\$877,330
Legal & Professional Fees		\$266,552	\$275,882	\$285,538	\$295,531	\$305,875	\$316,581	\$327,661	\$339,129	\$350,999	\$363,284	\$375,998
Painting & Supplies		\$230,250	\$238,309	\$246,650	\$255,282	\$264,217	\$273,465	\$283,036	\$292,942	\$303,195	\$313,807	\$324,790
Management Fees		\$888,508	\$919,606	\$951,792	\$985,105	\$1,019,583	\$1,055,269	\$1,092,203	\$1,130,430	\$1,169,995	\$1,210,945	\$1,253,328
Miscellaneous Expense		\$88,851	\$91,961	\$95,179	\$98,510	\$101,958	\$105,527	\$109,220	\$113,043	\$117,000	\$121,095	\$125,333
TOTAL EXPENSES		\$23,320,370	\$24,311,009	\$25,345,041	\$26,424,421	\$27,551,196	\$28,727,503	\$29,955,581	\$31,237,774	\$32,576,530	\$33,974,414	\$35,434,110
NET OPERATING INCOME		\$17,044,761	\$20,453,720	\$22,530,413	\$23,081,604	\$23,642,278	\$24,237,662	\$24,854,311	\$25,486,213	\$26,083,859	\$26,690,010	\$27,383,877
Less:												
Reserves for Replacement		\$184,000	\$190,440	\$197,105	\$204,004	\$211,144	\$218,534	\$226,183	\$234,099	\$242,293	\$250,773	\$259,550
Residential Leasing Costs		\$432,042	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Residential Concessions		\$0	\$5,013,427	\$5,188,897	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Commercial Leasing Costs		\$2,672,000	\$0	\$0	\$0	\$0	\$153,373	\$40,397	\$0	\$0	\$0	\$0
Planned Capital Expenditures		\$481,000	\$4,680,400	\$4,114,600	\$4,008,900	\$3,762,800	\$0	\$0	\$0	\$0	\$0	\$0
Capital Reserves		\$201,826	\$223,824	\$239,377	\$247,530	\$255,967	\$264,826	\$274,049	\$283,620	\$293,302	\$303,322	\$314,090
CASH FLOW		\$13,073,893	\$10,345,629	\$12,790,433	\$18,621,169	\$19,412,367	\$23,600,929	\$24,313,681	\$24,968,494	\$25,548,264	\$26,135,915	\$26,810,237

MIXED-USE 75/25 APARTMENT BUILDING DISCOUNTED CASH FLOW - AS IS 650 WEST 42ND STREET NEW YORK, NEW YORK						
FISCAL YEAR	NET CASH FLOWS		DISCOUNT FACTOR @ 6.00%			PRESENT VALUE OF CASH FLOWS
ONE	\$13,073,893	X	0.94340	=		\$12,333,862
TWO	\$10,345,629	X	0.89000	=		\$9,207,573
THREE	\$12,790,433	X	0.83962	=		\$10,739,094
FOUR	\$18,621,169	X	0.79209	=		\$14,749,710
FIVE	\$19,412,367	X	0.74726	=		\$14,506,050
SIX	\$23,600,929	X	0.70496	=		\$16,637,724
SEVEN	\$24,313,681	X	0.66506	=		\$16,169,987
EIGHT	\$24,968,494	X	0.62741	=		\$15,665,542
NINE	\$25,548,264	X	0.59190	=		\$15,121,978
TEN	\$26,135,915	X	0.55839	=		\$14,594,158
TOTAL PRESENT VALUE OF CASH FLOWS						\$139,725,678
REVERSION:						@5.0%
ELEVEN (1)	\$27,383,877	/	5.00%			\$547,677,543
LESS: COST OF SALE @ 4.0%						\$21,907,102
NET REVERSION:						\$525,770,442
X DISCOUNT FACTOR OF 0.55839						
= PRESENT VALUE OF REVERSION						\$293,587,468
TOTAL PRESENT VALUE:						\$433,313,147
ROUNDED						\$435,000,000
Adjusted Value Conclusion (Rounded):						\$435,000,000
GROSS BUILDING AREA (SF)						888,508
VALUE PER SQUARE FOOT OF GBA						\$490
VALUE PER UNIT						\$472,826
IMPLICIT GOING-IN CAP RATE						
YEAR ONE NOI						\$17,044,761
GOING-IN CAP RATE						3.92%
GOING-IN CAP RATE (ABATED NOI)						5.19%
YEAR THREE CAP RATE						5.18%
YEAR FOUR CAP RATE						5.31%
(1) NET OPERATING INCOME						

A terminal overall capitalization rate was used to estimate the market value of the property at the end of the assumed investment holding period. The rate is applied to the eleventh year estimate of net operating income after subtracting unit replacements but before making deductions for capital reserves. We estimated an appropriate terminal rate based on indicated rates in today's market. A premium was added to today's rate to allow for the risk of unforeseen events or trends which might affect our estimate of net operating income during the holding period, including a possible deterioration in market conditions for the property. Investors typically add 50 to 200 basis points to the "going-in" rate to arrive at a terminal capitalization rate.

We selected a terminal overall rate of 5.00 percent based upon the quality of the building, residential mix, it's good location, it's very good competitive position in the marketplace, the quality and desirability of the neighborhood, and future supply trends. Our selection also considers the mixed-use nature of the development. Our selection also considers the current interest rate environment, which is more fully discussed in a subsequent section.

Discount Rate Analysis

Before determining the appropriate risk rate to apply to the subject, a review of recent market conditions, particularly in the financial markets, is warranted. The following subsection provides review of these trends, ending with a summary of the investment considerations impacting the subject property. The trends are based upon the appraiser's market research, discussions with participants in the market, and the relative position of the subject property within its market.

The Commercial Real Estate (CRE) market is driven by investor demand and strong liquidity. We are monitoring the impacts on both factors as they relate to the Federal Reserve's historical and projected interest rate changes, inflation, and other macroeconomic factors, which have increased uncertainty in the financial and CRE markets. Furthermore, Cushman & Wakefield is closely examining all latest economic developments, and their effects on the subject and its market.

Current Trends and Economic Conditions

Overall, the economy was resilient in the first quarter of 2024. A strong job market fueled consumer spending and GDP increased at a 1.6% annual rate. While this was down sharply from the 3.4% annual growth rate at the end of 2023, economists were largely unconcerned by the slip, which stemmed primarily from large swings in business inventories and international trade; components that regularly swing wildly from one quarter to the next. Most of the economic anxiety was centered around inflation which appears to have stalled at about 3.5%.

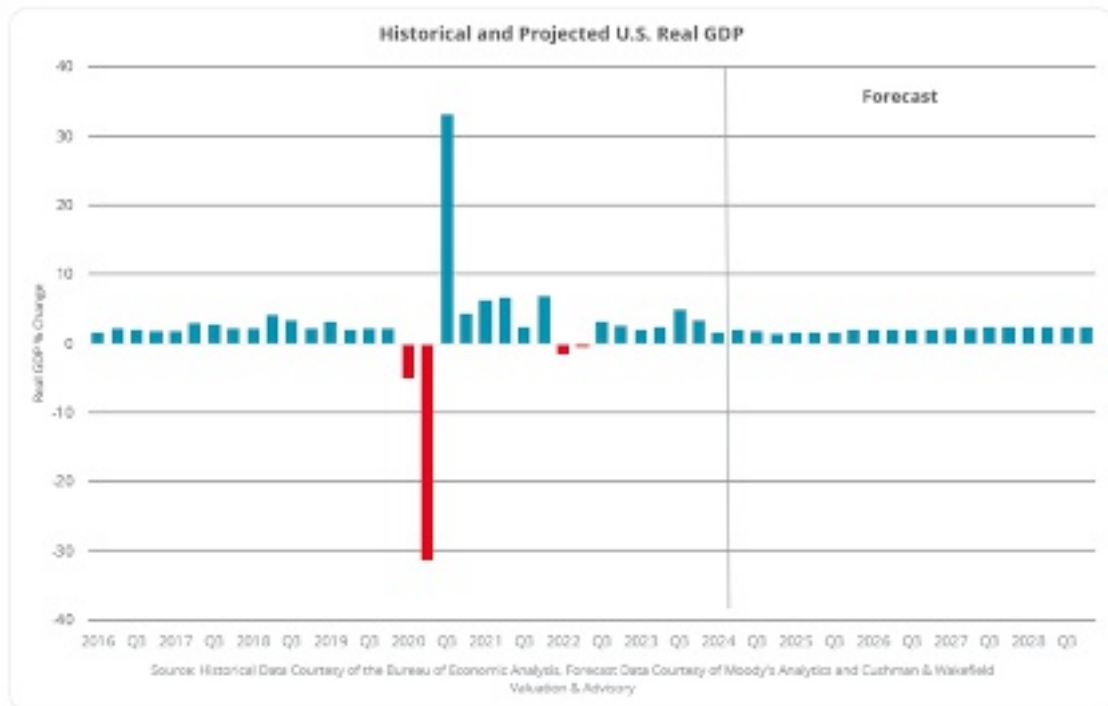
Early in the year, the economy's resilience, coupled with a downward trend in inflation, caused financial markets to respond eagerly. This allowed for some stability and momentum to form throughout the financial and treasury markets. In turn, this optimism spilled over into the CRE capital markets as risk spreads trended in. By the end of the first quarter, however, inflation had stalled. In fact, some more "bad" news in the macroeconomy might counteractively spell good news for inflation and monetary policy. While there are signs that we're on the path to reaching the Federal Reserve Board's (Fed's) target inflation this year of approximately two percent, until there is measurable progress towards slowing inflation, the Fed is unlikely to cut rates; perhaps only doing so once or twice this year, if at all.

In response, the markets are actively recalibrating their expectations not only to a more gradual, delayed rate cutting cycle, but to a more accepted view of what it means to normalize higher interest rates. The stubbornness of inflation is a powerful reminder that a shift in the timing and magnitude of Fed rate cuts will not make or break the larger narrative that will unfold over the medium and long-term horizons. This restrictive monetary policy is intended to

weigh on growth and trigger a slowdown. The good news is that the foundations for both households and businesses remain solid which will support CRE fundamentals in weathering the downturn relatively well.

In the end, the CRE market really doesn't need to wait for the Fed to cut rates to accept the normalized interest rate regime. Fortunately, the acceptance process is progressing even as inflation remains choppy and as the Fed remains patient. Such acceptance will continue to usher in more price discovery and transaction activity, all as property fundamentals, outside of lower-middle-quality office, remain on healthy footing, poised for inflection in the coming years.

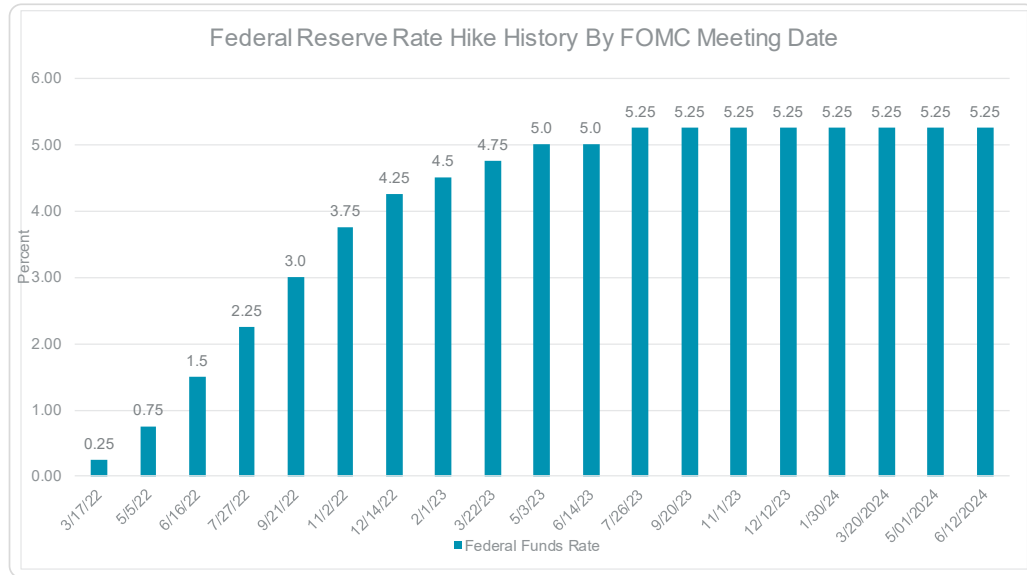
The following graph displays historical and projected U.S. real GDP percentage change (annualized on a quarterly basis) from first quarter 2016 through fourth quarter 2028:



The current wave of inflation began in 2021, immediately following the pandemic in 2020. Its rise has been largely attributed to various causes, including pandemic-related fiscal and monetary stimulus, shortages in the global supply chain, price gouging, and more recently, the Russian-Ukraine and the Israel-Hamas wars. While inflation has slowed significantly in the past year, it still hasn't loosened its grip entirely. For March 2024, the Bureau of Labor Statistics (BLS) reported that the Consumer Price Index (CPI) jumped 3.5% on an annual basis and 0.3% over February 2024. Core inflation, which excludes volatile food and energy prices, remained the same as last month at 3.8% year-over-year.

In early 2022, the Federal Reserve was holding the federal funds rate at around zero. They were buying billions of dollars of bonds every month to stimulate the economy, but various measures of inflation kept inching up and reaching 40-year highs. To combat inflation, the Federal Reserve employed multiple increases to the effective federal funds rate in 2022 and into the first half of 2023. In their June 2024 meeting, the Federal Reserve decided to pause interest rate hikes for the seventh consecutive time, leaving rates unchanged since July 2023.

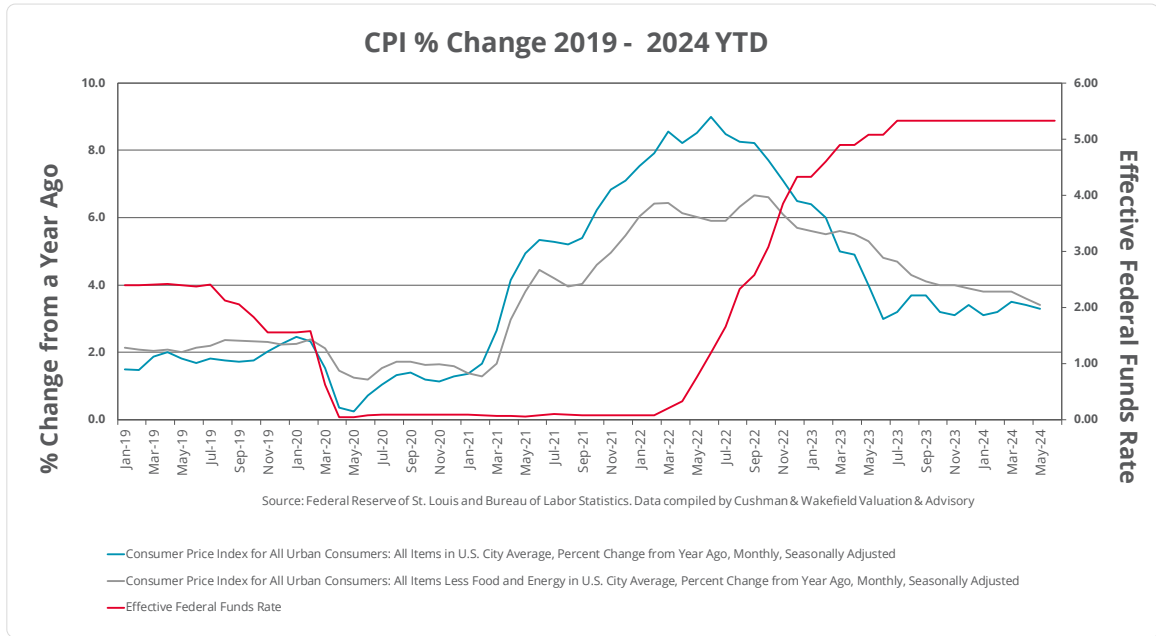
The following chart displays when the Federal Open Market Committee met, their federal funds rate changes, and their basis point increases:



The Effective Federal Funds Rate (EFFR) is an interest rate that calculates the effective median interest rate of overnight federal funds transactions from the previous day and is published daily by the Federal Reserve Bank of New York. The current EFFR is now targeted between 5.25% and 5.50%. This rate, and all interest rates, tend to move in the same direction as inflation, however they typically lag because they are also the primary tool used by central banks to manage inflation. Conversely, when inflation is falling and economic growth is slowing, central banks may lower interest rates to stimulate the economy.

The Federal Reserve generally strives for the dual objective of maximum employment and stable inflation near 2%. While inflation is significantly down from its 9.0% peak in 2022, it has not yet fallen below the 3.0% mark. Despite the elevated interest rate environment and slightly elevated inflation, March 2024's job numbers were strong. Around 272,000 jobs were added in May 2024, although the unemployment rate ticked up slightly to 4.0%.

The following graph compares CPI and Core CPI data (January 2019 – May 2024) with the EFFR from (January 2019 – June 2024):

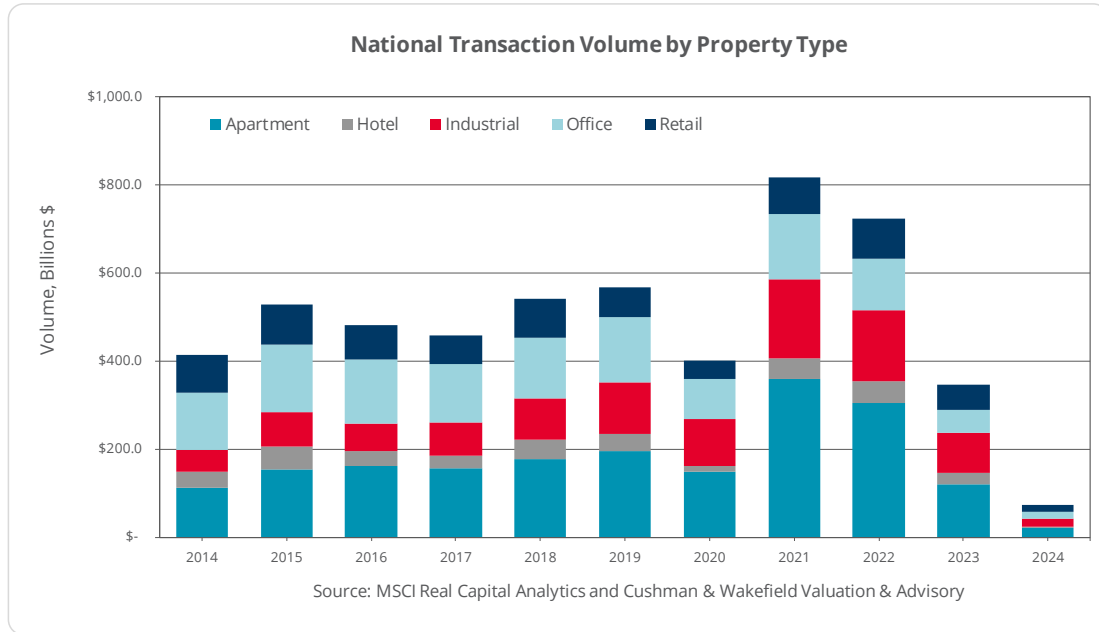


U.S. Real Estate Market Implications

Last year, deal volume fell at a pace that was reminiscent of the Global Financial Crisis. For the first quarter of 2024, deal volume did not begin to rebound, unfortunately. Activity continued to fall from the same time last year, however, overall momentum did trend towards improvement, or at least stability, as declines in both deal volume and prices moderated. Further, with a year-over-year drop of 16% this quarter, we are well past the low point which occurred in the final quarter of 2022 when deal volume fell 60%.

Entity-level deals helped slow declines, representing 15% of the total. These kinds of deals drove growth in the office sector, although demand for medical office space was greater than the demand for traditional offices this quarter. Entity-level deals also increased in the retail and industrial sectors by 33% from the same time last year. Had it not been for this type of deal, however, the story of moderation would not have changed too significantly. Individual asset sales fell 19% year-over-year, down from the peak of 57% in the second quarter 2023.

While commercial property prices fell overall in the first quarter of 2024, the drops were smaller than those seen in early 2023. They also fell unevenly across the various property types. Although most sectors were still shaking off the initial shock of higher mortgage costs in early 2023, the industrial sector witnessed a 5.7% year-over-year price increase. Even though industrial also felt the sting of higher mortgage costs in early 2023, which limited what buyers could pay for an asset, the sector managed to outperform the growing cost of capital and was able to drive up price growth in the first quarter of 2024.



The PricewaterhouseCoopers (PwC) Real Estate Investor Survey analyzes a total of 41 markets, including 22 different asset classes and 19 individual office markets. For second quarter 2024, the average overall cap rate increased in 32 surveyed markets, declined in six and held steady in three. On a quarter-over-quarter basis, the average increase was 25 basis points, and on a year-over-year basis it was 100 basis points.

Overall office cap rates tended to be lower for CBD submarkets than for their suburban counterparts; however, the Dallas, Seattle, and Phoenix office markets bucked that trend this quarter. The spread between the average overall cap rates for CBDs vs the suburban markets has compressed over the past year, declining from 72 basis points in the second quarter of 2023 to 42 basis points for second quarter 2024. The spread between these rates is expected to continue to tighten in the coming year as the office sector works through challenges stemming from work-from-home patterns, higher costs of capital, and general market uncertainty.

Overall, PwC reports that most investors surveyed believe that greater buying opportunities are much more prevalent than the same time last year. This is because it is a general belief that interest rates have peaked and sellers are now ready to dispose of assets they have been sitting on for a while, while at the same time, buyers have adjusted their expectations.

The following table displays an overall cap rate analysis of six distinct property classes during second quarter 2024, and compares them to the previous year:

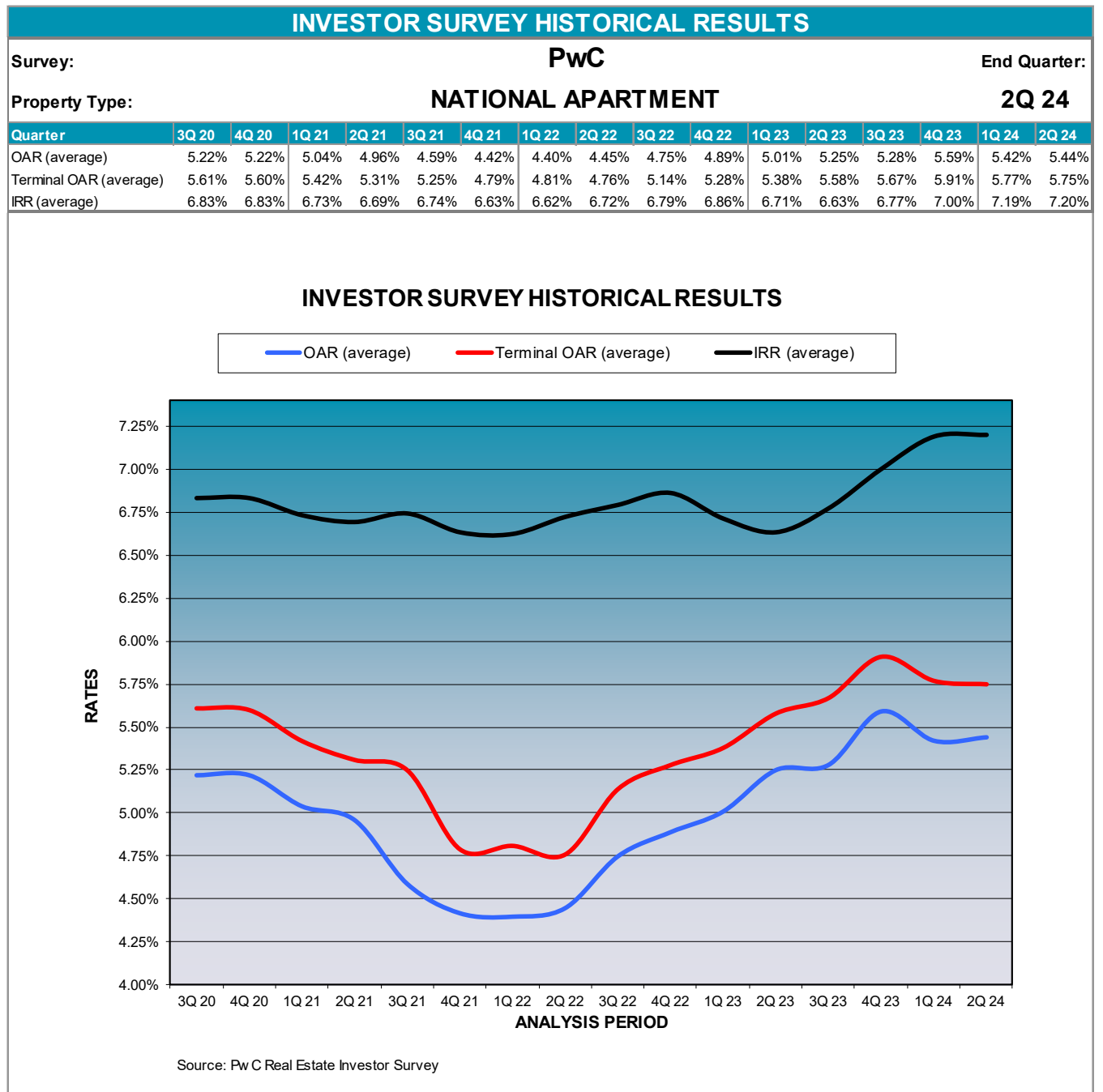
Overall Cap Rate Analysis			
Second Quarter 2024			
Asset Class	Q2 2024	Q2 2023	Basis Point Change
National CBD Office	6.94%	5.88%	+106
National Suburban Office	6.54%	6.30%	+24
National Warehouse	5.48%	4.96%	+52
National Apartment	5.44%	5.25%	+19
National Regional Mall	8.38%	7.28%	+110
National Net Lease	7.51%	6.73%	+78
Source: PwC Real Estate Investor Survey			

Conclusion

The U.S. economy continues to face interest rate and inflationary challenges while other measures remain strong. The CRE market continues to adapt to the elevated interest rate environment, however, it appears that the worst is now behind us. Meanwhile, as inflation proves to be stubbornly high, investors are quietly stirring as they anxiously await the Fed to cut rates.

Investor Survey Trends

Historic trends in real estate investment help us understand the current and future direction of the market. Investors' return requirements are a benchmark by which real estate assets are bought and sold. The graph on the following page shows the historic trends for the subject's asset class spanning a period of four years as reported in the PwC Real Estate Investor Survey published by PricewaterhouseCoopers.



The preceding table summarized the investment parameters of some of the most prominent investors currently acquiring high-grade apartment properties in the United States. The Price Waterhouse Coopers investor survey must be put in perspective considering the property specifics detailed throughout the report, as well as the investor criteria of the local marketplace.

Capitalization Rate Analysis

On the following pages we discuss the process of how we determine an appropriate overall capitalization rate to apply to the subject's forecast net income.

Capitalization Rate from Comparable Sales

The following table summarizes overall capitalization rates derived from the improved property sales.

CAPITALIZATION RATE SUMMARY			
No.	Name and Location	Sales Date	Capitalization Rate
1	The Lanthian 377 East 33rd Street New York, NY	8/2023	4.50%
2	600 Columbus Avenue New York, NY	5/2023	4.44%
3	265 East 66th Street New York, NY	4/2023	-
4	RiverEast 408 East 92nd Street New York, NY	4/2023	4.12%
5	The Collection at Mercedes House 550 West 54th Street New York, NY	4/2023	5.44%
6	525 East 72nd Street New York, NY	4/2023	3.42%
STATISTICS			
Sample Size		6	5
Low		4/2023	3.42%
High		8/2023	5.44%
Median		4/2023	4.53%
Average		5/2023	4.39%

Compiled by Cushman & Wakefield, Inc.

As indicated in the chart above, the average capitalization rate for the sales is 4.39 percent.

Capitalization Rate from Investor Surveys

We considered data extracted from the PwC Real Estate Investor Survey for competitive properties. Earlier in the report, we presented historical capitalization rates for the prior four year period. The most recent information from this survey is listed below:

CAPITALIZATION RATES			
Survey	Date	Range	Average
PwC Institutional	Second Quarter 2024	4.00% - 7.50%	5.44%
Pw C Institutional - Refers to National Apartment market regardless of class or occupancy			

The historical capitalization rates of New York City have been typically 100 to 200 basis points lower than the national average.

Market Trends

Interest Rates

Inflation rose significantly throughout 2022 and has remained high into the second quarter of 2023. In response to inflationary pressure, the Federal Reserve increased the federal funds rate throughout calendar year 2022 and the first three meetings in 2023. The increases in March and May of 2022 were 25 and 50 basis points, respectively. However as inflationary pressures persisted during the summer months, the Federal Reserve began more significant increases. It raised the federal funds rate by 75 basis points in each of the next 4 meetings and reiterated its stance to continue to raise rates to curb inflation. Policy makers were not influenced by rising volatility in global markets and maintained their priority to control inflation. In December, the Federal Reserve again increased the federal funds rate by 50 basis points. At the February, March, and May 2023 meetings, the Federal Reserve increased the federal funds rate by 25 basis points (75 basis points in total). Since September 2023 the Federal Reserve has not announced any increases in the federal funds rate. Inflation has been easing since its peak in the summer of 2022, although it has remained well above the target level of 2.0 percent set by the Federal Reserve. With the current rate range of 5.25 to 5.50 percent, federal funds are at their highest levels since August 2007.

Most participants projected that the federal funds rate would increase until its peak in approximately the third or fourth quarter of 2023, with rates anticipated to ease in 2024. While some Federal Reserve voting members still believe further rate increases are necessary to bring the level of inflation down to the target level, investors indicate that the majority of forward-looking curves are projecting that rates are expected to decrease, with most investors expecting the decrease to begin to occur in the next 6 months and to continue through 2025.

The rapid increase in interest rates to curb persistent inflation caused a shift in the mindset of investors. Real estate is considered an investment hedge against inflation and the City remains a top investment market globally. The desirability and competitiveness of the City for the deployment of capital, coupled with anticipated rent growth, somewhat offsets the upward pressure on capitalization rates caused by an increase in the cost of capital emanating from higher interest rates. However, the increases in interest rates have influenced capitalization rates. Many investors are underwriting higher capitalization rates than they had in the first half of 2022 based on the aforementioned increases and the uncertainty surrounding interest rates in the near term.

Market Participant Interviews

We have conducted numerous interviews with market participants to understand the factors impacting the market and influencing investor sentiment. These are summarized as follows:

MARKET SENTIMENT AND PARTICIPANT INTERVIEWS	
TITLE & FIRM	KEY POINTS
President and CEO - NYC Housing Partnership	Ground-up development of multifamily rental housing is not feasible without the Affordable New York tax abatement in NYC. The low supply of new quality housing is anticipated to continue to put upwards pressure on market rents throughout 2024 as the construction pipeline remains constrained.
President - Gotham Organization	Developers require a tax abatement to build in NYC given land cost basis and development costs, including prevailing financing. Taxes for new residential buildings are 20 to 30 percent of gross income. In a world with rising expenses, you need the tax abatement to make construction feasible.
Vice President - Portfolio Management (Brookfield) Associate - Capital Markets & Treasury (Brookfield)	Their team will be bringing a Class A, mixed-use 70/30 development in Greenpoint to market in the next few months. Their asking price will equate to a 4.5 percent capitalization rate. Support for the capitalization rate is rooted in the rent growth story for the City. With the expiration of the Affordable NY Program, very limited supply will come to market in the ensuing 2-3 years. Constrained supply allows for much better rent growth prospects in New York City than other parts of the country. The Greenpoint neighborhood has more supply coming to market in the near term than most neighborhoods given the Greenpoint Landing master plan. Despite the increase in supply in the neighborhood, they continue to be able to increase rents at existing buildings as the neighborhood matures and is built out. Their estimate is for rent growth of over 4.0 percent per annum in the near term. With an interest rate environment that should ease in the next 24 months, buyers would be able to refinance any debt used in an acquisition. For existing debt, they are working with lenders to "kick the can down the road" and extend loan terms until more favorable interest rate conditions emerge.
Vice President, Investment Management - Private Equity Firm	The firm is launching a new fund over the next few months. The fund will raise \$1.0 to \$2.0 billion for the acquisition of institutional grade rental assets in New York City, Los Angeles, San Francisco and other Gateway cities. The fund will target implied overall rates between 4.5 percent and 5.5 percent, unlevered. They will accept negative leverage for 24 to 36 months, with the belief that interest rates will decrease in approximately two years and market rate rental rates will continue to increase. The firm observed rental rate growth over 5.0 percent year-over-year for their assets in Brooklyn.
Senior Director, Acquisitions and Development - Private Real Estate Investment Firm	The firm is moving forward with large mixed-use developments that are well-located in New York City and Northern New Jersey. Although rates have increased, they are optimistic rates will decrease over the next 24 to 36 months. The firm is well capitalized with limited debt. The firm researches rental supply very diligently and is very bullish that rental rates will increase at an annual rate between 4 to 5 percent for the foreseeable future. They have a large portfolio in New York City and they plan to hold long-term. A very large rental complex, which includes nearly 2,000 units, rent growth of 6.25 percent over the last 12 months.
Vice President - Brookfield Properties	Provided color on Brookfield's Bankside master-planned development in the south Bronx. Reports that leasing in Phase 1 of the development has been very well received with market rate rents averaging \$60/SF plus per square foot, with two months of concessions on average. There have been approximately 30,000 applicants for the 300 affordable housing units within this phase of the development. In addition to the belief that rental rates will increase for the foreseeable future, the firm believes institutional management will mitigate expenses. The concern around negative leverage is indicative of a dislocation in the market and opportunities for well capitalized participants. Not all participants are heavily levered. Equity is in the market and wants to be deployed. The firm projects rent growth between 3.0 percent and 4.5 percent per annum.
Managing Director - The Carlyle Group	Very bullish on the New York City residential rental market. Moving forward with developments and acquisitions. They are under no pressure to sell, and it is very hard to buy. Sellers are typically well capitalized and hold for the long-term. Looking to forward looking curves, which indicate that interest rates will decrease over the next 24 to 36 months. Negative leverage is solved through interest rate decreases and rent growth.
Director of Analytics - CoStar Analytics	A poll by CoStar analytics in September 2023 has found that New York City residential market rents are widely projected to keep rising by the 450 market participants surveyed. About 29% of users said they believed rents would increase between 1% and 2%, while 41% of users said the increase would be between 3% and 5%, while 13% of users said they believed the rate would grow by more than 5%. Only 10% of users predicted that rents would be flat by this time next year, while 4% said rents would decline over the next 12 months.
Managing Director - Meridian Capital	Rent growth is very strong in the City and concessions are seasonal. The financing market is difficult given high interest rates. However, there are buyers for value add properties.
Chief Economist - Moody's Analytics	Inflationary pressures have eased significantly and interest rates have peaked. The forecast is for inflation to be at 2.5 percent by year-end 2024. The path to a "soft landing" is very strong at this point and the forecast is for 4 interest rate cuts totaling 100 basis points in 2024. This should spur transactional activity.
Deputy Chief Economist - Cushman & Wakefield	The City remains supply constrained. Multifamily vacancy is less than 3.0 percent. Vacancy is the number one predictor of rent growth. Given current supply trends, the forecast is for 4.0 to 5.0 percent rent growth in the next 24 months.
Executive Director - Awson Young	There is competitive buyer appetite for market rate assets in New York City, especially from Japanese buyers. However, the demand can fluctuate during the marketing process of an asset due to daily moves in short-term interest rates. Capitalization rates on recent trades for small market rate assets in core areas of Manhattan and Brooklyn have been in the 4.75 to 5.00 percent range.

Rent Growth

The construction lending market continues to be challenging with loan proceeds off 5 to 10 percent and interest rates up approximately 4.5 percent year-over-year. The increased financing costs, lack of convictions around capitalization rates and high construction costs make new development challenging. This will result in limited new supply in 24-36 months (2024 – 2026). This will likely benefit existing assets and new developments for which capital is obtained to allow construction to proceed.

In addition, the Affordable New York program (and its predecessor program) was critical to the development of new rental projects, most of which would not be feasible without tax incentives. With the June 2022 expiration of the Affordable New York program, the supply of ground-up rental projects has decreased significantly, which will exacerbate the supply of rental housing in the near term. Although recent housing legislation has introduced a new

tax abatement (485x) and extended the deadline for projects to be completed under the prior Affordable New York Program (previously June 2026), the effect on supply from the nearly 2-year pause will still impact the overall market. As a result, market participants are modeling for substantial rent growth in the near term, given the supply constraints in the city and overall market fundamentals.

Conclusion

While the broader U.S. economy has so far defied expectations of a downturn with its resiliency, the capital markets downturn has been impactful to commercial real estate for over 18 months and continues to evolve. The commercial real estate debt market is challenged by tighter liquidity and higher credit standards, however, the best quality loans are still getting placed competitively by current standards. The debt market settled down in the early part of the second quarter of 2023 after the first wave of banking crisis fears passed and continued to build on optimism from lenders and investors given the pause by the Federal Reserve through the second half of 2023. However, interest rates and risk appetite are still subject to volatility from a myriad of macro variables including inflation and jobs data, monetary policy, banking sector stress, and geopolitical unknowns. Positive economic data continues to be “bad news” for interest rates because it means the Federal Reserve must do more, which adds uncertainty to commercial real estate interest rates, values, and chills equity and debt capital investment.

While agency, life company, and debt fund lenders are active for quality multifamily, industrial, and other preferred asset classes located in growth markets for top-tier sponsors, transaction volume is down dramatically compared to the period prior to the start of the current interest rate cycle. Lenders are leaning-in to compete for the best collateral because there are not enough high-quality loans available. However, banks of all sizes are generally in retreat or pausing new lending, and debt from any source is considered expensive by market participants.

The path to stabilization of the debt market starts with the Federal Reserve achieving its terminal rate which will help provide stability in base rates, spreads, asset values, and increase transaction volume. However, financing conditions are expected to remain challenged for some time given the magnitude of the increases in interest rates over the past 2 years. The critical next step is clarity around the depth of a recession and its impact to commercial real estate fundamentals.

Cushman & Wakefield Research has compiled a projected Economic Glide Path, which is a forecast of the expected economic trajectory over the next four quarters utilizing sources that include the Federal Reserve, U.S. Bureau of Labor Statistics, Moody's Analytics, and the National Bureau of Economic Research. Current data shows a continued labor market rebalancing through year-end 2024 with wage growth slowing to the high 3.0 percent range. Inflation is anticipated to continue its downward trend and core inflation will be below 3.0 percent by year-end 2024. This will allow the Federal Reserve to pivot and begin cutting interest rates in mid to late 2024. The federal funds rate is forecasted to decrease to approximately 2.5 percent by year-end 2026. As a result, liquidity is expected to increase in the latter half of 2024 and begin to accelerate in 2025.

Discount Rate Conclusion

Therefore, taking into consideration the subject's location, competitive position in the marketplace, construction quality, tenancy, and returns expected by investors in the current market in relation to other property types, we discounted the cash flows using a rate of 6.00 percent. Our selection of discount rate range is considered reasonable given the current strong investment sales market and relative strength of the cash flow of the subject property, which is considered a quality asset. It also considers the mixed-use nature of the development.

The discount rate also reflects the upside potential to the subject's market rate rents. Given the supply constraints of the surrounding rental market and the capital expenditure plan proposed by the owner the property is poised to benefit from a strong rental market. Additionally, our conclusion considers that the property has an affordable

housing component with deeply discounted rental rates. Although deeply discounted the affordable units are in very high demand and provide security to the residential revenue.

Focusing on a 6.00 percent discount rate, the results of the discounted cash flow indicate a market value of **\$435,000,000**, rounded. Our selected investor criteria result in an implied going-in capitalization rate of 3.92 percent. Given the premiums that New York City, and more particularly Manhattan, commands as well as the national trends, our conclusions are reasonable. Based on comparables and discussions with market participants, this implied capitalization rate is considered reasonable.

Present Value of 421a Tax Abatement

The subject development benefits from a 15 year 421a extended eligibility tax abatement that we have valued separately from the day-to-day operations of the building. In the Real Estate Taxes and Assessments section of this report, presented earlier, we have calculated the tax savings received by the owner due to the abatement. There is very little risk involved in the abatement, and therefore, the savings were discounted at a lower rate than the cash flow. The savings are a known quantity, with no risk associated with receiving revenue. A developer/investor would need to consider typical discount rates based upon opportunity costs for minimal risk investments, with a small premium added to account for the need to own and operate the real estate. We selected a discount rate of 5.0 percent. Applying this discount rate to the tax savings, results in a value estimate for the remaining benefits of the 421a tax abatement of **\$70,000,000**, rounded. We added this amount to the market value of the property.

Market Value Conclusion

Discounting the net operating income and the reversion proceeds of the subject property, and based upon our assumptions with regard to income and expenses, results in a market value of \$435,000,000, rounded. The value conclusion results in an implied overall rate of 3.92 percent, rounded. The subject is a quality asset with excellent physical and service amenities. The property has a very good competitive position in the local market. The national average overall rate for the second quarter was 5.44 percent. Given the subject's quality and the fact that New York City continues to be a very desirable market that is fundamentally stronger than many across the country, we believe an implied capitalization rate at this level is reasonable. We have concluded that the subject's as is market value for the leased fee interest of the subject property, inclusive of the present value of the 421a tax abatement, is **\$505,000,000**, rounded.

Reconciliation and Final Value Opinion

Valuation Methodology Review and Reconciliation

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. Typical purchasers do not generally rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not utilized the Cost Approach to develop an opinion of market value.

The approaches indicated the following:

FINAL VALUE RECONCILIATION	
	As Is Value
Date of Value	June 30, 2024
Sales Comparison Approach	
Percentage Adjustment Method	\$530,000,000
Income Capitalization Approach	
Discounted Cashflow Method	\$505,000,000
Final Value Conclusion	\$505,000,000

Compiled by Cushman & Wakefield, Inc.

The Cost Approach has not been used in this report. The Cost Approach requires an estimation of the cost to reproduce or replace the proposed improvements of the property. From this cost new of improvements, accrued depreciation from physical, functional and economic sources is deducted to arrive at a cost less depreciation. The estimated land value is then added to arrive at total value. The Cost Approach was not used, as investors do not typically rely upon this methodology for mixed-use assets such as the subject.

The Sales Comparison Approach consists of the collection and analysis of data relevant to actual sales of properties deemed comparable to the subject property. Properties that have been sold are compared to the property under appraisal and adjustments to the sale prices are made based on differences between the subject property and the comparable sales. Adjustments are typically made for location, date of sale, building size, quality of construction and other relevant characteristics. Comparable sales of mixed-use and residential rental apartment buildings were used in the approach to determine the market value of the subject property. This approach was also used to determine the market value of the remaining inclusionary housing development rights.

The Income Capitalization Approach converts anticipated future cash flows into a present value estimate. This method is based on the premise that the motivation for a property purchase is a function of the anticipation of future benefits to be gained from the investment. The potential purchaser, in essence, will trade the purchase price of the property for a projected income stream to be received in the future. Conversion of the anticipated cash flow into a value indication commonly occurs in the form of discounted cash flow analysis or application of a single capitalization rate to a stabilized income estimate. We used the discounted cash flow method to develop a market value estimate for the subject in its as is condition.

The Income Capitalization Approach is considered the most appropriate technique for estimating the value of income-producing property. Not only does this approach represent the most direct and accurate simulation of market behavior, it is the method explicitly employed by buyers and sellers in acquisition and disposition decisions.

Therefore, following the implied dictum of the market, we have used an approach based primarily on projected income as the foundation for our valuation of the subject property.

Market Value As Is

Based on the agreed to Scope of Work, and as outlined in the report, we developed an opinion that the Market Value of the Leased Fee estate of the subject property, subject to the assumptions and limiting conditions, certification, and extraordinary assumptions, if any, and definitions, "As-Is" on June 30, 2024, was:

FIVE HUNDRED FIVE MILLION DOLLARS

\$505,000,000

The market value reported above is **inclusive** of the present value of the tax savings emanating from the 421a Extended Benefits abatement, which is estimated to be **\$70,000,000**, rounded.

Exposure Time

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

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

Assumptions and Limiting Conditions

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

"Property" means the subject of the Report.

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

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

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

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

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

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

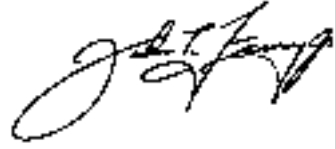
Certification

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- The appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- Robert E. Porto, MAI made a personal inspection of the property that is the subject of this report. John T. Feeney, Jr. did not inspect the property that is the subject of this report.
- John T. Feeney, Jr. and Robert E. Porto, MAI have performed previous appraisal services regarding the subject within the three years prior to this assignment.
- No one provided significant real property appraisal assistance to the persons signing this report.
- As of the date of this report, Robert E. Porto, MAI has completed the continuing education program of the Appraisal Institute for Designated Members.
- As of the date of this report, John T. Feeney, Jr. have completed the continuing education program of the Appraisal Institute for Candidates/Practicing Affiliates.



Robert E. Porto, MAI
Executive Director
NY Certified General Appraiser
License No. 46000048454
bobby.porto@cushwake.com



John T. Feeney, Jr.
Executive Director
NY Certified General Appraiser
License No. 46000028659
john.feeney@cushwake.com

Addenda Contents

Addendum A:	Glossary of Terms and Definitions
Addendum B:	Qualifications of the Appraisers

Addendum A: Glossary of Terms and Definitions

The following definitions of pertinent terms are taken from The Dictionary of Real Estate Appraisal, Seventh Edition (2022), published by the Appraisal Institute, Chicago, IL, as well as other sources.

As Is Market Value

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

Band of Investment

A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment (i.e., debt and equity, land and improvements).

Cash Equivalency

An analytical process in which the sale price of a transaction with atypical financing or financing with unusual conditions or incentives is converted into a price equivalent or consistent with what a cash buyer would pay with all other factors the same.

Depreciation

1. In appraisal, a loss in property value of improvements from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. 2. In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques.

Exposure Time

The time a property remains on the market. Per USPAP, 2024 ed., AO-35: 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 market value on the effective date of the appraisal.

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. Per USPAP, 2024 ed., Definitions-Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis.

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.

Highest and Best Use

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.

Highest and Best Use of Property as Improved

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

Hypothetical Conditions

1. A condition that is presumed to be true when it is known to be false. 2. 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. Per USPAP, 2024 ed., Definitions-Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

Insurable Replacement Cost

The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design, and layout for insurance coverage purposes guaranteeing that damaged property is replaced with new property (i.e., depreciation is not deducted).

Intended Use

1. The valuer's intent as to how the report will be used. 2. Per USPAP, 2024 ed., Definitions: The use(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.

Intended User

1. The party or parties the valuer intends will use the report. 2. Per USPAP, 2024 ed., Definitions: 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.

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.

Market Rent

The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus.

Implicit in this definition is the execution of a lease as of a specified date under conditions whereby

- Lessee and lessor are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and
- The rent reflects specified terms and conditions typically found in that market, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, frequency of payments (annual, monthly, etc.), and tenant improvements (TIs)

Market Value

The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

Marketing Time

An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal. (Advisory Opinion 7 and Advisory Opinion 35 of the Appraisal Standards Board of The Appraisal Foundation address the determination of reasonable exposure and marketing time.) See also exposure times.

Special, Unusual, or Extraordinary Assumptions

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

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

Addendum B: Qualifications of the Appraisers



Robert E. Porto, MAI Executive Director

Valuation & Advisory
Practice Group Member | Multifamily
Cushman & Wakefield, Inc.

Professional Expertise

Robert E. Porto is an Executive Director with Cushman & Wakefield, Inc. Valuation & Advisory. Mr. Porto joined Cushman & Wakefield Valuation & Advisory as an intern in May 2003. He was subsequently hired as a full-time appraiser and real estate analyst in June 2004. Since joining the division, Mr. Porto has worked on various appraisals of income producing properties including office buildings, industrial properties, retail and shopping centers, and special use properties such as auto dealerships, golf courses, restaurants and parking garages. Work scope includes feasibility studies, market surveys and investment analyses. Mr. Porto has been a member of the Gas Station/Convenience Store, Auto Dealership, Multifamily, Industrial, and Restaurant and Residential Development specialty practice groups. Mr. Porto was promoted to Associate Director in July 2008, to Director in July 2010, Senior Director in April 2014 and Executive Director in June 2022.

In 2012, Mr. Porto joined New York's multifamily specialty practice group as a colleague of John T. Feeney, regional head of the Multifamily Practice Group. The group focuses on valuation and consulting assignments located within all five boroughs of New York City and Long Island. Assignments include cooperatives, existing and proposed condominium developments, proposed and existing rental developments, 80/20 and 70/30 mixed-use developments, Section 8 housing developments, Mitchell Lama developments, development sites, air rights, Low Income Housing Tax Credits, Inclusionary Housing and benefits related to sub-market financing. Mr. Porto prepared the Hudson Yards Financing District Development and Revenue Report in support of the 2021 \$452 million bond financing for the Hudson Yards Infrastructure Corporation. Mr. Porto is qualified as an expert witness.

Memberships, Licenses, Professional Affiliations and Education

- Designated Member, Appraisal Institute (MAI #464364). As of the current date, Robert Porto, MAI has completed the requirements of the continuing education program of the Appraisal Institute.
- Certified General Real Estate Appraiser in the following state:
 - New York – 46000048454
- Board Member, Metro New York Appraisal Institute Chapter, 2019-2021
- Bachelor of Business Administration, James Madison University

NEW YORK

UNIQUE ID NUMBER 46000048454	<i>State of New York</i> <i>Department of State</i> DIVISION OF LICENSING SERVICES	FOR OFFICE USE ONLY Control No. 1538775
PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R. E. APPRAISERS.		EFFECTIVE DATE MO. DAY YR 10 22 23
PORTO ROBERT E C/O CUSHMAN & WAKEFIELD INC 1290 AVENUE OF THE AMERICAS 9TH FL. NEW YORK, NY 10104-6178		EXPIRATION DATE MO. DAY YR 10 21 25
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		
DOS-1006 (Rev. 3/01)		



John T. Feeney Executive Director

Valuation & Advisory
Regional Practice Group Leader | Multifamily
Cushman & Wakefield, Inc.

Professional Expertise

Mr. Feeney entered the real estate business in 1985 with Cushman & Wakefield, Inc. Since that time, Mr. Feeney was promoted to Associate Director in October 1993 by the Executive Board of Cushman & Wakefield, Inc. He was subsequently promoted to Director in July 1996, to Senior Director in 2006 and to his current title of Executive Director in 2010. Since 1997, Mr. Feeney has headed the multifamily valuation team for New York's Valuation & Advisory group. From 2010 through 2018, he served as the national co-head of the Multifamily Practice Group facilitating its growth to the highest producing practice group in the country. During this time, Mr. Feeney has prepared appraisals and consulted on thousands of multifamily assets including premier developments such as One57 West 57th Street, 220 Central Park South, 15 Central Park West, the Residences at the Time Warner Center and One Beacon Court. Appraisal and consultation services have been provided to Con Edison on its transaction for sites along First Avenue, proposed to be developed with over 5,000,000 square feet of mixed use buildings; advised Pfizer Corporation on its strategic disposition plan for their original headquarters facility in Brooklyn; and Hudson Yards Infrastructure Corporation (HYIC) on the initial demand study for the 2005 re-zoning which led to Manhattan's transformative Hudson Yards special zoning district. Mr. Feeney prepared the Hudson Yards Financing District Development and Revenue Report in support of the 2021 \$452 million bond financing for the HYIC.

Mr. Feeney's team was responsible for the appraisal of the first downtown residential buildings to be granted Liberty Bond Financing. Assignments have included properties in each borough of New York City, and include cooperatives, existing and proposed condominium developments, proposed and existing rental developments, 80/20 mixed use developments, Section 8 and Section 236 housing developments, Mitchell Lama developments, development sites, air rights, Low Income Housing Tax Credits, Inclusionary Housing and benefits related to sub-market financing. Mr. Feeney is qualified as an expert witness in U.S. Bankruptcy Court, Southern and Eastern Districts of New York, and in the Supreme Court of the State of New York, County of New York, County of Queens and County of Nassau.

Memberships, Licenses, Professional Affiliations and Education

- Practicing Affiliate, Appraisal Institute
- Certified General Real Estate Appraiser in the following state:
 - New York – 46000028659
 - New Jersey - 42RG00288800
- Bachelor of Science, Manhattan College

Speaker Engagements

- Columbia Society of Real Estate, Keynote Speaker, “Metropolis of the Future”
- HAWK University of Applied Sciences, Keynote Speaker, “Hudson Yards”
- Columbia University’s School of Business Real Estate Club, Guest Speaker
- Appraisal Institute Metropolitan District Chapter Number 4, Guest Speaker
- The Real Estate Board of New York, Guest Speaker
- New York University’s Masters in Real Estate Program, Guest Speaker

NEW YORK

UNIQUE ID NUMBER 46000028659	State of New York Department of State DIVISION OF LICENSING SERVICES	FOR OFFICE USE ONLY Control No. 1536494
PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R. E. APPRAISERS.		EFFECTIVE DATE MO: 06 DAY: 30 YR: 23
FEENEY JOHN T JR C/O CUSHMAN & WAKEFIELD 1290 AVENUE OF THE AMERICAS 9TH FL NEW YORK, NY 10104-6178		EXPIRATION DATE MO: 06 DAY: 29 YR: 25
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		
DCG-1086 (Rev. 3/07)		

NEW JERSEY

THIS DOCUMENT IS PRINTED ON WATERMARKED PAPER, WITH A BLUE TINTED BACKGROUND AND MULTIPLE SECURITY FEATURES. PLEASE VERIFY AUTHENTICITY.

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

THIS IS TO CERTIFY THAT THE
Real Estate Appraisers Board
HAS CERTIFIED

John T. Feeney
Cushman & Wakefield
1290 Avenue of the Americas, 9th Fl
New York NY 10104

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

12/15/2023 TO 12/31/2025
VALID

42RG00288800
LICENSE/REGISTRATION/CERTIFICATION #

John T. Feeney
Signature of Licensee/Registrant/Certificate Holder

Carri Bain
ACTING DIRECTOR



APPRAISAL OF REAL PROPERTY

**Silver Towers
620 West 42nd Street
New York, New York County, NY 10036**

IN AN APPRAISAL REPORT

As of June 30, 2024

Prepared For:

**Silverstein Properties, Inc.
7 World Trade Center
New York, NY 10007**

Prepared By:

**Cushman & Wakefield, Inc.
Valuation & Advisory
1290 Avenue of the Americas, 9th Floor
New York, NY 10104-6178
C&W File ID: 24-12002-901665**



Silver Towers
620 West 42nd Street
New York, New York County, NY 10036



1290 Avenue of the Americas, 9th Floor
New York, NY 10104-6178
cushmanwakefield.com

August 9, 2024

Mr. AJ Arlauckas
Silverstein Properties, Inc.
7 World Trade Center
New York, NY 10007

Re: Appraisal of Real Property
In an Appraisal Report

Silver Towers
620 West 42nd Street
New York, New York County, NY 10036

C&W File ID: 24-12002-901665

Dear Mr. Arlauckas:

In fulfillment of our agreement as outlined in the Letter of Engagement, we are pleased to transmit our appraisal of the above captioned property in an appraisal report dated August 9, 2024. The effective date of value is June 30, 2024.

This appraisal report has been prepared in accordance with the *Uniform Standards of Professional Appraisal Practice* (USPAP).

Michael J. Garcia, MAI and John T. Feeney have not performed services, as an appraiser, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

Macro Trends

The Commercial Real Estate (CRE) market is driven by investor demand and strong liquidity. We are monitoring the impacts on both factors as they relate to the Federal Reserve's monetary policy decisions, inflation, and other macroeconomic factors, which have increased uncertainty in the financial and CRE markets. Furthermore, Cushman & Wakefield is closely examining all latest economic developments, and their effects on the subject and its market. Please refer to the Investment Considerations section of this report for additional details.

Market Value As Is

Based on the agreed to Scope of Work, and as outlined in the report, we developed an opinion that the Market Value of the Leased Fee Interest of the subject property, subject to the assumptions and limiting conditions, certification, and extraordinary assumptions, if any, and definitions, "As-Is" on June 30, 2024, was:

EIGHT HUNDRED FIVE MILLION DOLLARS

\$805,000,000

The market value of the subject property reported above is **inclusive** of the present value of the remaining benefits of the 20-year 421a tax abatements, which are estimated to be **\$43,900,000**, the present value of the below market financing, estimated to be **\$82,000,000**, and the present value of the remaining inclusionary housing development rights, estimated to be **\$13,000,000**.

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

Extraordinary Assumptions

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

This appraisal does not employ any extraordinary assumptions.

Hypothetical Conditions

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

This appraisal does not employ any hypothetical conditions.

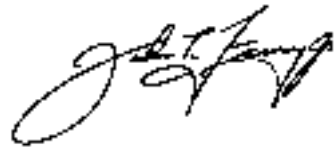
This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Respectfully submitted,

CUSHMAN & WAKEFIELD, INC.

A handwritten signature in blue ink that reads "Michael J. Garcia". The signature is written in a cursive style with a large, looped "M" and a trailing "in" at the end.

Michael J. Garcia, MAI
Executive Director
NY Certified General Appraiser
License No. 46000049472
mike.garcia@cushwake.com

A handwritten signature in black ink that reads "John T. Feeney". The signature is written in a cursive style with a large, looped "J" and a trailing "ey" at the end.

John T. Feeney
Executive Director
NY Certified General Appraiser
License No. 46000028659
john.feeney@cushwake.com

Summary of Salient Facts and Conclusions

The subject of the appraisal consists of the 80/20 development, known as Silver Towers. The subject property is located on the entire westerly blockfront of Eleventh Avenue between West 41st and 42nd Streets. The development was constructed in 2009 and the improvements are in very good condition.

The 58-story development consists of two towers located above a podium. The towers are referred to as the North and South Towers. There are a total of 1,359 residential apartments, of which 1,354 are rentable as 5 units are held offline for the superintendent, model units, and units for administrative purposes. Given the size of the development, this level of offline inventory is considered reasonable and we have modeled accordingly. Of the 1,354 rentable units, 317 are designated as affordable housing units for qualified low income households. The market rate component, which consists of 1,037 rentable units, contains 667,415 square feet of net rentable area. The affordable housing component (317 rentable units) contains 203,231 square feet of net rentable area. Units are located on floors 2 through 58 of the North Tower and floors 2 through 58 of the South Tower. As of the date of value, the residential component is 96.45 percent leased.

In addition to the residential apartments, there is a retail component containing a total of 21,399 square feet of rentable space (16,131 square feet on the ground floor and 5,268 square feet in the cellar). The retail component is currently subdivided into 6 suites. The retail component is currently 100 percent leased. There is also a 30,000 square foot, below-grade parking garage with a total capacity of 161 spaces.

The development has an above grade gross building area of 1,049,441 square feet.

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

BASIC INFORMATION

Common Property Name:	Silver Towers	Report Type:	Appraisal
Address:	620 West 42nd Street	Interest Appraised:	Leased Fee
City:	New York	Date of Value (As Is):	6/30/24
State:	NY	Date of Inspection:	7/16/24
Zip Code:	10036	Date of Report:	8/9/24
County:	New York		
Property Ownership Entity:	River Place II LLC		
CW File Reference:	24-12002-901665		

SITE INFORMATION

Land Area Gross SF:	59,102	Site Utility:	Excellent
Flood Zone:	X	Site Topography:	Level and at street grade
Flood Map Number:	360497-0088F	Site Shape:	Rectangular
Flood Map Date:	9/5/07	Frontage:	Excellent
		Access:	Average
		Visibility:	Excellent
		Location Rating:	Good

BUILDING INFORMATION

Type of Property:	Mixed-Use Residential	Actual Age (Average):	15 Years
Number of Residential Units:	1,359	Quality:	Very Good
Number of Buildings:	1	Condition:	Very Good
Gross Building Area:	1,049,441 SF	Year Built:	2009
Net Rentable Area (all components):	892,045 SF		
Number of Stories:	58		

MUNICIPAL INFORMATION

Assessing Authority:	City of New York	Municipality Governing Zoning:	City of New York
Assessor's Parcel Identification:	Block 1089 Lots 1001-1002 and 1101-1103	Current Zoning:	C6-4 within Subarea 1 of the 42nd Street Perimeter Area of the in the Special Clinton District
Current Assessment Year:	2024/2025	Is current use permitted:	Yes
Tax Liability (Unabated):	\$15,913,074	Current Use Compliance:	Legal and conforming use

HIGHEST & BEST USE

As Vacant:	As Improved:
Construction of a mixed-use residential development built to its maximum permitted potential.	Continued use as a mixed-use residential development.

VALUATION INDICES**Market Value As Is****SALES COMPARISON APPROACH****Percentage Adjustment Method**

Indicated Value (inclusive of other components of value):	\$870,000,000

INCOME CAPITALIZATION APPROACH**Discounted Cash Flow Method**

Indicated Value (inclusive of other components of value):	\$805,000,000

OTHER COMPONENTS OF VALUE

421a Tax Abatements:	\$43,900,000
Inclusionary Housing Development Rights	\$13,000,000
Below-Market Financing	\$82,000,000

FINAL VALUE CONCLUSION

Indicated Value (inclusive of other components of value):	\$805,000,000

EXPOSURE TIME

Exposure Time:	6 to 9 months
Marketing Time:	6 to 9 months

Extraordinary Assumptions

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

This appraisal does not employ any extraordinary assumptions.

Hypothetical Conditions

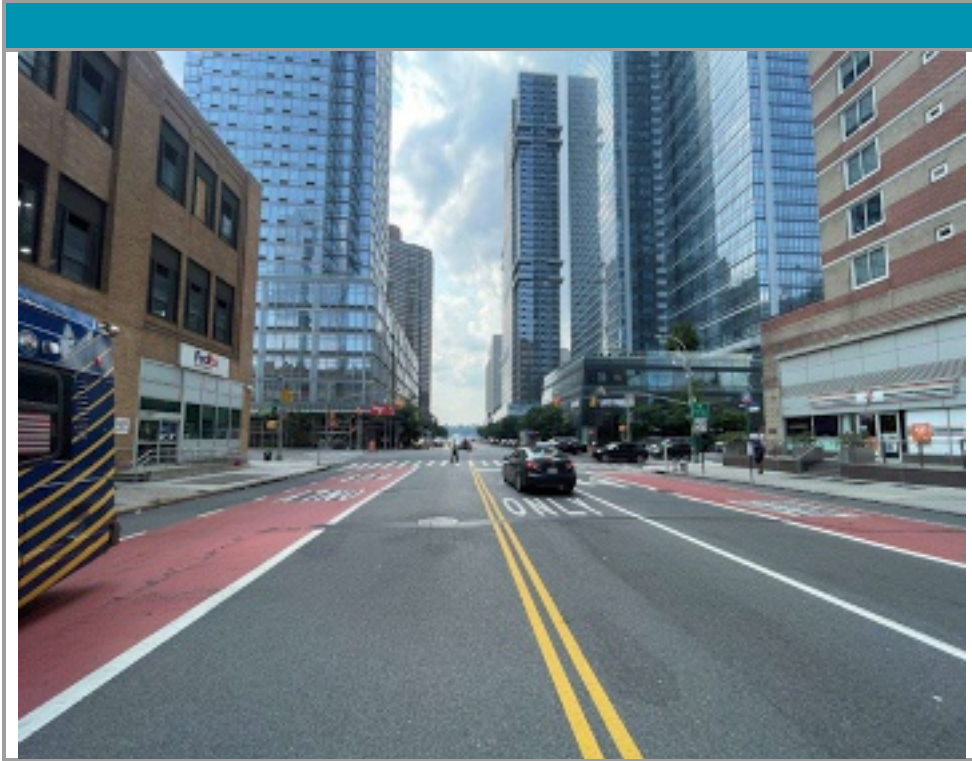
For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions.

This appraisal does not employ any hypothetical conditions.

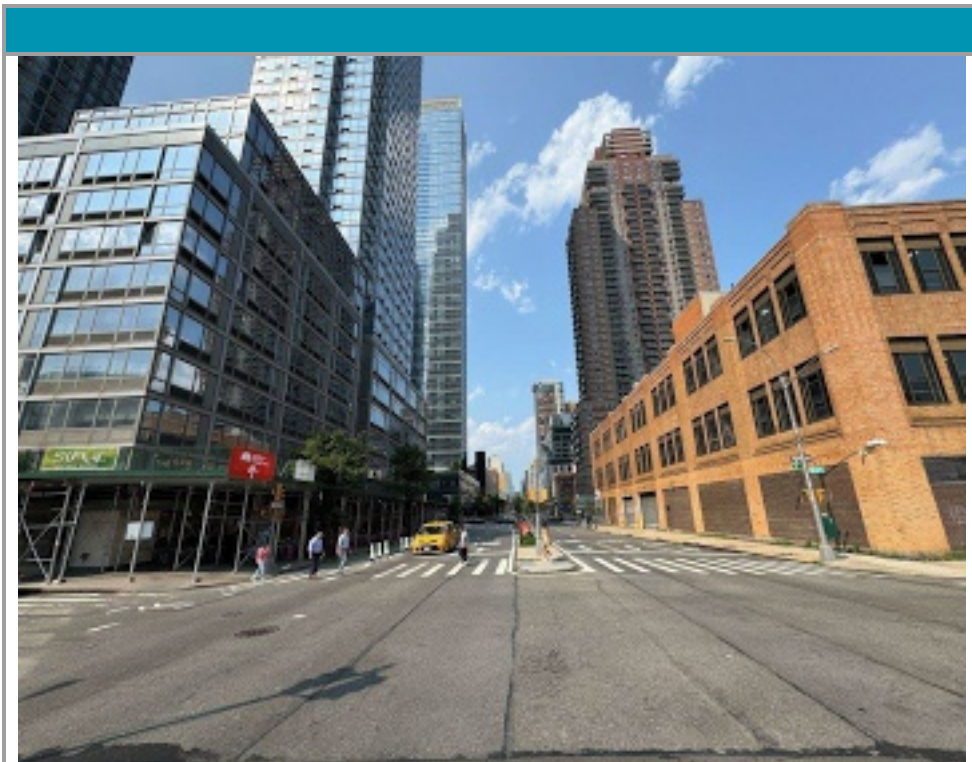
Property Photographs



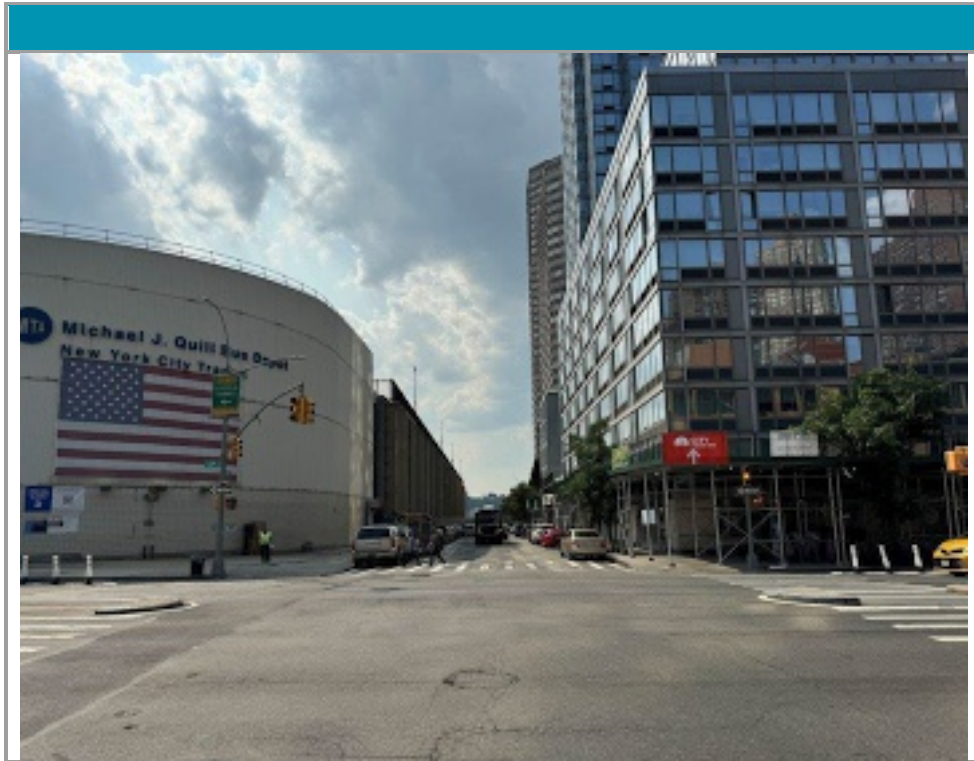
View of subject property looking northwest across Eleventh Avenue



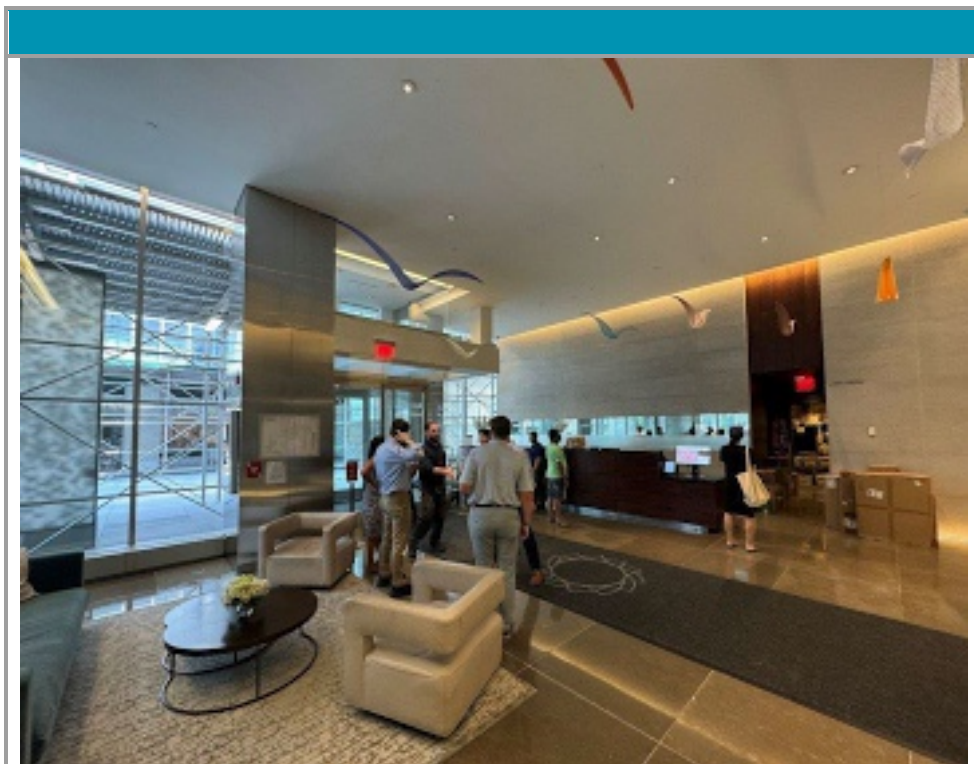
Street scene looking north on Eleventh Avenue. Subject property is on the left.



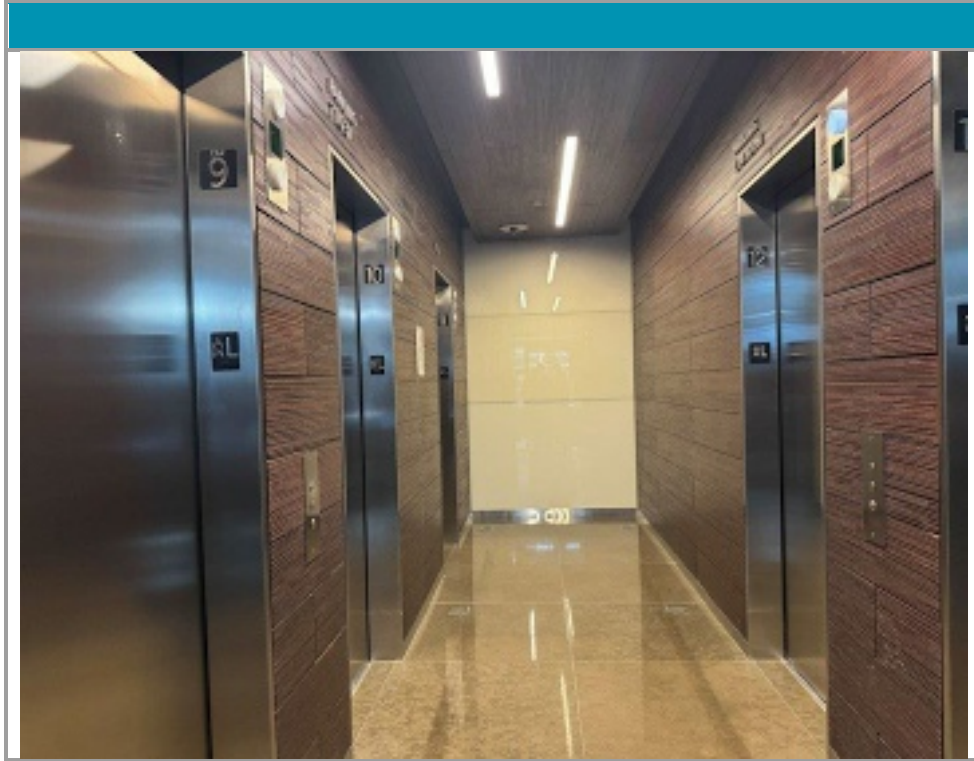
Street scene looking west on West 42nd Street. Subject property is on the left.



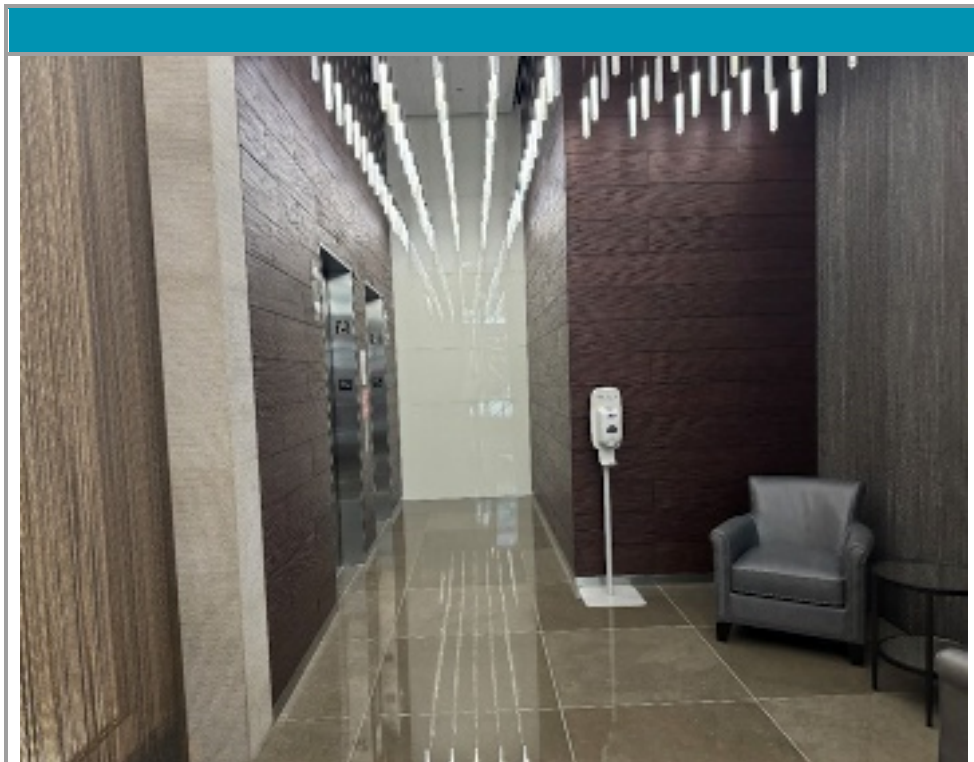
Street scene looking west on West 41st Street. Subject property is on the right.



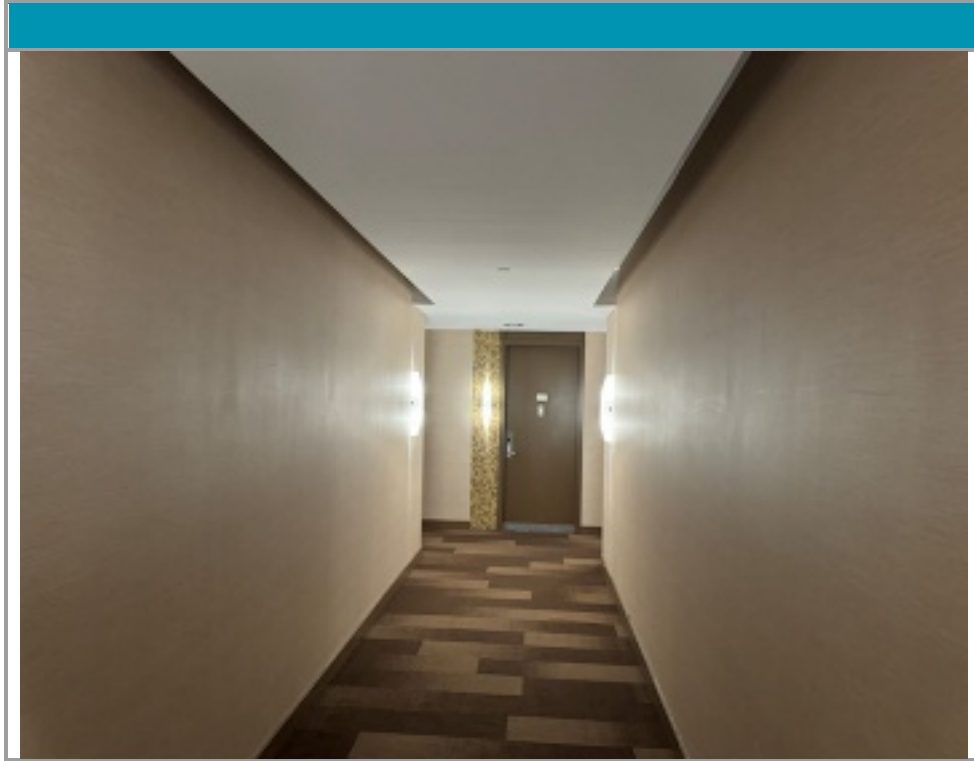
Lobby of North Tower



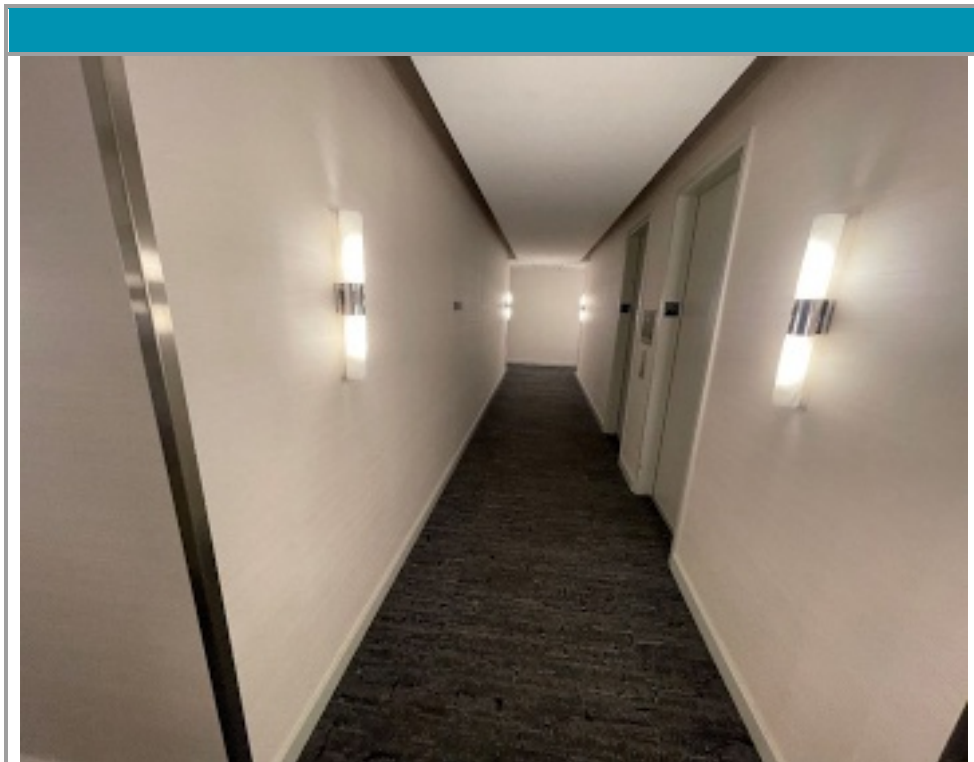
Elevator bank of North Tower



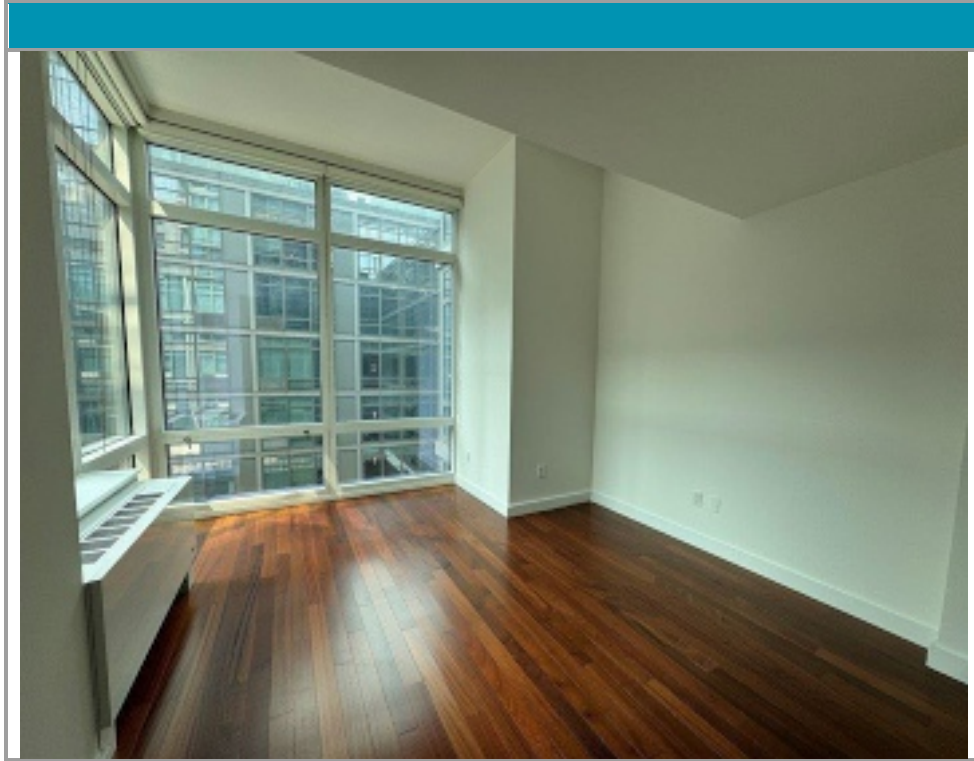
Elevator bank for the Silver Suites (former corporate housing unit)



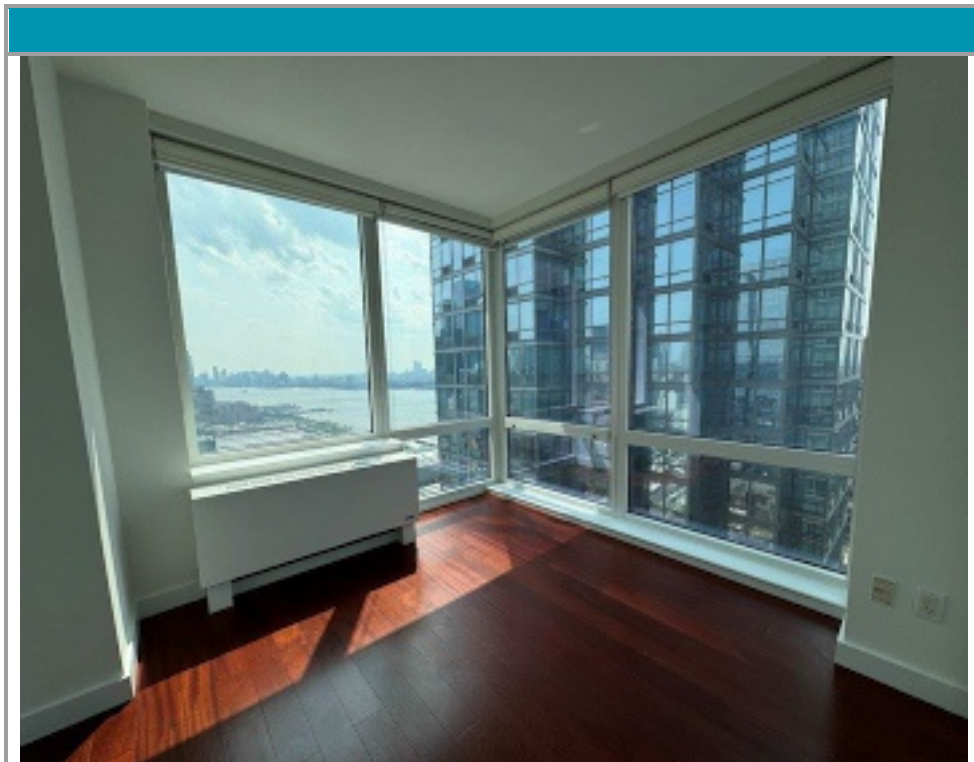
View of the original residential corridors, prior to renovation



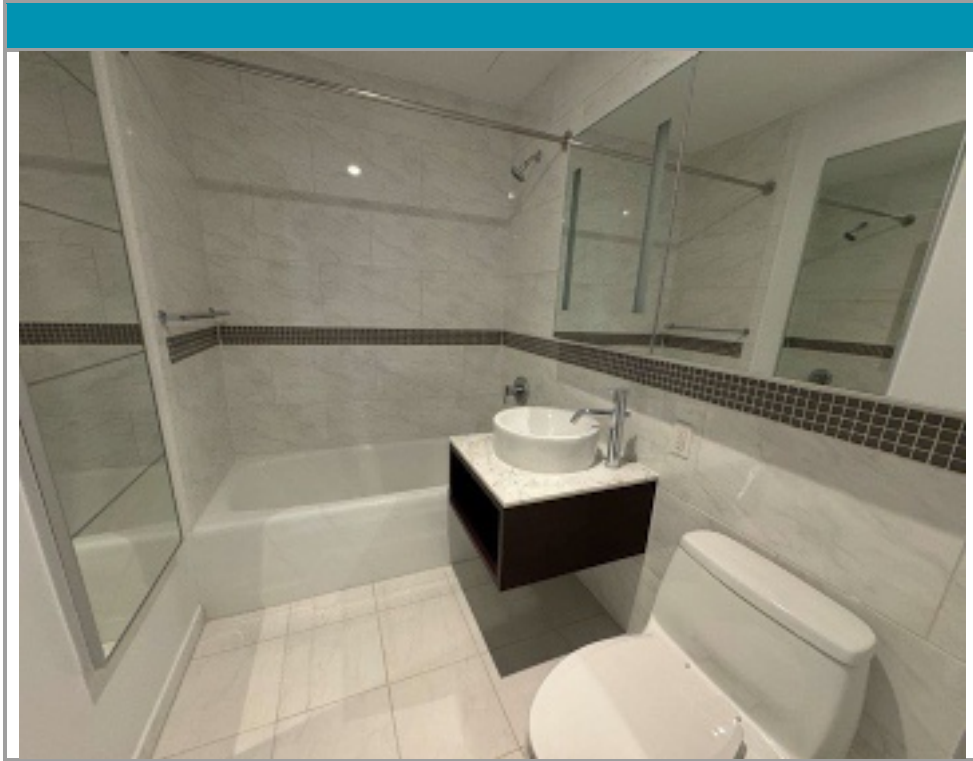
View of the renovated residential corridors



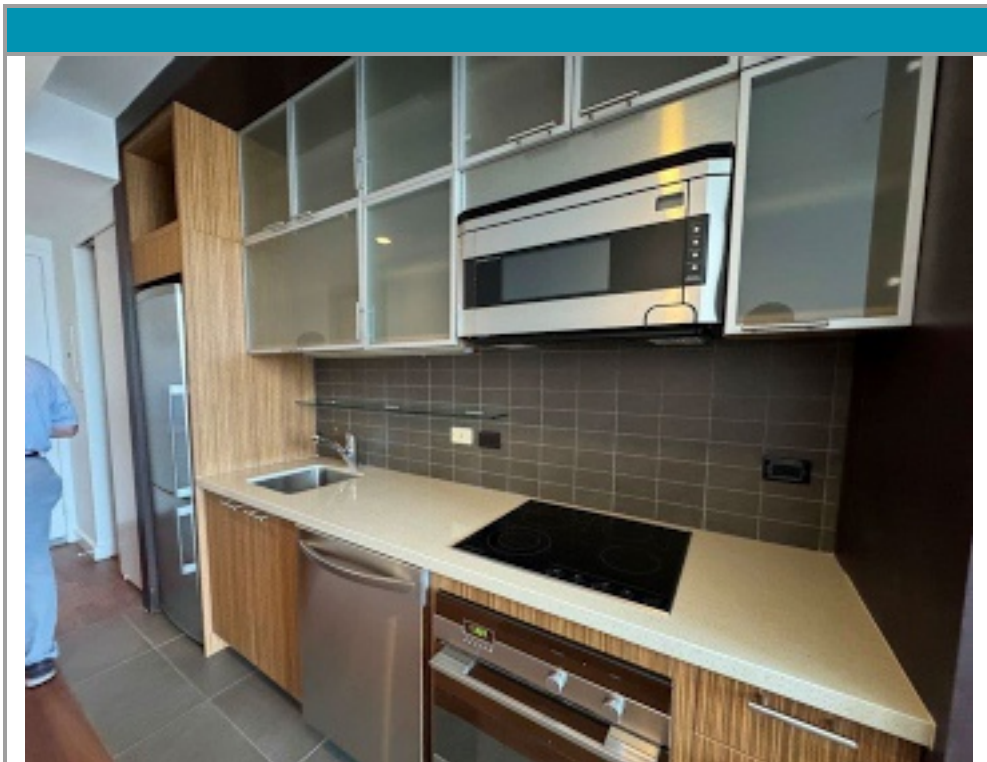
Typical living room



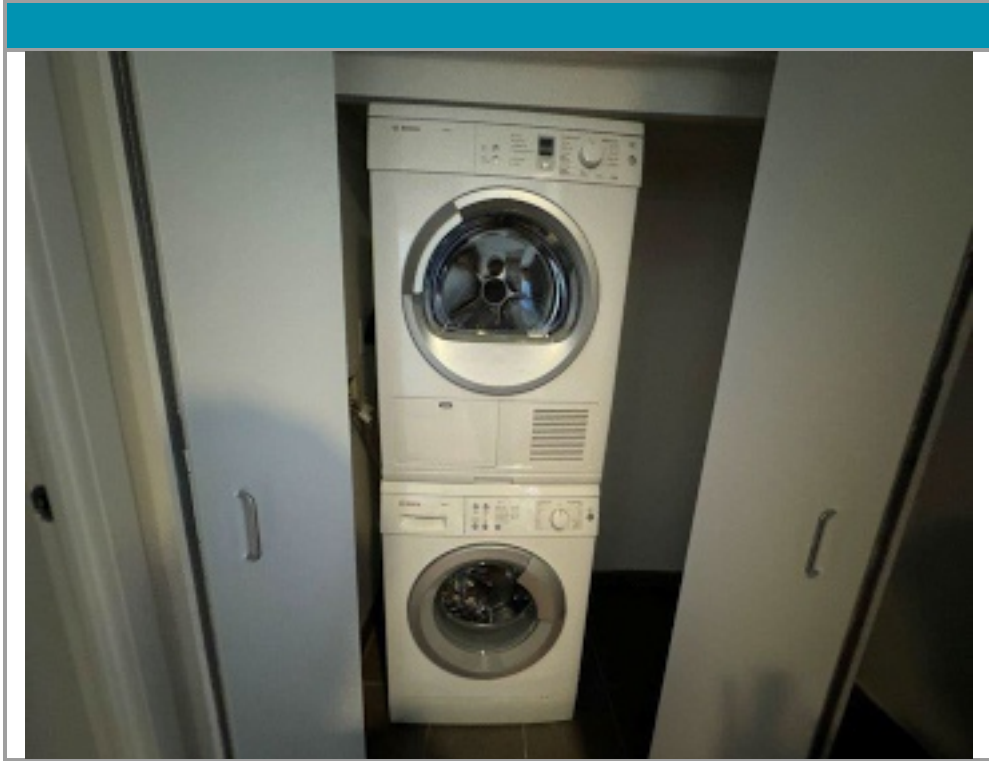
Typical bedroom



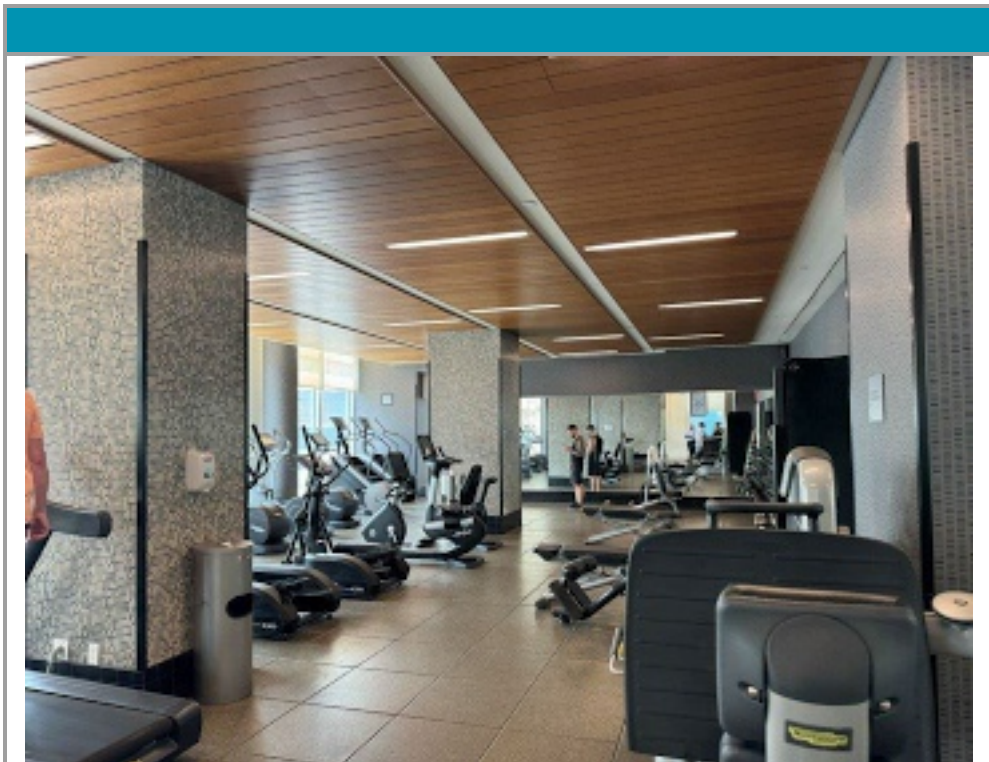
Typical bathroom



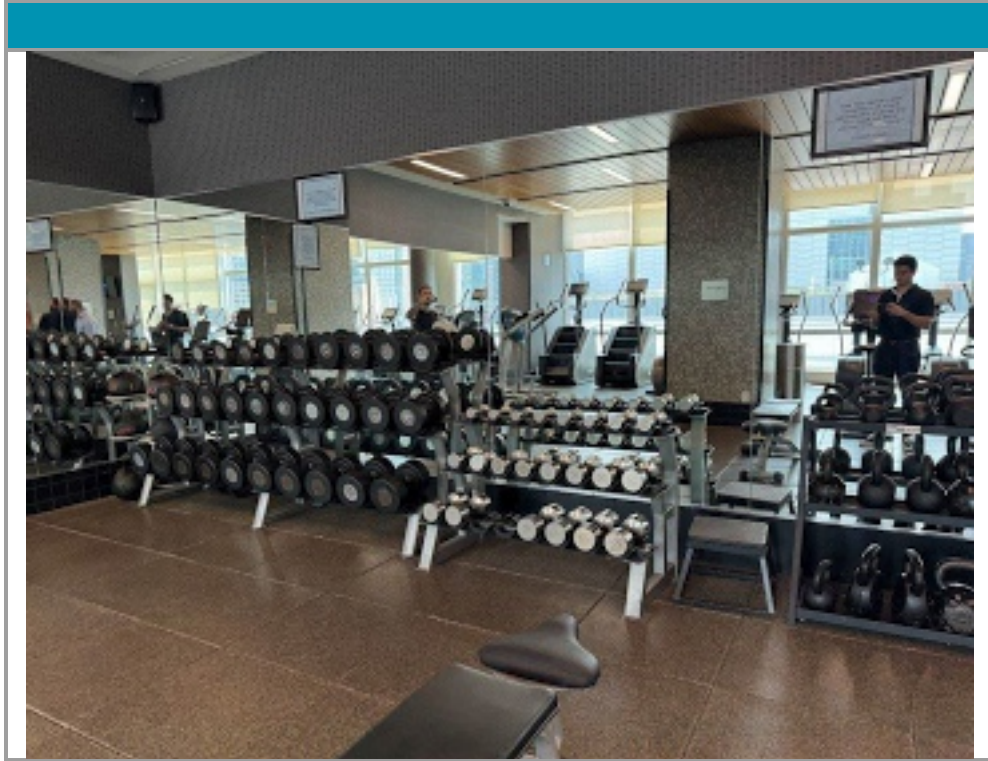
Typical kitchen



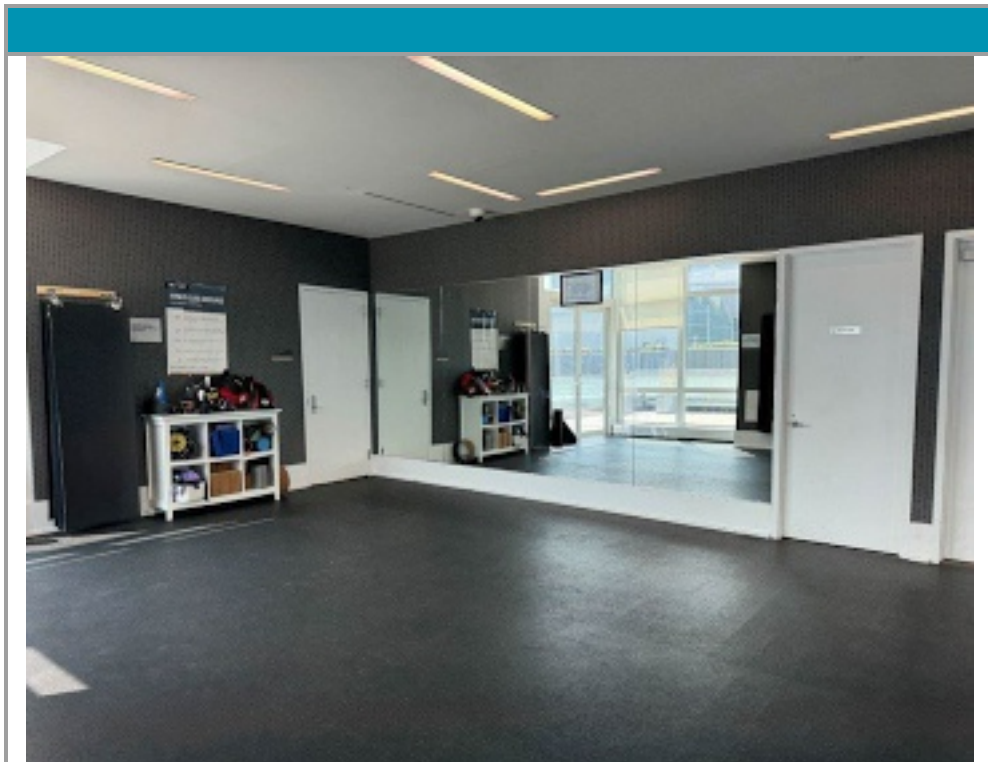
Typical in-unit washer/dryer



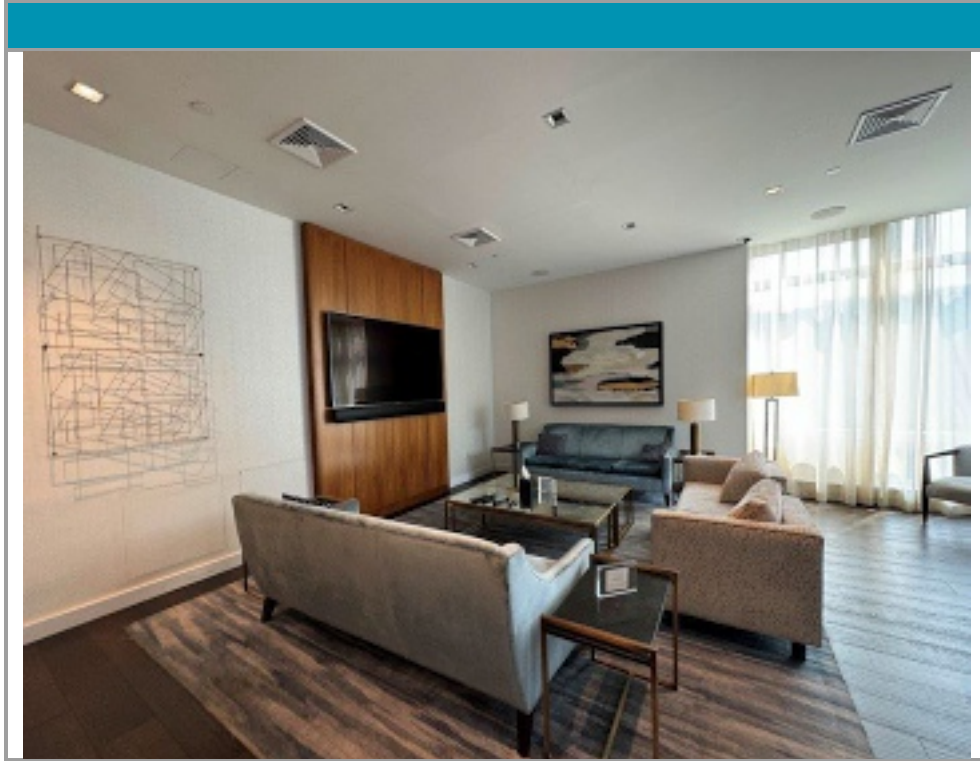
Fitness center



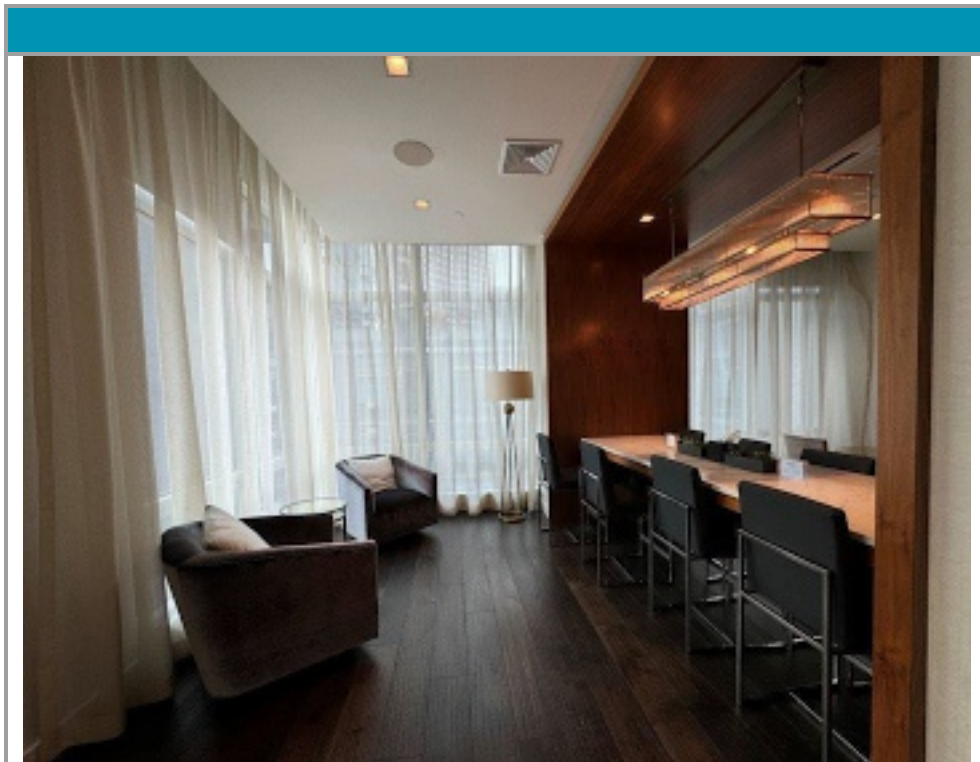
Additional view of fitness center



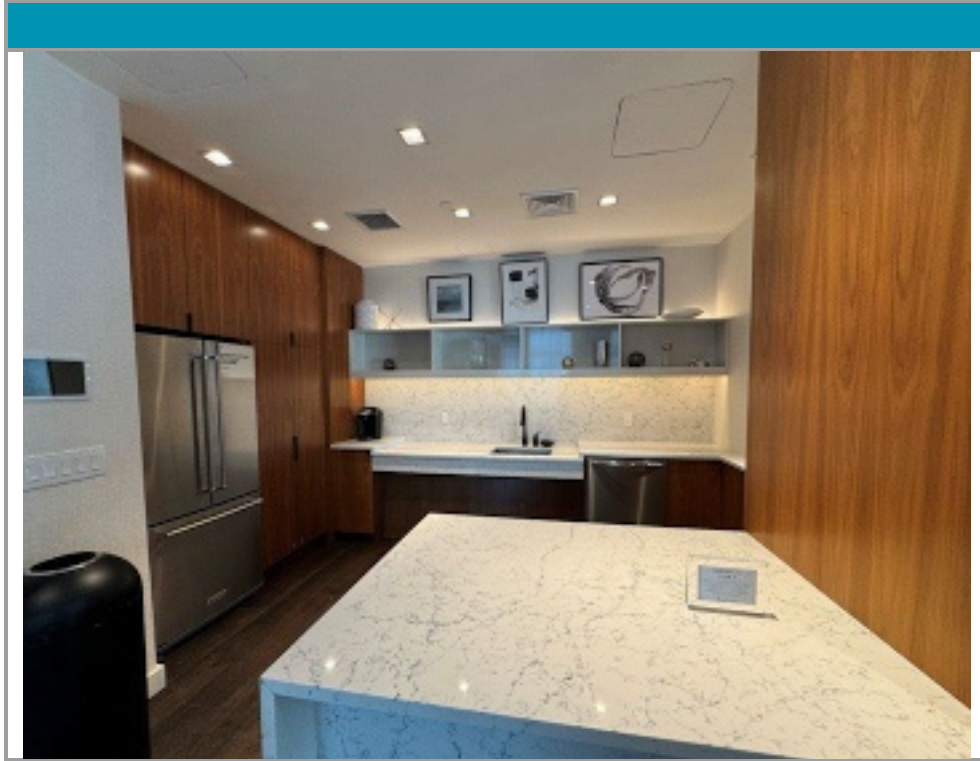
Additional view of fitness center



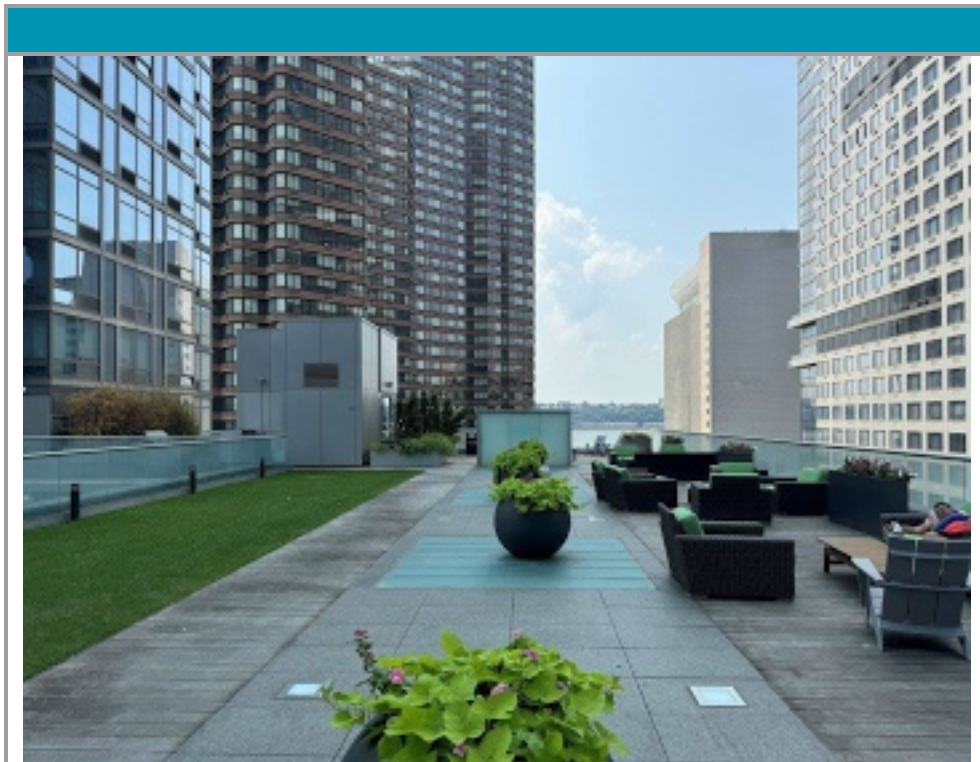
Residential lounge



Additional view of residential lounge



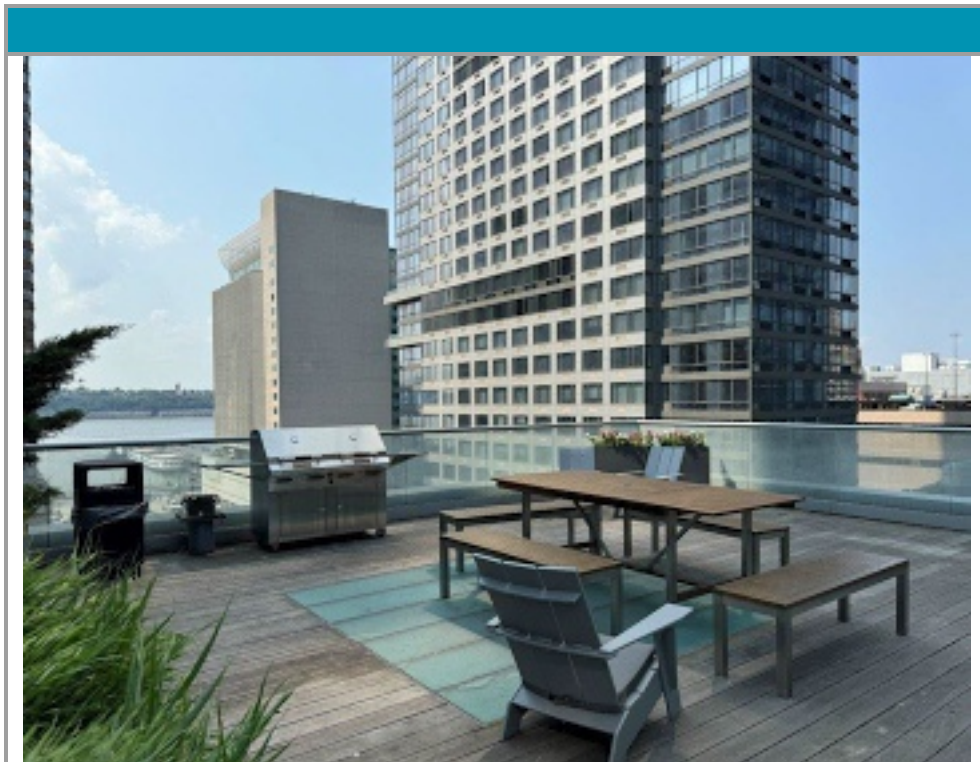
Additional view of residential lounge



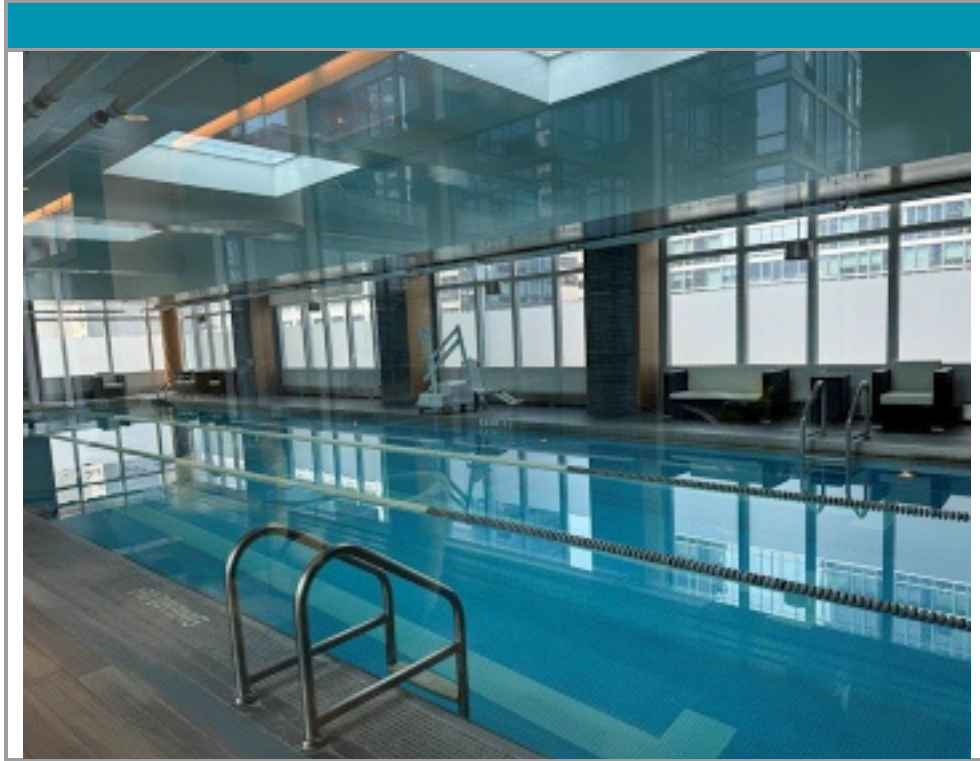
Outdoor terrace adjacent to residential lounge



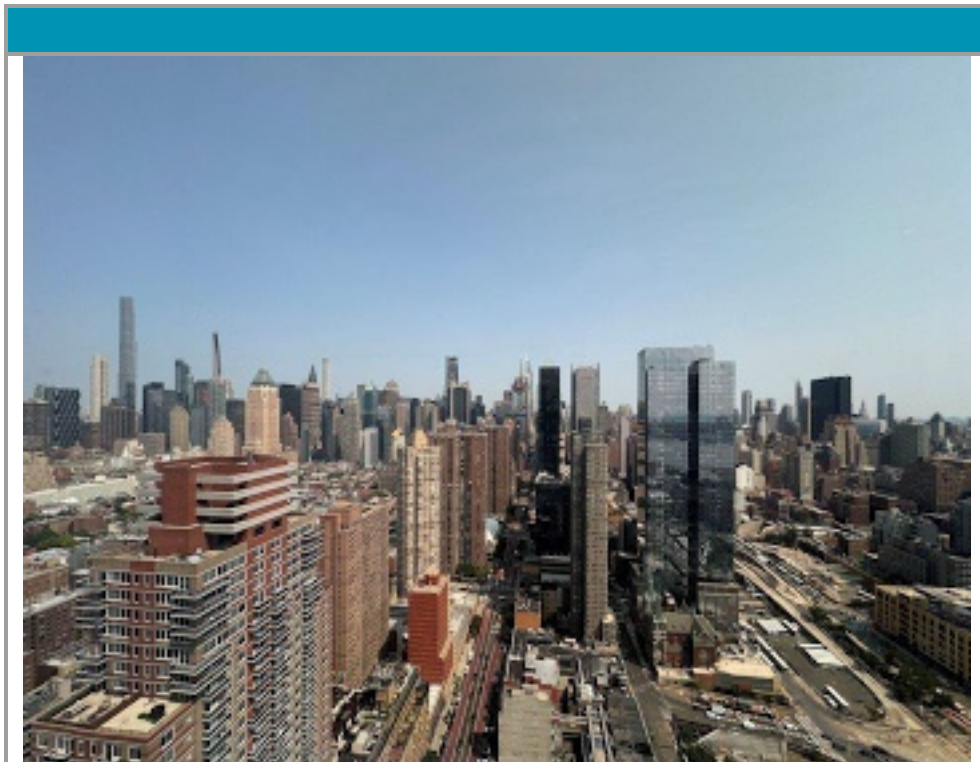
Additional view of outdoor terrace



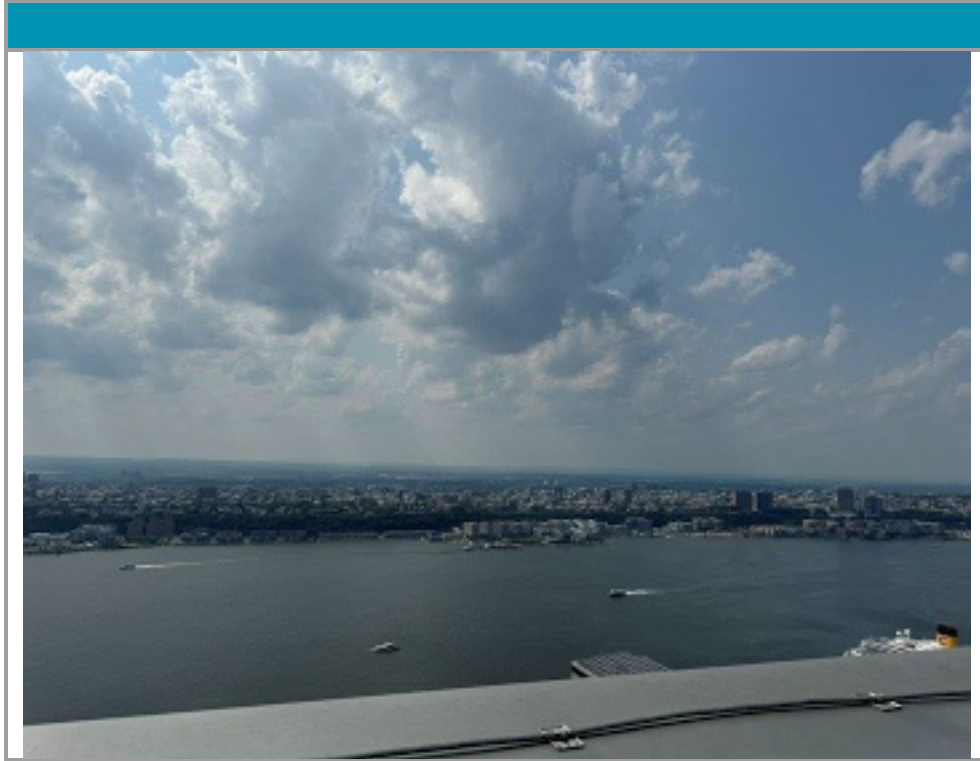
Additional view of outdoor terrace



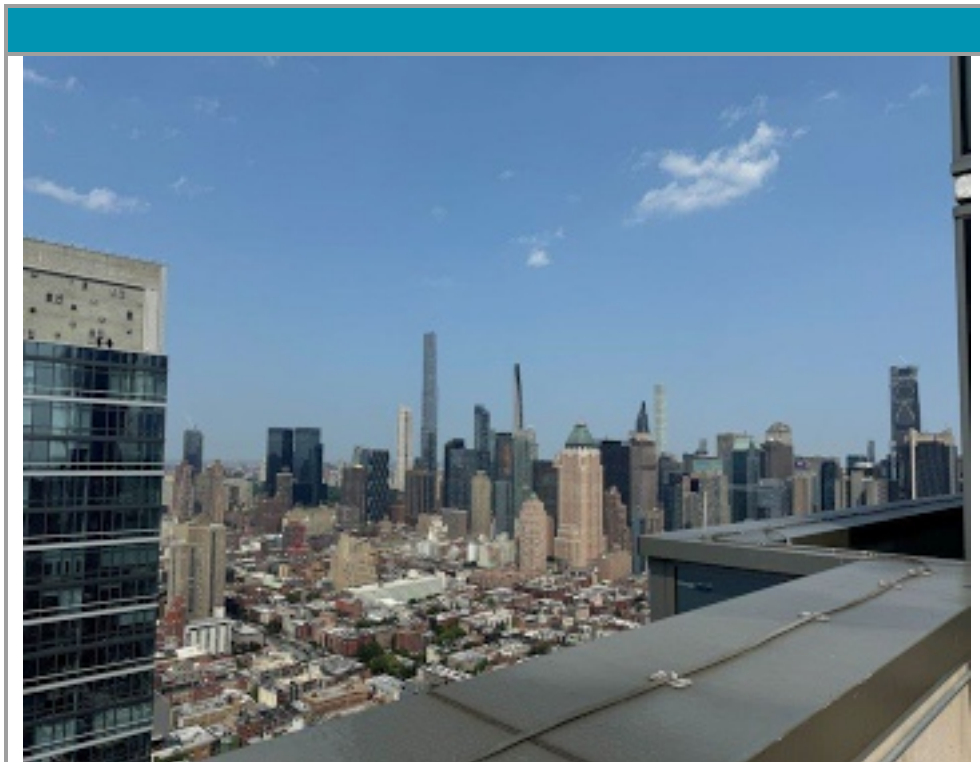
Swimming pool



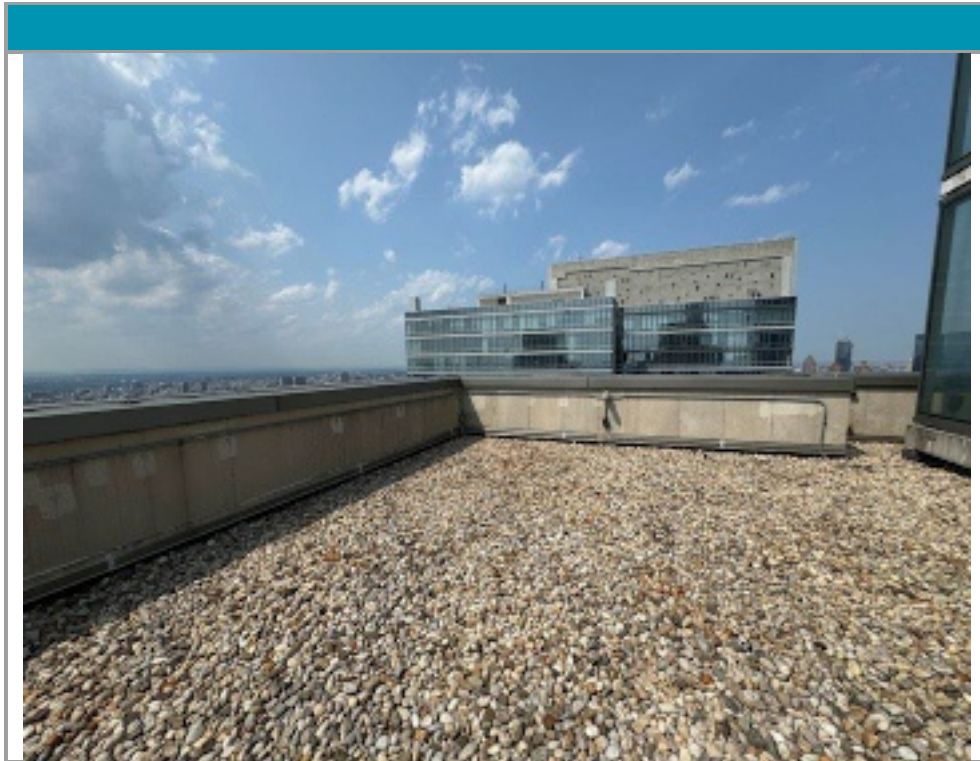
View from roof looking east



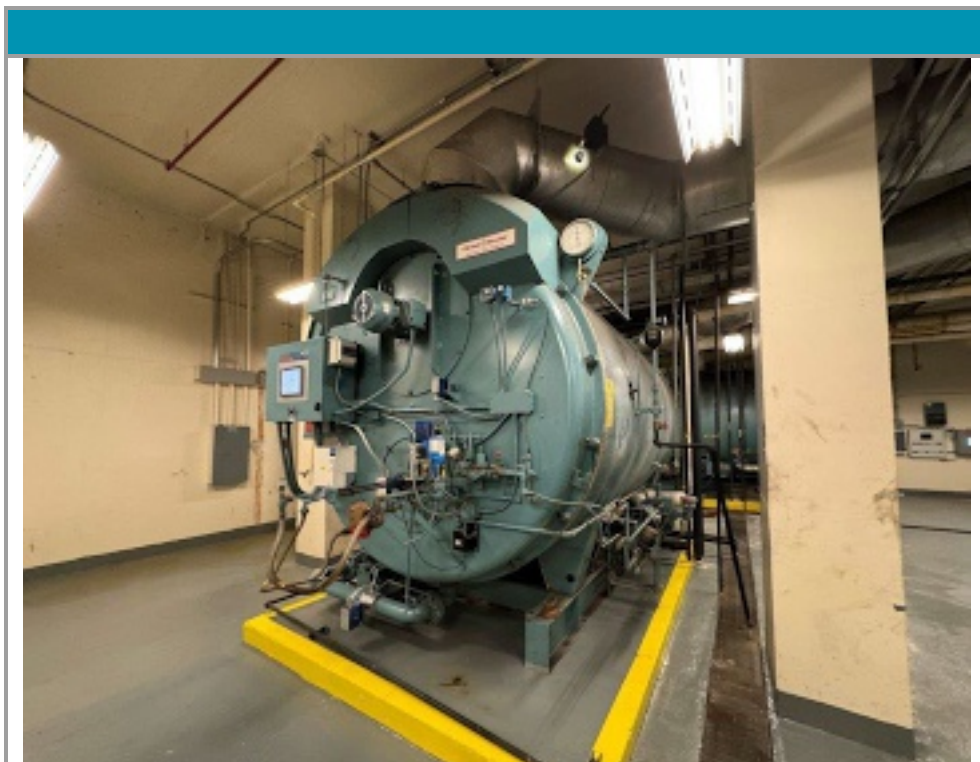
View from roof looking west



View from roof looking northeast



Roof



Boiler

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Introduction

Scope of Work

This appraisal, presented in an appraisal report, is intended to comply with the reporting requirements outlined under the USPAP for an appraisal report. The report was also prepared to comply with the requirements of the Code of Professional Ethics of the Appraisal Institute.

Michael J. Garcia, MAI and John T. Feeney have not performed services, as an appraiser, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

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

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

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

This appraisal employs the Sales Comparison Approach 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. Typical purchasers do not generally rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not used the Cost Approach to develop an opinion of market value.

Report Option Description

USPAP identifies two written report options: Appraisal Report and Restricted Appraisal Report. This document is prepared as an Appraisal Report in accordance with USPAP guidelines. The terms “describe,” “summarize,” and “state” connote different levels of detail, with “describe” as the most comprehensive approach and “state” as the least detailed. As such, the following provides specific descriptions about the level of detail and explanation included within the report:

- Describes the real estate and/or personal property that is the subject of the appraisal, including physical, economic, and other characteristics that are relevant
- States the type and definition of value and its source
- Describes the Scope of Work used to develop the appraisal
- Describes the information analyzed, the appraisal methods used, and the reasoning supporting the analyses and opinions; explains the exclusion of any valuation approaches
- States the use of the property as of the valuation date
- Describes the rationale for the Highest and Best Use opinion

Identification of Property

Common Property Name: Silver Towers

Location: 620 West 42nd Street
New York, New York County, New York 10036

Assessor's Parcel

Numbers: Block 1089 Lots 1001-1002 and 1101-1103

Legal Description: A metes and bounds legal description is presented in the Addenda of the report.

Property Ownership and Recent History

Current Ownership: River Place II LLC

Sale History: To the best of our knowledge, there have been no transfers of the subject property in the past three years.

Current Disposition: To the best of our knowledge, the property is not under contract of sale nor is it being marketed for sale.

Dates of Inspection and Valuation

Date of Valuation: June 30, 2024

Date of Inspection: July 16, 2024

Property Inspected by: Michael J. Garcia, MAI

Client, Intended Use And Users of the Appraisal

Client:	Silverstein Properties, Inc.
Intended Use:	This appraisal is intended to provide an opinion of the Market Value of the Leased Fee interest in the subject property as is condition. This appraisal is to be used to aid the Intended Users in the preparation of financial statements to be published in the Tel Aviv Stock Exchange in Q2 2024. We confirm that we have given our full consent to the inclusion of the valuation in its entirety in any Financial Statements published in the Tel Aviv Stock Exchange or disclosed to the Israeli Security Authority. This report is not intended for any other use.
Intended User:	This report is for use and benefit of, and may be relied upon by Silverstein Properties, Inc.. The Client and Silverstein Properties Limited, and their respective direct or indirect equity owners, related entities, successors, and/or assigns are the only identified Intended Users of the appraisal. The appraisal may not be distributed to or relied upon by other persons or entities.

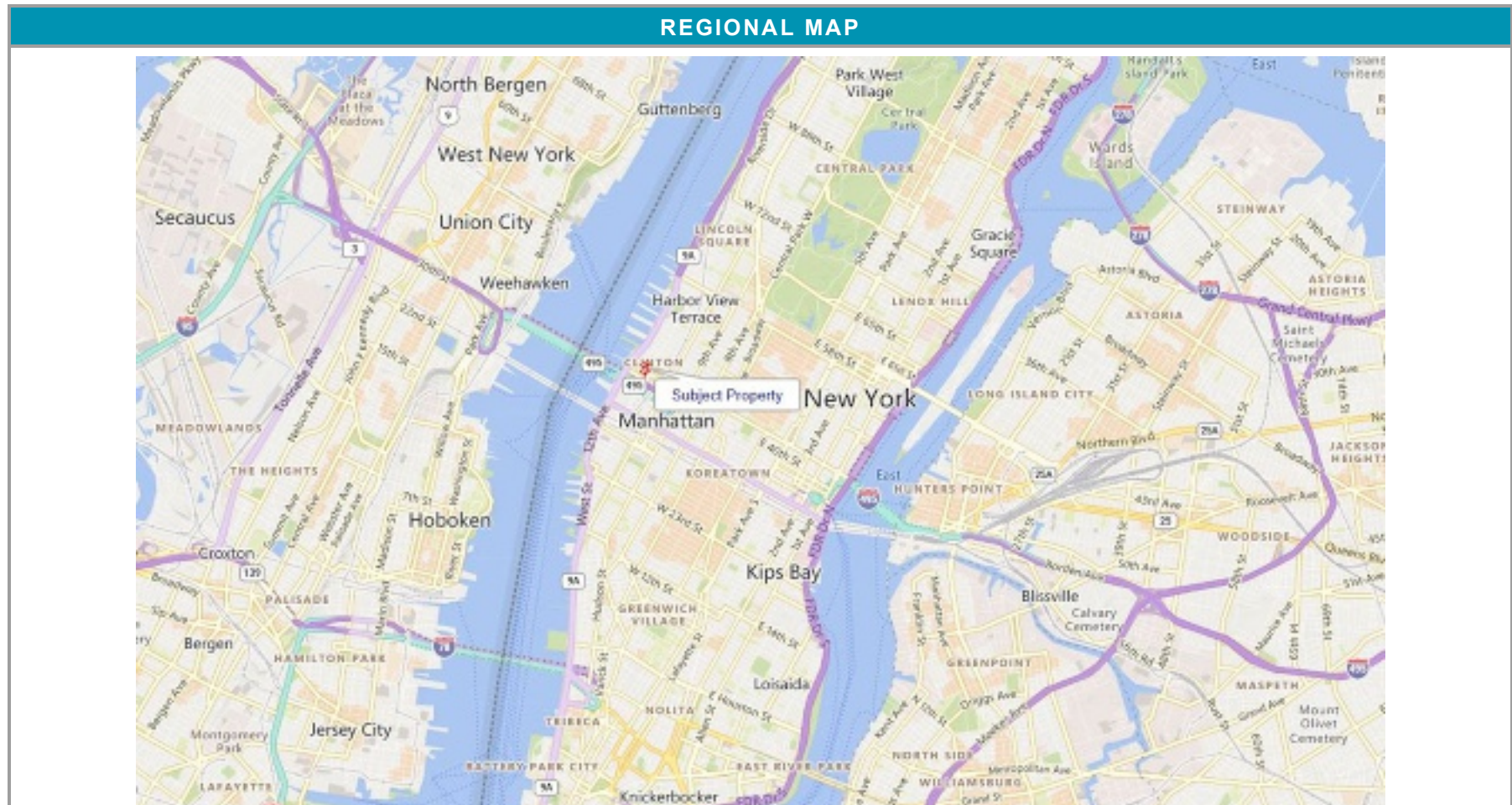
Extraordinary Assumptions

This appraisal does not employ any extraordinary assumptions.

Hypothetical Conditions

This appraisal does not employ any hypothetical conditions.

New York City Regional Analysis



Introduction

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

Map

The following map highlights the Core Based Statistical Area of New York, NY:



Source: Cushman & Wakefield Valuation & Advisory

Macro Trends

Before determining the appropriate risk rate(s) to apply to the subject, a review of recent market conditions, particularly in the financial markets, is warranted. The following subsection provides review of these trends. The trends are based upon the appraiser's market research, discussions with participants in the market, and the relative position of the subject property within its market.

The Commercial Real Estate (CRE) market is driven by investor demand and strong liquidity. We are monitoring the impacts on both factors from the Federal Reserve's recent interest rate hikes, inflation, and other macroeconomic factors, which have increased uncertainty in the financial and CRE markets. The ongoing economic uncertainty has had a dramatic effect on both investor demand and liquidity. Cushman & Wakefield is closely monitoring the latest developments and how they impact the subject and its market.

Current Trends

- In 2016, New York State unveiled a planned expansion of the Jacob K. Javits Convention Center, a convention center used to host events such as the New York International Auto Show and the New York Comic Con. This expansion aimed to significantly increase the convention center's potential as an economic engine and maximize its ability to host more high-profile events from around the world. The expansion included spending \$1.5 billion to add 1.2 million square feet of space to the north end of the existing facility and building a roof terrace for outdoor events. The project aims to serve as a catalyst for new job creation, business opportunities, and enhanced revenue for the hotel, restaurant, tourism, and transportation industries.
- New York State proposed a plan to revitalize Penn Station, leveraging the momentum of President Biden's infrastructure bill that was passed in November 2021. In July 2022, New York State officials approved a plan that includes 18 new entrances to Penn Station, larger passageways between subway platforms and rail lines, a 0.7 acre plaza with landscaped areas and bike paths and raised ceilings to bring in more natural light. A previous proposal included adding additional tracks and rail lines, however this plan has been delayed. State officials have endorsed a plan to build an additional train hall south of Penn Station that would increase passenger capacity. This plan requires federal approval and would cost an additional \$13 billion. In June 2023, Governor Hochul announced that the Penn Station redesign and Vornado's Penn District project had been decoupled. Hochul indicated that the city would not be waiting for the proposed developments to generate revenue to fund the redevelopment of Penn Station. Hochul said that the state will focus on finding new funding sources for the Penn Station redesign, as well as improving the streets that surround the station.
- Vornado has paused their plans to transform the immediate Penn Station area, known as the Penn District. Vornado's original Penn District plan included the renovation of over 10 million square feet of existing office space, ground-up construction of three new office towers, 10+ acres of new public green space, and 1.1 million square feet of retail space. During a Vornado earnings call in February 2023, CEO Steve Roth expressed reservations about the future of the project due to the tight lending environment and persisting work-from-home trends. Vornado president and CFO Michael Franco anticipated the Penn District redevelopment to be delayed by two to three years, however there is no guarantee the project will come to fruition.
- Hudson Yards has matured into a prime destination for office space in Manhattan. The master-planned developments at Manhattan West and the Eastern Rail Yard have largely come to fruition. A total of ten office projects have been built or undergone substantial renovations and are contributing revenues to the district. These ten properties represent approximately 19.6 million square feet of space. In addition to the completed projects, there is one major building still under construction at Three Hudson Boulevard, representing an additional 2.3 million square feet.
- The \$1.6 billion expansion of the Farley Building, now called the Moynihan Train Hall, was unveiled in June 2017, and completed in January 2021. The West End Concourse is a pedestrian entrance connecting Pennsylvania Station to the project on Eighth Avenue. In addition to the West End Concourse, this project includes: the construction of a train hall, 700,000 square feet of commercial office and retail property, as well as a ground level retail concourse that will connect Pennsylvania Station to Ninth Avenue, Hudson Yards, and beyond. Vornado Realty Trust and Related Companies lead the development.

- The City Council's Land Use Committee passed the Great East Midtown rezoning proposal in August 2017, which entails changes to air rights pricing and requirements for new spaces. The rezoning proposal promotes development over approximately a 78-block area in Midtown centered around Grand Central Terminal. North-south, the rezoning starts at East 39th Street goes up to East 57th Street. East-West, it spans from Third Avenue to midway between Madison and Fifth Avenues. The block between East 42nd Street and East 43rd Street extends to Second Avenue, where the Pfizer building is located. The rezoning is expected to create approximately 6.6 msf of new office space in the Midtown East district over the next 20 years.
- Plans to rezone Inwood were approved in August of 2018, following East Harlem rezoning approval at the end of 2017. The rezoning plans will allow for more building density and low-income housing and is expected to be completed by 2032. East New York and Far Rockaway have already been rezoned to allow for additional building density.
- In 2023, New York City introduced the Manhattan Commercial Revitalization (M-CORE) program, which provides commercial building owners with a range of tax benefits to support the repositioning of office buildings. Eligible buildings must contain at least 250,000 square feet, be located in Manhattan below 59th Street, and have been built prior to 2000. M-CORE offers tax abatements, partial mortgage recording tax exemption, and sales tax exemption. This program seeks to help building owners reduce vacancy and attract tenants in search of high-quality office spaces that include amenities. In January 2024, the New York City Economic Development Corporation (NYCEDC) and the New York City Industrial Development Agency (NYCIDA) announced that WSA Waterfront LLC's building at 175 Water Street and HPS Investment Partners' building at 850 Third Avenue were the first awardees of the initiative. The project at 175 Water Street will seek to attract fashion, arts, creative and technology tenants by investing \$150 million into the building while HPS Investment Partners will invest \$62.7 million into 850 Third Avenue. Each project has committed to include incubator or accelerator space for high growth industries.
- The New York City Council passed the Climate Mobilization Act in April of 2019, setting increasingly harsh limits on carbon emission for buildings over 25,000 sf beginning in 2024. The bill will require these buildings to decrease their greenhouse gas emissions by 40% by 2030. These new standards require retrofitting buildings with new energy efficient technology and will lead to the creation of thousands of construction jobs. As of November 15, 2019, New York City requires all new construction and major roof renovations to include a "sustainable roofing system", which includes green roofs, solar panels, or a combination thereof. In January 2024, the New York City Department of Buildings (NYCDOB) announced that offending building owners could defer compliance for one year. These new rules permit building owners to receive an extension to limit emissions until 2026 as long as they perform "good faith efforts" towards decarbonizing their buildings, such as submitting a "decarbonization plan" or providing evidence that a completed application has been approved by the NYCDOB for the work required to comply to 2024 standards.
- The MTA received \$4 billion from the federal government in 2020 but requested an additional \$12 billion in aid to help cover its operating losses through 2021. As of August 2023, ridership averaged 70.1% of the equivalent week in 2019. Even if ridership rebounds to pre-pandemic levels by yearend 2023, the MTA still projects budget deficits totaling over \$19 billion through 2024. Furthermore, in August 2023, the MTA introduced a fair hike, rising the price of a single ride from \$2.75 to \$2.90. Without the requested funding, the MTA announced it would have to enact significant cost-cutting actions, including:
 - Reducing its administrative staff by roughly 2,700, which is currently planned.

- Further increasing fares and tolls by 1% and one dollar, respectively, above the already planned 4% increase in 2023; these increases would raise \$650 million by 2024, according to an MTA report. An additional fare hike was planned in 2021 but was postponed in an effort to bring back commuters.
- Reducing subway and bus service by as much as 40%, causing wait times to increase by eight and 15 minutes, respectively.
- Reducing rail service to suburbs in New York, Connecticut, and Long Island up to 50%, resulting in the LIRR and Metro-North trains operating on 60- or 120-minute intervals.
- The indefinite pause of major infrastructure projects, such as the extension of the Second Avenue subway into Harlem and connecting commuter trains at Pennsylvania Station.
- Eliminating a program which provides paratransit customers accessible vehicles on demand.

Demographic Characteristics

New York City has a highly educated talent pool as the share of its residents with a bachelor's degree or higher (advanced degree) is 36.7%, nearly 5.6 percentage points above that of the United States. Despite its relatively high share of affluent households, New York City has a noticeable gap in educational attainment as the percentage of its residents without a high school diploma is nearly 6.8 percentage points higher than the share of the national population. Additionally, the polarization of educational attainment in the city is supported by the share of its population with some college education, but no bachelor's degree, being 9.1 percentage points below the nation's.

Like the distribution of educational attainment of New York City's residents, the incomes of households are relatively polarized. The high cost of living in the city pushes out many of those whose incomes are not low enough to qualify for subsidized rents or high enough to afford market-rate housing. As a result, middle-income brackets are relatively small. With respect to wealth, 34.5% of the City's households have annual incomes of \$100,000 or more, higher than the national share of 30.5%.

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

Demographic Characteristics New York City vs. United States 2022 Estimates		
Characteristic	New York City	United States
Median Age (years)	36	37
Average Annual Household Income	\$110,634	\$96,357
Median Annual Household Income	\$70,044	\$66,422
<i>Households by Annual Income Level:</i>		
<\$25,000	21.51%	18.21%
\$25,000 to \$49,999	16.79%	20.01%
\$50,000 to \$74,999	14.41%	17.41%
\$75,000 to \$99,999	11.68%	13.31%
\$100,000 plus	35.60%	31.06%
<i>Education Breakdown:</i>		
< High School	20.33%	13.56%
High School Graduate	23.56%	26.85%
College < Bachelor Degree	19.37%	28.46%
Bachelor Degree	21.45%	19.25%
Advanced Degree	15.29%	11.88%

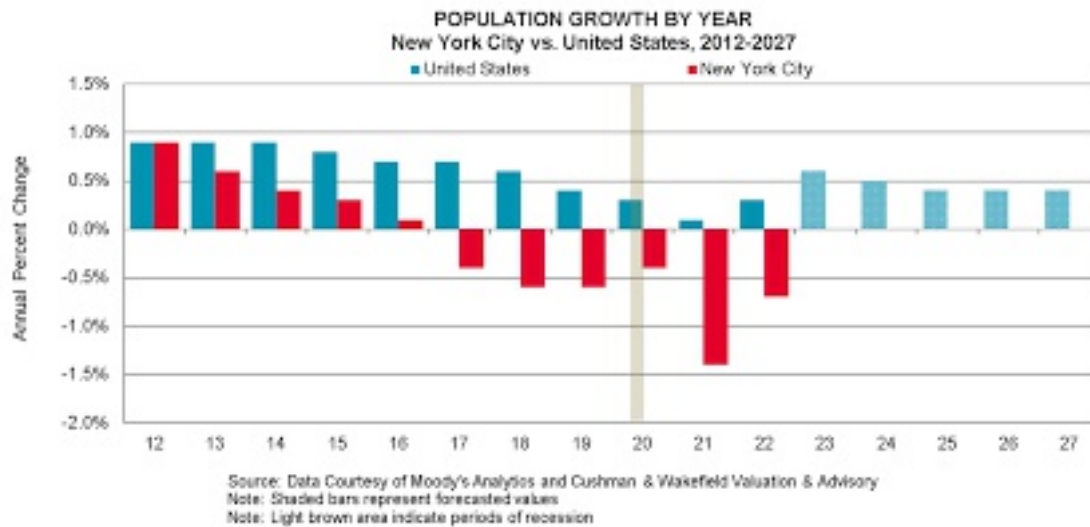
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Cushman & Wakefield Valuation & Advisory

Population

The New York City regional population growth has trailed national population growth, averaging -0.3% annually from 2012 through 2022, the latest data available. During the same time period, New York City's population growth has trailed national population expansion by an average of 90 basis points and is forecast to increase to an average annual growth rate of 0% through 2027. Over the decade, New York City's population grew at a lower rate compared to the nation due to weak performance from the following counties: Queens (-0.4%).

The following chart compares population growth between New York City and the United States:



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

Annualized Population Growth New York City 2012-2027						
Population (000's)	2012	2022	Forecast 2023	Forecast 2027	Compound Annual Growth Rate 12-22	Compound Annual Growth Rate 23-27
United States	314,728.3	332,838.2	334,678.6	339,991.8	0.6%	0.4%
New York City	8,346.7	8,130.8	8,132.7	8,128.5	-0.3%	0.0%
Bronx County	1,411.5	1,386.1	1,388.4	1,383.4	-0.2%	-0.1%
Kings County	2,568.5	2,493.0	2,492.8	2,495.3	-0.3%	0.0%
New York County	1,623.9	1,593.9	1,596.9	1,605.6	-0.2%	0.1%
Queens County	2,272.2	2,189.9	2,186.5	2,168.3	-0.4%	-0.2%
Richmond County	470.6	468.0	470.0	475.9	-0.1%	0.3%

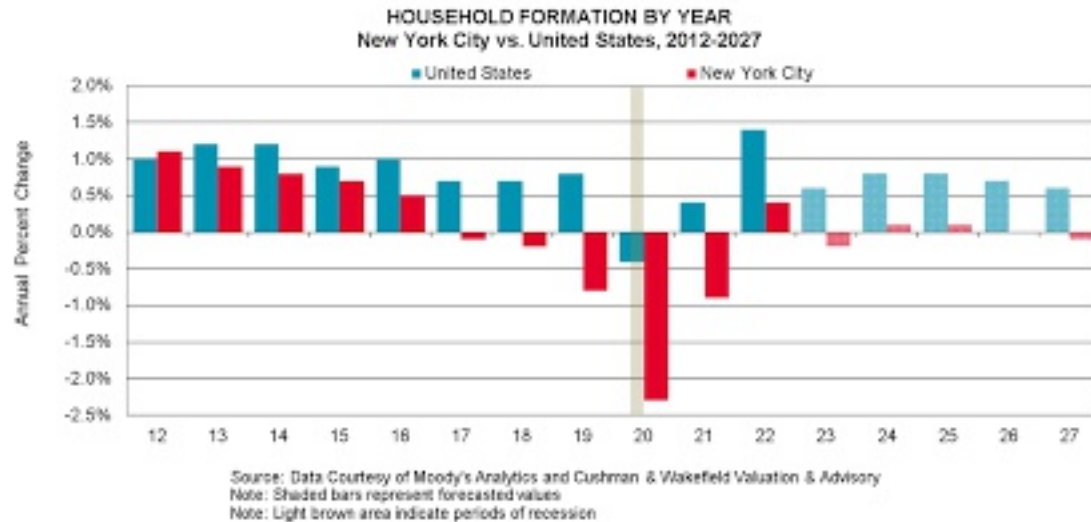
Source: Data Courtesy of Moody's Analytics, Cushman & Wakefield Valuation & Advisory

Households

Generally, a region's household formation trends are directly tied to its overall population growth, as an increase in the population drives demand for real estate. From 2012 through 2022, the New York City regional household formation growth rate has trailed national expansion, averaging -0.1% annually. In the same ten-year period, New

York City's household formation growth has trailed national growth by an average of 90 basis points and is forecast to increase to an average annual growth rate of 0% through 2027.

The chart below compares household formation growth between New York City and the United States:

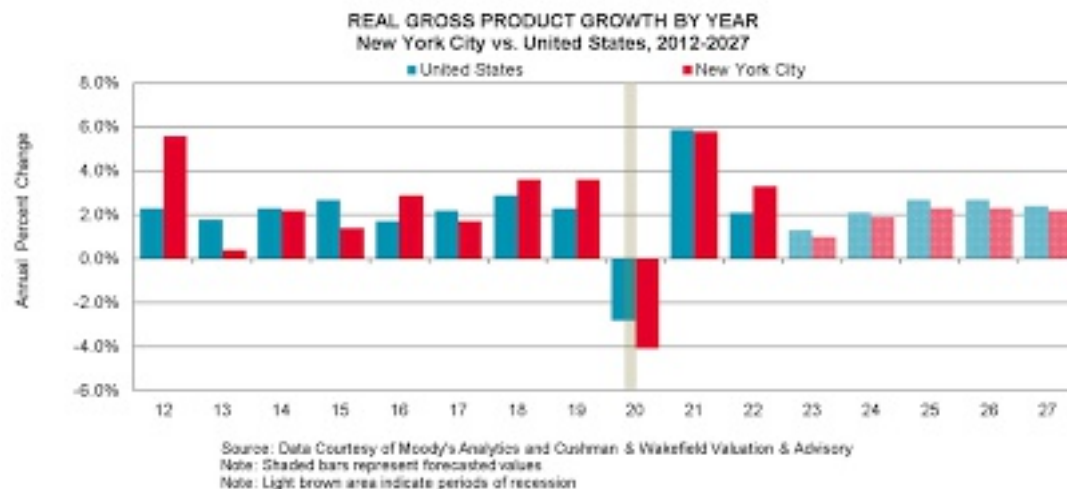


Economic Characteristics

Gross Metro Product

Gross Metro Product (GMP) is defined as the market value of all final goods and services produced within a metropolitan area, and when compared to the nation's Gross Domestic Product (GDP), can determine shifting economic trends in a given region. Economic growth in New York City has trailed national economic expansion over the decade, averaging 2% annually from 2012 through 2022. Over the decade, New York City GMP has trailed national expansion by an average of 10 basis points and is forecast to increase to an average annual growth rate of 2.2% through 2027.

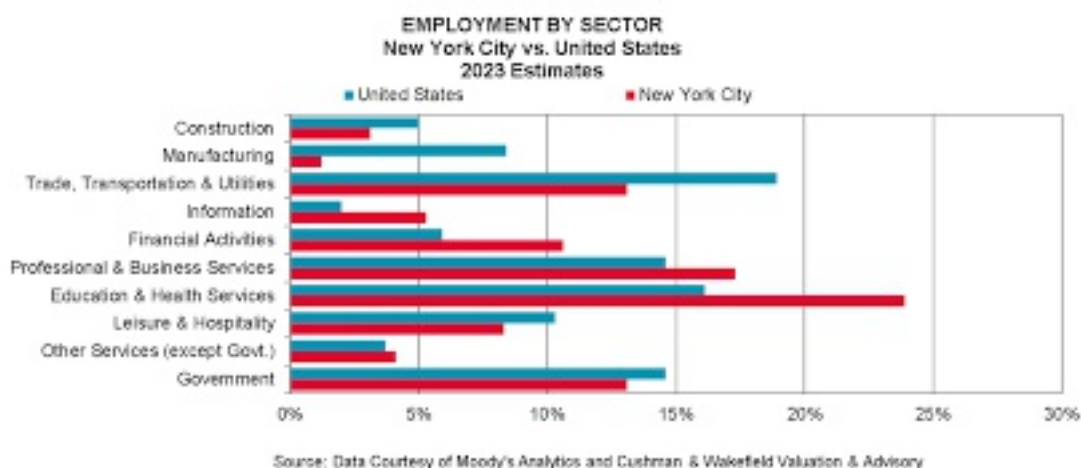
The chart below compares gross product growth by year for New York City and the United States:



Employment Distribution

The Education & Health Services sector dominates New York City as the largest employment sector with roughly 23.9% of the regional workforce, compared to 16.1% on the national level. New York City offers a diverse mix of industry employment with the Professional & Business Services and Trade, Transportation & Utilities sectors accounting for 17.3% and 13.1% of total employment, respectively. Together, these three industries comprise 54.3% of the region's share of employment.

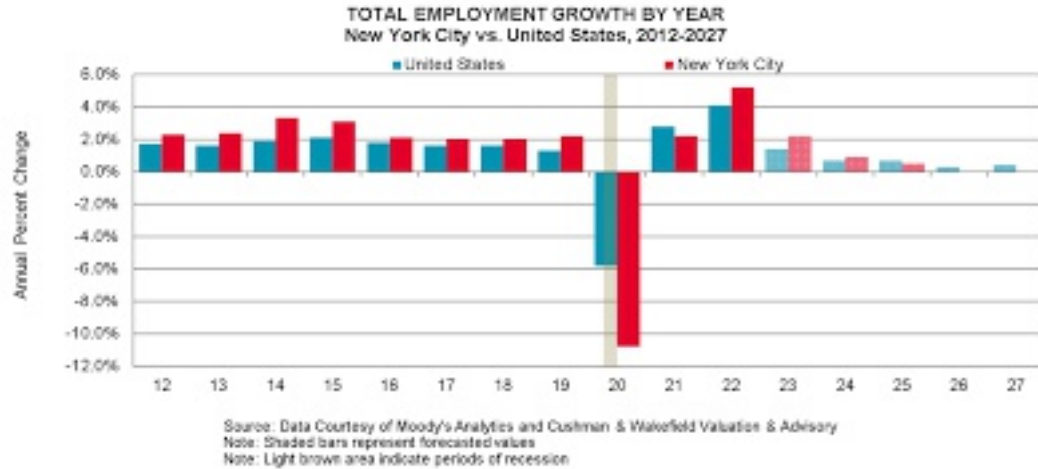
The following chart compares non-farm employment sectors for New York City and the United States:



Employment Growth

From 2012 through 2022, the New York City regional employment growth has remained consistent with national expansion, averaging 1.3% annually. During the same time period, New York City's employment growth has remained consistent with national expansion by an average of 0 basis points and is forecast to decrease to an average annual growth rate of 0.4% through 2027. Over the decade, New York City's employment grew at a higher rate compared to the nation due to strong performance from the following counties: Kings (3.1%), Richmond (2.1%), Bronx (1.6%) and Queens (1.6%).

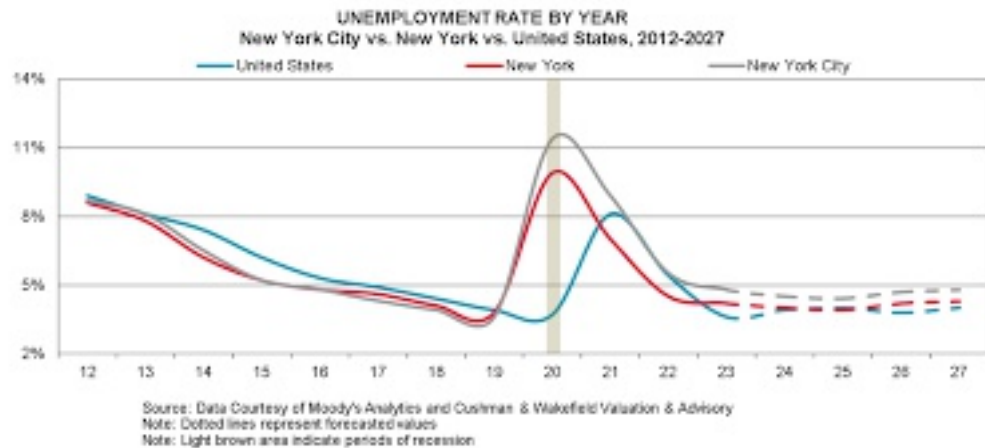
The following chart illustrates employment growth for New York City and the United States:



Unemployment

From 2012 through 2022, the New York City regional unemployment rate decreased at an average annual rate of 4.6%, compared to the nation's unemployment rate which decreased at an average annual rate of 7.7%. New York City's unemployment rate is forecast to increase by an average annual rate of 0.1% between 2023 and 2027. The following counties contributed to the decrease in New York City's unemployment rate over the decade: Richmond (-5.5%) and New York (-5.3%).

The graph below illustrates unemployment rates for New York City, the State of New York, and the United States:



Conclusion

According to the latest census data, New York City's population has hit 8.8 million, the highest tally in the history of the city, and has added over 600,000 people since 2010, an addition larger than the entire population of Miami, Florida. While commercial real estate has weakened as a result of economic difficulties over the last three years, the market is expected to rebound in the long-term. An increased population, a pipeline of new construction, and multiple large businesses set to move to the area will further improve the economic condition of the city.

LOCAL AREA MAP



Location and Overview

The subject property is located on the entire westerly blockfront of Eleventh Avenue between West 41st and 42nd Streets. The subject property is located in the Hudson Yards area of Manhattan. The Hudson Yards district, which generally stretches from Eighth Avenue to the Hudson River, between West 30th Street to the south and West 42nd Street to the north, is outlined in the map below:



Source: Hudson Yards Development Corporation, February 2010

The Hudson Yards development program was planned by the City, in collaboration with the Metropolitan Transportation Authority (MTA) and the State of New York. The zoning controls adopted for Hudson Yards in January 2005 provide for a mix of commercial and residential uses, with a high-density commercial core running along West 33rd Street from Pennsylvania Station to the Eastern Rail Yard, and north between Tenth and Eleventh Avenues from West 33rd to West 41st Streets. A mix of residential and lower-density commercial uses is also provided to the north and east towards Ninth Avenue. These corridors complement the residential properties concentrated along West 42nd Street, and between Ninth and Tenth Avenues, as well as the community's existing lower-density "main-street" on Ninth Avenue.

Formerly zoned as a manufacturing district, the old Hudson Yards could only accommodate low-density commercial and industrial development. Large-scale commercial development was prohibited, as was most residential construction. The 2005 rezoning was designed to create opportunities for large-scale commercial development along Eleventh Avenue (West 30th to West 41st Streets), and residential development throughout the area. In addition, the City created incentives such as the District Improvement Bonus and the Eastern Rail Yards Transferrable Development Rights to facilitate the neighborhood's transformation. In 2009 the western half of the MTA rail yards (the Western Rail Yard) was rezoned to enable an additional 5.7 million square feet of mixed-use development.

The Hudson Yards district provides the increased capacity needed to expand the Midtown office market, the nation's largest central business district (CBD) and a key driver of economic activity in the region. Hudson Yards, along with Downtown Manhattan and emerging outer borough submarkets, would enable the city to accommodate growth in office using employment (OUE) over the next three decades. The availability of sites for new large-scale office towers within Hudson Yards will strengthen the city's ability to capture a significant share of regional OUE growth, solidifying the city's competitive advantage within the region over the next several decades.

Large Development Sites

Related Companies

The most prominent development site in the Hudson Yards district is the 26-acre MTA rail yards site and an adjacent 2-acre parcel, where Related Companies is developing a mixed-use project also named Hudson Yards. Related Companies was designated the conditional developer by the MTA in May 2008 and made a deal to acquire the site in May 2010.

Phase I consists of the Eastern Rail Yards, as well as an additional parcel along the northern border. This phase will contain over 11 million square feet of space encompassing office use, residential use, retail use, hotel use, and cultural use. Projects in the first phase include the following:

The 895-foot **10 Hudson Yards building**, designed by architecture firm Kohn Pederson Fox, contains approximately 1.745 million square feet of office space. Completed in 2016, the project was fully leased by November 2018. Tenants include Tapestry (formerly Coach), the Boston Consulting Group, Guardian Life Insurance Company, L'Oréal, SAP America, and Intersection.

55 Hudson Yards is located just north of the Eastern Rail Yards at the northeast corner of Eleventh Avenue and 33rd Street. The site was formerly controlled by Extell Development Corporation. Related and Mitsui Fudosan built a 51-story, 1.43 million square foot office and retail tower on the site, which includes a subway entrance for the new 7 train extension. The tower broke ground in summer 2015 and was substantially completed by late 2018. The building was over 90 percent preleased. Tenants include Boies, Schiller & Flexner LLP, Point72 Asset Management, Cooley LLP, Milbank, Tweed, Hadley & McCloy LLP, and Third Point LLC. In November 2019, Facebook also announced that it would be taking space in the building as part of its 1.5 million square foot commitment to Hudson Yards, which is now in 2022 will also include space at 30 and 50 Hudson Yards.

30 Hudson Yards, another Related Companies project in the Hudson Yards district, is located at 10th Avenue at West 33rd Street. The 90-story Kohn Pedersen Fox-designed second office tower began construction in 2014 and officially opened in early 2019. The 1,296-foot tower has an observation deck 1,100 feet in the air that opened in March 2020. Major tenants include Wells Fargo, KKR, WarnerMedia, DNB, and Facebook. Facebook exercised termination clauses for some of its office space, which as of 2022 is now leased to KKR.

In 2023, Wells Fargo acquired former Neiman Marcus space at **20 Hudson Yards**, a part of the 1 million-square-foot retail and restaurant complex that was constructed between 10 and 30 Hudson Yards. Wells Fargo purchased the retail condominium for approximately \$550 million. The space includes floors five through seven and Wells Fargo plans a retail to office conversion. Per a press release from Wells Fargo, the Related Companies has been engaged to convert the space into a modern, state-of-the-art office environment over a three-year period. Approximately 2,300 employees are expected to move to the new space at Hudson Yards from the company's current office space at 150 East 42nd Street beginning in late 2026. These employees will join the significant Wells Fargo employee base already located there.

The new space will include a variety of workspace settings for collaborative work and access to leading amenities. Plans include developing a food hall for employees with a rotating local restaurant program, as well as an all-day

coffee bar with views of the Vessel and the Backyard at Hudson Yards. The building will also include a dedicated entrance on 10th Avenue and naming rights on the exterior of the property.

The Related Companies' third tower is the **15 Hudson Yards** residential tower. Designed by Diller Scofidio + Renfro and Rockwell Group, 15 Hudson Yards stands 910 feet tall, 70 stories high and encompasses 960,000 square feet. It includes a mix of 391 condominium and rental units. Condominium owners began closing on units in mid-2019.

50 Hudson Yards, another Related Companies project in the Hudson Yards district, is located on the blockfront on Tenth Avenue, bounded by Hudson Boulevard, West 33rd, and West 34th Streets. The 2.9 million square foot office building was completed in late 2022 and stands 985 feet tall. Mitsui Fudosan, who also owns a significant interest in 55 Hudson Yards, purchased a 90 percent stake in the building in early September 2017. The 77-story office tower is anchored by BlackRock, which committed to leasing approximately 845,000 square feet across 15 floors for a 20 year term. Facebook also leases almost 1.2 million square feet in the building.

35 Hudson Yards is a 1,000-foot mixed-use tower containing residential condominiums and a hotel. The hotel, which is the first Equinox Hotel, opened in 2019. Residential owners began closing on units in late 2020.

The second phase will consist of Related Companies' development of the Western Rail Yards. Like the Eastern Rail Yards, the company must build a platform over the site before constructing any new buildings. Preliminary plans indicate approximately 5.7 million square feet of development, encompassing office space, residential space, a school, and open space.

A site plan for the entire Hudson Yards development is provided below:



Source: Related Companies 2019

Brookfield Companies

Brookfield Properties owns the block bounded by Ninth and Tenth Avenues, between West 32nd and West 33rd Streets. The development project, called Manhattan West, currently sits on an open site under which trains pass en route to Penn Station. The first phase of the project, which commenced in October 2012, involved constructing a platform to cover the exposed train tracks. Construction proceeded in such a way as to not disrupt the rail traffic underneath. After two years and \$240.0 million of construction costs, Brookfield Properties completed the platform in November 2014.

The first new tower to be completed at Manhattan West was One Manhattan West. Construction on this 2.1 million square foot office building began in 2015 and the property officially opened in late 2019. The 70-story Class A building was designed by Skidmore, Owings & Merrill and was constructed on “terra firma”, not over the platform. At the time the building opened, it was approximately 90 percent leased. Major tenants include Skadden, Arps, Slate, Meagher & Flom LLP, Accenture LLP, Ernst & Young U.S. LLP, the National Hockey League, and McKool Smith PC.

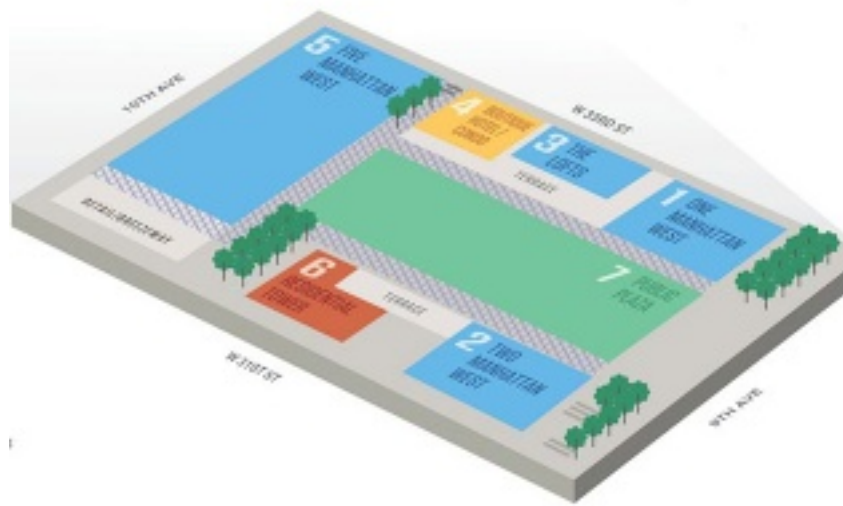
One Manhattan West is next to Brookfield’s 1.7 million-square-foot, 16-story Five Manhattan West property, which recently underwent a \$350 million redevelopment that commenced in 2014 and was completed in 2017. The renovation consists of a new, all-glass modern façade and a breezeway along the south side of the second level that visually connects the High Line to Manhattan West. Major tenants include Amazon, R/GA Media Group, the Markit Group, and JPMorgan.

In November 2017, Brookfield Properties officially filed plans for 2 Manhattan West, a roughly 1.82 million square foot office building. The tower opened in January 2024 and is situated on West 31st Street between 9th and 10th Avenues. The building has a height of 935 feet. Cravath, Swaine & Moore LLP signed a lease for 481,000 square feet to be the anchor tenant of the building and moved in in April 2024.

In addition to the office towers, Brookfield Properties built a third tower on the site that rises 62 stories with 844 residential units and opened in 2017. The building is known as the Eugene. Brookfield also built the Pendry, a 164-room boutique hotel, and a 1.5-acre open plaza spanning the platform between the office towers. The company says the entire project will contain five million square feet of total development at an estimated cost of \$4.5 billion.

In 2023 Brookfield Properties completed Two Manhattan West a 58-story, 2.0 million square foot office building located at the northwest corner of Ninth Avenue and West 31st Street. Designed by Skidmore Owings Merrill, the building is targeting a LEED Gold rating. Major office tenants include Accenture, Ernst & Young, the National Hockey League, and McKool Smith.

The image below details the site plan for Manhattan West:



Source: Brookfield Properties

The Moinian Group

The Moinian Group owns two development sites in the Hudson Yards district. Their most prominent project is 3 Hudson Boulevard, which it proposes to develop with Boston Properties. The site is located on Eleventh Avenue between 34th and 35th Streets. The 1.9 million square foot office tower will be bordered by the new Hudson Park & Boulevard to the east, and the Javits Center to the west. Groundbreaking for the tower took place in November 2017, however construction has stalled with no estimated completion date at this time. Excavation, foundation, and other site work is completed to street level, but further vertical construction is on hold as of November 2023.

The Moinian Group's other development site is a continuation of its Atelier residential condominium project which opened in 2006. The second phase of the development, at 605 West 42nd Street, was completed in 2017 and contains 1,174 rental units.

Tishman Speyer

Tishman Speyer completed the construction of a mixed-use office tower located at the westerly block front of Tenth Avenue between 34th and 35th Streets. Known as the Spiral (or 66 Hudson Boulevard), the 65-story 1,031-foot tower contains 2.85 million square feet, of which 27,000 square feet is allocated to retail. Major tenants include AllianceBernstein, Pfizer, and Debevoise & Plimpton LLP. These three tenants represented over half of the total space in the building when it was completed in 2023.

Tishman Speyer also owns a site located along Eleventh Avenue between West 36th and West 37th Streets. The company is proposing to build a 44-story office building at the site, which it will call 99 Hudson Boulevard. The building will have approximately 1.3 million square feet of space.

Public Access and Transportation

Extensive transportation options (both planned and existing) in the Hudson Yards district will improve overall access. The area has convenient access to the Lincoln Tunnel and West Side Highway, close proximity to the Hudson River Ferries, numerous bus stops, and is within walking distance of Penn Station and the Port Authority Bus Terminal. More importantly, however, is the completed Number 7 subway train extension. Jointly funded by the City and the MTA, the \$2.4 billion project began in 2007 and officially opened in September 2015.

Historically, much of the area was relatively isolated from New York City's expansive subway system. The new extension brings the Number 7 line from Times Square to a new terminus at 34th Street and 11th Avenue – the virtual epicenter of the new office developments – and connects Hudson Yards to all of Manhattan's major subway lines. With the connection, a trip to the major gateway Grand Central Terminal takes approximately six minutes. Employees who work in Hudson Yards will be able to commute with ease from New Jersey, Connecticut, and all five boroughs.

The following image outlines the route of the subway extension with station locations:

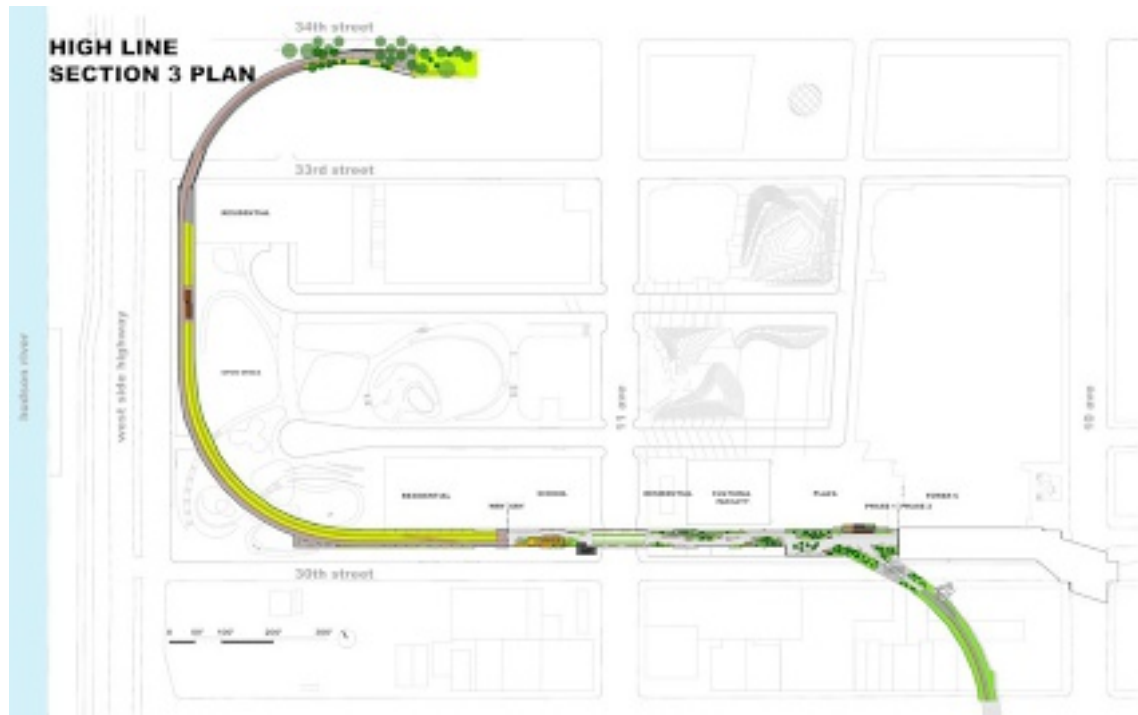


Source: Dattner Architects (<https://www.dattner.com/projects/view/hudson-yards-station/>)

Open Space

Hudson Yards is home to a portion of the High Line elevated park. Construction began on the first phase of the park (which runs from Gansevoort Street to West 20th Street) in 2006 and was opened to the public in 2009. The second section, which runs from West 20th Street to West 30th Street (the southern boundary of Hudson Yards), was opened to the public in 2011. The third and final section wraps along the southern border of the Rail Yards on 30th Street before turning north along the western edge of the rail yards, terminating near 34th Street. This third phase was opened to the public in September 2014. Over seven million people visit the High Line each year.

The image below highlights the site plan for the third phase of the High Line:



Source: Related Companies

Bella Abzug Park will run diagonally through the office core of Hudson Yards. Michael Van Valkenburgh Associates, designers of Brooklyn Bridge Park and Teardrop Park in Battery Park City, was selected in 2010 to prepare a master plan and construction drawings for the park and boulevard system.

Bella Abzug Park, an approximately 4-acre system of broad tree-lined parks and open space, will run between 10th and 11th Avenues from West 33rd to West 39th Streets. This project is a fundamental element of the new Hudson Yards district and is intended to help transform the area into a vibrant, pedestrian-friendly mixed-use district, and act as the communal area between the several towers rising on either side of Hudson Boulevard. This project will be developed in two phases:

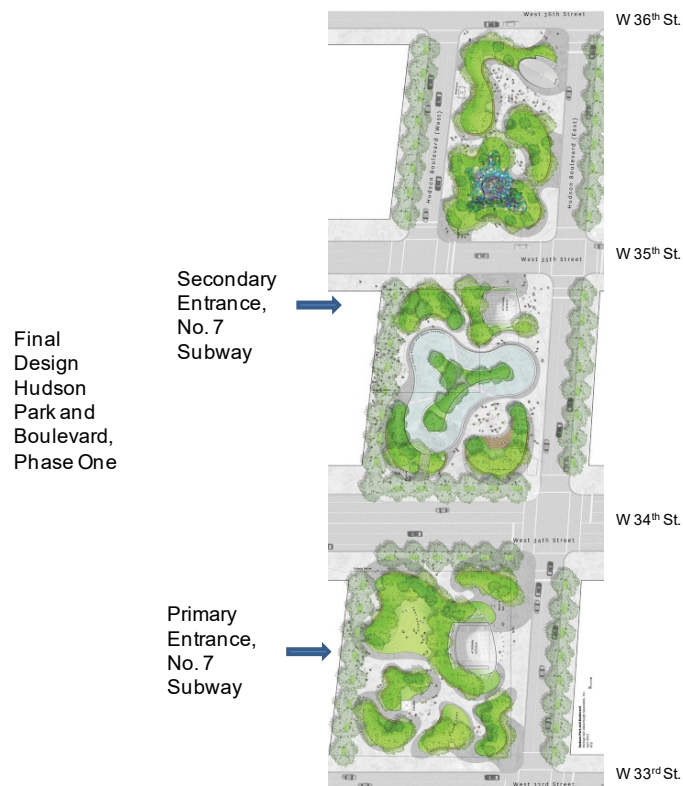
- Construction of Phase 1 began during the summer of 2012 and was completed in September 2015. It extends from West 33rd to West 36th Streets.
- The second phase will be located between West 36th Street and West 39th Street. This future phase was approved for funding in August 2018

Bella Abzug Park has expanded the supply of public open spaces available on Manhattan's west side by building upon the success of both the High Line Park and the Hudson River Park. The renderings below illustrate the conceptual design for the first phase of the Bella Abzug Park:

View of Hudson Park and Boulevard Conceptual Design



Source: Hudson Yards Development Corporation, Michael Van Valkenburgh Associates



Source: Hudson Yards Development Corporation, Michael Van Valkenburgh Associates

Cultural Amenities

Cultural organizations play an integral role in the life of any neighborhood and Hudson Yards will be no exception. The district's new cultural offerings include the Baryshnikov Arts Center (450 West 37th Street) and the Frank Gehry-designed Signature Theatre (MiMA, 450-460 West 42nd Street) which opened in January 2012. The Culture Shed, which is located on the Related Companies' Eastern Rail Yard site, provides the area with another visual and performing arts institution. The building features 200,000 square feet of space in a 140-foot retractable structure and officially opened in 2019. The Vessel, which also opened in 2019, is an attraction that functions as the centerpiece of Hudson Yard's public square.

The Jacob K. Javits Convention Center (Javits Center) anchors the west side of Hudson Yards and underwent a massive renovation. Beginning in 2009 with the North Hall extension, the \$463.0 million renovation focused on the main building's roof, glass curtain walls, skylights, and the re-configuration of the main entrance. The renovation was completed in November 2013. The renovation included the instillation of a state-of-the-art green roof, one of the largest in the United States at almost 7.0 acres in size. The green roof features solar panel arrays and sustainable agriculture managed by Brooklyn Grange. The roof includes greenhouses, bee hives, an orchard, meadow, shade garden, and water/rain water recycling.

Other complementary improvements within Hudson Yards include the renovation of the former Farley Post Office on Eighth Avenue into the Moynihan Train Hall, and the refurbishment of Madison Square Garden. Moynihan Train Hall opened to the public in January 2021, providing access to Amtrak and the Long Island Rail Road.

Madison Square Garden underwent a phased \$850.0 million renovation to enable it to continue as a top sports and entertainment arena. The first phase was completed in 2011 and included updates to the arena's lower bowl. The second phase, which upgraded the luxury suites and concourse section, was unveiled in August 2012. The final phase, completed in 2013, comprised the construction of a Chase Square lobby, Chase Bridges and a new scoreboard.

Residential & Hotel Development

Residential Development

In addition to its convenience for commuters, the Hudson Yards district has become a vibrant neighborhood in its own right since the rezoning. Since 2005, more than 8,000 residential units have been added to the neighborhood or are currently under construction, many of them in new luxury towers. Recent residential projects within or near Hudson Yards include the Eugene at 435 West 31st Street, One Hudson Yards at 530 West 30th Street, Abington House at 500 West 30th Street, 15 Hudson Yards, 35 Hudson Yards, Charlie West at 505 West 43rd Street, and 555 Tenth Avenue, among others.

New housing since the rezoning has boosted the neighborhood's population and household income. Midtown West (the general neighborhood between Hell's Kitchen and Chelsea which contains Hudson Yards) had a population of nearly 70,000 in 2010, a 16.0 percent increase from 2000. In addition, the neighborhood's average household income rose by 18.5 percent from 2000 to 2010, reaching \$88,789. The residential neighborhoods surrounding Hudson Yards to the north and south (Hell's Kitchen and Chelsea) have average household incomes well over \$100,000, suggesting that strong residential growth is possible for Hudson Yards in the future.

A 2012 study by Cushman & Wakefield forecasted that the entire Hudson Yards district could capture 20.0 percent of Manhattan's housing demand, resulting in approximately 20,000 housing units for the neighborhood by 2041. This forecast was boosted by the 2009 rezoning of the Western Rail Yard, which allowed for a higher density of housing on that site. The ongoing residential revival will help make Hudson Yards a vibrant place to live and work,

attracting the best human capital New York City has to offer. Furthermore, the constant foot traffic spurred by the proposed retail and park system will ensure high visibility at all hours for tenants with a presence in Hudson Yards.

Hotel Development

New York City's tourism industry has been a major growth driver over the past several years, prior to the pandemic. In 2019, a record high 66.6 million tourists visited the city. The 2005 rezoning also brought about a boom in Hudson Yards hotel construction. Since 2005, over 3,800 new hotel rooms have been built in the area. The proximity of Hudson Yards to Times Square and the Broadway theatre district makes the neighborhood an ideal location for hotel development.

In December 2021, the City Council adopted the Citywide Hotels Text Amendment, an amendment to the City's Zoning Resolution. The amendment requires developers to obtain a special permit for the construction of a new hotel facility. As of December 2022, no applications had been filed for a special permit to build a hotel. In the second quarter of 2023, Aspen Hospitality announced plans to seek a special permit for a proposed 130-room hotel at 10 Rockefeller Plaza.

Conclusion

In summary, the Hudson Yards district will have a mixture of retail, residential, commercial, and industrial structures. Residential development has been concentrated along the eastern and northern portions of this area, but has spread westward. Any development in the immediate area will greatly benefit from the City's ambitious plans for Hudson Yards, which will continue the westward development of the area. Long-term, our outlook for the subject's area is positive.

Residential Market Analysis

Overview

The New York City residential market is the largest housing market in the United States. It is composed of a complex and diverse group of properties, from single-family townhouses, low-rise walk-up buildings, and luxury high-rise towers, to converted office buildings for multi-tenant residential use. The majority of the market consists of rental units, many of which are governed by rent stabilization and rent control regulations at state and city levels. Tax abatement and incentive plans continue to play a large role in shaping New York City's residential housing development, as do zoning laws and designations of historic preservation districts. The following discussion provides some historical context to the current trends underpinning the fundamentals of the residential market in New York City.

Current Trends

There are numerous current trends impacting the New York City residential market. Some of them are more mature trends while others are recent or evolving trends. These trends are explored in the following section.

Rental Construction Incentive Program

In April 2024, the New York State Legislature passed the 2024-2025 budget, which introduced several major changes to the housing market in New York. Most notably, the budget includes a new replacement program for the Affordable New York tax incentive program, which expired in June 2022. The new program, also known as "Affordable Neighborhoods for New Yorkers" or 485-x, will generally grant a longer exemption period compared to Affordable New York, require deeper affordability for income restricted units, and higher wage requirements for construction labor. Additionally, the income restricted units will remain affordable in perpetuity. Details are summarized in the following table:

485-x Tax Exemption Options					
	Option A: "Very Large"	Option A: "Large"	Option B: "Modest"	Option C: "Small"	Option D: "Homeownership Project"
Project Size (Units)	150+	100+	6 - 99	6 - 10	-
% of Affordable Units	25%	25%	20%	50%	100%
Weighted Average AMI Level	60%	80%	80%	No AMI, units are rent stabilized	N/A
Construction Benefit Period	5 years or 3 years, depending on location	3 years	3 years	3 years	3 years
Post Completion Benefit Period	100% exempt for 40 years	100% exempt for 35 years	100% exempt for 25 years; 20% exempt for 10 years	100% exempt for 10 years	100% exempt for 14 years; 25% exempt for 6 years
Construction Labor Agreement	Minimum of \$63 to \$72.45 per hour, or 60-65% of prevailing wage, depending on location	Minimum of \$40 per hour	-	-	\$40 to \$72.45 per hour depending on size of project and location
Additional Details	No more than 3 income bands for affordable, none can exceed 100% of AMI	No more than 3 income bands for affordable, none can exceed 100% of AMI	No more than 3 income bands for affordable, none can exceed 100% of AMI	-	Average assessed values of the units must not exceed \$89 psf

The budget also extends the completion deadline for qualifying current projects attempting to receive the expired Affordable New York exemption, from June 2026 to June 2031. The extension will not apply to projects utilizing Option C, which includes 30 percent of units at 130 percent of the area median income.

Good Cause Eviction Law

After being pursued by advocates for several years, a version of good cause eviction was officially included in the final budget for 2024-2025. Effective immediately, tenants may only be evicted for good cause, and rent increases are limited to 10 percent or 5 percent plus the annual change in the consumer price index, whichever is lower. Exemptions from the new law include units with a monthly rent exceeding 245 percent of the fair market rent, units owned by landlords with 10 or fewer units, owner-occupied units in buildings with 10 or fewer units, units in condominium or cooperative buildings, units subject to rent regulation or other affordable agreements, and buildings which were built after 2008.

Office-to-Residential Conversions

Given the current state of the New York City office market, an increasing number of building owners have begun to consider office-to-residential conversions, especially for older buildings and those located outside of the core areas of Manhattan. Public officials at both the city and state level have studied the issue and expressed interest in helping accommodate the process. In January 2023, Mayor Eric Adams presented recommendations for changes to laws and zoning requirements that could potentially result in as many as 20,000 new apartments being created through conversions over the next decade. There are already several office buildings which are currently in the process of being converted or being seriously contemplated for conversion, including 160 Water Street, 25 Water Street, 55 Broad Street, 85 Broad Street, 61 Broadway, 222 Broadway, 750 3rd Avenue, 110 West 32nd Street, 235 East 42nd Street, and the McGraw Hill building at 330 West 42nd Street.

Housing Stability and Tenant Protection Act of 2019

In June 2019, the New York State Senate and Assembly passed significant reforms to the existing laws governing rent regulation. The new laws have changed investor and landlord behavior towards buildings with rent regulated units. In general, the new laws have resulted in higher capitalization rates for assets with a meaningful amount of rent-regulated units. Though not exhaustive, the most significant changes to the laws are detailed below:

Expiration Date

Whereas rent-regulation laws previously expired every four to eight years and would require voting for extension, the new laws have no expiration, making any future changes more difficult to enact.

High-Income and High-Rent Vacancy Deregulation

Under the former rent-regulation laws, landlords could deregulate units if an in-place rent-stabilized tenant's annual income for the prior two years was at least \$200,000 and the monthly rent exceeded the high-rent threshold (approximately \$2,816 in the most recent iteration of the laws). If a rent-stabilized unit became vacant, the landlord was permitted to apply a vacancy increase and longevity bonus if applicable, and undertake an in-unit renovation such that should the corresponding legal rent exceed the threshold rent, the unit was deregulated. Neither of these options are available under the new laws.

Owner Use Exception

Owners of rent-regulated assets are now only allowed to reclaim a single rent-stabilized unit for personal use or for their immediate family. In both instances, the unit must be used as a primary residence and tenants who have been in the unit for at least 15 years may not be evicted. Under the former rent-regulation laws, owners were allowed to recapture more than one unit with this procedure and the length of tenancy for the "long-term" protection was at least 20 years.

Vacancy and Longevity Bonuses

Under the new laws, landlords are no longer able to claim the "vacancy bonus" after a tenant vacates a rent-regulated unit. This provision previously allowed rents to be raised by as much as 20 percent upon vacancy.

Similarly, landlords are no longer able to increase rents based on the duration of the previous tenancy, a provision which was known as the “longevity bonus”.

Preferential Rent Treatment

In areas of New York City where market rents were lower than the legally allowed rent-stabilized rents for a unit, landlords often charged a “preferential rent” to tenants, reserving the right to raise the rent to the legal limit upon lease renewal. Under the new laws, landlords are no longer allowed to raise rents to the legal rent upon lease renewal; instead, the preferential rent will serve as the base rent for increases. However, landlords are allowed to raise rents to the legal rent upon vacancy, provided the tenant did not vacate due to landlord negligence.

Rent-Controlled Tenant Increases

The new laws focus mainly on rent stabilized units, as they comprise the vast majority of units governed by rent regulation. The only significant provision specifically impacting rent-controlled tenants sets the maximum annual rent increase to the average of the five most recent annual increases as dictated by the Rent Guidelines Board, and prohibits fuel pass-along charges. Prior to the new laws, landlords could increase rents for rent-controlled tenants by up to 7.5 percent per year, depending on the specifics of the unit.

Changes to Major Capital Improvements (MCI)

Under the new laws, MCIs (which constitute building-wide renovations and upgrades) become less attractive as an investment for building owners. Whereas MCIs previously allowed owners to permanently increase rents to rent stabilized tenants by up to six percent each year to recoup the costs, the annual increases are now limited to two percent and are retroactively applicable to MCIs implemented within the last seven years. Furthermore, the amortization period is now longer and the rent increases attributable to the MCI are removed after 30 years. For buildings with 35 units or fewer, the amortization schedule was lengthened from 96 months to 144 months; for larger buildings the schedule increased from 108 months to 150 months.

Changes to Individual Apartment Improvements (IAI)

Similar to MCIs, building owners are able to recoup money spent on in-unit renovations through the IAI program. Under the new laws, owners are allowed approved IAIs limited to \$15,000 over a 15 year period, and the rent increases are removed after 30 years like the changes to the MCI provision. Previously, there was no cap on spending for IAIs and rent increases attributable to the program were permanent. For buildings with 35 units or fewer, the amortization schedule was lengthened from 40 months to 168 months; for larger buildings the schedule increased from 60 months to 180 months. This effectively caps the monthly rent increases at \$89.29 for small buildings and \$83.33 for larger buildings.

Conversion Process for Cooperatives and Condominiums

In a building with rent-regulated tenants, owners needed to place under contract or sell 15 percent of the units under the former rent-regulation laws before a cooperative or condominium conversion plan was considered effective by the New York State Attorney General. There was no requirement for who could purchase the units. Under the new laws, at least 51 percent of the units must be sold to be declared effective, and they must be purchased by existing residents within the building. Additionally, building owners no longer have the option to evict tenants for the conversion.

Interest Rate Environment

While commercial real estate markets have operated in a historically low interest-rate environment for much of the past decade, the Federal Open Market Committee voted to raise rates multiple times since March 2022, in response to inflationary concerns. The most recent increase occurred at the July 2023 meeting, when the committee voted for a 25 basis-point increase. The target range for the federal funds rate now stands at 5.25 to 5.50 percent, compared to the target range of 0.00 to 0.25 percent at the beginning of 2022. The rapid rise in interest rates has

caused capitalization rates to expand and borrowing costs to increase. Since the July 2023 meeting, the committee has held rates constant. In the May 2024 meeting, the committee indicated that rates would remain at current levels, but said it is unlikely there will be a rate hike in the future.

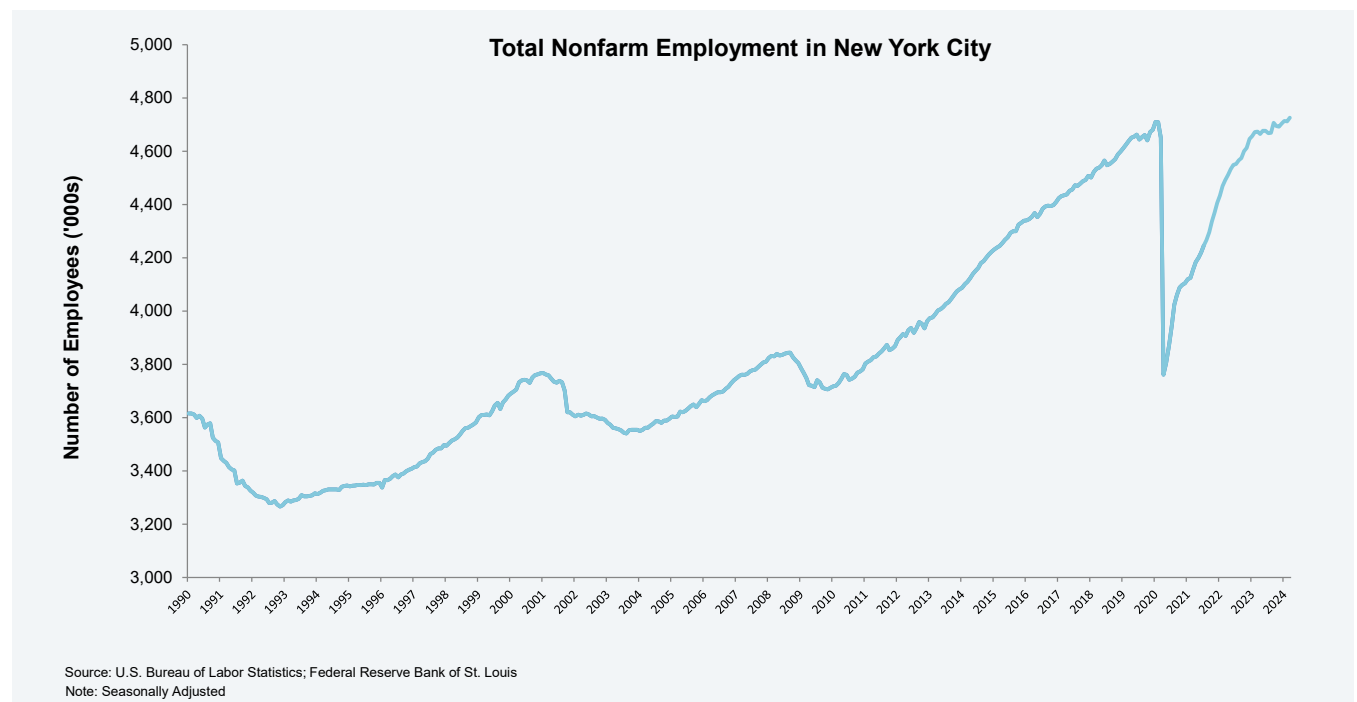
Financing Environment

While financing was difficult to secure for residential assets coming out of the Great Recession, this was not the case between 2011 and the first quarter of 2020. Lending on cash flowing multifamily assets was available in 2010 and forward, while construction financing remained curtailed until Extell Development Corporation secured a \$750 million construction loan for its skyscraper development at 157 West 57th Street. By 2012 construction financing returned to the New York City markets and became increasingly robust through 2016. While there was some hesitancy to provide financing for projects relying on ultra-luxury condominium market, overall commercial financing was available for many multifamily investors and developers in New York City prior to the COVID-19 outbreak. The lending environment for individual purchasers was relatively loose and mortgages were readily available for cooperative and condominium purchases. Since the middle of 2022, rising mortgage rates have impacted some potential buyers.

Local Economy

Though the Great Recession resulted in significant job losses in 2008 and 2009, New York City experienced an employment boom beginning in 2010. From that period through March 2020, when the COVID-19 pandemic began impacting New York City, employment grew by over 930,000 jobs, more than making up for the prior period's job losses. This sustained employment expansion surpassed both the period from 2003 to 2008 and the expansion from 1993 to 2001. Multifamily real estate in New York City was a major beneficiary of this period of strong job growth. In the short term, however, the city is still currently dealing with the effects of the pandemic. Between March and April of 2020, employment declined by nearly 890,000 jobs, an unprecedented number. Since April 2020, employment has grown by over 942,000 jobs.

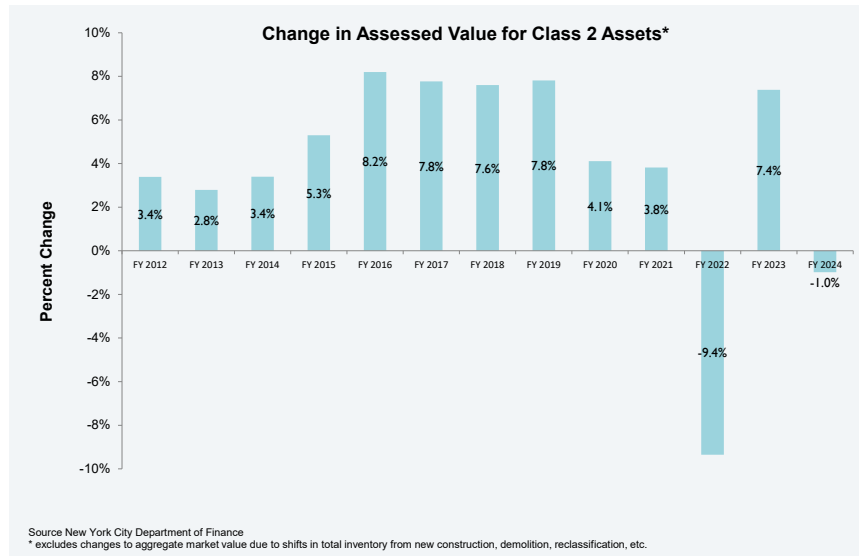
New York City's employment history from 1990 to the present is detailed in the chart below:



Role of Property Taxes in the Budgeting Process

Municipal and state budget deficits tend to detract from services and often capital expenditures on infrastructure. When facing budget deficits, real estate tax increases are one of the most effective means of raising revenue for New York City without New York State approval. For Fiscal Year 2024, New York City's Office of Management and Budget forecasts that property tax revenue will constitute over 46 percent of total tax revenue collected. Assessed value is one component of the real estate tax equation. After a decade of steady increases, assessed values for residential assets have fluctuated since the pandemic.

The chart below illustrates the change in assessed values since 2012:



Affordability

New York City is often cited as one of the least affordable cities in the nation, due in large part to its high housing costs. While the city's housing market is more expensive than most cities in the country, overall affordability is impacted by more than housing costs alone. In addition to housing, the largest expense in many household budgets is transportation. These two expenses are related and typically represent a trade-off. As a household moves farther from the city center, housing costs tend to decrease while transportation costs increase.

Though New York City housing costs rank near the top compared to the rest of the nation, transportation costs compare favorably to many of the largest cities. This is directly related to the city's densely packed core and extensive public transportation system. Many residents are able to live without a personal automobile, requiring only a metro card which costs \$132 per month. This is particularly true in Manhattan and the dense neighborhoods of northwestern Brooklyn and western Queens. It is not uncommon for residents in other cities to spend several hundred dollars per month per vehicle for automobile payments, insurance, gas, parking, and maintenance.

Combined with higher wages, New York City's relatively low transportation costs result in a surprisingly affordable experience for many households. In a study from 2019, the Citizens Budget Commission found that the median household in New York City spends 45.2 percent of its income on housing and transportation, in line with the 45 percent affordability threshold suggested by HUD. Several of New York's peer cities, including Los Angeles, Chicago, and Miami, are considered less affordable based upon overall location affordability. These findings are summarized in the following chart:

Figure 3: Location Affordability Index, Median Household (Housing and Transportation Costs as a Percent of Income), 2016



Source: United States Department of Housing and Urban Development, "Location-Affordability Index v.3" (accessed September 15, 2018; last updated March 26, 2019); <https://housing.hud.gov/data/anggh.com/Maps/Location-Affordability-Index-v-3>.

Market Segments

Rental Market

Manhattan

The Manhattan rental market has exhibited tremendous strength over the past three years, with average rents currently at or near record levels for most unit types. Over the past two quarters, however, rental pricing trends have been mixed. Other relevant metrics like listing inventory and time on market have also softened over the past year. Despite this recent softness, the expiration of the Affordable New York program will result in minimal new supply entering the market once existing projects are completed, and high mortgage interest rates will force some potential buyers to stay in the rental market. Considering these factors, the outlook for the Manhattan rental market continues to be positive.

The charts below briefly highlight trends in the Manhattan rental market.

Manhattan Average Monthly Rent							
	Q2 2024	Q1 2024	Quarterly % Change	Q2 2023	Annual % Change	Q2 2019	5-year % Change
Studio Rent	\$3,343	\$3,224	3.7%	\$3,274	2.1%	\$2,816	18.7%
One Bedroom Rent	\$4,395	\$4,339	1.3%	\$4,351	1.0%	\$3,634	20.9%
Two Bedroom Rent	\$5,888	\$5,988	-1.7%	\$6,170	-4.6%	\$4,892	20.4%
Three Bedroom Rent	\$8,777	\$8,950	-1.9%	\$10,314	-14.9%	\$7,451	17.8%
Listing Discount	-0.7%	0.2%	-	1.3%	-	1.1%	-

Source: Douglas Elliman

Manhattan Rental Volume and Inventory

	Q2 2024	Q1 2024	Quarterly % Change	Q2 2023	Annual % Change	Q2 2019	5-year % Change
Days On Market	33	50	-34.0%	37	-11.6%	26	25.3%
Listing Inventory	8,918	7,700	15.8%	6,880	29.6%	5,628	58.5%
Number of New Leases	19,342	13,046	48.3%	14,075	37.4%	15,553	24.4%
Market-Wide Vacancy	2.06%	2.22%	-	2.34%	-	1.11%	-

Source: Douglas Elliman; Corcoran (Vacancy Rate)

Outer Boroughs

Like other major submarkets in New York, the Brooklyn and Queens rental markets experienced significant rental rate growth from 2021 into 2023. Rent growth has moderated recently, but average rents remain at or near record levels, depending on the data source. Despite this recent moderation, the expiration of the Affordable New York program will result in minimal new supply entering the market once existing projects are completed, and high mortgage interest rates will force some potential buyers to stay in the rental market. Considering these factors, the outlook for the Brooklyn and Queens rental markets continues to be positive.

The chart below briefly highlights trends in the Brooklyn rental market.

Brooklyn Rental Pricing

	Mar-24	Feb-24	Monthly % Change	Mar-23	Annual % Change	Dec-18	5-Year % Change
Average Rental Price	\$3,814	\$3,795	0.5%	\$3,844	-0.8%	\$3,113	22.5%
Rental Price / SF	\$54.86	\$55.29	-0.8%	\$50.71	8.2%	\$44.88	22.2%
Median Rental Price	\$3,495	\$3,499	-0.1%	\$3,493	0.1%	\$2,738	27.6%

Source: Douglas Elliman

The chart below briefly highlights trends in the northwest Queens rental market.

Northwest Queens Rental Pricing

	Mar-24	Feb-24	Monthly % Change	Mar-23	Annual % Change	Dec-18	5-Year % Change
Average Rental Price	\$3,368	\$3,420	-1.5%	\$3,471	-3.0%	\$2,910	15.7%
Rental Price / SF	\$51.87	\$53.46	-3.0%	\$52.78	-1.7%	\$49.95	3.8%
Median Rental Price	\$3,200	\$3,239	-1.2%	\$3,300	-3.0%	\$2,774	15.4%

Source: Douglas Elliman

Condominium Market**Manhattan**

Manhattan condominium pricing generally declined in the most recent quarter, with many buyers shifting to all-cash purchases to avoid high mortgage interest rates. Sales volume has decreased significantly since the first half of 2022, with the most recent quarter representing the lowest total for a first quarter since 2009. Despite the slowdown in sales volume, listing inventory has declined due to the “lock-in” effect for potential sellers with low in-place mortgage rates. The luxury market, which is less reliant on mortgage financing, continues to outperform the overall for-sale market in Manhattan.

The charts below briefly highlight trends in the Manhattan condominium market.

Manhattan Condominium Pricing

	Q1 2024	Q4 2023	Quarterly % Change	Q1 2023	Annual % Change	Q1 2019	5-year % Change
Average Sales Price	\$2,680,281	\$2,928,249	-8.5%	\$2,889,775	-7.2%	\$3,347,929	-19.9%
Average Price PSF	\$1,939	\$2,150	-9.8%	\$2,119	-8.5%	\$2,331	-16.8%
Median Sales Price	\$1,632,000	\$1,657,155	-1.5%	\$1,644,474	-0.8%	\$1,592,500	2.5%
Listing Discount	7.4%	7.3%	-	5.6%	-	8.2%	-

Source: Douglas Elliman

Manhattan Condominium Sales Volume

	Q1 2024	Q4 2023	Quarterly % Change	Q1 2023	Annual % Change	Q1 2019	5-year % Change
# of New Sales	777	989	-21.4%	979	-20.6%	856	-9.2%
Days on Market	74	82	-9.8%	78	-5.1%	116	-36.2%
Listing Inventory	3,578	3,309	8.1%	3,604	-0.7%	3,508	2.0%

Source: Douglas Elliman

Outer Boroughs

The Brooklyn and Queens condominium markets experienced a surge in sales activity between 2021 and mid-2022, as a result of pent-up demand from the pandemic. Since that period, elevated mortgage interest rates have led to a significant decrease in sales volume and a reduction in listing inventory. Pricing metrics generally remain near record highs.

The chart below briefly highlights trends in the Brooklyn condominium market.

Brooklyn Condominium Pricing

	1Q 2024	4Q 2023	Quarterly % Change	1Q 2023	Annual % Change	1Q 2019	5-Year % Change
Average Sales Price	\$1,229,600	\$1,408,492	-12.7%	\$1,198,893	2.6%	\$1,000,769	22.9%
Sales Price / SF	\$1,138	\$1,264	-10.0%	\$1,026	10.9%	\$949	19.9%
Median Sales Price	\$980,000	\$995,000	-1.5%	\$920,000	6.5%	\$810,000	21.0%
Listing Discount	2.9%	1.9%	-	15.6%	-	4.3%	-

Source: Douglas Elliman

The chart below briefly highlights trends in the Queens condominium market.

Queens Condominium Pricing

	1Q 2024	4Q 2023	Quarterly % Change	1Q 2023	Annual % Change	1Q 2019	5-Year % Change
Average Sales Price	\$724,256	\$788,039	-8.1%	\$737,888	-1.8%	\$661,249	9.5%
Sales Price / SF	\$1,010	\$1,021	-1.1%	\$863	17.0%	\$773	30.7%
Median Sales Price	\$648,500	\$692,500	-6.4%	\$606,000	7.0%	\$615,000	5.4%

Source: Douglas Elliman

Supply

Inventory

For the following discussion, we have relied upon information published by the New York City Department of Housing Preservation and Development in its Housing and Vacancy Surveys, as well as the Rent Guidelines Board in its Housing Supply reports. The Housing and Vacancy Survey is the most comprehensive statistical report on the city's housing stock. The survey is completed approximately every three years and is published in the subsequent year following the survey. The most recent survey was completed in 2023, with the preliminary findings released in February 2024. While brokerage firms provide statistics on the housing market in the city, the Housing and Vacancy Survey conducted by the City is the most comprehensive and reliable survey. As such, these statistics will represent the most complete picture of New York City's housing stock until the next survey is published.

New York City's residential market is characterized by its size and complexity. There are over 3.7 million housing units in the city's five boroughs, ranging from apartments in public housing complexes to luxury condominiums, walk-ups, townhouses and mansions.

The following table provides an overview of New York City's housing inventory:

Housing Inventory Analysis for New York											
Inventory	1996	1999	2002	2005	2008	2011	2014	2017	2021	2023	% Change 2021-2023
Total Housing Units	2,995,275	3,038,797	3,208,587	3,260,856	3,328,648	3,352,041	3,400,093	3,469,240	3,644,000	3,705,000	1.7%
Total Owner Units	857,764	932,123	997,003	1,031,780	1,045,953	1,014,940	1,033,226	1,038,200	-	-	-
Owner Occupied	834,183	915,126	981,814	1,010,370	1,019,365	984,066	1,015,299	1,006,081	986,100	1,109,000	12.5%
Vacant for Sale	23,581	16,997	15,189	21,410	26,588	30,875	17,926	32,119	-	-	-
Total Rental Units	2,027,421	2,017,701	2,084,769	2,092,363	2,144,652	2,172,634	2,184,297	2,183,064	-	-	-
Renter Occupied	1,946,165	1,953,289	2,023,504	2,027,626	2,082,890	2,104,816	2,108,838	2,103,874	2,171,000	2,324,000	7.0%
Vacant for Rent	81,256	64,412	61,265	64,737	61,762	67,818	75,458	79,190	-	33,210	-
Total Vacant Units Not Available	110,090	88,973	126,815	136,712	138,043	164,000	182,571	247,977	353,400	-	-

Source: New York City Housing and Vacancy Surveys

Note: Full 2023 data has not yet been released

The table above indicates that New York City's inventory grew by 1.7 percent between the years of 2021 and 2023, totaling an increase of approximately 61,000 housing units. The rental market is New York City's largest residential category, comprising approximately two-thirds percent of all housing inventory. This ratio is nearly the opposite of the national average, whereby approximately two out of three households are owner-occupied. Brooklyn contains nearly one-third of New York City's renter-occupied housing units, the highest share of any borough, while Staten Island contains the fewest number of occupied housing units of any type.

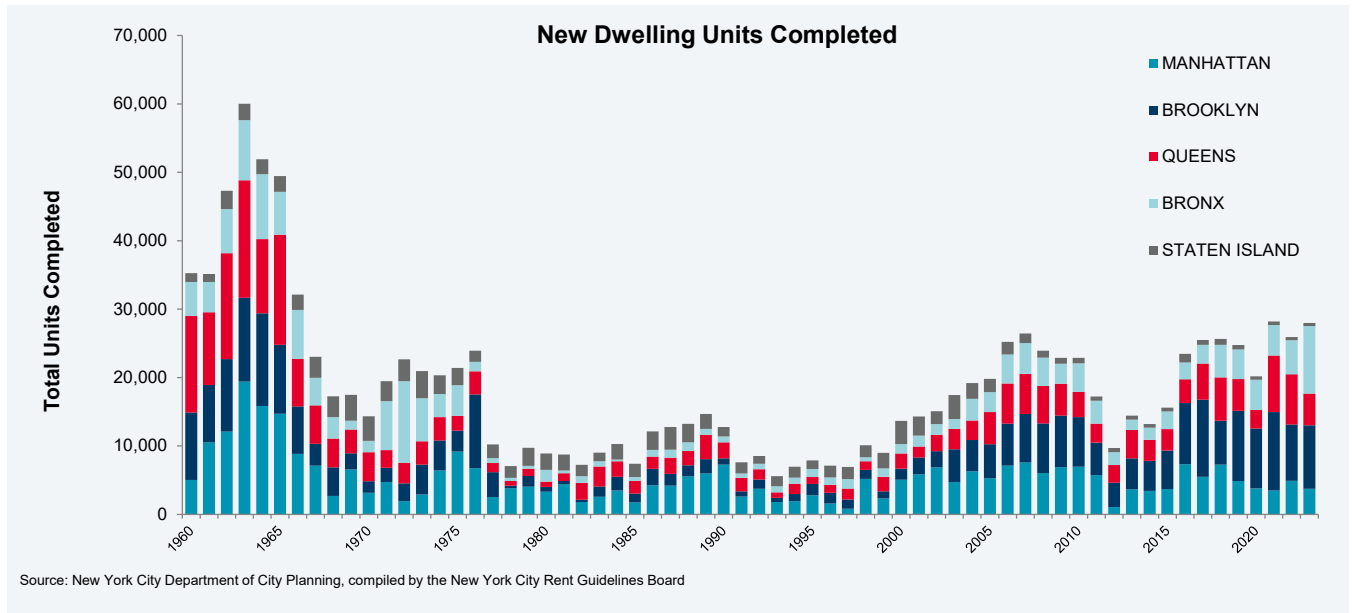
The following chart details total housing units by borough, excluding vacant and dilapidated housing units:

Housing Breakdown by Borough			
	Total Renter Occupied	Total Owner Occupied	Total Units Occupied
Total	2,324,000	1,109,000	3,432,000
Bronx	436,800	93,100	529,900
Brooklyn	727,800	314,200	1,042,000
Manhattan	613,300	209,400	822,700
Queens	481,000	382,700	863,700
Staten Island	64,590	109,110	173,700

Source: 2023 New York City Housing and Vacancy Survey

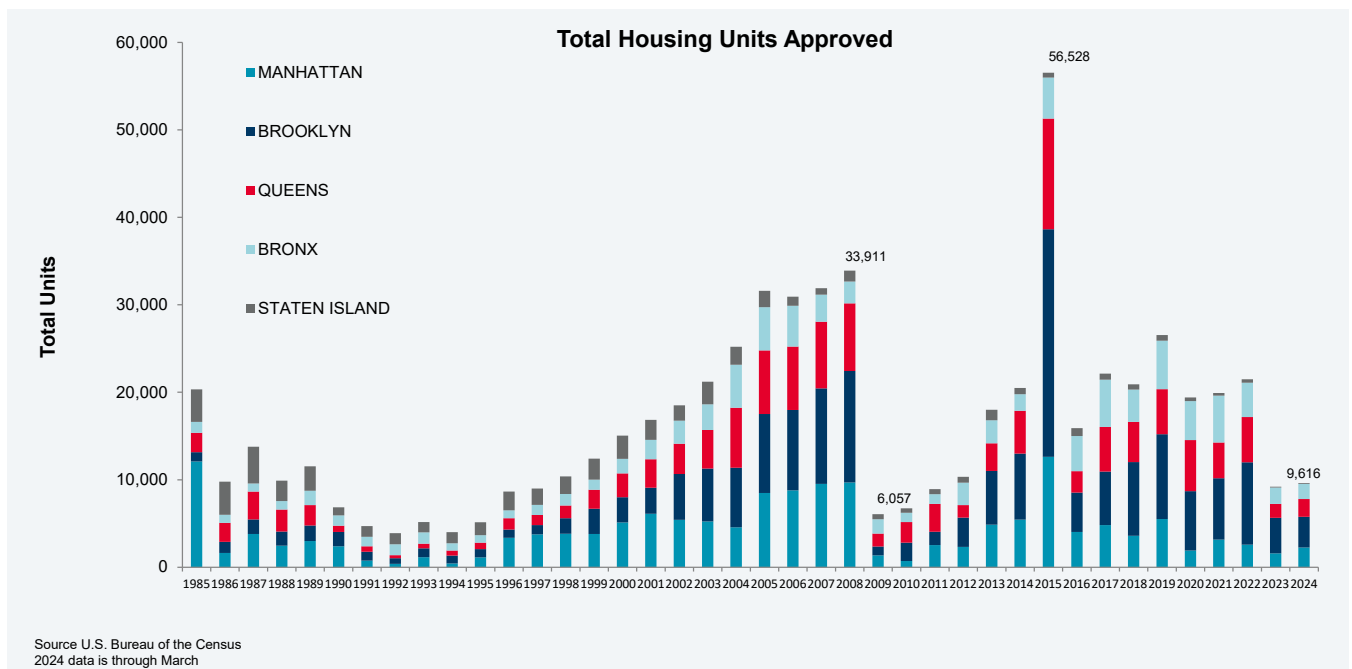
For statistics on the number of new housing units completed each year, the Rent Guidelines Board's Housing Supply report is referenced below.

The following chart illustrates the breakdown of new unit completions by borough since 1960:



The typical development time for a new residential building is 16 to 24 months once all approvals are granted. When the economy turned severely during the downturn, new buildings were still being delivered, which explains the steady production into 2010. Given the lag-time associated with the development process, the volume of units entering the market decreased significantly despite healthier economic conditions in 2011 through 2014.

In order to analyze potential future additions to New York City's housing stock, housing permit statistics from the U.S. Bureau of the Census are used. This data is presented in the chart below:



The number of housing units approved following the financial crisis in 2008 dropped precipitously in Manhattan, Brooklyn, and Queens. In Manhattan, for example, 9,700 units were approved in 2008. By 2010, this number dropped to only 704 units. The same story played out in Brooklyn and Queens as well. Brooklyn approvals dropped

from 12,744 in 2008 to 1,003 in 2009, and Queens approvals fell from 7,730 in 2008 to 1,474 in 2009. As a result of the drop-off in approvals and difficulty in securing financing, new housing construction was greatly reduced, falling to levels last witnessed in the early 2000s.

This phenomenon was particularly pronounced in the for-sale market, as many of the planned condominium buildings either stalled or utilized a rental fall-back strategy. In turn, this resulted in a relatively low inventory of for-sale product which helped cause a run-up in pricing.

While the number of permits issued from 2009 through 2019 generally increased, permit issuance remains well below historic highs. For example, the 23,534 permits issued in 2019 were fewer than the number issued in any year from 2004 through 2008. There was a sharp increase in the number of permits in 2015, but it was widely reported that this increase was driven by impending changes to the 421a tax incentive program. Developers rushed many potential projects through the approvals process in order to secure these incentives in the face of future uncertainty. A similar trend was observed in June 2022, with the expiration of the Affordable New York program.

Rental Vacancy

New York City's rental housing market is governed by rent control and rent stabilization regulations. One of the major factors affecting rent control and stabilization law is the rental vacancy rate. This accounts for vacant, non-dilapidated units that are available for rent. Under New York State law, when a 5 percent vacancy rate is reached, rent control and rent stabilization are suspended. This, however, is something that has never occurred in the history of New York rent regulations.

New York State and City used various sources to determine the residential vacancy rate. Tenant advocacy groups have continuously maintained that the rental vacancy rate is below 3 percent. In past recessionary years, landlord groups argued that the vacancy rate was above 5 percent, including unconverted co-ops, condominiums and vacant owner-occupied housing.

According to the Housing and Vacancy Surveys referenced above, the vacancy rate has remained at approximately 3 - 4 percent for the past three decades. The constant low levels of vacancy, one of the lowest in the country, have left New York City with a perpetual housing shortage, some of which can be attributed to rent control and rent stabilization themselves. The vacancy rate for units available for rent in the city for 2023 was just 1.4 percent. This represents one of the lowest vacancy rates on record since the survey began in 1965. The following chart details the most recent information available regarding housing and vacancy rates for New York City. These figures were included in the 1993 through 2023 Housing and Vacancy Surveys.

New York City Rental Vacancy Rate											
	1993	1996	1999	2002	2005	2008	2011	2014	2017	2021	2023
Manhattan	3.5%	3.5%	2.6%	3.9%	3.8%	2.7%	2.8%	4.1%	4.7%	10.0%	2.3%
Brooklyn	3.3%	4.2%	3.3%	2.7%	2.8%	2.3%	2.6%	3.1%	3.3%	2.7%	1.3%
Queens	3.1%	3.3%	2.1%	1.8%	2.8%	3.3%	3.8%	2.7%	3.5%	4.5%	0.9%
Bronx	4.0%	5.4%	5.0%	3.3%	2.6%	3.1%	3.2%	3.8%	2.7%	0.8%	0.8%
Staten Island	4.1%	4.2%	5.8%	2.4%	-	6.4%	6.7%	5.5%	3.7%	-	-
Overall New York City	3.4%	4.0%	3.2%	2.9%	3.1%	2.9%	3.1%	3.5%	3.6%	4.5%	1.4%

Source: U.S. Bureau of the Census; New York City Housing and Vacancy Surveys

Rent Control and Stabilization

Rent control regulations were first introduced by the federal government during World War II. New York State chose to continue this legislation in 1947, intended as a temporary measure to prevent dramatically increasing rents following the war. The laws were modified and replaced in 1969 by rent stabilization regulations. Over the past several decades the regulations have been revised and extended numerous times. As discussed earlier in this report, the laws were most recently renewed as the Housing Stability and Tenant Protection Act of 2019.

Both rent control and rent stabilization guidelines establish the increase in rent that can be charged for a vacant apartment and for a lease that is renewed by the same tenant. A tenant in an apartment subject to rent control or stabilization cannot be evicted except under extraordinary circumstances. Furthermore, tenants in these apartments have certain “succession rights”, through which a unit can be “passed down” for a single generation. The laws allow for an increase of a renovated apartment’s rent by an amount of the certified construction cost incurred by the landlord.

In general, these laws affect apartment buildings with more than six apartments and those which receive any of several City-sponsored real estate tax abatements and/or tax exemptions. Approximately one million, or 46 percent, of the rental-occupied apartments in New York City are subject to rent control or rent stabilization laws, which is a decrease from the 70 percent subject to restrictions during the early 1990’s. Approximately 24,000 apartments in New York City (based on the 2023 Housing and Vacancy Survey) remain under the protection of rent control laws.

Each year, the Rent Guidelines Board votes on the maximum allowed rent increases for rent stabilized units. In 2015, the Board voted to freeze rents on one-year leases for the first time in 46 years. From 2015 through 2021, the Board continued this trend of no increases or minimal increases that were well below the long-term average. In its most recent vote in June 2024, the Board voted for rent increases generally in line with long-term trends. On one-year leases, the rent will increase by 2.75 percent. For two-year leases, rent may be increased by 5.25 percent. These increases apply to leases that begin between October 1, 2024 and September 30, 2025. These annual increases are detailed in the chart on the following page:

Rent Increase Guidelines Established By The New York State Rent Stabilization Law

Year	1 Year Lease	2 Year Lease
2024	2.75%	5.25%
2023	3.00%	2.75% for 1st year, 3.20% for 2nd year
2022	3.25%	5.00%
2021	0% for 6 months, then 1.5%	2.50%
2020	0.00%	1.00%
2019	1.50%	2.50%
2018	1.50%	2.50%
2017	1.25%	2.00%
2016	0.00%	2.00%
2015	0.00%	2.00%
2014	1.00%	2.75%
2013	4.00%	7.75%
2012	2.00%	4.00%
2011	3.75%	7.25%
2010	2.25%	4.50%
2009	3.00%	6.00%
2008	4.50%	8.50%
2007	3.00%	5.75%
2006	4.25%	7.25%
2005	2.75%	5.50%
2004	3.50%	6.50%
2003	4.50%	7.50%
2002	2.00%	4.00%
2001	4.00%	6.00%
2000	4.00%	6.00%
1999	2.00%	4.00%
1998	2.00%	4.00%
1997	2.00%	4.00%
1996	5.00%	7.00%
1995	2.00%	4.00%
1994	2.00%	4.00%
1993	3.00%	5.00%
1992	3.00%	5.00%
1991	4.00%	6.50%
1990	4.50%	7.00%
1989	6.00%	9.00%
1988	6.00%	9.00%
Average increase	2.87%	5.07%

Source: Rent Guidelines Board

Demand

The demand for new housing is not relegated to luxury housing, but the city's residential base is upwardly mobile. Prime areas witness residential conversions from rental to condominium use. Fringe areas witness new construction of all types. New neighborhoods are forming in old industrial districts. Immigrant household formation typically places upward pressure from the most basic housing types to better accommodated buildings and better locations. Coupled with the dynamics of extraordinarily high incomes for the uppermost component of the market, demand is fueling development of all types of housing.

Demand for new units also comes from several factors that are not easily analyzed by statistics. New York City, and Manhattan in particular, has a very high barrier to entry. Development sites may take years to assemble and

hi-rise construction is costly and technically difficult. New inventory, even luxury class, is often constructed on the fringe of existing neighborhoods where sites are more easily assembled. The truly prime areas of the city rarely witness new development. The existing housing stock is aging, with most dwelling units constructed 50 years or more ago. Rent control and stabilization laws have played a role in landlords' reluctance to make capital improvements to buildings especially between the 1950s and 1985, as the profit motivation was negligible. One result is that some well located, but poorly finished, rental buildings can command high rents from luxury de-controlled tenants. When faced with the prospect of paying a market rent, some tenants will naturally re-locate to buildings with newer and superior finishes, and physical and service amenities.

Other factors driving demand for New York City residential real estate include:

- New York City remains one of the nation's safest large cities, and the preferred urban environment encompassing economic, cultural and entertainment options.
- The city's strong employment growth which was detailed earlier in this analysis.
- The large number of rental units governed under rent regulations drives demand for the relatively small number of rentals which are governed solely by the market.

Area Economic Market Forecasts

The following section details several published forecasts or surveys as they relate to the New York City residential real estate markets.

Federal Reserve Beige Book

In its April 2024 report, the Federal Reserve Bank of New York's Beige Book indicated that economic activity in the Second District weakened modestly, with labor markets generally remaining solid. The report notes that the New York City tourism market is slowly reaching normal pre-pandemic levels. Due to persistently low inventory levels, residential sales activity has weakened, but demand remains high. In the rental market, prices have increased due to low inventory in the housing market.

Real Estate Board of New York

The Real Estate Board of New York (REBNY) releases a quarterly report analyzing broker confidence in the New York City real estate market. In its survey released in January 2024, REBNY reports that residential broker confidence decreased in the third quarter of 2023. Brokers have expressed that the persistence of high mortgage interest rates continues to weigh on the sales market.

Summary

The local economy has faced significant challenges over the residential market cycles beginning in 1995. The initial economic recovery following the recession of the early 1990s began to surge until the dot-com bust in 2000/2001. The tragic effects of the 9/11 terrorist attacks further eroded the city's job base, the Great Recession caused widespread panic among investors, and the COVID-19 pandemic led to a temporary exodus of city residents. Despite all these setbacks, the New York City residential real estate market has been resilient. Price levels have shown strong appreciation over time, and investor and tenant demand have combined to produce a strong pipeline of new developments in both core areas of the city and areas once considered to be on the fringe.

New York City continues to attract significant investor interest in residential assets. The high barrier to entry in New York City's development market, resulting in part from the extraordinarily high costs of construction, long development timing, high land costs, and complexity of the markets, in conjunction with the geographic realities of the other boroughs, will result in a continued trend for investors to pay a premium for assets in this market.

Manhattan Rental Market Analysis

Overview

The following is an analysis of the Manhattan rental market as of the second quarter of 2024, which is the most recent data available from the major brokerage firms that track the market. This analysis relies upon market statistics from Douglas Elliman and Corcoran, which are two of the most prominent residential brokerage firms in New York City.

New York City has a nearly inverse ratio of renter- versus owner-occupied housing units compared to the national rate. According to the latest statistics from the Census Bureau, just over one-third of American housing units are renter-occupied. In Manhattan, more than three-quarters of housing units are occupied by renters. Demand for home ownership is generated from within the market, given the favorable tax advantages for typical households in the United States, and the general preference for residents to own their own house or apartment, especially in high rental rate areas.

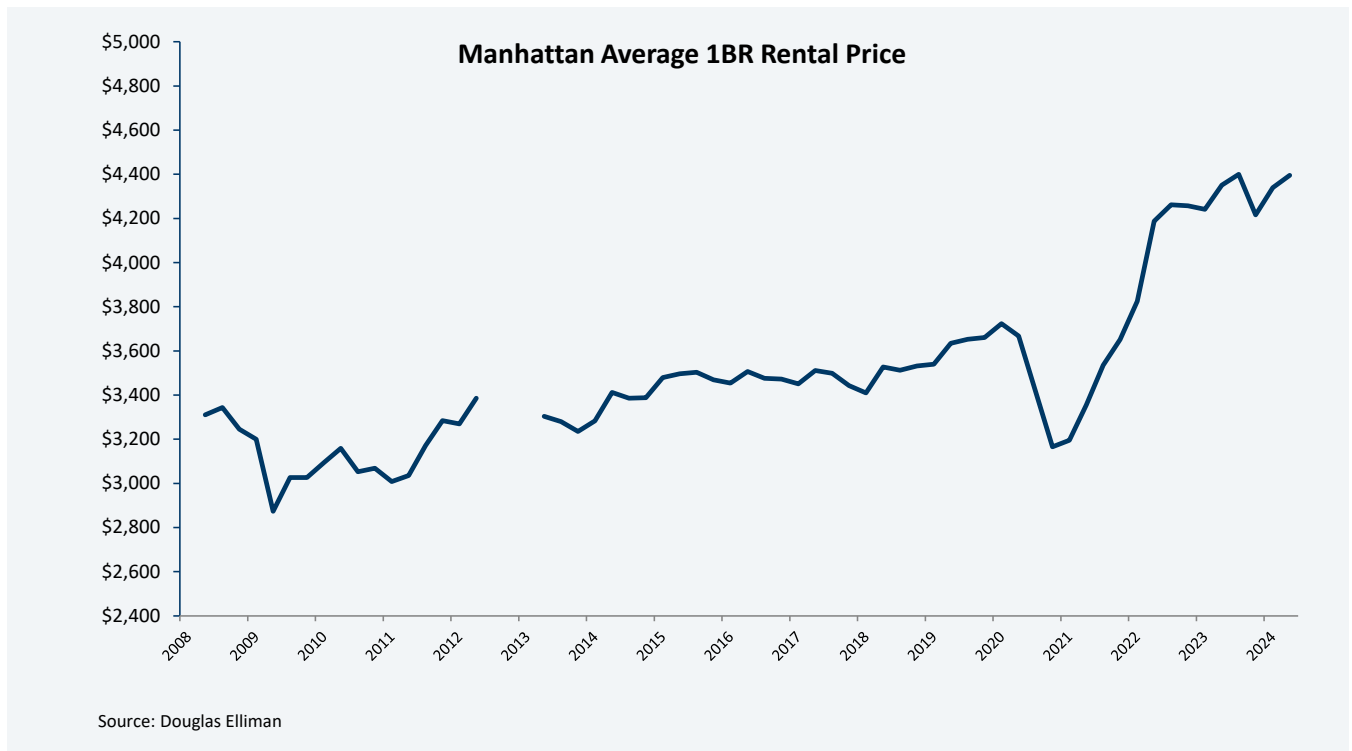
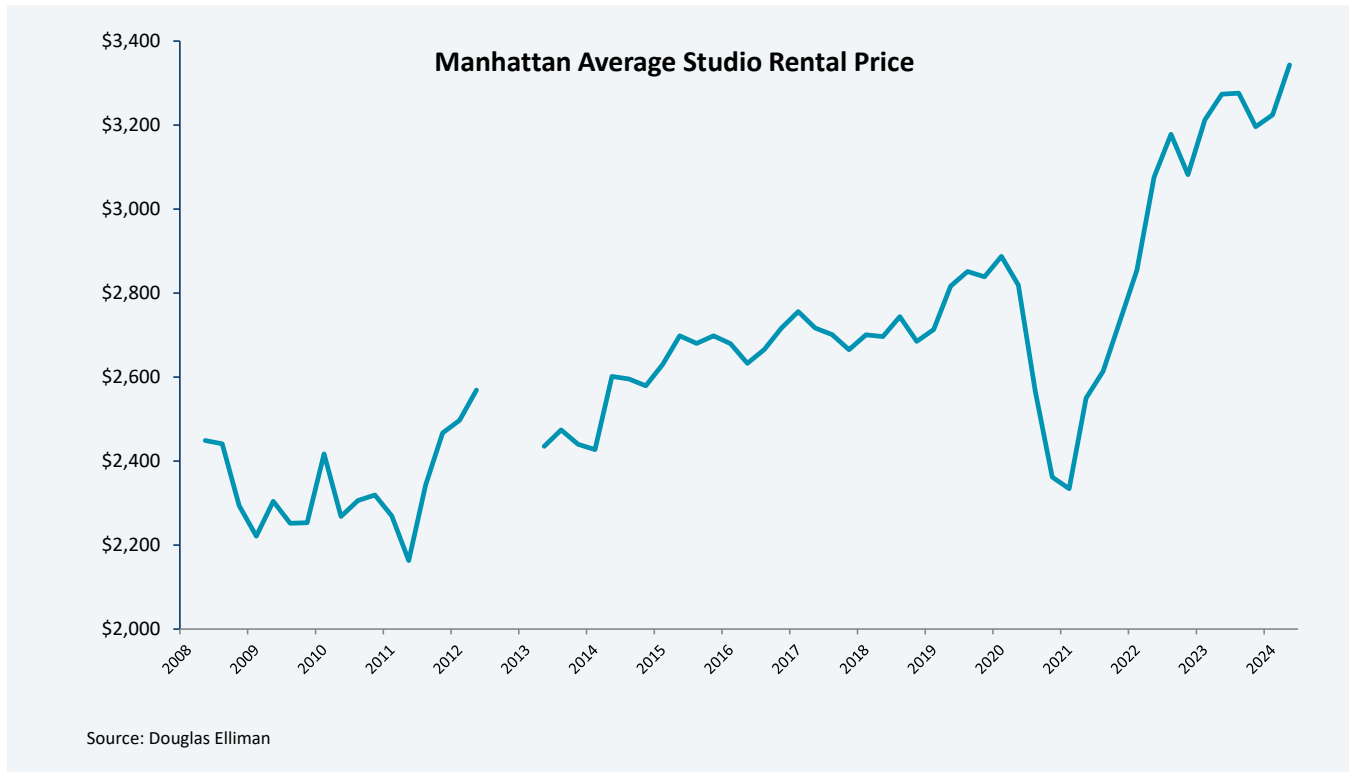
Pricing

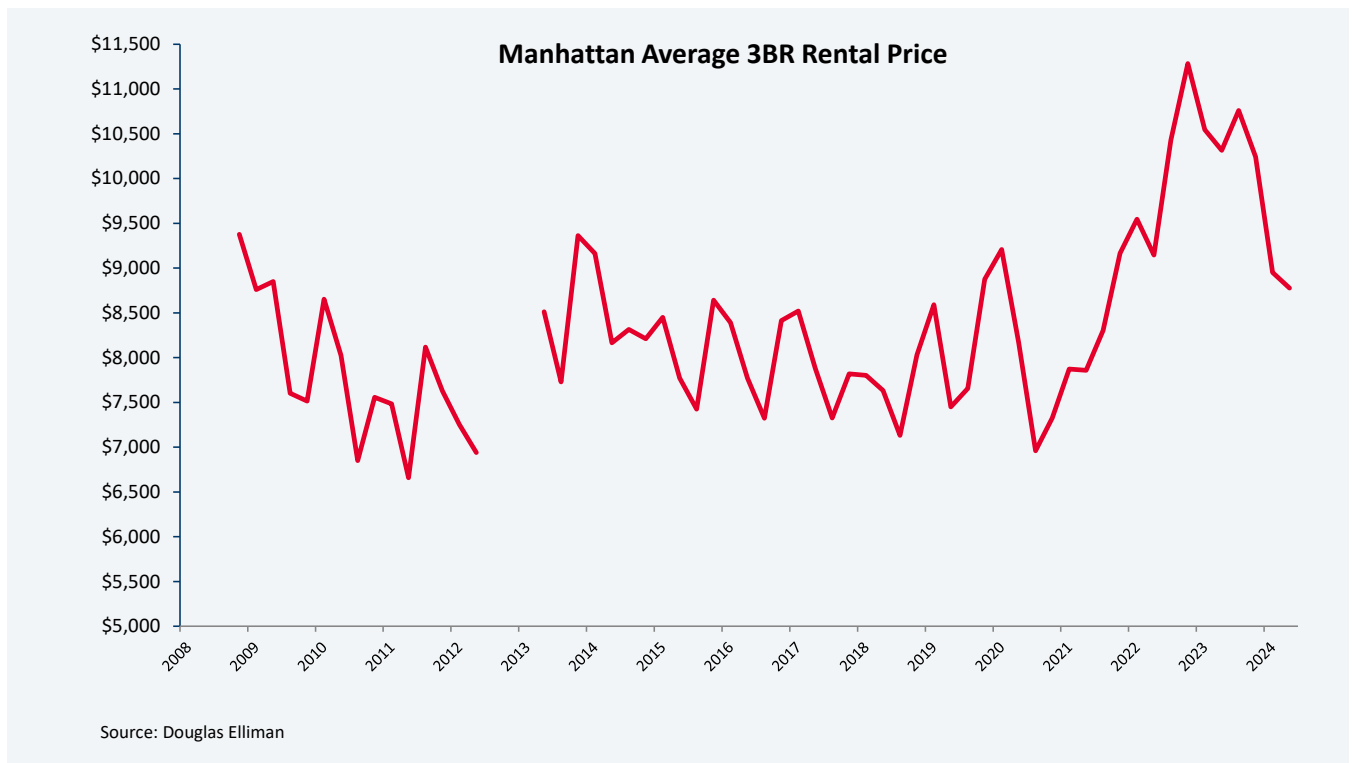
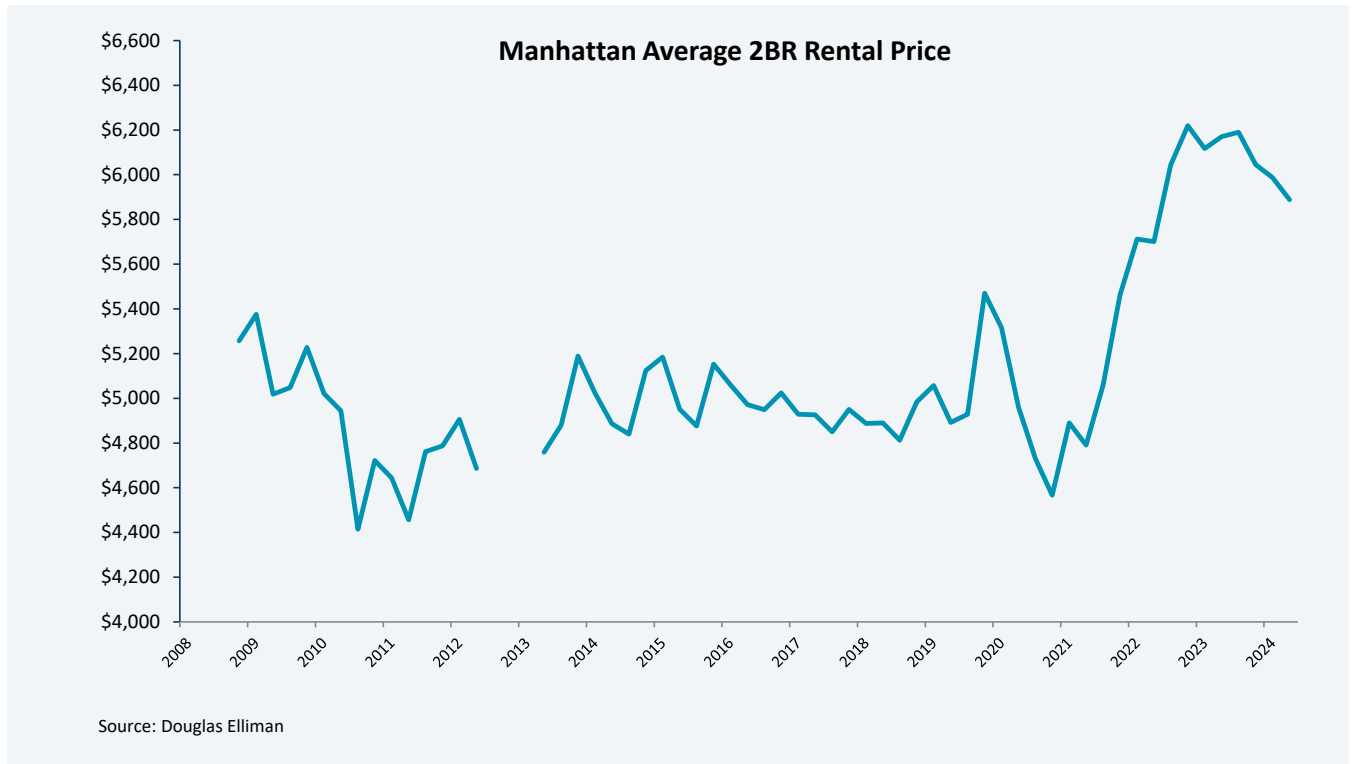
After declining significantly during the pandemic, rental rates in Manhattan increased rapidly from 2021 into 2023. From the trough period in early 2021 through the second quarter of 2023, average rents increased by nearly 50.0 percent in Manhattan. Rental trends were mixed during the most recent quarter, with average studio and one-bedroom rents increasing moderately year-over-year, while other unit types declined. The median rent was relatively stable over the past year. Despite the recent fluctuations, average rents remain at or near record highs for most unit types and concession use is minimal.

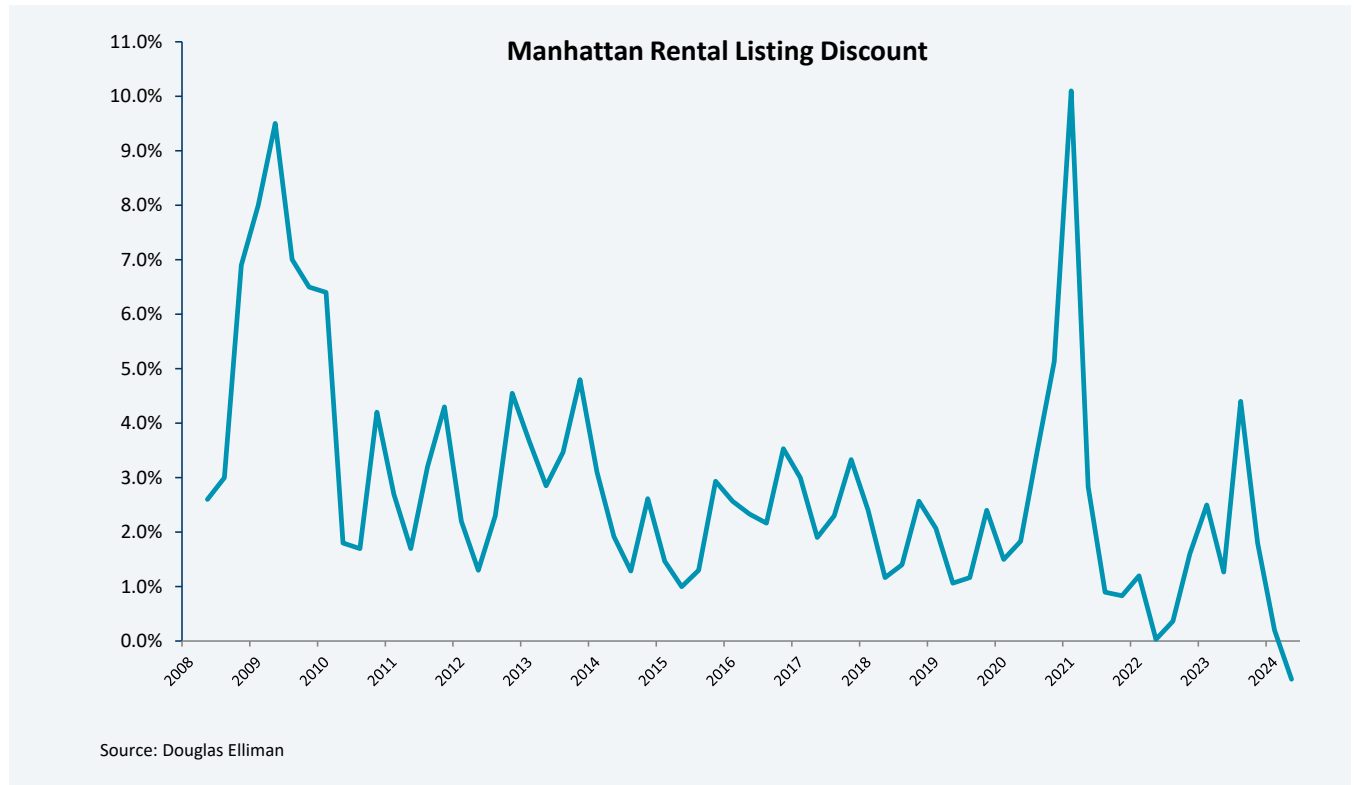
The table and graphs on the following two pages illustrate the average rents achieved in Manhattan by unit type from 2008 through the second quarter of 2024:

Manhattan Average Monthly Rent							
	Q2 2024	Q1 2024	Quarterly % Change	Q2 2023	Annual % Change	Q2 2019	5-year % Change
Studio Rent	\$3,343	\$3,224	3.7%	\$3,274	2.1%	\$2,816	18.7%
One Bedroom Rent	\$4,395	\$4,339	1.3%	\$4,351	1.0%	\$3,634	20.9%
Two Bedroom Rent	\$5,888	\$5,988	-1.7%	\$6,170	-4.6%	\$4,892	20.4%
Three Bedroom Rent	\$8,777	\$8,950	-1.9%	\$10,314	-14.9%	\$7,451	17.8%
Listing Discount	-0.7%	0.2%	-	1.3%	-	1.1%	-

Source: Douglas Elliman







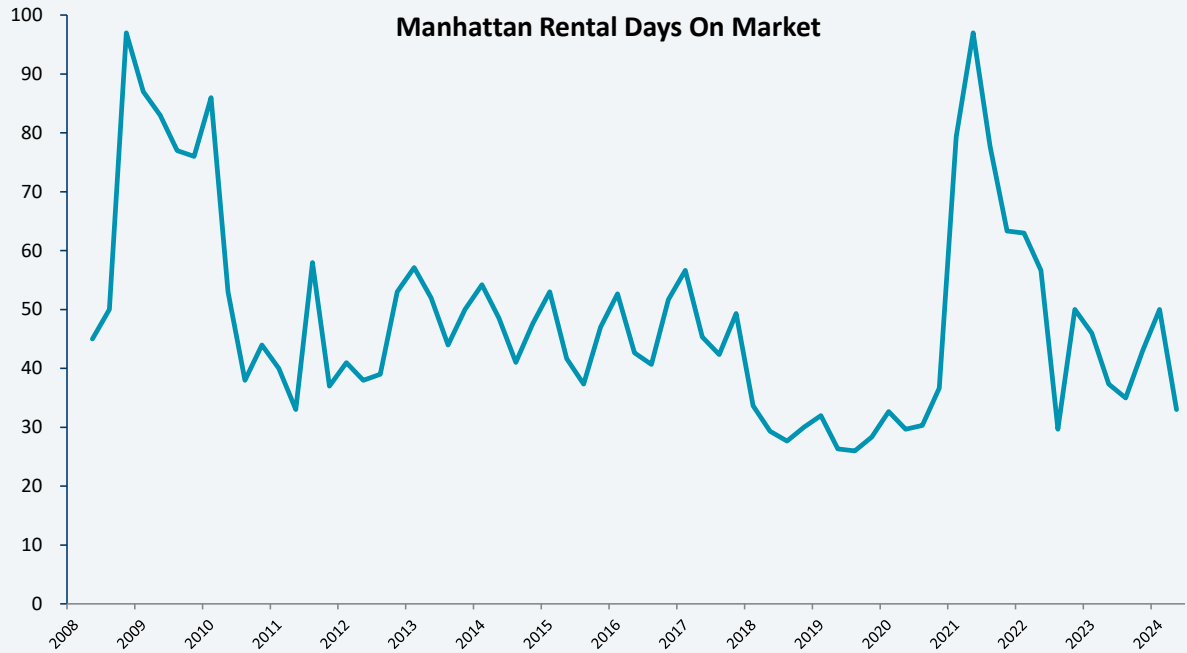
Volume and Inventory

Leasing activity in the second quarter of 2024 was 37.4 percent higher than during the same period last year, and listing inventory increased by 29.6 percent over the past year. This indicates that an increasing number of renters have chosen to not renew leases. Vacancy, which began increasing in early 2022, remained stable at 2.06 percent in the most recent quarter.

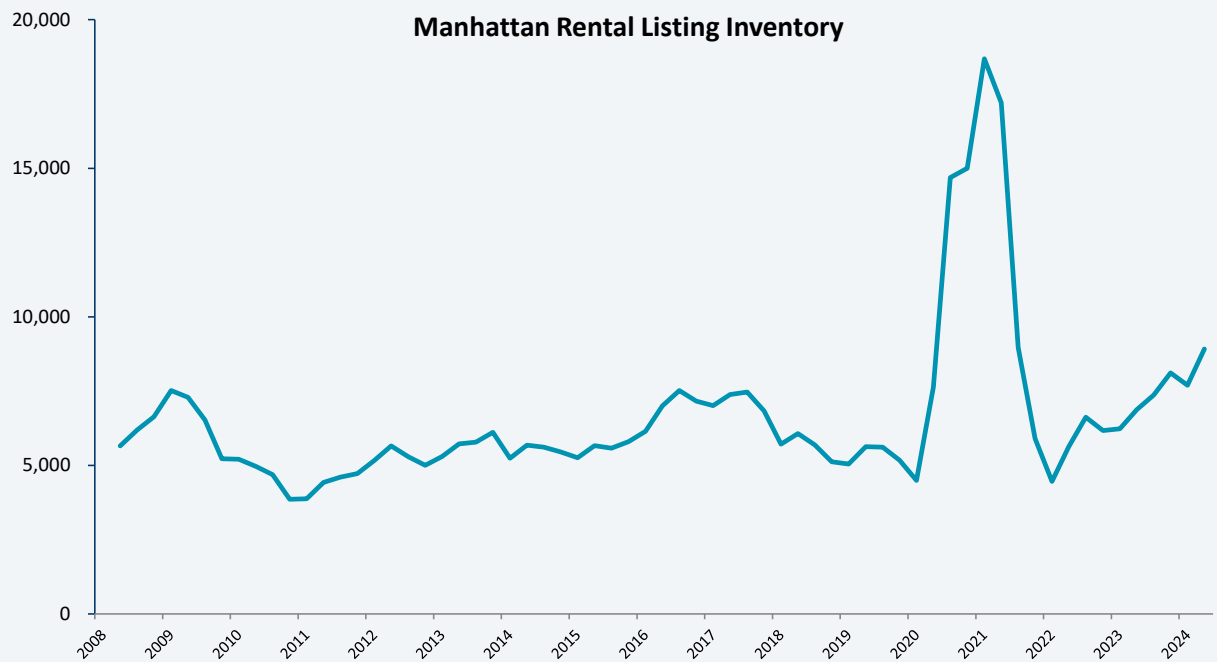
The charts on the following pages illustrate these trends:

Manhattan Rental Volume and Inventory							
	Q2 2024	Q1 2024	Quarterly % Change	Q2 2023	Annual % Change	Q2 2019	5-year % Change
Days On Market	33	50	-34.0%	37	-11.6%	26	25.3%
Listing Inventory	8,918	7,700	15.8%	6,880	29.6%	5,628	58.5%
Number of New Leases	19,342	13,046	48.3%	14,075	37.4%	15,553	24.4%
Market-Wide Vacancy	2.06%	2.22%	-	2.34%	-	1.11%	-

Source: Douglas Elliman; Corcoran (Vacancy Rate)

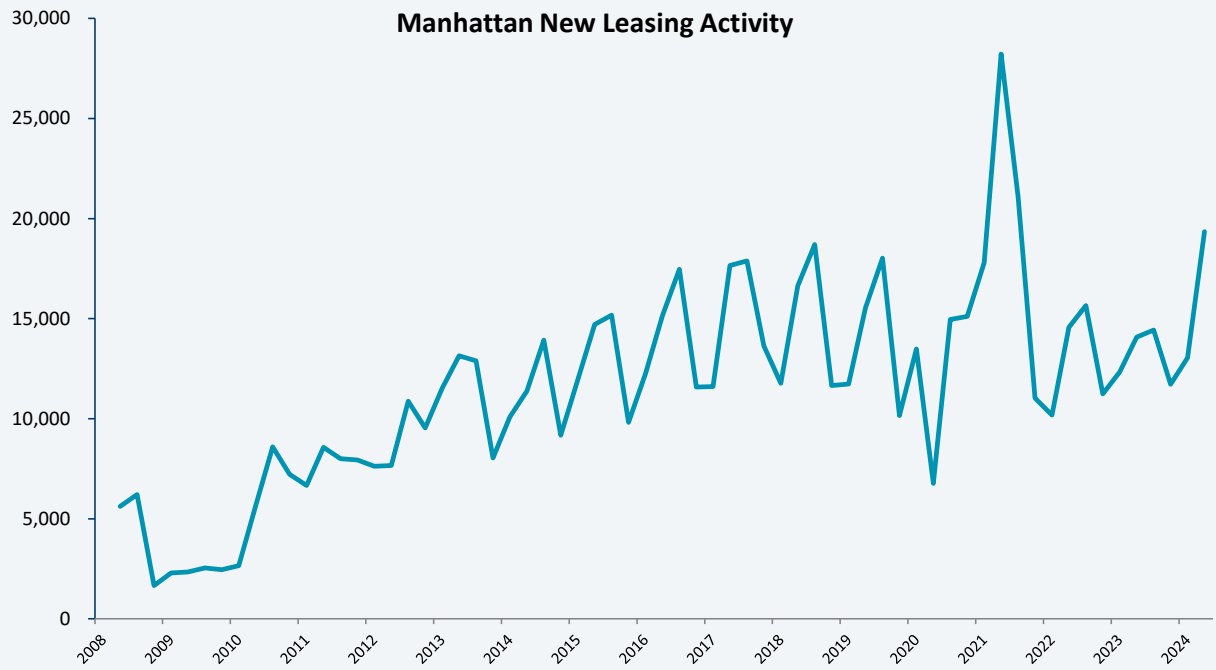


Source: Douglas Elliman

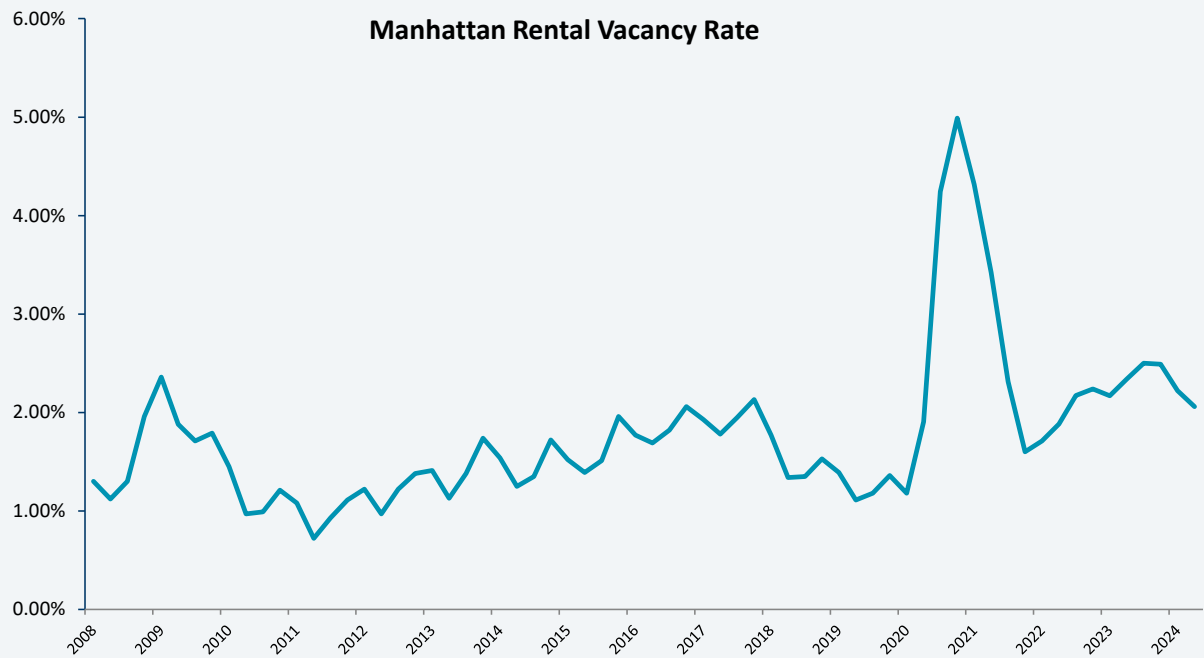


Source: Douglas Elliman

Note: Beginning in December 2020, a methodological change increased the number of listings being pulled into the system



Source: Douglas Elliman



Source: Corcoran

Conclusion

The Manhattan rental market has exhibited tremendous strength over the past three years, with average rents currently at or near record levels for most unit types. Concession use remains minimal and vacant units continue to be absorbed quickly. Listing inventory and leasing activity have both increased significantly over the past year, which indicates that renters have been declining renewal options in favor of signing new leases. The rise in listing inventory has resulted in mixed pricing trends on a year-over-year basis, with some unit types witnessing rental decreases.

Despite this recent softness, the supply pipeline remains minimal and high mortgage interest rates will continue to force some potential buyers to stay in the rental market. Considering these factors, the outlook for the Manhattan rental market continues to be positive.

Property Analysis

Site Description

Location:	620 West 42nd Street New York, New York County, New York 10036 The subject property is located on the entire westerly blockfront of Eleventh Avenue between West 41st and 42nd Streets.
Shape:	Rectangular
Topography:	Level and at street grade
Land Area:	59,102 square feet
Frontage:	The subject site has excellent frontage. The frontage dimensions are listed below: Eleventh Avenue: 197.50 feet West 42nd Street: 299.25 feet West 41st Street: 299.25 feet
Access:	The subject site has average access.
Visibility:	The subject site has excellent visibility.
Soil Conditions:	We were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support the existing structure. We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
Utilities:	All public utilities are available and connected to the site.
Site Improvements:	Typical city improvements including macadam paved streets, street lighting, concrete sidewalks, curbs and gutters and below ground utilities. In addition, the development contains a public children's playground and dog run that are maintained by the ownership entities of the subject Silver Towers development and the adjacent River Place development.
Land Use Restrictions:	We were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.

Flood Zone Description:	The subject property is located in flood zone X (Areas determined to be outside the 500 year flood plain) as indicated by FEMA Map 360497-0088F, dated September 5, 2007. The subject site is located in Evacuation Zone 2. Subsequent to Superstorm Sandy, the City established 6 severe weather evacuation zones. Evacuation Zone 1 is the most likely to be evacuated during a severe weather event while Evacuation Zone 6 is the least likely to be evacuated during a similar weather event.
Hazardous Substances:	We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
Overall Site Utility:	The subject site is functional for its current use.
Location Rating:	Good



Improvements Description

The following description of improvements is based on our physical inspection of the improvements and our discussions with the owner's representative.

GENERAL DESCRIPTION

Year Built:	2009
Number of Units:	1,359 residential units, 1,354 of which are considered rentable. A total of 317 residential units are designated as affordable housing units.
Number of Buildings:	1
Number of Stories:	58
Gross Building Area:	1,049,441 square feet
Net Rentable Area:	
Residential:	667,415 square feet (market rate) 203,231 square feet (affordable housing)
Retail:	21,399 square feet
Parking:	<u>30,000</u> square feet (below grade)
Total	922,045 square feet square feet

CONSTRUCTION DETAIL

Basic Construction:	Structural steel and concrete
Foundation:	Reinforced concrete slab on pilings
Framing:	The development is constructed of reinforced concrete with steel beams and columns.
Floors:	Poured in place reinforced concrete slabs
Exterior Walls:	The development features a glass curtain wall system with limestone elements on the ground floor.
Roof Type:	The roofing system consists of a waterproofing membrane system with concrete pavers.
Roof Cover:	None
Windows:	Windows are aluminum framed outswing casement windows with insulated glass units.
Pedestrian Doors:	The exterior residential and commercial entrances are steel clad aluminum and glass doors. Residential entrance doors are solid wood with hollow metal frames. Interior doors in the residential units are solid wood with wood frames.

MECHANICAL DETAIL

Heating/Cooling System:	Each residential unit contains through-wall packaged terminal air conditioning units (PTAC) for heating and cooling. Steam is provided to the PTAC units via three dual-fired boilers. The Cleaver Brooks manufactured boilers are located in the subcellar of the North Tower. Chilled water is provided by cooling towers located on the roof. Tenants have thermostatic control of the temperature.
Plumbing:	The plumbing system is assumed to be adequate for the existing use and in compliance with local law and building codes. The plumbing system is typical of other properties in the area with a combination of PVC, steel, copper and cast-iron piping throughout the buildings.
Electrical Service:	Electricity for the building is obtained through low voltage power lines.
Utility Metering:	Each apartment is separately metered for all utilities. All retail suites are separately metered for all utilities.
Emergency Power:	None
Elevator Service:	The building contains a total of 22 elevators. The residential units in the North and South Towers are each serviced by five passenger elevators and one service elevator. The former corporate housing component, which is located in the North Tower, is serviced by two passenger elevators. In addition, the loft and inclusionary housing components each have two elevators. Additionally, there is one elevator that services the Club 7 roof terrace, the rubbish removal for the development's maintenance staff, an elevator situated in the retail suite leased to Vivvi, and a single passenger elevator that services the below grade parking garage. This elevator is accessible via an entrance to the exterior of the South Tower.
Fire Protection:	The development is fully sprinklered with smoke detectors and emergency lights where required. Standpipes are located in the stairwells.
Security:	Both the North and South Towers have concierge and doorman services in the lobbies. The former corporate housing component has a separate entrance. Security cameras cover each point of ingress as well as certain common areas.

INTERIOR DETAIL

Layout:	The 58-story development consists of two towers located above a podium. The towers are referred to as the North and South Towers. Each tower has its own lobby, which are accessible through entrances located on the interior courtyard between the two towers. The lobbies provide access to the mailboxes, elevators, as well as the concierge desk. The former corporate housing component also has a separate entrance on West 42nd Street. The residential units are located on floors 2 through 58 of the North Tower and floors 2 through 58 of the South Tower. Apartments are well laid out along a central corridor. Most units have a single exposure, but corner units feature multiple exposures. Ceiling heights are fairly uniform throughout the buildings and are approximately 9 feet. Access to light and air is very good given the amount of

frontage, the blockfront location, and its overall height. The following chart details the unit mix for the development, exclusive of the superintendent's unit.

UNIT MIX										
No.	Unit Type	Average SF	Occupied Market Rate Units	Occupied Affordable Units	No. Vacant Market Rate Units	No. Vacant Affordable Rate Units	Units Occupied	Total No. Units	Total (SF)	Unit Occupancy
1	Studio	466	421	117	19	2	538	559	260,234	96.2%
2	One Bedroom	675	395	110	18	1	505	524	353,467	96.4%
3	Two Bedroom	948	176	87	8	0	263	271	256,945	97.0%
TOTAL/AVERAGE		643	992	314	45	3	1,306	1,354	870,646	96.45%

As previously indicated, 5 units are held offline for the superintendent, model units, and units for administrative purposes. Given the size of the development, this level of offline inventory is considered reasonable and we have modeled accordingly. Therefore, there are only 1,354 units are rentable.

In addition to the residential apartments, there is a retail component containing a total of 21,399 square feet of rentable space (16,131 square feet on the ground floor and 5,268 square feet in the cellar). The retail component has frontage along West 41st and West 42nd Streets and Eleventh Avenue. Two suites also have frontage along the park between the subject development and the adjacent River Place development. There is also one suite that only has frontage along the interior courtyard between the two towers.

The parking garage is located in the basement below the South Tower. The 30,000 square foot, below-grade parking garage has a total capacity of 161 spaces. The garage is accessible from both West 41st and West 42nd Streets. The interior courtyard has driveway access from both streets and allows for access to the garage entrance, which is located adjacent to the South Tower.

The amenity areas are located on the 7th floor of the development, which is connected to both towers. The amenities are discussed in detail in a subsequent section.

Floor Covering:

The living rooms and bedrooms of the market rate residential units have high end hardwood flooring. Kitchens have a combination of hardwood and ceramic tile flooring. Bathrooms have high-end ceramic tile flooring. The affordable housing have similar finishes, but with lower quality materials.

Walls:

Painted gypsum wallboard

Ceilings:

Painted gypsum wallboard

Lighting:

Fluorescent and Incandescent

Kitchens:	Kitchens have stone countertops with porcelain backsplashes, wood grain laminate aluminum-framed silk glass cabinets and a stainless-steel appliance package consisting of Fisher & Paykel gas-fired cooktops and refrigerators, and LG microwaves and dishwashers. Flooring consists of stone tile and 3-inch hardwood flooring. The affordable units have Formica countertops and white veneer GE or equivalent appliances. All of the subject units contain a Bosch washer and dryer except the 107 former corporate housing units and the 83 inclusionary housing units.
Bathrooms:	There are one to two bathrooms per unit. Bathrooms in the market rate units have ceramic tile flooring and tub surrounds, porcelain sinks on wood vanities with a marble countertop, and chrome fixtures. The affordable housing units have similar finishes.

AMENITIES

Project Amenities:	Amenities in the building are commensurate for a rental development of this tier. Amenities include a few 24-hour attended lobbies. The development contains a large amenity space located on the 7th floor which connects through both towers. The amenity floor includes a residential lounge with seating areas, nail salon, lap pool, sauna and steam rooms, men's and women's locker rooms, and a large, high-end fitness center. There is also a large outdoor terrace. All areas of the amenity floor have WiFi access. In addition, there is a below grade parking garage containing 161 spaces.
Unit Amenities	Residential units have a high level of finish. All of the subject units contain a Bosch washer and dryer except the 107 former corporate housing units and the 83 inclusionary housing units. However, there are laundry facilities for residents in these components of the development.

SITE IMPROVEMENTS

Parking:	The parking garage is located in the basement below the South Tower. The 30,000 square foot, below-grade parking garage has a total capacity of 161 spaces. The garage is accessible from both West 41 st and West 42 nd Streets. The interior courtyard has driveway access from both streets and allows for access to the garage entrance, which is located adjacent to the South Tower.
Onsite Landscaping:	There is an interior courtyard between the two towers that has various plantings. In addition, the development contains a public children's playground and dog run that are maintained by the ownership entities of the subject Silver Towers development and the adjacent River Place development. The park is landscaped with grass, shrubs, and trees.

PERSONAL PROPERTY

Personal property was excluded from our valuation.

SUMMARY

Condition:	Very Good

Quality:	Very Good
Property Rating:	After considering all of the physical characteristics of the subject, we concluded this property has an overall rating that is excellent, when measured against other properties in this marketplace.
Roof & Mechanical Inspections:	We inspected the roof and made a detailed inspection of the mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed.
Actual Age:	15 years
Effective Age:	15 years
Expected Economic Life:	55 years
Remaining Economic Life:	40 years

CAPITAL EXPENDITURES

Known Costs: Ownership has provided a capital expenditure budget for 2024 through 2028. The details of this budget are provided in the chart below.

CAPITAL EXPENDITURE SCHEDULE					
Project	2024	2025	2026	2027	2028
Corridor Upgrades - Floors 9-31 North Tower, 3-31 South Tower	\$1,582,143	\$0	\$0	\$0	\$0
Park Repositioning	\$475,333	\$0	\$0	\$0	\$0
Buildout Of New Resident E-Bike Room	\$140,000	\$0	\$0	\$0	\$0
Code Compliance	\$30,000	\$30,000	\$0	\$0	\$0
DOJ Costs	\$50,000	\$236,000	\$0	\$0	\$0
In-Unit Apartment Replacement	\$672,500	\$300,000	\$150,000	\$150,000	\$150,000
General Building Improvements	\$423,086	\$4,243,500	\$1,567,500	\$302,500	\$267,500
Equipment	\$0	\$499,000	\$930,000	\$703,000	\$150,000
Furniture	\$0	\$0	\$22,500	\$60,000	\$24,000
Totals	\$3,373,062	\$5,308,500	\$2,670,000	\$1,215,500	\$591,500

In our analysis, we have considered these costs in the appropriate year of the holding period. Total capital expenditure costs considered in our analysis are \$13,158,562.

PHYSICAL DETERIORATION

Cost to Cure: Curable physical deterioration refers to those items that are economically feasible to cure as of the effective date of the appraisal. One category of physical deterioration is deferred maintenance and is measured as the cost repairing or restoring the item to new or reasonably new condition. During our inspection, we did not notice any physical deterioration that would require immediate repair.

FUNCTIONAL OBSOLESCENCE

Description: There is no apparent functional obsolescence present at the subject property.

Real Property Taxes and Assessments

Current Property Taxes

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

Class 1 - Includes all primarily residential one, two and three family homes; residential condominiums of three dwelling units or less; residential condominiums of three stories or less that were originally built as condominiums; and certain vacant land zoned for residential use or adjoining improved Class 1 property.

Class 2 - Includes all other primarily residential properties that are not in Class 1, including cooperatives and all other residential condominiums. This classification does not include hotels, motels or other similar property.

Class 3 - Includes all utility corporations and special franchise properties, excluding land and certain buildings.

Class 4 - Includes all other properties, such as stores, warehouses, hotels and vacant land not classified as class 1.

The assessor's parcel identification numbers are Block 1089 Lots 1001-1002 and 1101-1103. The tax lots that comprise the subject property are currently classified as Class 2 and Class 4 property. The residential components are classified as Class 2 property while the commercial component is classified as Class 4 property. The assessments and taxes for the property are presented in the chart on the following page:

NEW YORK CITY ASSESSMENT AND TAX ANALYSIS

Assessor's Parcel Numbers: 1103
 Assessing Authority: City of New York
 Current Tax Year: 2024/2025

ASSESSMENT INFORMATION

Lot 1001 - Retail	Actual	Transitional
Land:	\$1,197,060	\$1,197,060
Improvements:	\$3,343,050	\$1,515,582
Taxable Assessment:	\$4,540,110	\$2,712,642

Lots 1002 & 1101-1103 - Residential	Actual	Transitional
Land:	\$27,503,039	\$27,503,039
Improvements:	\$98,519,850	\$97,639,161
Taxable Assessment:	\$126,022,889	\$125,142,200

TAX LIABILITY

Taxable Assessment - Commercial	\$2,712,642
Taxable Assessment - Residential	\$124,986,006
2023/2024 Tax Rate - Commercial	10.592%
2023/2024 Tax Rate - Residential	12.502%
Property Taxes - Commercial	\$287,323
Property Taxes - Residential	\$15,625,750
Total Property Taxes	\$15,913,074
Building Area (SF)	1,049,441
Property Taxes per Square Foot	\$15.16
Assessment per Square Foot	\$121.68

Compiled by Cushman & Wakefield, Inc.

New York City's tax rates tend to be relatively static, while assessments change every year. If the actual assessment is higher than the transitional assessment, the city phases in the difference in equal amounts over a 5-year period. The fiscal year begins July 1 and continues through June 30.

The 2023/2024 fiscal year began July 1, 2023. The 2024/2025 fiscal year begins July 1, 2024. The 2024/2025 fiscal year assessments were released in January 2024 and became final in May 2024. We have modeled for real estate taxes based on the forward-looking assessments for the 2024/2025 fiscal year. The 2024/2025 tax rates will not be established until the third quarter of 2024. The 2023/2024 tax rates were established in the third quarter of 2023 with the Class 2 tax rate being \$12.502 per \$100 of assessed value and the Class 4 tax rate being \$10.592 per \$100 of assessed value. Applying the applicable tax rate to the appropriate assessed values, results in a tax obligation of \$15,913,074 for the 2024/2025 fiscal year, which begins July 1, 2024.

Tax Comparable Analysis

To determine if the combined assessment for the property is reasonable, we examined the actual tax burdens of similar properties in the market. We have researched mixed-use buildings in the surrounding area. All of the buildings are mixed-use buildings and are located in the surrounding areas. These are the most appropriate properties by which to compare to the subject property. Our findings are found in the chart on the following page.

REAL ESTATE TAX COMPARABLES								
No.	Property Name & Location	Building Area (SF)	Year Built	Stories	Assessment	Assess/SF	Total Taxes	Taxes/SF
1	606 West 30th Street	313,013	2020	45	\$44,194,050	\$141.19	\$5,525,140	\$17.65
2	539-545 West 28th Street	715,058	2013	31	\$87,785,550	\$122.77	\$10,974,949	\$15.35
3	520 West 30th Street	315,586	2015	33	\$50,809,950	\$161.00	\$6,352,260	\$20.13
4	505 West 37th Street	807,316	2007	44	\$82,668,150	\$102.40	\$10,335,172	\$12.80
5	476-482 11th Avenue	455,590	2020	52	\$87,519,150	\$192.10	\$10,941,644	\$24.02
6	241 West 28th Street	431,428	2021	22	\$44,905,050	\$104.08	\$5,614,029	\$13.01
7	242-246 West 53rd Street	542,276	2015	62	\$82,782,900	\$152.66	\$10,349,518	\$19.09
8	841 10th Avenue	390,953	2002	24	\$53,380,350	\$136.54	\$6,673,611	\$17.07
9	827 11th Avenue	1,192,139	2015	42	\$187,120,800	\$156.96	\$198,198	\$0.17
10	601 West 57th Street	547,239	2003	38	\$54,747,900	\$100.04	\$57,989	\$0.11
11	639 West 59th Street	437,396	2016	33	\$70,373,250	\$160.89	\$74,539	\$0.17
STATISTICS								
Low:		313,013	2007	22	\$44,194,050	\$100.04	\$57,989	\$0.11
High:		1,192,139	2020	62	\$187,120,800	\$192.10	\$10,974,949	\$24.02
Average:		558,909	2014	39	\$76,935,191	\$139.15	\$6,099,732	\$12.69

Compiled by Cushman & Wakefield, Inc.

Real Property Tax Conclusion

The developments included in the above chart develop a range of assessment per square foot of gross building area from a low of \$100.04 to a high of \$192.10, with an average of \$139.15 per square foot. Factors taken into consideration by the assessor's office include the location and quality of finish of the completed development, as well as the number of stories, and presence of retail and commercial space. High-rise luxury residential rental developments located in the area of the subject would be expected to be assessed within the overall range of the comparables presented.

The subject's current combined assessments are \$127,698,648, which equates to \$121.68 per square foot of gross building area. This level of assessment is within the range of the comparables and is considered reasonable.

We have also considered the level of real estate taxes as a percentage of effective gross income as a test of reasonableness. As will be detailed in the Income Capitalization Approach section of the report, the subject's real estate taxes upon stabilization equate to 26.90 percent of effective gross income. Full market rate buildings in the City typically exhibit a range in taxes of between 20 and 30 percent of effective gross income. Given the economic characteristics of the subject property, the subject's assessment and resultant real estate taxes are considered reasonable and have utilized this level of real estate taxes in our analysis.

421a Tax Abatements

At the time of commencement of construction of the subject development, the 421a tax abatement was available. The 421a tax abatement is available to developers that construct new housing in the City outside of certain geographic exclusion areas. The 421a tax abatement legislation was amended in July 2008 with changes that limit the tax savings implemented. The 2008 legislation also expanded the geographic exclusion areas. The 2008 legislation permits a 20-year abatement for new developments in Manhattan that offer at least 20 percent of the units to low and moderate income families. The abatement has a term of 25 years if the development is located in an exclusion area in the outer boroughs. The 2008 legislation also established an exemption cap of \$65,000 on the average assessed value per dwelling unit. This exemption limit increases annually by 3.0 percent beginning January 2009. The subject property is located in an exclusion area and would not qualify for an abatement as-of-right if constructed solely as market rate housing. However, the subject property is a mixed-use, 80/20 development, which qualifies for the 20-year abatement. With developments that meet the 20 percent on-site affordable housing requirements, the exemption cap does not apply. If a building contains space used for

commercial, community facility, or accessory uses that exceed 12 percent of the aggregate floor area of the development (inclusive of below grade areas), there is a diminution in the benefits equal to the amount in excess of the 12 percent threshold. This does not include parking located up to 23 feet above curb level.

In June 2015, the 421a tax abatement legislation was again modified. The modified legislation was more stringent in terms of the amount of affordable housing to be provided, but extended the length of the abatement through the end of 2015. The 421a tax abatement program legislation expired as of January 15, 2016, when the legislation was not renewed.

In April 2017, a replacement program for the expired 421-a tax abatement was included in the adopted New York State budget. This program, known as “Affordable New York”, provided partial tax exemptions for up to 35 years for qualifying projects, depending on the specifics of a project. As of June 15, 2022, the Affordable New York Program expired without a replacement tax abatement program. However, as part of the 2024 legislative session, the State approved housing legislation that introduced a new tax abatement program (485x) and extended the deadline for projects to be completed under the prior Affordable New York Program (previously June 2026).

According to the New York City Department of Finance and based on our understanding of the 421a tax abatement program, the project qualified for a 10 and 20-year tax abatements. The following chart details the abatement schedules for each of the tax lots that comprise the subject property.

421a TAX ABATEMENT SCHEDULE					
Lot	Length of Abatement	Benefit Start	Benefit Expiration	Current Abatement Year	Benefit Base
1001	20 Years	7/1/2010	6/30/2030	15	\$296,960
1002	20 Years	7/1/2010	6/30/2030	15	\$148,458
1101	10 Years	7/1/2011	6/30/2021	Expired	\$281,420
1103	20 Years	7/1/2011	6/30/2031	14	\$593,184
1102	20 Years	7/1/2011	6/30/2031	14	\$3,066,822

As detailed above, only 4 of the tax parcels have abatements that have remaining benefits. All of these abatements are 20-year abatements.

The 20-year 421a tax abatement program allows the property's increase in assessed value to be 100 percent exempt for 12 years. The increase in the assessment is phased in with 20 percent increments every year beginning in the 13th year of the abatement. Full taxes for this component will not be incurred until the 21st year after completion.

With a 421a tax designation, taxes are based on the property's pre-construction assessment. The chart above details the benefit base for each of the parcels. These were provided by ownership and confirmed with the Department of Finance.

Given the varying uses and schedule of benefits, we have analyzed the tax savings separately.

Residential Component – Lots 1102 & 1103

Given that these 2 tax parcels have the same use and same benefit schedule, we have combined them in our analysis of the abatements. The combined benefit base for this component is \$3,660,006, which we have used in our analysis.

In our analysis, we have projected the real estate taxes for the building on a tax fiscal year basis beginning July 1, 2024. The tax rate is assumed to increase at rate of 5.0 percent per year and the building and land assessments

are assumed to remain constant. Although tax rates in New York City tend to be fairly static historically, we used this as a means of projecting increased real estate tax expenses in the future.

The chart depicts actual and non-abated taxes based upon completion for the 20-year 421a tax abatement program. The non-abated taxes have been used in the cash flows presented later in the Income Capitalization Approach. We have utilized a discount rate of 5.0 percent to arrive at the present value of the abatement. A discount rate of 5.0 percent is reflective of the risk associated with this abatement, which is an agreement between a government entity and the developer. While there is inherent risk associated with dealing with a government agency, this risk is perceived as minimal compared to other forms of investment in the market. Additionally, because the benefits of the abatement are so great, the developer is not likely to break the covenants of the abatement. As such, a 5.0 percent discount rate is considered to be reasonable.

Using a discount rate of 5.0 percent, the present value of the remaining benefits of the 421a tax abatement for the residential component is **\$41,000,000**, rounded. The charts on the following page details our analysis of the tax savings.

421a TAX ABATEMENT PROJECTION - RESIDENTIAL COMPONENT (LOTS 1102 & 1003)										
620 WEST 42ND STREET NEW YORK, NEW YORK										
ABATEMENT PERIOD	TAX YEAR	TOTAL AV	EST. BENEFIT BASE	% EXEMPT	\$ EXEMPT	TOTAL PAY AV	TAX RATE	FY TAXES BEG. JULY	FY JULY TAXES W/OUT 421a	FY TAX SAVINGS
	2023/24						12.502			
14	2024/25	\$106,166,703	\$3,660,006	80%	\$82,005,358	\$24,161,345	13.127	\$3,171,684	\$13,936,609	\$10,764,925
15	2025/26	\$106,166,703	\$3,660,006	60%	\$61,504,018	\$44,662,685	13.783	\$6,156,061	\$14,633,440	\$8,477,379
16	2026/27	\$106,166,703	\$3,660,006	60%	\$61,504,018	\$44,662,685	14.473	\$6,463,864	\$15,365,112	\$8,901,248
17	2027/28	\$106,166,703	\$3,660,006	40%	\$41,002,679	\$65,164,024	15.196	\$9,902,494	\$16,133,367	\$6,230,873
18	2028/29	\$106,166,703	\$3,660,006	40%	\$41,002,679	\$65,164,024	15.956	\$10,397,619	\$16,940,036	\$6,542,417
19	2029/30	\$106,166,703	\$3,660,006	20%	\$20,501,339	\$85,665,364	16.754	\$14,352,269	\$17,787,037	\$3,434,769
20	2030/31	\$106,166,703	\$3,660,006	20%	\$20,501,339	\$85,665,364	17.592	\$15,069,882	\$18,676,389	\$3,606,507
21	2031/32	\$106,166,703	\$3,660,006	0%	\$0	\$106,166,703	18.471	\$19,610,209	\$19,610,209	\$0
ASSUMPTIONS 2023/2024 CLASS 2 TAX RATE\$12.502 TAX RATE GROWTH5.00%										

PRESENT VALUE OF TAX SAVINGS - RESIDENTIAL COMPONENT (LOTS 1102 & 1003) 620 WEST 42ND STREET NEW YORK, NEW YORK						
FISCAL YEAR	NET CASH FLOWS		DISCOUNT FACTOR @ 5.00%			PRESENT VALUE OF CASH FLOWS
ONE	\$10,764,925	X	0.9524	=		\$10,252,310
TWO	\$8,477,379	X	0.9070	=		\$7,689,232
THREE	\$8,901,248	X	0.8638	=		\$7,689,232
FOUR	\$6,230,873	X	0.8227	=		\$5,126,155
FIVE	\$6,542,417	X	0.7835	=		\$5,126,155
SIX	\$3,434,769	X	0.7462	=		\$2,563,077
SEVEN	\$3,606,507	X	0.7107	=		\$2,563,077
PRESENT VALUE OF CASH FLOWS						\$41,009,239
ROUNDED TO						\$41,000,000

Residential Component – Lot 1002

The abatement emanating from this tax parcel has a different schedule than other residential tax parcels. As such, we have analyzed the abatement for this parcel separately. The benefit base for this abatement is \$148,458.

We have used a similar methodology to analyze the tax savings from this abatement. The details of our analysis is presented on the following pages.

The present value of the 421a tax abatement for this component is **\$2,300,000**, rounded.

421a TAX ABATEMENT PROJECTION - RESIDENTIAL COMPONENT (LOT 1002)										
620 WEST 42ND STREET NEW YORK, NEW YORK										
ABATEMENT PERIOD	TAX YEAR	TOTAL AV	EST. BENEFIT BASE	% EXEMPT	\$ EXEMPT	TOTAL PAY AV	TAX RATE	FY TAXES BEG. JULY	FY JULY TAXES W/OUT 421a	FY TAX SAVINGS
15	2023/24						12.502			
16	2024/25	\$7,869,414	\$148,458	60%	\$4,632,574	\$3,236,840	13.127	\$424,903	\$1,033,026	\$608,123
17	2025/26	\$7,869,414	\$148,458	60%	\$4,632,574	\$3,236,840	13.783	\$446,148	\$1,084,677	\$638,529
18	2026/27	\$7,869,414	\$148,458	40%	\$3,088,382	\$4,781,032	14.473	\$691,941	\$1,138,911	\$446,970
19	2027/28	\$7,869,414	\$148,458	40%	\$3,088,382	\$4,781,032	15.196	\$726,538	\$1,195,857	\$469,319
20	2028/29	\$7,869,414	\$148,458	20%	\$1,544,191	\$6,325,223	15.956	\$1,009,257	\$1,255,649	\$246,392
21	2029/30	\$7,869,414	\$148,458	20%	\$1,544,191	\$6,325,223	16.754	\$1,059,720	\$1,318,432	\$258,712
	2030/31	\$7,869,414	\$148,458	0%	\$0	\$7,869,414	17.592	\$1,384,353	\$1,384,353	\$0
ASSUMPTIONS										
2023/2024 CLASS 2 TAX RATE						\$12.502				
TAX RATE GROWTH						5.00%				

PRESENT VALUE OF TAX SAVINGS - RESIDENTIAL COMPONENT (LOT 1002) 620 WEST 42ND STREET NEW YORK, NEW YORK						
FISCAL YEAR	NET CASH FLOWS		DISCOUNT FACTOR @ 5.00%			PRESENT VALUE OF CASH FLOWS
ONE	\$608,123	X	0.9524	=		\$579,164
TWO	\$638,529	X	0.9070	=		\$579,164
THREE	\$446,970	X	0.8638	=		\$386,110
FOUR	\$469,319	X	0.8227	=		\$386,110
FIVE	\$246,392	X	0.7835	=		\$193,055
SIX	\$258,712	X	0.7462	=		\$193,055
PRESENT VALUE OF CASH FLOWS						\$2,316,657
ROUNDED TO						\$2,300,000

Commercial Component – Lot 1001

Because the commercial component is separately assessed and commercial property has a different tax rate, we have modeled for the 421a tax abatement for this component separately from the residential component.

The abatement for this component of the subject property has a benefit base for this component of \$296,960, which we have used in our analysis. We have used a similar methodology to analyze the tax savings from this abatement. The details of our analysis is presented on the following pages.

The present value of the 421a tax abatement for the commercial component is **\$600,000**, rounded.

421a TAX ABATEMENT PROJECTION - COMMERCIAL COMPONENT (LOT 1001)										
620 WEST 42ND STREET NEW YORK, NEW YORK										
ABATEMENT PERIOD	TAX YEAR	TOTAL AV	EST. BENEFIT BASE	% EXEMPT	\$ EXEMPT	TOTAL PAY AV	TAX RATE	FY TAXES BEG. JULY	FY JULY TAXES W/OUT 421a	FY TAX SAVINGS
	2023/24						10.592			
15	2024/25	\$2,712,642	\$296,960	60%	\$1,449,409	\$1,263,233	11.122	\$140,492	\$301,689	\$161,197
16	2025/26	\$2,712,642	\$296,960	60%	\$1,449,409	\$1,263,233	11.678	\$147,516	\$316,774	\$169,257
17	2026/27	\$2,712,642	\$296,960	40%	\$966,273	\$1,746,369	12.262	\$214,132	\$332,612	\$118,480
18	2027/28	\$2,712,642	\$296,960	40%	\$966,273	\$1,746,369	12.875	\$224,839	\$349,243	\$124,404
19	2028/29	\$2,712,642	\$296,960	20%	\$483,136	\$2,229,506	13.518	\$301,393	\$366,705	\$65,312
20	2029/30	\$2,712,642	\$296,960	20%	\$483,136	\$2,229,506	14.194	\$316,463	\$385,040	\$68,578
21	2030/31	\$2,712,642	\$296,960	0%	\$0	\$2,712,642	14.904	\$404,292	\$404,292	\$0
ASSUMPTIONS										
2023/2024 CLASS 4 TAX RATE						10.592				
TAX RATE GROWTH						5.00%				

PRESENT VALUE OF TAX SAVINGS - COMMERCIAL COMPONENT (LOT 1001) 620 WEST 42ND STREET NEW YORK, NEW YORK						
FISCAL YEAR	NET CASH FLOWS		DISCOUNT FACTOR @ 5.00%			PRESENT VALUE OF CASH FLOWS
ONE	\$161,197	X	0.9524	=		\$153,521
TWO	\$169,257	X	0.9070	=		\$153,521
THREE	\$118,480	X	0.8638	=		\$102,348
FOUR	\$124,404	X	0.8227	=		\$102,348
FIVE	\$65,312	X	0.7835	=		\$51,174
SIX	\$68,578	X	0.7462	=		\$51,174
PRESENT VALUE OF CASH FLOWS						\$614,086
ROUNDED TO						\$600,000

Zoning

General Information

The property is located within the C6-4 within Subarea 1 of the 42nd Street Perimeter Area of the in the Special Clinton District zoning districts of the City of New York. A summary of the subject's zoning is provided below:

ZONING	
Municipality Governing Zoning:	City of New York
Current Zoning:	C6-4 within Subarea 1 of the 42nd Street Perimeter Area of the in the Special Clinton District
Is current use permitted:	Yes
Permitted Uses and General Regulations:	C6 districts permit a wide range of high-bulk commercial uses requiring a central -location. Corporate headquarters, large hotels, department stores and entertainment facilities in high-rise mixed buildings are permitted in C6 districts. C6-1, C6-2 and most C6-3 districts, typically mapped in areas outside central business cores have a commercial floor area ratio (FAR) of 6.0; the C6-3D district has an FAR of 9.0. C6-4 through C6-9 districts, typically mapped within the city's major business districts, have a maximum FAR of 10.0 or 15.0, exclusive of any applicable bonus. Floor area may be increased by a bonus for a public plaza or Inclusionary Housing. C6-2A, C6-3A, C6-3X and C6-4A are contextual districts with maximum building heights. C6-3D and C6-4X districts allow towers above a building base; special rules determine the tower's height and articulation. All other C6 districts allow towers to penetrate a sky exposure plane and do not require a contextual base. C6 districts are widely mapped within special districts. C6-4.5, C6-5.5, C6-6.5 and C6-7T districts are mapped only within the Special Midtown District and have unique floor area ratios and bonus rules. C6-1G, C6-2G, C6-2M and C6-4M districts are mapped in Chinatown and Chelsea and in the Special Garment Center District, and have rules for the conversion of non-residential space to residential use. C6 districts are well served by mass transit, and off-street parking is generally not required, except within the C6-3D district.

ZONING REQUIREMENTS	MAXIMUM FAR
Residential	10.00 times lot area
Commercial	10.00 times lot area
Community Facility	10.00 times lot area

Compiled by Cushman & Wakefield, Inc.

Zoning Compliance

Property value is affected by whether or not an existing or proposed improvement complies to zoning regulations, as discussed below.

Complying Uses

An existing or proposed use that complies to zoning regulations implies that there is no legal risk and that the existing improvements could be replaced "as-of-right."

Pre-Existing, Non-Complying Uses

In many areas, existing buildings pre-date the current zoning regulations. When this is the case, it is possible for an existing building that represents a non-complying use to still be considered a legal use of the property. Whether or not the rights of continued use of the building exist depends on local laws. Local laws will also determine if the existing building may be replicated in the event of loss or damage.

Non-Complying Uses

A proposed non-complying use to an existing building might remain legal via variance or special use permit. When appraising a property that has such a non-complying use, it is important to understand the local laws governing this use.

Special Clinton District

The subject property is located in the 42nd Street Perimeter Area of the Special Clinton zoning District. A map detailing the various areas of the district is shown on the second following page.

The Special Clinton District was created to help the City realize specific goals for this area which include the following:

- To preserve and strengthen the residential character of the community;
- To permit rehabilitation and new construction within the area in character with the existing scale of the community and at rental levels which will not substantially alter the mixture of income groups presently residing in the area;
- To preserve the small-scale character and variety of existing stores and activities and to control new commercial uses in conformity with the existing character of the area;
- To recognize the unique character of the eastern edge of the District as an integral part of the Theater Subdistrict within the Special Midtown District as well as the Special Clinton District;
- To provide an appropriate transition from the mixed-use character along Eighth Avenue to the lower-scale residential character of the Clinton community on the narrow streets;
- To relate the unique character of the 42nd Street Perimeter Area to the adjacent Special Hudson Yards District;
- To provide amenities, such as street trees, to improve the physical environment;
- To restrict demolition of buildings that are suitable for rehabilitation and continued residential use; and
- To promote the most desirable use of land in the area and thus to conserve the value of land and buildings, and thereby protect the City's tax revenues, consistent with the foregoing purposes.

The following is a map of the special purpose district.

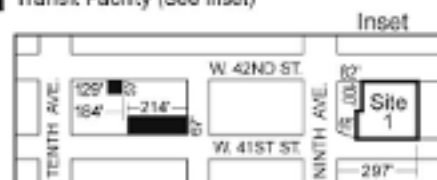


- Special Clinton District Boundary
- Area Boundary
- Preservation Area
- Perimeter Area
- Portion of Perimeter Area B also subject to additional 42nd Street Perimeter Area regulations. (See map below)
- Portion of Perimeter Area B also subject to Article VIII, Chapter I (Special Midtown District)
- Other Areas (Northern Subarea C1, Western Subarea C2)
- Excluded Area

42nd Street Perimeter Area



- Subarea 1 of 42nd Street Perimeter Area
- Subarea 2 of 42nd Street Perimeter Area
- Portion of Subarea 2 of 42nd St. Perimeter Area where Theater Bonus applies
- Where Special Parking Regulations apply (See Inset)
- Transit Facility (See Inset)



Other Restrictions

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

Zoning Conclusions

We analyzed the zoning requirements in relation to the subject property and considered the compliance of the existing use.

The C6-4 zoning district permits a maximum floor area ratio of 10.0 times the lot area for all uses.

The subject development is situated on a development site containing 59,102 square feet of land area. However, the subject site is part of a larger zoning lot that includes the entire city block and also includes the mixed-use residential development known as River Place. River Place and the subject development were developed by the same entity that owns the subject property, Silverstein Properties. The city block was developed as part of a master plan created as part of a successful Uniform Land Use Review Procedure (ULURP) involving the site in the late 1990s. Including the land area of the entire city block, the zoning lot consists of 160,145 square feet of land area. Based on the maximum FAR of 10 times the lot size, the merged zoning lot yields a total of 1,601,450 square feet of zoning floor area.

However, the zoning lot is bonusable by 2.0 times the lot size with the addition of inclusion of inclusionary housing. The construction of affordable housing, either on or off-site, would result in the developer receiving 320,290 square feet of additional zoning floor area. Inclusive of the affordable housing component of the subject property, the Silver Towers and an affordable housing building constructed within the city block, the inclusionary housing requirements have been satisfied.

Developers and architects routinely design buildings that have greater gross building areas than zoning floor area. This results from mechanical areas, such as stairwells, elevator shafts, and utility rooms and risers, not counting towards zoning floor areas. Typical mechanical bonuses range from 3 to 10 percent.

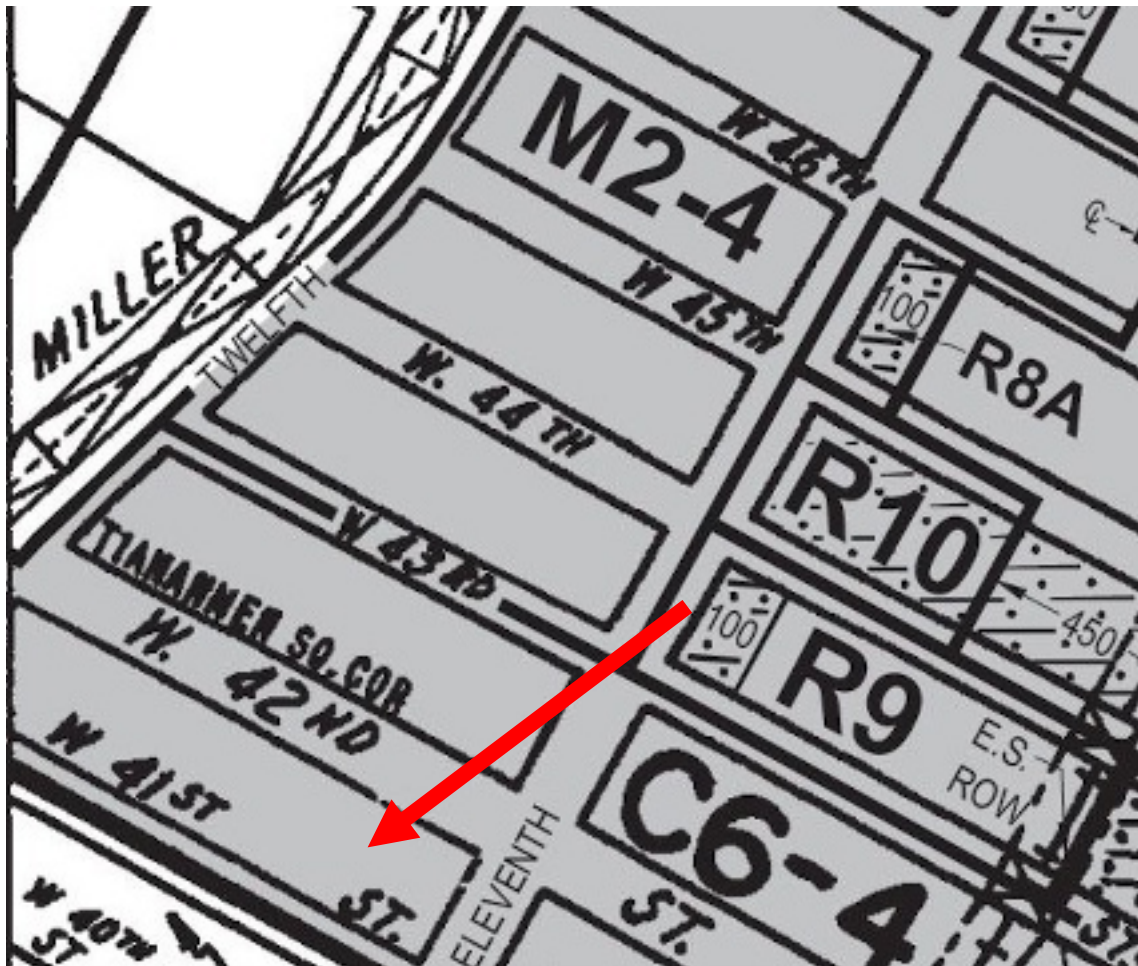
We have assumed the subject's improvements are in full compliance with this master plan and in accordance with the ULURP. We have assumed that any regulatory certification necessary to allow for the current use has been obtained. We are not experts in the interpretation of complex zoning ordinances but based on our review of public information, the subject development is assumed to be a legal and conforming use.

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

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

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

ZONING MAP



Valuation

Highest and Best Use

Highest and Best Use Definition

The Dictionary of Real Estate Appraisal, Sixth Edition (2015), a publication of the Appraisal Institute, defines the highest and best use as:

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.

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

Highest and Best Use of the Site as Though Vacant

Legally Permissible

The zoning regulations in effect at the time of the appraisal determine the legal permissibility of a potential use of the subject site. As described in the Zoning section, the subject property is zoned C6-4 within Subarea 1 of the 42nd Street Perimeter Area of the in the Special Clinton District by the City of New York. Residential, commercial, and community facility uses are permissible in this zoning district. We are not aware of any further legal restrictions that limit the potential uses of the subject. In addition, rezoning of the site is not likely due to the character of the area and the fact that it is part of a master planned development and its location in a special purpose district.

Physically Possible

The physical possibility of a use is dictated by the size, shape, topography, availability of utilities, and any other physical aspects of the site. The subject site contains 59,102 square feet. The site is generally rectangular in shape and level and at street grade. It has excellent frontage, average access, and excellent visibility. The overall utility of the site is considered to be excellent. All public utilities are available to the site including public water and sewer, gas, electric and telephone. Overall, the site is considered adequate to accommodate most permitted development possibilities.

Financially Feasible and Maximally Productive

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

Conclusion

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

Several features of the underlying site indicate that a residential development is the highest and best use of the site. The subject is located within an established and highly desirable neighborhood of Manhattan. The site is located in proximity to public transportation and recreation areas. The site is considered a walk-to-work location for the Midtown office districts. The price points achievable for residential use exceed that of current or projected for any other use. While certain types of commercial and community facility uses are viable for the lower floors of the building given its location, an all commercial development would not be able to maximize the development or economic potential of the site.

Given the typical development window of 24 to 36 months to complete a residential or mixed-use residential project such as the subject, it is likely that any newly constructed development would face continued strong market conditions as the economy is expected to continue to improve following the near-term disruptions caused by the interest rate environment.

Considering the subject site's physical characteristics and location, as well as the state of the local market, it is our opinion that the Highest and Best Use of the subject site as though vacant is the construction of a mixed-use residential development built to its maximum permitted potential.

Highest and Best Use of Property as Improved

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

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

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

Legally Permissible

As described in the Zoning Analysis section of this report, the site is zoned C6-4 within Subarea 1 of the 42nd Street Perimeter Area of the in the Special Clinton District. The site is improved with a large, mixed-use, 80/20 development containing 1,049,441 square feet of gross building area. In the Zoning section of the report, we assumed that the existing improvements represent a legal and conforming use. We also determined that the existing uses are a permitted use in this zone.

Physically Possible

The subject improvements were completed in 2009 and are in very good condition. We know of no current or pending municipal actions or covenants that would require a change to the current improvements.

Financially Feasible and Maximally Productive

In the Reconciliation section, we concluded to a market value for the subject property, as improved, of \$805,000,000, inclusive of all components of value (present value of the 421a tax abatements, present value of the inclusionary housing development rights that can be sold, and the present value of the below market financing). In our opinion, the improvements contribute significantly to the value of the site.

There are several factors that indicate that the highest and best use of the subject is continued use as a continued use as a mixed-use residential development. No alternate use would result in a higher return. The property has a good location in an established neighborhood. Access to public transportation is considered average. The

residential component is currently 96.45 percent leased. There are 45 vacant market rate units and 3 vacant affordable housing units. The retail component is currently 100 percent leased.

The regulations of the 421a tax abatement program mandate that these residential units continue to be used as rental housing for the duration of the abatement. The affordable housing units must remain affordable for the duration of the bond financing, which is 30 years from issuance. However, the affordable housing units, subject to a formal legal opinion and promulgation from HPD, may continue to be subject to rent regulation.

Based on the current performance of the subject property, coupled with the long-term strength of the residential and retail markets, the highest and best use as improved is continued use as a mixed-use residential development.

Conclusion

It is our opinion that the existing improvements add value to the site as though vacant, dictating a continuation of its current use. Therefore, it is our opinion that the Highest and Best Use of the subject property as improved is for continued use as a mixed-use residential development.

Valuation Process

Methodology

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

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

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

Cost Approach

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

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

Sales Comparison Approach

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

Income Capitalization Approach

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

Related to the Direct Capitalization Method is the Yield Capitalization Method. In this method periodic cash flows (which consist of net operating income less capital costs) and a reversionary value are developed and discounted

to a present value using an internal rate of return that is determined by analyzing current investor yield requirements for similar investments.

Summary

This appraisal employs the Sales Comparison Approach 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. Typical purchasers do not generally rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not used the Cost Approach to develop an opinion of market value.

Sales Comparison Approach

Methodology

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

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

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

The most widely used and market-oriented unit of comparison for properties such as the subject is the sales price per square foot of gross building area. All comparable sales were analyzed on this basis. However, we have also shown the adjustments on a per unit basis as well for comparison purposes. The following contains a summary of the improved properties that we compared to the subject property, a map showing their locations, and the adjustment process.

We focused on sales of large residential and mixed-use assets within Manhattan. The comparable buildings are in very good to excellent condition. They range in size from 209 to 899 residential units, built between 1998 and 2019. The comparables have gross building areas from 180,281 to 900,526 square feet. Sales range in price from \$882 to \$1,091 per square foot and \$859,155 and \$1,099,869 per residential unit.

Due to the nature of the subject property and the level of detail available for the comparable data, we elected to analyze the comparables through the application of a traditional adjustment grid using percentage adjustments.

SUMMARY OF IMPROVED SALES															
PROPERTY INFORMATION								TRANSACTION INFORMATION							
No.	Property Name Address, City, State	Building GBA	Year Built	No. of Stories	No. of Units	Quality	Cond.	Grantor	Grantee	Sale Date	Sale Price	\$/Unit	\$/Sqt	OAR	Comments
S	Subject Property	1,049,441	2009	58	1,359	Very Good	Very Good								
1	The Lanthian 377 East 33rd Street New York, NY	213,549	1998	23	209	Very Good	Very Good	Verbena E33rd LLC c/o Verbena Road Holdings, LTD.	New York University	Aug-23	\$210,000,000	\$1,004,785	\$983	4.50%	This is the sale of a 23-story mixed-use apartment building on the northwest corner of East 33rd Street and First Avenue. The building contains 209 residential units (3 of which are rent stabilized), a below-grade parking garage with 45-car capacity, and a 19,113 square foot commercial space that is leased to the buyer, New York University. The rentable unit mix consists of 25 studios, 140 one-bedrooms, 22 two-bedrooms, 20 three-bedrooms, and 1 four-bedroom apartment, with an overall average size of approximately 725 square feet. Building amenities include a 24-hour attended lobby, lounge, fitness center, laundry room, children's playroom, and rooftop terrace. Each apartment also has an in-unit washer and dryer. The seller renovated the building between 2016 and 2018. The buyer was able to assume a favorable \$103 million mortgage with a 3.67 percent interest rate for four years. The charted capitalization rate reflects the pro forma net operating income from the offering memorandum. However, New York University is likely to use the building as housing for its medical students. Based on the trailing 12 months of net operating income through January 2023, the in-place capitalization rate was 3.35 percent.
2	The Sierra 130 West 15th Street New York, NY	180,281	2004	7 & 13	213	Very Good	Very Good	Related Armory, L.L.C. c/o: The Related Companies, L.P.	Sierra NYC LLC c/o: Pacific Urban Investors	Aug-23	\$183,000,000	\$859,155	\$1,015	4.00%	This is the sale of a condominium unit containing 213 rental apartments in a 7- and 13-story building with frontage on West 14th and West 15th Streets between Sixth and Seventh Avenues. The condominium unit is located within a larger mixed-use development, which also contains a YMCA facility on West 14th Street, and an NYU housing facility on West 15th Street. Neither of these two components were included in this transaction. Amenities include a 24-hour attended lobby, concierge services, fitness center, and rooftop terrace. The asset previously benefitted from a 20-year 421-a tax exemption; however, the benefit period recently expired and the property is currently paying a full level of taxes. Of the 213 apartments, 44 are affordable units that were financed using the LIHTC program. This was an off-market transaction by a national buyer that wanted a New York City presence. The buyer was able to assume between \$20 and \$30 million in debt at a 4.0 percent interest rate. The building sold at a reported 4.0 percent capitalization rate. However, our discussions with a confidential party involved in the transaction indicate a capitalization rate below 4.0 percent.
3	685 First Avenue New York, NY	439,490	2019	26	408	Excellent	Excellent	685 First Realty Company, LLC c/o: Solow Realty and Development	685 1st Ave LLC c/o: Black Spruce Management LLC	Sep-22	\$387,500,000	\$949,755	\$882	-	This is the sale of the residential rental, retail, and garage component of a 42-story mixed-use development located on the west side of First Avenue between East 39th and East 40th Streets. The sale includes 408 residential rental units on floors 2 through 26, ground-floor retail space, and a below-grade parking garage. Not included in the sale was the residential condominium component, which contains 148 for-sale apartments on floors 27 through 42. Building amenities include 24-hour concierge service, doorman, swimming pool, sauna, steam room, fitness center, lounge, media room, children's playroom, catering kitchen, and on-site parking.
4	19 Dutch 19 Dutch Street New York, NY	446,788	2018	63	483	Excellent	Excellent	CP V TS Fulton Owner, LLC	Ponte Gadea Dutch, LLC	Sep-22	\$487,500,000	\$1,009,317	\$1,091	3.09%	This is the sale of a 63-story, Class A mixed-use rental building in the Financial District of Manhattan. The 80/20 building benefits from a 421-a tax exemption through 2039. Units range in size from studios to two-bedroom layouts, with an overall average size of approximately 666 square feet. Building amenities include a 24-hour attended lobby, fitness center, gaming room with golf simulator, business center, cafe lounge, media room, and roof terrace. The buyer was able to assume the debt on the property. At 3.82 percent, the mortgage was considered accretive to value in the current interest rate environment. Based upon the abated level of taxes, the capitalization rate was 4.36 percent.
5	New York by Gehry 8 Spruce Street New York, NY	900,526	2012	75	899	Excellent	Excellent	FC 8 Spruce Street Residential, LLC	8 Spruce (NY) Owner LLC	Jun-22	\$930,000,000	\$1,034,483	\$1,033	3.14%	This is the sale of an 870-foot tall luxury rental tower located in lower Manhattan. The building was completed in 2012 and designed by the renowned architect Frank Gehry. The transaction only includes the condominium component consisting of the 899 rental apartments and two retail suites representing 1,925 square feet of rentable space. Building amenities include a terrace, laundry room, concierge service, game room, two golf simulators, drawing room, private dining room, fitness center, spa suite, sundeck, pool, children's playroom, library, and screening room. During the COVID-19 pandemic, occupancy declined significantly, reaching 68 percent at year-end 2020. At the time of the sale, the building was 94 percent occupied. The charted capitalization rate reflects the unabated pro forma net operating income for year one. On an abated basis, the pro forma capitalization rate is approximately 4.77 percent.
6	American Copper 626 First Avenue New York, NY	816,042	2019	47 & 40	761	Excellent	Excellent	616 First Avenue LLC c/o: JDS Development Group	American Copper Building LLC c/o: Black Spruce Management LLC	Mar-22	\$837,000,000	\$1,099,869	\$1,026	3.41%	This is the sale of a mixed-use 80/20 development known as American Copper, located on an L-shaped parcel bounded by Franklin D. Roosevelt Drive to the east, West 36th Street to the north, West 35th Street to the south, and First Avenue to the west, in the Murray Hill/Kips Bay neighborhood of Manhattan. The West and East Towers are 47 and 40 stories, respectively. There are 760 rentable units, of which 600 are market rate units and 160 are affordable units. The unit mix includes studios through three bedroom apartments. There is a retail component with a total of 12,000 square feet of rentable area, of which 5,731 square feet is at grade. There is a below grade parking garage with a capacity of 294 cars. The amenities at the development include a 24-hour attended lobby with concierge services, a lobby lounge/library in each building, and a rooftop space with an infinity edge pool, outdoor bar and lounge area, private cabanas, and outdoor kitchen area with barbeque grills. A sky bridge located on the 30th floor connects the two buildings. This space contains the majority of the amenities including a lap pool, hot tub, steam room, sauna, spa, squash court, fitness center juice bar, yoga and pilates studio, golf simulator, children's playroom, chef's demonstration and catering kitchen, a hammam, and a resident lounge. Additionally, daycare facilities are available. At the time of the sale, the property was in its fourth year of a 20-year 421a tax abatement. The charted capitalization rate is based on Cushman & Wakefield's projection of the first year's net operating income, and is reflective of the unabated level of taxes. The capitalization rate based on the abated level of taxes is approximately 4.81 percent.
STATISTICS															
Low		180,281	1998	23	209					Mar-22	\$183,000,000	\$859,155	\$882	3.09%	
High		900,526	2019	75	899					Aug-23	\$930,000,000	\$1,099,869	\$1,091	4.50%	
Average		499,446	2012	47	496					Nov-22	\$505,833,333	\$992,894	\$1,005	3.63%	

Compiled by Cushman & Wakefield, Inc.

IMPROVED SALE ADJUSTMENT GRID

ECONOMIC ADJUSTMENTS (CUMULATIVE)							PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)						
No.	\$/Sqft & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market ⁽¹⁾ Conditions	Per Sqft Subtotal	Location	Size	Age, Quality & Condition	Utility	Economics	Other	Adj. \$/Sqft
1	\$983 8/23	Leased Fee 0.0%	Arm's-Length 0.0%	None -5.0%	Similar 0.0%	\$934 -5.0%	Superior -10.0%	Smaller -20.0%	Inferior 5.0%	Inferior 10.0%	Superior -5.0%	Similar 0.0%	\$747 -20.0%
2	\$1,015 8/23	Leased Fee 0.0%	Arm's-Length 0.0%	None -5.0%	Similar 0.0%	\$964 -5.0%	Superior -20.0%	Smaller -20.0%	Similar 0.0%	Inferior 15.0%	Similar 0.0%	Similar 0.0%	\$723 -25.0%
3	\$882 9/22	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$882 0.0%	Similar 0.0%	Smaller -10.0%	Similar -10.0%	Inferior 5.0%	Superior -5.0%	Similar 0.0%	\$705 -20.0%
4	\$1,091 9/22	Leased Fee 0.0%	Arm's-Length 0.0%	None -5.0%	Superior -5.0%	\$985 -9.7%	Inferior 5.0%	Smaller -10.0%	Similar -10.0%	Superior -5.0%	Inferior 5.0%	Superior -10.0%	\$739 -25.0%
5	\$1,033 6/22	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Superior -5.0%	\$981 -5.0%	Inferior 5.0%	Similar 0.0%	Similar -10.0%	Superior -10.0%	Superior -5.0%	Similar 0.0%	\$785 -20.0%
6	\$1,026 3/22	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Superior -10.0%	\$923 -10.0%	Similar 0.0%	Smaller -5.0%	Superior -10.0%	Superior -5.0%	Similar 0.0%	Superior -10.0%	\$646 -30.0%
STATISTICS													
	\$882	- Low										Low -	\$646
	\$1,091	- High										High -	\$785
	\$1,005	- Average										Average -	\$724

Compiled by Cushman & Wakefield, Inc.

⁽¹⁾ Market Conditions Adjustment

See Discussion for Growth Rate Assumptions

Date of Value (for adjustment calculations): 6/30/24

Percentage Adjustment Method

Adjustment Process

The sales that we used were the best available comparables to the subject property. The major points of comparison for this type of analysis include the property rights conveyed, the financial terms incorporated into the transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

The first adjustment made to the market data takes into account differences between the subject property and the comparable property sales with regard to the legal interest transferred. Advantageous financing terms or atypical conditions of sale are then adjusted to reflect a normal market transaction. Next, changes in market conditions must be accounted for, thereby creating a time adjusted price. Lastly, adjustments for location, physical traits and the economic characteristics of the market data are made in order to generate the final adjusted unit rate for the subject property.

We made a downward adjustment to those comparables considered superior to the subject and an upward adjustment to those comparables considered inferior. Where expenditures upon sale exist, we included them in the sales price.

Property Rights Conveyed

The property rights conveyed in a transaction typically have an impact on the price that is paid. Acquiring the fee simple interest implies that the buyer is acquiring the full bundle of rights. Acquiring a leased fee interest typically means that the property being acquired is encumbered by at least one lease, which is a binding agreement transferring rights of use and occupancy to the tenant. A leasehold interest involves the acquisition of a lease, which conveys the rights to use and occupy the property to the buyer for a finite period of time. At the end of the lease term, there is typically no reversionary value to the leasehold interest. We are valuing the leased fee interest in the subject property, as reflected by all of the comparables. As such, no adjustments are necessary.

Financial Terms

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favorable financing might pay a higher price, as the reduced cost of debt creates a favorable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the lower equity returns after debt service. We analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all of the sales used in this analysis were accomplished with cash or market-oriented financing with the exception of Comparable Nos. 1, 2, and 4. As such, no adjustments were required to the comparables with the exception of Comparable Nos. 1, 2, and 4. The buyers of Comparable Nos. 1, 2, and 4 were able to assume debt as part of the transactions. Given the interest rates for the assumable debt and the interest rate environment, these mortgages were considered accretive to value. The subject property will also benefit from assumable debt. In our adjustment process, we have assumed that the property does not benefit from a favorable mortgage and analyzed that separately. As such, we have made negative adjustments to those comparables that involved the assumption of favorable debt.

Conditions of Sale

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

Market Conditions

The sales included in this analysis occurred between March 2022 and August 2023.

We have considered the current investment climate in our adjustment process. There was significant capital available, and the debt markets were robust in the second half of 2020 and throughout 2021. The low interest rate environment helped fuel interest in commercial real estate. As of January 2022, most professionals originating and placing debt reported significant levels of capital ready for deployment in what was initially believed to be a favorable interest rate environment for the rest of calendar year 2022. However, inflation rose significantly throughout 2022 and has remained high into the second quarter of 2023. In response to inflationary pressure, the Federal Reserve increased the federal funds rate throughout calendar year 2022 and the first three meetings in 2023. The increases in March and May of 2022 were 25 and 50 basis points, respectively. However as inflationary pressures persisted during the summer months, the Federal Reserve began more significant increases. It raised the federal funds rate by 75 basis points in each of the next 4 meetings and reiterated its stance to continue to raise rates to curb inflation. Policy makers were not influenced by rising volatility in global markets and maintained their priority to control inflation. In December, the Federal Reserve again increased the federal funds rate by 50 basis points. At the February, March, and May 2023 meetings, the Federal Reserve increased the federal funds rate by 25 basis points (75 basis points in total). Since September 2023 the Federal Reserve has not announced any increases in the federal funds rate. Inflation has been easing since its peak in the summer of 2022, although it has remained well above the target level of 2.0 percent set by the Federal Reserve. With the current rate range of 5.25 to 5.50 percent, federal funds are at their highest levels since August 2007.

Most participants projected that the federal funds rate would increase until its peak in approximately the third or fourth quarter of 2023, with rates anticipated to ease in 2024. While some Federal Reserve voting members still believe further rate increases are necessary to bring the level of inflation down to the target level, investors indicate that the majority of forward-looking curves are projecting that rates are expected to decrease, with most investors expecting the decrease to begin to occur in the next 6 months and to continue through 2025.

The rapid increase in interest rates to curb persistent inflation caused a shift in the mindset of investors. Real estate is considered an investment hedge against inflation and the City remains a top investment market globally. The desirability and competitiveness of the City for the deployment of capital, coupled with anticipated rent growth, somewhat offsets the upward pressure on capitalization rates caused by an increase in the cost of capital emanating from higher interest rates. However, the increases in interest rates have influenced capitalization rates. Many investors are underwriting higher capitalization rates than they had in the first half of 2022 based on the aforementioned increases and the uncertainty surrounding interest rates in the near term.

Given the interest rate environment, we have made a one-time negative adjustment to the comparable sales occurring before August 1, 2022 of 10 percent. For comparables occurring between August 1, 2022 and January 1, 2023 we have made a one-time negative adjustment of 5 percent. Given the timing of the transactions, no adjustments to market conditions were made.

Location

An adjustment for location is required when the locational characteristics of a comparable property are different from those of the subject property. The location of the subject property is considered good, and it has average access and excellent visibility. The subject's neighborhood is well established. The subject property is located in proximity to public transportation nodes, major employment centers, and cultural attractions. Each comparable was adjusted accordingly. We have made a downward adjustment to those comparables considered superior in location versus the subject. Conversely, an upward adjustment was made to those comparables considered inferior.

Physical Traits

Each property has various physical traits that determine its appeal. These traits include size, condition, quality, and utility. The size adjustment generally reflects the inverse relationship between unit price the number of units. Smaller buildings tend to sell for higher unit prices than larger buildings, and vice versa. The comparable sales were adjusted according to the gross building area.

The subject property is in very good overall condition. Comparable Nos. 3 through 6 were considered to be superior to the subject property in terms of their condition and age at the time of sale. We have made a negative adjustment to this comparables. Comparable No. 1 is considered to be inferior and was positively adjusted.

Utility

The utility adjustment is determined by characteristics of the property that make it more appealing based on ceiling and window heights, apartment layouts, finishes, physical and service amenities, views, etc.

The subject property's units have an average unit size of 643 square feet. This is typical of a newly constructed rental building. All of the comparables have similar unit sizes and no adjustment is warranted for this characteristic.

We have also considered the level of physical and service amenities in our utility adjustment. Amenities in the building are commensurate for a rental development of this tier. Amenities include a few 24-hour attended lobbies. The development contains a large amenity space located on the 7th floor which connects through both towers. The amenity floor includes a residential lounge with seating areas, nail salon, lap pool, sauna and steam rooms, men's and women's locker rooms, and a large, high-end fitness center. There is also a large outdoor terrace. All areas of the amenity floor have WiFi access. In addition, there is a below grade parking garage containing 161 spaces. The subject's amenity package is considered to be good and generally commensurate with market rate buildings in the City. Those comparables that have inferior amenity packages were positively adjusted and those with superior amenity packages were negatively adjusted for this characteristic.

We have also considered building height in our utility adjustment. Residential apartments on the upper floors of taller buildings have superior access to light and air and view corridors, as well as less exposure to street noise. These units tend to generate premiums in terms of rental rates and pricing over units located on the lower floors of buildings. The subject property is 58 stories in height and units have very good views overall. Upper floor units have excellent views of the Hudson River and City skyline.

We have considered all of these factors in our adjustment process and each comparable was adjusted accordingly.

Economic Characteristics

This adjustment is used to reflect differences in occupancy levels, average rents per square foot, operating expense ratios, tenant quality, and other items not covered under prior adjustments that would have an economic impact on the transaction.

The subject property is an 80/20 development with 20 percent of its units designated as affordable housing units. Developments constructed under the 80/20 program or Affordable New York Program (70/30 and 75/25 developments) have 20, 25, or 30 percent of their units designated as affordable housing units. These units typically have deeply discounted rents and must remain affordable for at least 35 years according to regulations of the Department of Housing Preservation and Development. For developments in secondary and tertiary markets constructed as 70/30 or 75/25 developments, the affordability requirements translate into affordable rents that are not significantly different from the achievable market rents.

Buildings that contain rent regulated tenancies are impacted in the amount of rent that can be achieved, which impacts net operating incomes. The larger the proportion of rent regulated tenancies in a building the greater the

impact on net operating incomes at a property. None of the comparables contain rent regulated units with the exception of those classified as rent regulated because of 421a or Affordable New York tax abatements. We have made appropriate adjustments to the comparables for the relative rent levels at the property.

In addition, retail operations in mixed-use properties tend to generate higher revenues than similarly located ground floor apartment buildings. Investors are typically willing to pay a higher unit price for apartment buildings with a retail component. The subject property contains a commercial component consisting of 21,399 square feet of retail space, some of which is below grade. Most of the comparables contain a commercial component (retail, office, parking, etc.). We have considered the presence of a commercial component, its size, and its overall impact to the net operating income of each comparable and adjusted each comparable accordingly.

We have also considered an adjustment for the impact from the new rent regulation law that was implemented in June 2019. Buildings that benefit from the 421a program are negatively impacted by the new rent legislation. The market rate components of buildings that benefit from the 421a tax abatement program are classified as rent stabilized for the duration of the abatement. As such, aspects of the rent legislation, such as rent growth and vacancy bonuses upon turnover, impact the overall growth in revenue from this component of these developments. Prior to the changes in the legislation, investors were modeling for rent growth for the market rate components of buildings with 421a tax abatements of between 3.0 and 4.0 percent per annum. Some investors were modeling for upwards of 6.0 percent per annum in the initial years of a holding period. At the most recent meeting in June 2024, the Rent Guidelines Board voted to permit increases of 2.75 percent for one-year lease renewals. For two-year lease renewals, the Board voted to permit an increase of 5.25 percent. The level of increases has not been commensurate with the increases in market rents throughout the City over the past several years. As such, rent growth will be impaired for these assets. However, all of the comparables were purchased after the implementation of the rent law changes and as such, no adjustment is warranted for this characteristic.

We have considered all of these factors and adjusted each comparable accordingly.

Other

This category accounts for any other adjustments not previously discussed. Comparable Nos. 4 and 6 benefit from the 421a tax abatement program. In our analysis of the subject property, we have valued the tax savings from the 421a tax abatements separately. In the adjustment process, we have considered that the property has no abatement in place. As such, we have made adjustments to the comparables based on the type and length of their abatements. Each comparable was adjusted accordingly. No other adjustments are warranted.

Summary of Percentage Adjustment Method

We used the Sales Comparison Approach to determine the value per square foot of the subject property. After adjustments the comparable improved sales reflect unit prices ranging from \$646 to \$785 per square foot with an average adjusted price of \$724 per square foot. We conclude that the appropriate unit price to apply to the subject property is \$725 per square foot, which is supported by these comparables. Applying our concluded unit price to the total gross building area above grade, results in the following conclusion:

PERCENT ADJUSTMENT METHOD SUMMARY	
Market Value As Is	
Indicated Value Per SF	\$725
Gross Building Area	x 1,049,441
Indicated Value	\$760,844,725
LESS Residential Leasing Costs - Vacant Units	(\$668,087)
LESS Residential Concessions (Yrs 2&3)	(\$16,165,851)
LESS Planned Capital Expenditures	(\$13,158,562)
PLUS Present Value of 421a Tax Abatement	\$43,900,000
PLUS Below Market Financing	\$82,000,000
PLUS Inclusionary Housing Development Rights	\$13,000,000
Adjusted Value	\$869,752,225
Rounded to nearest \$5,000,000	\$870,000,000
Per SF	\$829.01

Compiled by Cushman & Wakefield, Inc.

As indicated above, we have considered the costs related to the leasing of the vacant residential units and residential concessions modeled in Years 2 and 3. As will be described in more detail in the Income Capitalization Approach, these costs total \$668,087 and \$16,165,851, respectively. We have also considered the capital expenditure costs ownership intends to spend as part of their capital improvement plan through 2028. As detailed in the Improvements Description, these costs total \$13,158,562. Combined, total deductions equate to \$29,992,500. We have also considered the present value of the remaining benefits of the 20-year 421a tax abatements, which are estimated to be \$43,900,000, the present value of the below market financing, estimated to be \$82,000,000, and the present value of the inclusionary housing development rights that can be sold, estimated to be \$13,000,000.

Therefore, we have concluded to a market value of the subject property in its as is condition as determined by the Sales Comparison Approach of **\$870,000,000**.

Inclusionary Housing Development Rights

The developer signed an agreement with The Department of Housing Preservation and Development (HPD) to construct affordable housing under the Inclusionary Housing Program. This generated inclusionary housing development rights that can be sold to any receiving site in the community district or within 0.5 miles from the generating site.

In order to generate the development rights, ownership entities must meet the following criteria: 1) have an architect submit final floor area calculations, 2) deliver proof of the required insurance, 3) post the reserve fund and 4) sign and record a restrictive declaration which places the low income units in the Inclusionary Housing program.

According to ownership and confirmed with the Department of Housing Preservation and Development, the subject contains a total of 163,494 square feet of inclusionary floor area. Since the generation of this floor area, the developer has sold a total of 86,164 square feet. As such, a total of 77,330 square feet of inclusionary floor area is still available to be sold. The inclusionary housing floor area is multiplied by a bonus ratio to determine the amount of zoning floor area that can be transferred. In the instance of the subject development, which involved new construction using public funding, the bonus ratio is 1.25. Therefore, the remaining 77,330 square feet of inclusionary floor area generates 96,663 square feet of zoning floor area that can be sold.

In order to determine an appropriate unit price to apply to the excess development rights, we have looked to other similar transactions in the market with which we are familiar. The chart on the following page details transactions involving transferrable development rights with which we are familiar.

**SUMMARY OF TRANSFERABLE DEVELOPMENT RIGHTS (TDRs) SALES
NEW YORK CITY**

No.	LOCATION	GRANTING BLOCK & LOT(S)	RECEIVING BLOCK & LOT(S)	DATE	DATE OF FEE SALE	CONSIDERATION	GRANTOR	GRANTEE	TDRs (SF)	PRICE / ZFA	COMMENTS
1	300 East 50th Street Turtle Bay, Manhattan	Block: 1342 Lot(s): 3, 4	Block: 1342 Lot(s): 49, 51, & 153	Jan-22	Apr-21	\$4,500,000	Gould 928-930 Second Avenue Owner LLC	300 East 50th Street Owner LLC	29,745	\$151	This is the sale of development rights to be used in a 23-story, mixed-use 70/30 rental development.
2	64 University Place Greenwich Village, Manhattan	Block: 568 Lot(s): 20	Block: 568 Lot(s): 21	Jun-21	Jun-19	\$1,075,375	University Stone LLC c/o King Rook Capital LLC	64 University Place LLC c/o: Argo Real Estate LLC & bSafal Inc.	2,201	\$489	This is the sale of development rights to be used in a luxury condominium development in Greenwich Village.
3	60 Norfolk Street Lower East Side, Manhattan	Block: 346 Lot(s): 95	Block: 346 Lot(s): 37	Dec-20	Dec-20	\$2,400,000	384 Grand Street Housing Development Fund Company Inc., c/o T.U.C. Management Company, Inc.	GO Norfolk LLC c/o: The Gotham Organization	15,000	\$160	This is the sale of development rights to be used in a mixed-use development on the Lower East Side. The fee price reflects the costs necessary to construct a new religious facility that will be conveyed to Congregation Beth Hamedrash Hagadol.
4	126 East 86th Street Upper East Side, Manhattan	Block: 1514 Lot(s): 58	Block: 1514 Lot(s): 59	Nov-20	Nov-20	\$3,600,000	128 East 86th Street Associates, L.L.C. c/o: Sanders Investments	126 East 86 Street Development LLC	12,000	\$300	This is the sale of 12,000 square feet of unused development rights to an adjacent property, where the developer intends to construct a condominium project. The transaction also includes a light and air easement.
5	64 University Place Greenwich Village, Manhattan	Block: 568 Lot(s): 20	Block: 568 Lot(s): 21	Nov-19	Jun-19	\$1,500,000	University Stone LLC c/o King Rook Capital LLC	64 University Place LLC c/o: Argo Real Estate LLC & bSafal Inc.	3,000	\$500	This is the sale of development rights to be used in a luxury condominium development in Greenwich Village.
6	310 East 86th Street Upper East Side, Manhattan	Block: 1548 Lot(s): 1001-1002	Block: 1548 Lot(s): 45-48, 146	May-19	Feb-17	\$949,570	320 East 86th Street Associates LLC	IGI E86 LLC	2,690	\$353	This is the sale of development rights to be used in a luxury condominium tower on the Upper East Side. This transaction also grants cantilever rights to the receiving site.
7	509 Third Avenue Upper East Side, Manhattan	Block: 915 Lot(s): 8	Block: 915 Lot(s): 1, 2, 5-7	May-19	Nov-18	\$4,200,000	213 East 34 LLC	Third and Thirty Four LLC c/o Lalezarian Properties LLC	15,118	\$278	This is the sale of development rights to be used in a luxury rental development in Murray Hill.
8	310 East 86th Street Upper East Side, Manhattan	Block: 1548 Lot(s): 1001-1002	Block: 1548 Lot(s): 45-47, 146	Nov-18	Feb-17	\$2,475,000	320 East 86th Street Associates LLC	IGI E86 LLC	9,000	\$275	This is the sale of development rights to be used in a luxury condominium tower on the Upper East Side.
9	310 East 86th Street Upper East Side, Manhattan	Block: 1548 Lot(s): 1001-1002	Block: 1548 Lot(s): 45-47, 146	Jan-18	Feb-17	\$1,250,000	320 East 86th Street Associates	IGI E86 LLC	5,000	\$250	This is the sale of development rights to be used in a luxury condominium tower on the Upper East Side.
STATISTICS											
Low				Jan-18	Feb-17	\$949,570			2,201	\$151	
High				Jan-22	Apr-21	\$4,500,000			29,745	\$500	
Average				Feb-20	Feb-19	\$2,438,883			10,417	\$306	

Prepared by Cushman & Wakefield, Inc.

Summary of Sales

We have identified 9 sales of air rights reported to be arms-length cash equivalent transactions occurring from February 2017 to the present. All of the transactions involve air rights transferred to receiving sites intended for residential or commercial development. The air rights sales range in size from 2,201 to 29,745 square feet. Pricing for these transactions ranged from \$151 to \$500 per square foot of zoning floor area and indicate an overall average of \$308 per square foot.

Transactions of transferable development rights occur throughout New York City. Transferrable development rights typically trade at a discount to the cost or implied value of the receiving site. When assembling a development site, developers will routinely explore massing additional zoning rights from qualified adjacent property or properties, which serve to improve the utility of the receiving site's utility. Property owners do not typically have many qualified receiving sites, as the tax lots must have 10 feet of common lot line frontage, and only landmark properties may grant rights across a street. Inclusionary housing development rights can be transferred over a much larger area. Specifically, these development rights can be transferred within the same community district or within 0.5 miles of the generating site. As a result of the broader market that these can be sold to, as well as the supply of these air rights, they tend to trade at a discount to sales of transferrable development rights from adjacent parcels.

In the subject's community district there is currently 559,801 square feet of inclusionary floor area that was generated through the developments that participated in the inclusionary housing program. At a bonus factor of 1.25, which is the minimum (bonus factors can increase to 3.5 based on the type of development constructed), there are a minimum of 699,751 square feet of zoning floor area that can be sold in the subject's community district.

Additionally, the subject site is located just north of the Special Hudson Yards District. The Special Hudson Yards District zoning regulations were adopted in 2005 and were designed to create opportunities for large scale commercial and residential development throughout the area. The regulations increased the floor area ratios for the underlying zoning districts in the area to permit larger developments. In addition, the City created incentives, such as the District Improvement Fund Bonus (DIB) and the Eastern and Western Rail Yards Transferrable Development Rights to facilitate the neighborhood's transformation. City planners estimate that approximately 9.6 million square feet of zoning floor area will be needed to build out the area. Of this total, 4.9 million square feet can be obtained through the DIB and a program that allows for bonuses along the proposed Hudson Park and Boulevard area. The zoning resolution established a DIB price for these development rights of \$100 per square foot in January 2005. This price is adjusted each year by action of the New York City Planning Commission based upon changes in the Consumer Price Index. The DIB pricing as of the date of value \$160.41 per square foot.

The Special Hudson Yards District is located within the subject's community district and as such, there is significant zoning floor area available at low pricing. This puts downward pressure on pricing for the inclusionary housing rights that can be sold.

Given this transactional evidence in the market, we believe that the appropriate unit price to apply to the subject property's development rights is \$165 per square foot. However, we believe that if the full amount of development rights was purchased by a single entity, they would be used over a period of time. Because of the timing required to utilize the development rights, the purchasing entity would likely purchase them at a discount. Similarly, if the development rights were sold to different development entities it would likely take time to identify and solidify agreements. As such, we have modeled for the development rights to be sold over a 5-year period. We have assumed a 3.0 percent per annum increase in pricing through the sellout period. We have discounted the proceeds from the tranches of sales at a rate of 8.0 percent, which is indicative of the risk associated with this type of transaction. The following chart details our sellout analysis.

SELLOUT OF INCLUSIONARY HOUSING DEVELOPMENT RIGHTS						
Year	1	2	3	4	5	Total
Percent Sold	20%	20%	20%	20%	20%	
SF Sold	19,333	19,333	19,333	19,333	19,333	96,663
Price/SF	\$165.00	\$169.95	\$175.05	\$180.30	\$185.71	
Total	\$3,189,863	\$3,285,558	\$3,384,125	\$3,485,649	\$3,590,218	\$16,935,413
Present Value Interest Factor	0.92593	0.85734	0.79383	0.73503	0.68058	
Discounted Value	\$2,953,576	\$2,816,837	\$2,686,428	\$2,562,056	\$2,443,442	\$13,462,339
Rounded						\$13,000,000
Value Per SF of Development Rights						\$134.49

Therefore, the market value of the inclusionary housing development rights is estimated to be \$13,000,000.

Income Capitalization Approach

Methodology

The Income Capitalization Approach is a method of converting the anticipated economic benefits of owning property into a value through the capitalization process. The principle of “anticipation” underlies this approach in that investors recognize the relationship between an asset’s income and its value. In order to value the anticipated economic benefits of a particular property, potential income and expenses must be projected, and the most appropriate capitalization method must be selected.

The two most common methods of converting net income into value are Direct Capitalization and Discounted Cash Flow. In direct capitalization, net operating income is divided by an overall capitalization rate to indicate an opinion of market value. In the discounted cash flow method, anticipated future cash flows and a reversionary value are discounted to an opinion of net present value at a chosen yield rate (internal rate of return).

In our opinion the discounted cash flow method and direct capitalization methods are appropriate. The discounted cash flow analysis is generally thought to be the best method for evaluating income-producing properties purchased for investment. Forecasted future patterns of income and expenses are modeled to reflect perceived investor expectations. Appraisers make forecasts (not predictions) of future events based upon their understanding of market forces and familiarity with the expectation of typical investors in the property type being appraised.

The market has been researched to identify current leasing trends and activity in competitive and comparable properties, which will assist in determining the most appropriate rental levels to be projected. Coinciding with this investigation, a reasonable determination of appropriate expenses and miscellaneous incomes has also been established. The results of this analysis will provide the basis for an estimate of the projected rents and other incomes and expenses for the property, subject to the current market conditions.

We created a model that seeks to maximize all areas of income and returns, consistent with investor trends in the current New York City marketplace. As such, we have utilized the discounted cash flow methodology in our analysis.

Potential Gross Income - Residential

Generally, New York residential tenants pay a fixed gross rent on a monthly basis. Operating expenses and real estate taxes are the responsibility of the landlord. Residential tenants are also responsible for directly metered electric costs. Tenants may also be charged minor fees for any damages, lost keys, etc.

There are a total of 1,359 residential apartments, of which 1,354 are rentable as 5 units are held offline for the superintendent, model units, and units for administrative purposes. Given the size of the development, this level of offline inventory is considered reasonable and we have modeled accordingly. Of the 1,354 rentable units, 317 are designated as affordable housing units for qualified low income households. The market rate component, which consists of 1,037 rentable units, contains 667,415 square feet of net rentable area. The affordable housing component (317 rentable units) contains 203,231 square feet of net rentable area. Units are located on floors 2 through 58 of the North Tower and floors 2 through 58 of the South Tower. As of the date of value, the residential component is 96.45 percent leased.

The majority of the market rate units in the subject property are rent stabilized because of the 421a tax abatements. However, they are able to obtain a market level of rent. Throughout the report, these residential units are referred to as market rate units.

The residential unit mix is detailed in the chart on the following page:

UNIT MIX										
No.	Unit Type	Average SF	Occupied Market Rate Units	Occupied Affordable Units	No. Vacant Market Rate Units	No. Vacant Affordable Rate Units	Units Occupied	Total No. Units	Total (SF)	Unit Occupancy
1	Studio	466	421	117	19	2	538	559	260,234	96.2%
2	One Bedroom	675	395	110	18	1	505	524	353,467	96.4%
3	Two Bedroom	948	176	87	8	0	263	271	256,945	97.0%
TOTAL/AVERAGE		643	992	314	45	3	1,306	1,354	870,646	96.45%

The subject property's in-place rental revenue, as indicated by the provided rent roll, is illustrated by unit type in the following chart.

SUBJECT PROPERTY RENTAL INCOME - OCCUPIED UNITS									
No.	Unit Type	In Place Rental Revenue							
		Occupied Market SF	In Place Market Rent	Average Market Rent/Month	In Place Market \$/SF	Occupied Affordable SF	In Place Affordable Rent	Average Affordable Rent/Month	In Place Affordable \$/SF
1	Studio	196,983	\$17,374,397	\$3,439	\$88.20	53,158	\$1,132,355	\$807	\$21.30
2	One Bedroom	270,130	\$21,598,581	\$4,557	\$79.96	70,632	\$1,065,113	\$807	\$15.08
3	Two Bedroom	171,360	\$13,197,956	\$6,249	\$77.02	77,925	\$1,223,306	\$1,172	\$15.70
TOTAL/AVERAGE		638,473	\$52,170,935	\$4,383	\$81.71	201,715	\$3,420,774	\$908	\$16.96

Prior to the COVID-19 pandemic, most landlords in the area indicated that concessions were not being offered in the market, with the exception of new buildings in the initial lease-up phase. The pandemic caused disruption in the market with higher levels of lease renewals in buildings as movement restrictions and social distancing requirements made moving to new apartments more difficult during the early months of the pandemic. Given the environment during the pandemic, many landlords of stabilized assets began negotiating increased concessions for new leases inclusive of free rent, owner paid leasing commissions, and in some cases paying moving costs. The concessions witnessed in the market were due to a decrease in occupancy as households that can avail themselves of seasonal homes or other family-owned housing options have taken that initiative as the City was faced with a longer and stricter response to the coronavirus.

New leasing activity was strong in late 2020 and continued to strengthen through 2021 and 2022. As a result, landlords in most submarkets started to reduce the concession levels offered. New leasing activity reached record levels by the end of the third quarter of 2021. Leasing activity continued to surge through the balance of 2021 and into 2022. Although rental rates plateaued in late 2022 and early 2023, rents in the second quarter of 2023 reached all-time highs. At present, concessions in New York City have decreased significantly, or completely. Most landlords in the City have eliminated concessions. Buildings within their initial lease up are typically offering one month of free rent, consistent with pre-pandemic behavior.

As of the date of value, no concessions are being offered at the subject property for new or renewal leases. Although the fundamentals of the rental market are strong with high levels of occupancy at the property, we have modeled for concessions in Years 2 and 3. The concessions modeled are discussed within the Absorption subsection on a following page.

Market Rate Component

According to the rent roll, the 992 occupied market rate units currently achieve a total rent of \$52,170,935 per year, which equates to an average rent of \$81.71 per square foot and \$4,383 per unit per month. Leasing activity has been strong in the past several months. In 2024, there have been 117 new leases signed (non-renewal leases). These leases indicate an average rent of \$90.95 per square foot. The most recent leasing ranges from a low of \$66.43 per square foot to a high of \$123.98 per square foot.

Market Rental Rates

In order to evaluate the potential rents for market based units we surveyed the competitive market to determine what market rate buildings in residential areas similar to the subject's are offering. From interviews with the leasing agents of the properties, we were able to verify the unit mix and square footages within the competitive properties and the rental ranges associated with each unit type.

Competitive Apartment Projects														
Property Information					Quoted Monthly Rent									
No.	Property Name Address	Number of Units	Year Built	Number of Stories	Beds/ Baths	Unit Size (SF)			Quoted Rent per Month			Quoted Rent \$/SF/Year		
1	Sky 605 West 42nd Street New York	1,175	2017	71	Studio	463			\$3,620			\$93.91		
					1 Bedrm	633			\$4,855			\$92.11		
					2 Bedrm	1,032			\$7,375			\$85.74		
					3 Bedrm									
2	Ivy Tower 350 West 43rd Street New York	321	2003	41	Studio	493			\$3,430			\$83.57		
					1 Bedrm	710			\$4,312			\$72.84		
					2 Bedrm	1,109			\$6,349			\$68.72		
					3 Bedrm									
3	Riverbank West 560 West 43rd Street New York	418	1987 / 2019	44	Studio	401			\$3,479			\$104.15		
					1 Bedrm	646			\$4,432			\$82.35		
					2 Bedrm	928			\$6,740			\$87.19		
					3 Bedrm									
4	The Victory 561 Tenth Avenue New York	417	2002	47	Studio	580			\$3,654			\$75.60		
					1 Bedrm	648			\$4,273			\$79.13		
					2 Bedrm	967			\$6,806			\$84.46		
					3 Bedrm									
5	555 Ten 555 Tenth Avenue New York	598	2017	51	Studio	447			\$3,754			\$100.76		
					1 Bedrm	667			\$5,027			\$90.43		
					2 Bedrm	984			\$7,366			\$89.86		
					3 Bedrm	1,356			\$10,663			\$94.35		
6	MMA 450 West 42nd Street New York	630	2011	60	Studio	556			\$4,739			\$102.22		
					1 Bedrm	744			\$5,932			\$95.70		
					2 Bedrm	1,031			\$8,134			\$94.64		
					3 Bedrm									
7	Lyra 555 West 38th Street New York	590	2022	51	Studio				\$4,159					
					1 Bedrm				\$5,939					
					2 Bedrm				\$8,361					
					3 Bedrm									
8	Gotham West 550 West 45th Street New York	553	2012	32	Studio	491			\$3,910			\$95.54		
					1 Bedrm	654			\$4,842			\$88.83		
					2 Bedrm	1,092			\$7,690			\$84.49		
					3 Bedrm									
9	The Landon 520 West 43rd Street New York	375	1996 / 2014	35	Studio	466			\$3,814			\$98.21		
					1 Bedrm	653			\$4,844			\$89.02		
					2 Bedrm	808			\$6,390			\$94.90		
					3 Bedrm									
Statistics						Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Low :		321		32	Studio	401	580	487	\$3,430	\$4,739	\$3,840	\$75.60	\$104.15	\$94.25
High:		1175		71	1 Bedrm	633	744	669	\$4,273	\$5,939	\$4,940	\$72.84	\$95.70	\$86.30
Average:		564		48	2 Bedrm	808	1,109	994	\$6,349	\$8,361	\$7,246	\$68.72	\$94.90	\$86.25
Totals:		5,077			3 Bedrm	1,356	1,356	1,356	\$10,663	\$10,663	\$10,663	\$94.35	\$94.35	\$94.35

Compiled by Cushman & Wakefield, Inc.; CoStar

The comparables exhibited a wide unadjusted range in average rental rate. Location, condition of the apartments, level of amenities, and building height are the most critical factors affecting the average rent achievable within apartment buildings. When comparing the comparables to the subject it is necessary to adjust for these factors as well as for unit size, layout, exposure, apartment finish and level of service within the buildings. Buildings with superior qualities and service require negative adjustments, while those with inferior qualities and services require positive adjustments. In our analysis of the current market rental rates for these units, we used the rent per square foot measure. The rent per square foot unit of comparison is the most widely used for these types of buildings.

Based on the evidence of the subject's market, the subject's current performance, and the level of finish of apartments, coupled with the level of physical and service amenities and the overall location, we conclude to a market rent of \$90.00 to \$94.00 per square foot on average, for all unit types. We have reconciled this range to a conclusion of \$92.00 per square foot. We believe this is reasonable for units in the size range of the subject with the luxury level of finish and within a building with excellent access to light and air and competitive physical and service amenities. Our conclusion is within the range of the comparable set and in line with the most recent rents at the subject property.

Affordable Housing Component

According to the rent roll, the 314 occupied affordable housing units currently achieve a total rent of \$3,420,774 per year, which equates to \$16.96 per square foot. According to ownership, the rental rates for the affordable housing units were established at 40, 50, and 80 percent of the area median income.

Ownership is not offering concessions for residents of these units. This is typical in the market.

Income Qualifications and HUD Fair Market Rents

The following chart details the income qualifications as set by the Department of Housing and Urban Development (HUD) for 2024. These income limits and the subsequent rental rates are established by HUD each May and become effective in January of the following year. The New York City Department of Housing Preservation and Development uses the HUD income qualifications as a base and establishes its own limits for the City.

As detailed, the income limits are established based on a combination of the number of people in the household and a percentage of area median income. The chart below details the various percent area median income limits for the New York metropolitan area. It should be noted that the income limits in many parts of the country are based on county. However, in New York City, there are no county differences. The 40, 50, and 60 percent area median income limitations are classified as low income thresholds while the 80 percent area median income limit is classified as a moderate income threshold. Median income thresholds above 80 percent are considered to be above moderate income levels. Median income thresholds below 40 percent are considered to be at the very low income level.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT & NEW YORK CITY DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT INCOME QUALIFICATIONS (BASED ON NO. IN HOUSEHOLD) NYC METRO AREA								
	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7-Person	8-Person
195% AMI Limit	\$211,965	\$242,385	\$272,610	\$302,835	\$327,015	\$351,195	\$375,570	\$399,750
150% AMI Limit	\$163,050	\$186,450	\$209,700	\$232,950	\$251,550	\$270,150	\$288,900	\$307,500
130% AMI Limit	\$141,310	\$161,590	\$181,740	\$201,890	\$218,010	\$234,130	\$250,380	\$266,500
125% AMI Limit	\$135,875	\$155,375	\$174,750	\$194,125	\$209,625	\$225,125	\$240,750	\$256,250
110% AMI Limit	\$119,570	\$136,730	\$153,780	\$170,830	\$184,470	\$198,110	\$211,860	\$225,500
100% AMI Limit	\$108,700	\$124,300	\$139,800	\$155,300	\$167,700	\$180,100	\$192,600	\$205,000
90% AMI Limit	\$97,830	\$111,870	\$125,820	\$139,770	\$150,930	\$162,090	\$173,340	\$184,500
80% AMI Limit	\$86,960	\$99,440	\$111,840	\$124,240	\$134,160	\$144,080	\$154,080	\$164,000
70% AMI Limit	\$76,090	\$87,010	\$97,860	\$108,710	\$117,390	\$126,070	\$134,820	\$143,500
60% AMI Limit	\$65,220	\$74,580	\$83,880	\$93,180	\$100,620	\$108,060	\$115,560	\$123,000
50% AMI Limit	\$54,350	\$62,150	\$69,900	\$77,650	\$83,850	\$90,050	\$96,300	\$102,500
40% AMI Limit	\$43,480	\$49,720	\$55,920	\$62,120	\$67,080	\$72,040	\$77,040	\$82,000
30% AMI Limit	\$32,610	\$37,290	\$41,940	\$46,590	\$50,310	\$54,030	\$57,780	\$61,500

Based on the income limits established by HUD for the various categories of area median income, the New York City Department of Housing Preservation and Development (HPD) establishes rental rates for each unit type. These rental rates are established in May and become effective in December of that year. The following chart details the most recent rental rates for each unit type. It is important to note that the rental rates are the same for all areas of the City. Additionally, these rental rates exclude a utility allowance as new buildings are typically sub metered and tenants are responsible for utility payments.

NEW YORK METROPOLITAN AREA RENTAL RATES BASED ON AREA MEDIAN INCOME LIMITS FOR 2024 - DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT						
		30% of Median	60% of Median	80% of Median	100% of Median	130% of Median
Bedrooms	Persons	Maximum Rent	Maximum Rent	Maximum Rent	Maximum Rent	Maximum Rent
0 Bedroom	1.0	\$815	\$1,630	\$2,173	\$2,717	\$3,532
1 Bedroom	1.5	\$874	\$1,747	\$2,329	\$2,912	\$3,785
2 Bedroom	3.0	\$1,049	\$2,097	\$2,796	\$3,495	\$4,544
3 Bedroom	4.5	\$1,211	\$2,422	\$3,229	\$4,037	\$5,248
4 Bedroom	6.0	\$1,351	\$2,701	\$3,601	\$4,502	\$5,852
5 Bedroom	7.5	\$1,491	\$2,982	\$3,976	\$4,970	\$6,461

Additionally, each year HUD establishes a fair market rent for each metro area. This is used to determine the amounts of subsidy (if applicable) to be paid by HUD and detailed in each tenant's rental contract for certain types of affordable housing units.

The chart below details the 2024 fair market rental rates for the New York Metro area. Again, no distinction is made by HUD for the counties in New York City.

DEPARTMENT OF HOUSING AND URBAN RENEWAL FAIR MARKET RENTS NYC METRO AREA					
	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Rent/Month	\$2,386	\$2,451	\$2,752	\$3,434	\$3,700

The fair market rents detailed in the chart above are indicative of a market level of rent according to HUD. It is important to note HUD established these rental rates based on unit type irrespective of the size of the units. The program rents for the affordable housing units, as provided to the appraisers, appear to be within the range of rental rates established by HPD.

Absorption

As previously noted, the subject property is 96.45 percent occupied as there are 45 vacant market rate units and 3 vacant affordable housing units. The vacant market rate units contain 28,942 square feet and the vacant affordable housing unit contains 1,516 square feet.

For the first year of our analysis, we have grossed up the revenue for the vacant market rate units. This is reasonable given the subject's location and quality, as well as the relatively low vacancy rate in Manhattan over the long-term. Applying the concluded market rent of \$92.00 per square foot to vacant market rate units (28,942 square feet) equates to a total annual rental income of \$2,662,664. For the affordable housing units, we have modeled for an average rent equivalent to the in-place rent for each particular unit type. Total annual revenue from the vacant affordable housing units equate to \$29,052.

We have modeled for the leasing costs associated with leasing the vacant market rate units. Given the number of vacant market rate apartments and the pace of absorption being witnessed in the market, which has been strong the past 24 months, we have modeled for all of the units to be leased within 1 month. As such, we have modeled for lost revenue equivalent to 1 month's rent from the vacant units. Additionally, we have modeled for a leasing commission equivalent to 1 month's rent. We have also modeled for a concessions equivalent to 1 month's free rent. For the vacant affordable housing units, we have modeled for lost rent equivalent to 1 month's rent.

Total leasing costs for the residential units equates to \$668,087 and has been considered in our analysis.

We have also modeled for a concession of 3 month's rent for 50 percent of the market rate revenue in Years 2 and 3. These concessions were modeled to facilitate the increase of market rate rents to market levels by Year 3 of the analysis. This is consistent with market trends and models employed by investors of assets similar to the subject.

Residential Rental Increases

The New York City market is highly competitive for a variety of reasons, including high barriers to entry, the limited supply of quality assets for sale, and size of overall acquisitions. In highly competitive markets, purchasers typically have to stretch in order to win deals in the bidding process, while maintaining minimum yield requirement parameters. Given the analysis of supply and demand presented earlier and the state of the economy, we believe that a long-term increase in unfettered market rate rental rates of 3.5 to 4.0 percent is reasonable. We believe this increase is reasonable and indicative of market behavior. However, we note that given the supply constraints in the overall residential market and very low vacancy rates, many investors were modeling for higher levels of growth over projected holding periods. The chart below illustrates the growth rates recently modeled by the investors acquiring comparable Class A assets in New York City up until early 2019, prior to the implementation of the new housing legislation.

Investor Growth Rate Assumptions				
Location	Asset Type	Investor	Growth Rate Assumptions	Average Annual Growth Rate
Tribeca	Class A - 95/5 Mixed-Use Apartment Building	Institutional Investor	6.0%, 6.0%, 5.0%, 4.0% thereafter	4.50%
Lower East Side	Class A - 80/20 Mixed-Use Apartment Building	Private Real Estate Investment Firm	6.5%, 6.5%, 6.0%, 5.5%, 4.5%, 4.0% thereafter	4.90%
Upper East Side	Class A - 80/20 Mixed-Use Apartment Building	Private Real Estate Investment Firm	4.00%	4.00%
Williamsburg, Brooklyn	Class A - Market Rate Apartment Building	Institutional Investor	3.5%, 3.73%, 3.85%, 3.92% thereafter	3.85%
Williamsburg, Brooklyn	Class A - 80/20 Mixed-Use Apartment Building	Institutional Investor	3.7% Years 1-5, 3.9% thereafter	3.80%
Long Island City, Queens	Class A - Market Rate Apartment Building	Private Real Estate Investment Firm	4.00%	4.00%

The 2019 changes to the rent legislation and the COVID-19 pandemic caused significant disruptions to the market. As previously indicated leasing activity strengthened significantly in 2021 and 2022. From the trough period in early 2021 through the second quarter of 2023, average rents increased by nearly 50.0 percent in Manhattan. Rent growth has moderated over the past year, although average rents remain at or near record highs.

The Manhattan rental market continues to be supply constrained. Land pricing in the most recent development cycle was such that most developers needed to construct condominium developments to get a sufficient return. The outer boroughs witnessed significantly more rental construction given the lower relative price points for land. The most significant factor that will impact the supply of rental housing in the City and therefore on rental rates was the expiration of the Affordable New York Program. As of June 15, 2022, the program lapsed without a replacement program. Although recent housing legislation has introduced a new tax abatement (485x) and extended the deadline for projects to be completed under the prior Affordable New York Program (previously June 2026), the effect on supply from the nearly 2-year pause will still impact the overall market. As a result, market participants are modeling for substantial rent growth in the near term, given the supply constraints in the city and overall market fundamentals.

Some recent examples of investor sentiment include an institutional owner in Greenpoint with a new development that is part of the Greenpoint Landing master plan. The ownership entity of that asset is modeling for 4.0 percent rent growth in the next 3 years. This is despite the increases in supply to that submarket as a result of the master plan, which should deliver another 4 buildings during that time. Another institutional owner of a 2009 vintage building in Chelsea is modeling for 6.0 percent rent growth in 2024 given the lack of supply in the surrounding area. In Downtown Brooklyn, we are familiar with an ownership entity for a newly constructed development that is modeling for 5.0 percent rent growth over the course of their holding period.

Overall, investors purchasing market rate assets are modeling for growth rates of 3.5 to 4.5 percent per year on average, over a 10-year holding period. Investors in New York City multifamily assets are indicating very long anticipated holding periods. On a long-term basis, we believe a 3.5 percent increase is reasonable and indicative of market behavior.

The subject property receives tax benefits emanating from the 421a tax abatement program. As such, the units are subject to rent regulations for the duration of the abatement. Due to a vacancy bonus, which averaged 16 to 18 percent with each vacancy over the last 5 to 10 years, these units were previously able to achieve a market level of rent. Legal rents would typically outpace market increases. However, as a result of the Housing Stability and Tenant Protection Act of 2019, the vacancy bonus was eliminated and the allowable rent increases for rent stabilized units is applicable to the legal rent for an apartment.

The Rent Guidelines Board announces new rental rate increases in June of each year. At the most recent meeting in June 2024, the Rent Guidelines Board voted to permit increases of 2.75 percent for one-year lease renewals. For two-year lease renewals, the Board voted to permit an increase of 5.25 percent. The level of increases has not been commensurate with the increases in market rents throughout the City over the past several years. As such, rent growth will continue to be impaired for these assets, although the impairment is not considered meaningful for assets where the legal rents are significantly higher than the in-place rental rates. Based on the information provided by ownership, the current market rents achieved by the occupied units are 33.11 below the legal rents. As such, the limits to rent growth are more limited at the subject property.

Under the current rent legislation, the allowable rent increases for rent stabilized units is applicable to the legal rent for an apartment. In addition to the annual increases promulgated by the Rent Guidelines Board, ownership entities of assets receiving a 421a tax abatement are permitted an additional increase of 2.2 percent in each year of the phase-out of the abatement. Similarly, this increase is applicable to the legal rent for an apartment. Landlords are permitted to charge a market rent up to the level of the legal rent should the market be able to bear that amount. At the expiration of the 421a tax abatement and upon rollover of any existing tenant at that time, market rate residential units would be deregulated and would no longer be subject to rent stabilization.

The subject's 421a tax abatements are already in their phase-out period. As such, the legal rents can be increased 2.2 percent in addition to the normal increases for a 1 or 2-year lease. Landlords are permitted to collect this 2.2 percent increase should the market be able to bear that amount (that the total charge is considered to be below market). We have analyzed the in-place rents and considered our market rent conclusion, as well as our growth rate assumptions. Based on our analysis, ownership will be able to collect the 2.2 percent rent increase and will not be inhibited from higher growth. Fifty percent of the units are modeled to achieve a market level of rent by Year 2 of the analysis and all of the units are modeled to achieve a market level of rent by Year 3. In order to achieve a market level of rent, we have modeled for additional lease up costs, inclusive of concessions, which are detailed in the Absorption subsection on a previous page. We have modeled for rent growth of 3.5 percent per annum in subsequent years.

Total Income – Residential Sources

Total potential income for all residential sources equates to \$58,283,425 (\$52,170,935 from the occupied market rate units, \$3,420,774 from the occupied affordable housing units, \$2,662,664 from the vacant market rate units, and \$29,052 from the vacant affordable housing units) in the first year of our analysis.

Potential Gross Income – Retail

As previously described, there is a retail component containing a total of 21,399 square feet of rentable space (16,131 square feet on the ground floor and 5,268 square feet in the cellar). The retail component is currently subdivided into 6 suites. The retail component has frontage along West 41st and West 42nd Streets and Eleventh Avenue. Two suites also have frontage along the park between the subject development and the adjacent River Place development. There is also one suite that only has frontage along the interior courtyard between the two towers.

The retail component is currently 100 percent leased. Details of the subject's commercial component are presented in the chart on the following page.

SUBJECT PROPERTY COMMERCIAL COMPONENT									
Tenant Name	Suite #	Frontage	Start Date	End Date	Ground Floor Area (SF)	Lower Level Area (SF)	Total Area (SF)	Current Rent	Rent/SF
Vivvi 6, LLC	100	West 42nd Street	7/2022	1/2038	5,216	1,507	6,723	\$286,290	\$42.58
Sunac Natural Food	300	Corner West 42nd Street & Eleventh Avenue	5/2012	2/2038	7,541	3,761	11,302	\$666,704	\$58.99
Biscuits & Bath Hells Kitchen, LLC	500	Not Street frontage; fronts the park	7/2021	12/2031	400	0	400	\$18,225	\$45.56
Brisal Cleaners Corp.	400	West 41st Street	7/2011	12/2031	956	0	956	\$80,858	\$84.58
Coffee People 42 LLC	600	Interior Courtyard	12/2014	6/2025	1,000	0	1,000	\$27,537	\$27.54
Headline News	200	West 42nd Street	4/2011	3/2030	1,018	0	1,018	\$95,050	\$93.37
					16,131	5,268	21,399	\$1,174,664	\$54.89
Occupied					16,131	5,268	21,399	\$1,174,664	\$54.89
Vacant					0	0	0		
Total Commercial Space					16,131	5,268	21,399		

*The rent reflected for this tenant considers the remaining free rent.

The rental rates detailed above reflect the rent for the ensuing 12 months from the date of value (July 1, 2024 for modeling purposes) and reflect stipulated rent increases in the leases. Additionally, the rent per square foot detailed in the chart above reflects the rent based on the total square footage for the particular suites (both above and below grade). Two of the suites (Vivvi 6, LLC and Sunac Natural Food) have sizable below grade areas that are usable and not just used for storage. Based on our review of the lease abstracts provided, there is no remaining free rent to be incurred by ownership.

All of the fixtures and equipment contained in the leased retail units are owned by the tenants. The retail tenants are separately metered for gas, electric, and water utilities and is responsible for direct payment of these utilities. However, the tenants are responsible for a reimbursement payment based on a pro-rata share of real estate taxes over a base year. The details of the reimbursement payments are described in a subsequent subsection.

Typically, retail tenants have long term leases ranging from 5 to 15 years. Retail tenants are also generally charged for electricity (directly metered) and real estate tax escalations. In order to determine if the rental rates for the currently leased retail suites are at market, we have survey lease transactions in the surrounding area. The chart on the following page details our findings.

RETAIL RENT COMPARABLES							
COMP.	ADDRESS	TENANT	LEASE DATE	TERM (YRS.)	TOTAL (SF)	GROUND FLOOR (SF)	GROUND FLOOR RENT/SF
1	555 West 57th Street	Horizon of Khufu	4Q 2023	10	11,741	11,741	\$64
2	796 Ninth Avenue	Soiree	3Q 2023	N/A	1,000	1,000	\$120
3	455 West 37th Street	Friedman's Restaurant	3Q 2023	15	2,114	2,114	\$80
4	649 West 42nd Street	West Pier Market	3Q 2023	10	3,500	3,500	\$50
5	415 Tenth Avenue	Los Tacos No. 1	1Q 2023	10	3,000	3,000	\$120
6	127 West 43rd Street	The Mermaid Inn	1Q 2023	20	17,000	17,000	\$46
7	233 West 49th Street	Empire Steakhouse	1Q 2023	15	2,400	2,400	\$80
8	499 Tenth Avenue	D For Doggy	4Q 2022	N/A	3,202	3,202	\$40
9	470 West 42nd Street	F45 Fitness	4Q 2022	10	2,154	2,154	\$90
10	829 Tenth Avenue	Champion Martial Arts	2Q 2022	10	2,200	1,200	\$90
11	311 West 43rd Street	Fushimi NYC	1Q 2022	10	20,000	12,405	\$40
12	510 West 42nd Street	La Casa del Mofongo	1Q 2022	15	10,000	10,000	\$54
					MINIMUM	1,000	\$40
					MAXIMUM	20,000	\$120
					AVERAGE	6,526	\$73

The chart on the prior page details the rental rates for 12 comparables in the areas surrounding the subject property. The retail rent comparables presented above an unadjusted rental rate range for grade level space from \$40 to \$120 per square foot and develop an overall average of \$73 per square foot.

The area immediately surrounding the subject property is not a significant retail corridor. The retail component has frontage along West 41st and West 42nd Streets and Eleventh Avenue. Two suites also have frontage along the

park between the subject development and the adjacent River Place development. There is also one suite that only has frontage along the interior courtyard between the two towers. Given foot traffic patterns and the size of the subject and nearby developments, the retail component mostly services the residents in the nearby buildings.

The chart below details our rent conclusions for the subject's retail component.

COMMERCIAL COMPONENT RENT CONCLUSIONS					
Tenant Name	Ground Floor Rent PSF	Below Grade Rent PSF	Implied Market Rent PSF	Current Rent PSF	
Vivvi 6, LLC	\$80.00	\$30.00	\$68.79	\$42.58	At Market
Sunac Natural Food	\$100.00	\$30.00	\$76.71	\$58.99	Below Market
Biscuits & Bath Hells Kitchen, LLC	\$50.00	N/A	\$50.00	\$45.56	Generally At Market
Brisal Cleaners Corp.	\$85.00	N/A	\$85.00	\$84.58	At Market
Coffee People 42 LLC	\$30.00	N/A	\$30.00	\$27.54	Generally At Market
Headline News	\$100.00	N/A	\$100.00	\$93.37	Generally At Market

As detailed above only 1 of the suites is considered to be below market. We have modeled for revenue from this component based on the terms of the existing leases. Total revenue from the commercial component in Year 1 is \$1,174,664.

The following leasing assumptions have been used for rollover during the holding period.

Leasing Assumptions

Lease Terms

Lease term, work letter and free rent vary based upon size. Typical retail leases are five to fifteen years in duration. We have assumed a 15-year lease term for all future commercial tenants.

Renewal Probability

Regarding lease expirations, we have assumed a 65 percent renewal probability of upon expiration of each primary lease term. This assumption is based on retention rates quoted by owners and managers of competitive properties.

Downtime

Vacancy between leases includes the period of actual downtime and the construction period to build out tenant spaces. We have modeled for 6 months of downtime, which is supported by discussions with commercial leasing brokers.

Free Rent

Free rent, calculated from the time the new tenant takes occupancy, ranged from 3 to 6 months for retail tenants in the market for comparable properties. We have assumed a 6-month free rent period for new tenants, which considers the overall size of the suites and their location. Renewal tenants are provided with three months of free rent.

Tenant Improvement Allowance

Retail leases do not typically offer a tenant improvement allowance. However, given the current circumstances impacting the retail sector, which is still broadly recovering from the effects of the pandemic, investors are modeling for tenant improvement allowances ranging from \$25 to \$100 per square foot for a new lease and an amount equivalent to 50 percent of the new lease allowance for a renewal. We have modeled for tenant improvement allowances of \$50 per square foot for new leases, and \$25 per square foot for renewals. g

Leasing Commissions

Leasing commissions have been based upon the generally accepted standard schedule for New York City. Leasing commissions are typically higher for new tenants than renewal tenants. A new tenant typically causes a full commission to be paid, whereas a renewing tenant typically results in a half commission. We have incorporated this standard assumption in our cash flow projection. For new retail tenants we modeled for leasing commissions of 3.5 percent of the total lease revenue. Renewal tenants are modeled for a commission of 1.75 percent of the total lease revenue. Our conclusion considers the lease-term assumption.

Reimbursement Revenue

Real Estate Taxes

The existing leases have clauses that require the tenants to pay a recovery for increases in real estate taxes over a base year. This is typical in the market. We have modeled for reimbursement revenue based on the tenants' pro-rata share and base year recovery clauses. We have estimated a reimbursement recovery for real estate taxes of \$117,506 in the first year of our analysis. In our analysis, we have assumed any future leases are based on the same pro-rata share amounts as currently existing for a particular suite.

Potential Gross Income – Parking

The parking garage is located in the basement below the South Tower. The 30,000 square foot, below-grade parking garage has a total capacity of 161 spaces. The garage is accessible from both West 41st and West 42nd Streets. The interior courtyard has driveway access from both streets and allows for access to the garage entrance, which is located adjacent to the South Tower. The parking garage is operated under a management agreement. Under the terms of the management agreement, ownership is responsible for the payment of a management fee of \$60,000 per year and collects the revenue net of operating expenses.

Parking facilities are generally operated in one of two ways. The first method is a management agreement between the building owner and a parking garage operator. The property owner provides the garage operator with the necessary equipment to operate the parking facility. Management agreements are usually short term in duration and guarantee the garage operator a fixed monthly income along with incentives based on the facility's annual net income performance. The landlord is entitled to all the income generated by the garage and is also responsible for all expenses. The second method of parking garage operation is a net lease agreement between the building owner and a parking garage operator. The parking garage operator (tenant) guarantees a rental income to the landlord based on a long-term lease agreement.

In the case where parking facilities are net leased to an operating tenant, the landlord generally has no input into the rates, which the garage can charge. In such a case with a management agreement, the building owner has a significant impact on the parking rates. All things being equal, the net rent charged to a parking garage tenant should be consistent with the projected net income generated by the operation of the parking business. Many net lease agreements are negotiated based upon the amount of income the parking garage operation is able to generate.

There is high demand for off street parking within New York City. We have been provided with the historical parking revenue for the subject property, which has steadily increased over the past several years. The subject's garage is leased to a third-party operator under a management agreement.

In the prior 3 historical years, parking revenue was \$684,441 (2021), \$754,231 (2022), and \$849,929 (2023). Based on the historical revenue, we have modeled for parking revenue of \$850,000 in Year 1 of the holding period. Parking revenue has been grown at a rate of 3.5 percent per annum throughout the holding period.

Potential Gross Income – Other Sources

Amenity Revenue

Amenities in the building are commensurate for a rental development of this tier. Amenities include a few 24-hour attended lobbies. The development contains a large amenity space located on the 7th floor which connects through both towers. The amenity floor includes a residential lounge with seating areas, nail salon, lap pool, sauna and steam rooms, men's and women's locker rooms, and a large, high-end fitness center. There is also a large outdoor terrace. All areas of the amenity floor have WiFi access. In addition, there is a below grade parking garage containing 161 spaces.

Ownership charges \$110 per month for the first household member in each apartment to access the amenities. Monthly fees increase by \$65 per month for a second or third household member and by \$95 for a fourth household member. This is generally consistent with the amenity fees at area buildings that range from \$50 to \$200 per person and depend on the level of amenities offered.

In 2021, amenity revenue generated at the property was \$89,020, however, amenity revenue at the subject property was impacted by the COVID-19 pandemic, which was still impacting the market in 2021. Amenity revenue increased in 2022 and 2023 to \$417,697 and \$361,225, respectively.

We budgeted for amenity revenue of \$375,000. We believe this to be reasonable given increases witnessed in the historicals and considering the level of physical and service amenities offered at the property. We have increased this revenue by 3.5 percent per annum throughout the holding period.

Miscellaneous Revenue

The miscellaneous revenue includes income from forfeited security deposits and interest income, bicycle storage, valet, and miscellaneous fees (i.e., lost keys, lock replacement, application fees, pet fees, forfeited deposits, laundry, etc.). We budgeted a line item of \$250,000 for miscellaneous revenue. This level of income is in line with the historicals and consistent with developments of this size and nature. Our projection considers historical revenues prior to the pandemic and considers the changes in the rent legislation, which has limited certain fees that landlords can charge.

Potential Gross Revenue

The potential gross revenue in year one from all sources is \$61,050,595. The following calculation details the revenue from all sources for the first year of our analysis.

POTENTIAL GROSS INCOME	
Potential Rental Income	Annual Rent
Residential Revenue - Market	\$54,833,599
Residential Revenue - Affordable	\$3,449,826
Commercial Revenue	\$1,174,664
Reimbursement Revenue	\$117,506
Parking Revenue	\$850,000
Amenity Revenue	\$375,000
Miscellaneous	\$250,000
Total Gross Revenue	\$61,050,595

Compiled by Cushman & Wakefield, Inc.

Vacancy and Collection Loss

Both the investor and the appraiser are primarily interested in the annual revenue an income producing property is likely to produce over a specified period of time, rather than the income it could produce if it were always 100 percent occupied and all tenants were paying their rent in full and on time. A normally prudent practice is to expect some income loss as tenants vacate, fail to pay rent, or pay their rent late. We analyzed the vacancy of the overall and immediate market. In our analysis of the subject property, we forecast that residential rental units will have a 2.00 percent weighted average global vacancy charge on a stabilized basis. Our global vacancy factor assumes an additional average annual collection loss rate of 1.00 percent on a stabilized basis. These estimates are supported by our survey of occupancy rates at competing projects, on a stabilized basis. As such overall vacancy and collection loss for residential revenue on a stabilized basis is modeled to be 3.0 percent.

We have modeled for a vacancy and collection loss of 5.0 percent for all other sources of revenue.

Overall vacancy and collection loss is projected at \$1,886,861 in the first year of analysis.

Effective Gross Revenue

The effective gross revenue in year one from all sources is \$59,163,734.

Operating Expenses and Net Operating Income

Typically, an appraiser attempts to use the subject's historical operating expense data supported by comparable expense data. We requested and were provided with the audited historical expenses for calendar years 2021 through 2023. These are detailed in the chart on the following page. We were also provided with the 2024 budget, although the categorization of revenue and expenses is different from the historical years. As such, we have not included this information.

The historical statements do not breakdown market rate and affordable housing income. We have details total residential revenue on the market rate line item for display purposes. We forecast the property's operating expenses after reviewing operating expenses of the subject property, as well as comparable buildings.

REVENUE AND EXPENSE ANALYSIS

	2021 Actual			2022 Actual			2023 Actual			C&W Forecast		
POTENTIAL GROSS REVENUE	Total	Per Unit	PSF	Total	Per Unit	PSF	Total	Per Unit	PSF	Total	Per Unit	PSF
Residential Revenue - Market	\$38,048,403			\$47,849,573			\$53,629,707			\$54,833,599		
Residential Revenue - Affordable	\$0			\$0			\$0			\$3,449,826		
Commercial Revenue	\$715,244			\$821,085			\$953,880			\$1,174,664		
Reimbursement Revenue	\$0			\$0			\$0			\$117,506		
Parking Revenue	\$684,441			\$754,231			\$849,929			\$850,000		
Amenity Revenue	\$89,020			\$417,697			\$361,225			\$375,000		
Miscellaneous	\$2,547,475			\$2,691,107			\$151,555			\$250,000		
TOTAL POTENTIAL GROSS REVENUE	\$42,084,583			\$52,533,693			\$55,946,296			\$61,050,595		
Vacancy & Collection Loss	(\$343,574)			(\$969,755)			(\$675,835)			\$1,886,861		
EFFECTIVE GROSS REVENUE	\$41,741,009			\$51,563,938			\$55,270,461			\$59,163,734		
EXPENSES	Total	Per Unit	PSF	Total	Per Unit	PSF	Total	Per Unit	PSF	Total	Per Unit	PSF
Real Estate Taxes	\$1,541,723	\$1,134	\$1.47	\$1,888,723	\$1,390	\$1.80	\$3,307,395	\$2,434	\$3.15	\$15,271,324	\$11,237	\$14.55
Property Insurance	\$1,141,891	\$840	\$1.09	\$1,315,447	\$968	\$1.25	\$1,238,944	\$912	\$1.18	\$1,311,801	\$965	\$1.25
Salary & Benefits	\$8,466,039	\$6,230	\$8.07	\$7,831,893	\$5,763	\$7.46	\$8,137,499	\$5,988	\$7.75	\$8,395,528	\$6,178	\$8.00
Utilities	\$1,173,002	\$863	\$1.12	\$1,201,905	\$884	\$1.15	\$1,579,717	\$1,162	\$1.51	\$1,679,106	\$1,236	\$1.60
Water and Sewer	\$761,486	\$560	\$0.73	\$779,857	\$574	\$0.74	\$829,335	\$610	\$0.79	\$892,025	\$656	\$0.85
Repairs and Maintenance	\$2,346,849	\$1,727	\$2.24	\$2,304,158	\$1,695	\$2.20	\$2,177,064	\$1,602	\$2.07	\$2,256,298	\$1,660	\$2.15
General and Administrative	\$1,627,198	\$1,197	\$1.55	\$1,631,042	\$1,200	\$1.55	\$1,514,373	\$1,114	\$1.44	\$1,574,162	\$1,158	\$1.50
Legal and Professional Fees	\$572,488	\$421	\$0.55	\$751,878	\$553	\$0.72	\$923,834	\$680	\$0.88	\$892,025	\$656	\$0.85
Painting and Supplies	\$1,267,195	\$932	\$1.21	\$1,093,687	\$805	\$1.04	\$1,558,059	\$1,146	\$1.48	\$339,750	\$250	\$0.32
Management	\$1,313,834	\$967	\$1.25	\$1,529,569	\$1,126	\$1.46	\$1,692,237	\$1,245	\$1.61	\$892,025	\$656	\$0.85
Reserves	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$567,619	\$418	\$0.54
Miscellaneous	\$102,926	\$76	\$0.10	\$191,747	\$141	\$0.18	\$85,834	\$63	\$0.08	\$104,944	\$77	\$0.10
TOTAL EXPENSES	\$20,314,631	\$14,948	\$19.36	\$20,519,906	\$15,099	\$19.55	\$23,044,291	\$16,957	\$21.96	\$34,176,606	\$25,148	\$32.57
NET OPERATING INCOME	\$21,426,378	\$15,766	\$20.42	\$31,044,032	\$22,843	\$29.58	\$32,226,170	\$23,713	\$30.71	\$24,987,128	\$18,386	\$23.81

Compiled by Cushman & Wakefield, Inc.

We also reviewed operating expenses of other similar buildings, consulted local building managers and agents, including Cushman & Wakefield property management personnel, etc. Following are the projected operating expenses used in our analysis. We analyzed each item of expense individually and attempted to project what the typical informed investor would consider reasonable. Although every expense category is addressed herein, only those requiring explanation of variations will be discussed in great detail. The unit expense estimates are analyzed based upon the gross building area above grade, and based upon a stabilized level of occupancy.

Conclusion of Operating Expenses

We made our projections on a fiscal year basis. Please refer to the chart on the following page for our forecast of expenses.

Expense	C&W Forecast	Per Unit	Per SF	Analysis
Real Estate Taxes	\$15,271,324	\$11,237	\$14.55	A complete discussion of the taxes is included in the Real Property Taxes and Assessments section of this report.
Property Insurance	\$1,311,801	\$965	\$1.25	The insurance expense includes the cost of casualty and extended liability coverage. Our conclusion considers the escalating insurance costs in the past several years.
Salary and Benefits	\$8,395,528	\$6,178	\$8.00	Currently the property operates with union employees. We have modeled for salary and benefit costs in line with historical expenses. Ownership does not intend to change the staffing level at the property. Our conclusion considers that ownership contracts with a third-party vendor for the staffing of the amenity areas.
Utilities	\$1,679,106	\$1,236	\$1.60	This category includes common area heat and electricity, gas and steam expenses. We have modeled for utility costs in line with historicals.
Water and Sewer	\$892,025	\$656	\$0.85	This category includes all water and sewer charges. We have modeled for a level of expense for this category in line with historicals, which is consistent with area comparables.
Repairs and Maintenance	\$2,256,298	\$1,660	\$2.15	Repairs and maintenance considers the ongoing maintenance to the interior and exterior of the building, pest control, HVAC servicing, as well as any minor and extraordinary maintenance to the plumbing and electrical systems, kitchen appliances and the roof. This category also includes normal cleaning and turnover costs related to leasing.
General and Administrative	\$1,574,162	\$1,158	\$1.50	This expense covers the cost of office overhead, supplies and administrative costs. Additionally, this category considers ongoing marketing costs at the property. This category also includes the costs of operating the shuttle service that is offered by ownership.
Legal and Professional Fees	\$892,025	\$656	\$0.85	Our estimate is based on the historical expenses plus expense levels at competing properties.
Painting and Supplies	\$339,750	\$250	\$0.32	This expense allows for the periodic painting of units and common areas and decoration for the lobby. As a rental building, the landlord is required to paint units every three years and usually upon turnover. We allocated \$250 per unit per year.
Management	\$892,025	\$656	\$0.85	This covers the cost for all management personnel and financial reporting. The estimate for this expense is market-oriented.
Miscellaneous	\$104,944	\$77	\$0.10	This accounts for minor unforeseen expenses.

Operating Expense Conclusion

We thoroughly analyzed the subject's operating expense history and we used this information to make our projections. We forecast total operating expenses for the subject property (excluding real estate taxes) to be \$18,337,663 equating to \$17.47 per square foot and \$13,493 per unit. The operating expenses (including real estate taxes) projected for the subject property reflects an operating expense ratio of 56.81 percent of effective gross income.

In the cash flow, we deducted these expenses on an annual basis from effective gross income to determine the annual net operating income. We examined the operating costs of several buildings in New York City to test the reasonableness of our expense projections. These are shown on the following page. The expense comparables range from a low of \$14.21 per square foot to \$18.18 per square foot excluding real estate taxes and ground rent. On a per unit basis, the comparables indicate a range from \$13,430 to \$17,207 per apartment. Our conclusions of \$17.47 per square foot and \$13,493 per unit are within the range of comparables and are considered reasonable.

It should be noted that several of the comparables benefit from 421a tax abatements. The real estate taxes indicated in the expenses for these properties reflect the abated level of real estate taxes.

COMPARABLE OPERATING EXPENSES

Location	New York , New York			New York , New York			New York , New York			New York , New York			New York , New York		
Number of Units	263			767			616			844			287		
Height	24 stories			57 stories			43 stories			64 stories			9 stories		
Elevator Service	Yes			Yes			Yes			Yes			Yes		
Above Grade GBA	214,240 square feet			656,352 square feet			587,296 square feet			778,726 square feet			294,255 square feet		
Year Built / Renovated	2021			1931 / 2007			2017			2017			2006		
Data Year	2023 Actual			2023 Trailing			2023 Trailing			2023 Actual			2023 Budget		
EXPENSES	TOTAL	PER UNIT	PSF	TOTAL	PER UNIT	PSF	TOTAL	PER UNIT	PSF	TOTAL	PER UNIT	PSF	TOTAL	PER UNIT	PSF
Real Estate Taxes	\$110,189	\$419	\$0.51	\$8,112,292	\$10,577	\$12.36	\$416,354	\$676	\$0.71	\$2,894,679	\$3,430	\$3.72	\$1,444,258	\$5,032	\$4.91
Insurance	\$286,352	\$1,089	\$1.34	\$1,502,329	\$1,959	\$2.29	\$579,960	\$941	\$0.99	\$687,722	\$815	\$0.88	\$8,365	\$29	\$0.03
Salaries & Benefits	\$831,297	\$3,161	\$3.88	\$3,674,745	\$4,791	\$5.60	\$2,755,770	\$4,474	\$4.69	\$5,262,819	\$6,236	\$6.76	\$262,824	\$916	\$0.89
Utilities	\$825,967	\$3,141	\$3.86	\$1,431,039	\$1,866	\$2.18	\$1,260,101	\$2,046	\$2.15	\$2,260,407	\$2,678	\$2.90	\$259,696	\$905	\$0.88
Water & Sewer	\$288,083	\$1,095	\$1.34	\$251,491	\$328	\$0.38	\$200,660	\$326	\$0.34	\$467,094	\$553	\$0.60	\$0	\$0	\$0.00
Repairs & Maintenance	\$417,944	\$1,589	\$1.95	\$1,949,565	\$2,542	\$2.97	\$1,088,486	\$1,767	\$1.85	\$1,225,973	\$1,453	\$1.57	\$3,364,476	\$11,723	\$11.43
General & Administrative	\$392,737	\$1,493	\$1.83	\$880,830	\$1,148	\$1.34	\$1,238,703	\$2,011	\$2.11	\$869,557	\$1,030	\$1.12	\$510,677	\$1,779	\$1.74
Legal & Professional	\$345,698	\$1,314	\$1.61	\$162,639	\$212	\$0.25	\$127,788	\$207	\$0.22	\$276,663	\$328	\$0.36	\$0	\$0	\$0.00
Management	\$451,669	\$1,717	\$2.11	\$339,091	\$442	\$0.52	\$796,228	\$1,293	\$1.36	\$833,660	\$988	\$1.07	\$532,493	\$1,855	\$1.81
Painting & Supplies	\$42,769	\$163	\$0.20	\$106,182	\$138	\$0.16	\$295,027	\$479	\$0.50	\$91,639	\$109	\$0.12	\$0	\$0	\$0.00
Reserves	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$0	\$0	\$0.00
Miscellaneous	\$12,477	\$47	\$0.06	\$2,538	\$3	\$0.00	\$0	\$0	\$0.00	\$133,663	\$158	\$0.17	\$0	\$0	\$0.00
TOTAL EXPENSES	\$4,005,182	\$15,229	\$18.69	\$18,412,741	\$24,006	\$28.05	\$8,759,077	\$14,219	\$14.91	\$15,003,876	\$17,777	\$19.27	\$6,382,789	\$22,240	\$21.69
EXPENSES LESS RE TAXES	\$3,894,993	\$14,810	\$18.18	\$10,300,449	\$13,430	\$15.69	\$8,342,723	\$13,543	\$14.21	\$12,109,197	\$14,347	\$15.55	\$4,938,531	\$17,207	\$16.78

Reserves for Replacements and Capital Reserves

It is customary and prudent to deduct an annual sum from effective gross revenue to establish a reserve for replacing short-lived items throughout the building. We estimated \$200 per unit, per year, to reserve for short-lived items in the apartments (carpet, appliances, etc.) on a regular basis. These are increased 3.5 percent per year. Furthermore, we deducted a total of 0.50 percent of effective gross income per year for capital reserves for the property.

Discounted Cash Flow Analysis - Assumptions Summary

An electronic spreadsheet program was used to model future income and expenses. Our discounted cash flow and valuation matrix are presented on the following pages. We incorporated an eleven-year cash flow, which projects the revenue stream during this time frame.

In formulating the discounted cash flow for the subject property as is, the following assumptions were used:

ASSUMPTIONS	
Years in Forecast:	11 years
Holding Period:	10 years
Starting Date:	July 1, 2024
Residential Component:	1,359 units (1,354 rentable). One unit is occupied by the on-site superintendent. There are a total of 1,037 market rate and 317 affordable housing units.
Residential Market Rental Rate:	\$92.00/SF
Market Rate Rental Growth Rate:	3.50% per annum
Affordable Housing Rental Growth Rate:	3.00% per annum
Operating Expenses:	\$17.47/SF and \$13,493/Unit (excluding real estate taxes)
Reserves for Replacement:	\$200/Unit per year increasing 3.5% per year
Capital Reserves:	0.50% of effective gross income
Expense Growth Rate:	3.50% per annum
Real Estate Tax Growth Rate:	5.00% per annum
Vacancy/Credit Loss:	
Residential:	3.00%
Other:	5.00%
Reversion Year:	11th year of stabilized operations
Reversion Cap Rate:	5.00%
Reversion Selling Expenses:	4.00% (includes brokerage, legal fees and estimated transfer taxes)
Discount Rate (IRR):	6.00%

**SILVER TOWERS
DISCOUNTED CASH FLOW
620 WEST 42ND STREET
NEW YORK, NEW YORK**

	FYB	1	2	3	4	5	6	7	8	9	10	11
	JUL	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
INCOME												
Residential Revenue - Market		\$54,833,599	\$60,618,101	\$65,775,550	\$68,077,695	\$70,460,414	\$72,926,528	\$75,478,957	\$78,120,720	\$80,854,946	\$83,684,869	\$86,613,839
Residential Revenue - Affordable		\$3,449,826	\$3,553,321	\$3,659,921	\$3,769,718	\$3,882,810	\$3,999,294	\$4,119,273	\$4,242,851	\$4,370,137	\$4,501,241	\$4,636,278
Commercial Revenue		\$1,174,664	\$1,185,225	\$1,244,147	\$1,251,175	\$1,258,411	\$1,237,699	\$1,248,352	\$1,224,728	\$1,295,302	\$1,304,495	\$1,313,429
Reimbursement Revenue		\$117,506	\$135,931	\$155,399	\$175,839	\$197,302	\$217,631	\$234,673	\$252,860	\$272,289	\$299,682	\$328,444
Parking Revenue		\$850,000	\$879,750	\$910,541	\$942,410	\$975,395	\$1,009,533	\$1,044,867	\$1,081,437	\$1,119,288	\$1,158,463	\$1,199,009
Amenity Revenue		\$375,000	\$388,125	\$401,709	\$415,769	\$430,321	\$445,382	\$460,971	\$477,105	\$493,803	\$511,087	\$528,975
Miscellaneous		\$250,000	\$258,750	\$267,806	\$277,179	\$286,881	\$296,922	\$307,314	\$318,070	\$329,202	\$340,724	\$352,650
Total Gross Income		\$61,050,595	\$67,019,203	\$72,415,074	\$74,909,786	\$77,491,533	\$80,132,990	\$82,894,407	\$85,717,771	\$88,734,967	\$91,800,560	\$94,972,623
Less: Vacancy and Credit Loss		\$1,886,861	\$2,067,532	\$2,232,044	\$2,308,541	\$2,387,712	\$2,468,133	\$2,552,756	\$2,638,617	\$2,732,247	\$2,826,306	\$2,923,629
Effective Gross Income		\$59,163,734	\$64,951,672	\$70,183,030	\$72,601,245	\$75,103,821	\$77,664,857	\$80,341,651	\$83,079,154	\$86,002,720	\$88,974,254	\$92,048,995
OPERATING EXPENSES												
Real Estate Taxes		\$15,271,324	\$16,034,891	\$16,836,635	\$17,678,467	\$18,562,390	\$19,490,510	\$20,465,035	\$21,488,287	\$22,562,701	\$23,690,836	\$24,875,378
Property Insurance		\$1,311,801	\$1,357,714	\$1,405,234	\$1,454,417	\$1,505,322	\$1,558,008	\$1,612,539	\$1,668,978	\$1,727,392	\$1,787,850	\$1,850,425
Salary & Benefits		\$8,395,528	\$8,689,371	\$8,993,499	\$9,308,272	\$9,634,061	\$9,971,254	\$10,320,248	\$10,681,456	\$11,055,307	\$11,442,243	\$11,842,721
Utilities		\$1,679,106	\$1,737,874	\$1,798,700	\$1,861,654	\$1,926,812	\$1,994,251	\$2,064,050	\$2,136,291	\$2,211,061	\$2,288,449	\$2,368,544
Water and Sewer		\$892,025	\$923,246	\$955,559	\$989,004	\$1,023,619	\$1,059,446	\$1,096,526	\$1,134,905	\$1,174,626	\$1,215,738	\$1,258,289
Repairs and Maintenance		\$2,256,298	\$2,335,269	\$2,417,003	\$2,501,598	\$2,589,154	\$2,679,774	\$2,773,567	\$2,870,641	\$2,971,114	\$3,075,103	\$3,182,731
General and Administrative		\$1,574,162	\$1,629,257	\$1,686,281	\$1,745,301	\$1,806,387	\$1,869,610	\$1,935,046	\$2,002,773	\$2,072,870	\$2,145,421	\$2,220,510
Legal and Professional Fees		\$892,025	\$923,246	\$955,559	\$989,004	\$1,023,619	\$1,059,446	\$1,096,526	\$1,134,905	\$1,174,626	\$1,215,738	\$1,258,289
Painting and Supplies		\$339,750	\$351,641	\$363,949	\$376,687	\$389,871	\$403,516	\$417,639	\$432,257	\$447,386	\$463,044	\$479,251
Management		\$892,025	\$923,246	\$955,559	\$989,004	\$1,023,619	\$1,059,446	\$1,096,526	\$1,134,905	\$1,174,626	\$1,215,738	\$1,258,289
Miscellaneous		\$104,944	\$108,617	\$112,419	\$116,353	\$120,426	\$124,641	\$129,003	\$133,518	\$138,191	\$143,028	\$148,034
TOTAL EXPENSES		\$33,608,987	\$35,014,372	\$36,480,398	\$38,009,762	\$39,605,280	\$41,269,901	\$43,006,705	\$44,818,915	\$46,709,902	\$48,683,189	\$50,742,463
NET OPERATING INCOME		\$25,554,746	\$29,937,300	\$33,702,631	\$34,591,483	\$35,498,541	\$36,394,956	\$37,334,946	\$38,260,239	\$39,292,818	\$40,291,065	\$41,306,531
Less:												
Reserves for Replacement		\$271,800	\$281,313	\$291,159	\$301,350	\$311,897	\$322,813	\$334,112	\$345,806	\$357,909	\$370,436	\$383,401
Capital Reserves		\$295,819	\$324,758	\$350,915	\$363,006	\$375,519	\$388,324	\$401,708	\$415,396	\$430,014	\$444,871	\$460,245
Commercial Leasing Costs		\$0	\$48,262	\$0	\$0	\$0	\$91,720	\$0	\$111,954	\$0	\$0	\$0
Residential Leasing Costs - Vacant Units		\$668,087	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Residential Concessions		\$0	\$7,943,907	\$8,221,944	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Planned Capital Expenditures		\$3,373,062	\$5,308,500	\$2,670,000	\$1,215,500	\$591,500	\$0	\$0	\$0	\$0	\$0	\$0
CASH FLOW		\$20,945,979	\$16,030,559	\$22,168,614	\$32,711,627	\$34,219,625	\$35,592,098	\$36,599,126	\$37,387,084	\$38,504,896	\$39,475,759	\$40,462,886

SILVER TOWERS DISCOUNTED CASH FLOW 620 WEST 42ND STREET NEW YORK, NEW YORK					
FISCAL YEAR	NET CASH FLOWS		DISCOUNT FACTOR @ 6.00%		PRESENT VALUE OF CASH FLOWS
ONE	\$20,945,979	X	0.94340	=	\$19,760,357
TWO	\$16,030,559	X	0.89000	=	\$14,267,141
THREE	\$22,168,614	X	0.83962	=	\$18,613,195
FOUR	\$32,711,627	X	0.79209	=	\$25,910,673
FIVE	\$34,219,625	X	0.74726	=	\$25,570,894
SIX	\$35,592,098	X	0.70496	=	\$25,091,025
SEVEN	\$36,599,126	X	0.66506	=	\$24,340,509
EIGHT	\$37,387,084	X	0.62741	=	\$23,457,119
NINE	\$38,504,896	X	0.59190	=	\$22,790,989
TEN	\$39,475,759	X	0.55839	=	<u>\$22,043,057</u>
TOTAL PRESENT VALUE OF CASH FLOWS					\$221,844,959
REVERSION:					<u>@ 5.00%</u>
ELEVEN (1)	\$41,306,531	/	5.00%		\$826,130,630
LESS: COST OF SALE @ 4.00%					<u>\$33,045,225</u>
NET REVERSION:					\$793,085,405
X DISCOUNT FACTOR OF 0.55839					
= PRESENT VALUE OF REVERSION					\$442,854,748
TOTAL PRESENT VALUE:					\$664,699,707
ROUNDED					\$665,000,000
Value Conclusion					\$665,000,000
GROSS BUILDING AREA (SF)					1,049,441
VALUE PER SQUARE FOOT OF GBA					\$634
VALUE PER UNIT					\$489,330
IMPLICIT GOING-IN CAP RATE					
YEAR ONE NOI					\$25,554,746
GOING-IN CAP RATE					3.84%

(1) NET OPERATING INCOME

Terminal Capitalization Rate Selection

A terminal overall capitalization rate was used to estimate the market value of the property at the end of the assumed investment holding period. The rate is applied to the eleventh year estimate of net operating income after subtracting unit replacements but before making deductions for capital reserves. We estimated an appropriate terminal rate based on indicated rates in today's market. A premium was added to today's rate to allow for the risk of unforeseen events or trends which might affect our estimate of net operating income during the holding period, including a possible deterioration in market conditions for the property. Investors typically add 50 to 200 basis points to the "going-in" rate to arrive at a terminal capitalization rate.

We selected a terminal overall rate of 5.00 percent based upon the quality of the building, residential mix, it's good location, it's excellent competitive position in the marketplace, the quality and desirability of the neighborhood, and future supply trends. Our selection also considers the mixed-use nature of the development. Our selection also considers the current interest rate environment, which is more fully discussed in a subsequent section.

Discount Rate Analysis

Before determining the appropriate risk rate to apply to the subject, a review of recent market conditions, particularly in the financial markets, is warranted. The following subsection provides review of these trends, ending with a summary of the investment considerations impacting the subject property. The trends are based upon the appraiser's market research, discussions with participants in the market, and the relative position of the subject property within its market.

The Commercial Real Estate (CRE) market is driven by investor demand and strong liquidity. We are monitoring the impacts on both factors as they relate to the Federal Reserve's historical and projected interest rate changes, inflation, and other macroeconomic factors, which have increased uncertainty in the financial and CRE markets. Furthermore, Cushman & Wakefield is closely examining all latest economic developments, and their effects on the subject and its market.

Current Trends and Economic Conditions

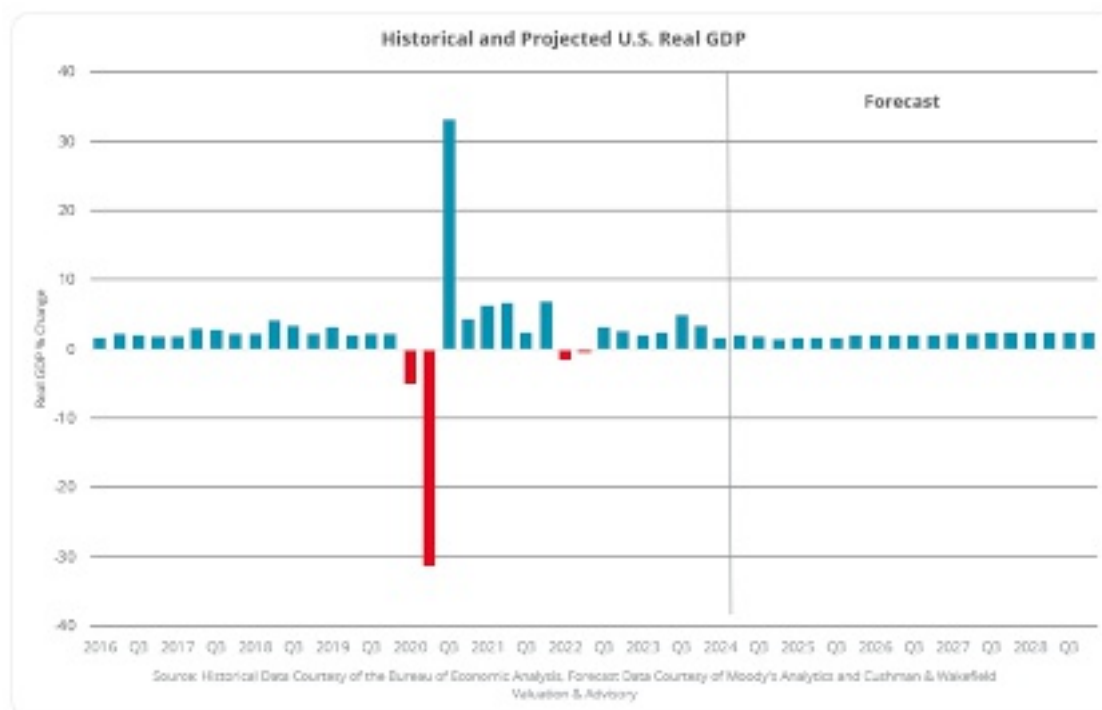
Overall, the economy was resilient in the first quarter of 2024. A strong job market fueled consumer spending and GDP increased at a 1.6% annual rate. While this was down sharply from the 3.4% annual growth rate at the end of 2023, economists were largely unconcerned by the slip, which stemmed primarily from large swings in business inventories and international trade; components that regularly swing wildly from one quarter to the next. Most of the economic anxiety was centered around inflation which appears to have stalled at about 3.5%.

Early in the year, the economy's resilience, coupled with a downward trend in inflation, caused financial markets to respond eagerly. This allowed for some stability and momentum to form throughout the financial and treasury markets. In turn, this optimism spilled over into the CRE capital markets as risk spreads trended in. By the end of the first quarter, however, inflation had stalled. In fact, some more "bad" news in the macroeconomy might counteractively spell good news for inflation and monetary policy. While there are signs that we're on the path to reaching the Federal Reserve Board's (Fed's) target inflation this year of approximately two percent, until there is measurable progress towards slowing inflation, the Fed is unlikely to cut rates; perhaps only doing so once or twice this year, if at all.

In response, the markets are actively recalibrating their expectations not only to a more gradual, delayed rate cutting cycle, but to a more accepted view of what it means to normalize higher interest rates. The stubbornness of inflation is a powerful reminder that a shift in the timing and magnitude of Fed rate cuts will not make or break the larger narrative that will unfold over the medium and long-term horizons. This restrictive monetary policy is intended to weigh on growth and trigger a slowdown. The good news is that the foundations for both households and businesses remain solid which will support CRE fundamentals in weathering the downturn relatively well.

In the end, the CRE market really doesn't need to wait for the Fed to cut rates to accept the normalized interest rate regime. Fortunately, the acceptance process is progressing even as inflation remains choppy and as the Fed remains patient. Such acceptance will continue to usher in more price discovery and transaction activity, all as property fundamentals, outside of lower-middle-quality office, remain on healthy footing, poised for inflection in the coming years.

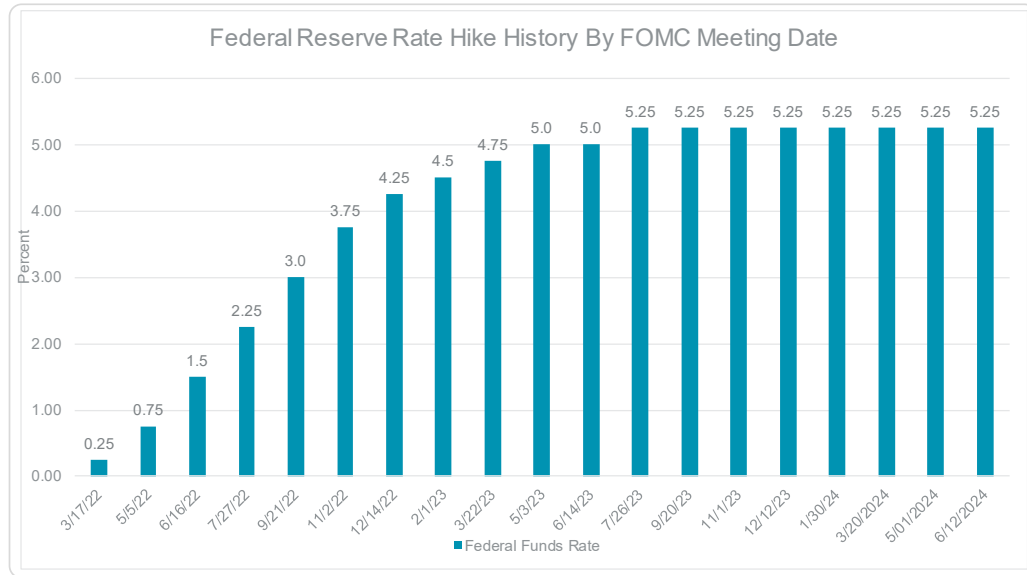
The following graph displays historical and projected U.S. real GDP percentage change (annualized on a quarterly basis) from first quarter 2016 through fourth quarter 2028:



The current wave of inflation began in 2021, immediately following the pandemic in 2020. Its rise has been largely attributed to various causes, including pandemic-related fiscal and monetary stimulus, shortages in the global supply chain, price gouging, and more recently, the Russian-Ukraine and the Israel-Hamas wars. While inflation has slowed significantly in the past year, it still hasn't loosened its grip entirely. For March 2024, the Bureau of Labor Statistics (BLS) reported that the Consumer Price Index (CPI) jumped 3.5% on an annual basis and 0.3% over February 2024. Core inflation, which excludes volatile food and energy prices, remained the same as last month at 3.8% year-over-year.

In early 2022, the Federal Reserve was holding the federal funds rate at around zero. They were buying billions of dollars of bonds every month to stimulate the economy, but various measures of inflation kept inching up and reaching 40-year highs. To combat inflation, the Federal Reserve employed multiple increases to the effective federal funds rate in 2022 and into the first half of 2023. In their June 2024 meeting, the Federal Reserve decided to pause interest rate hikes for the seventh consecutive time, leaving rates unchanged since July 2023.

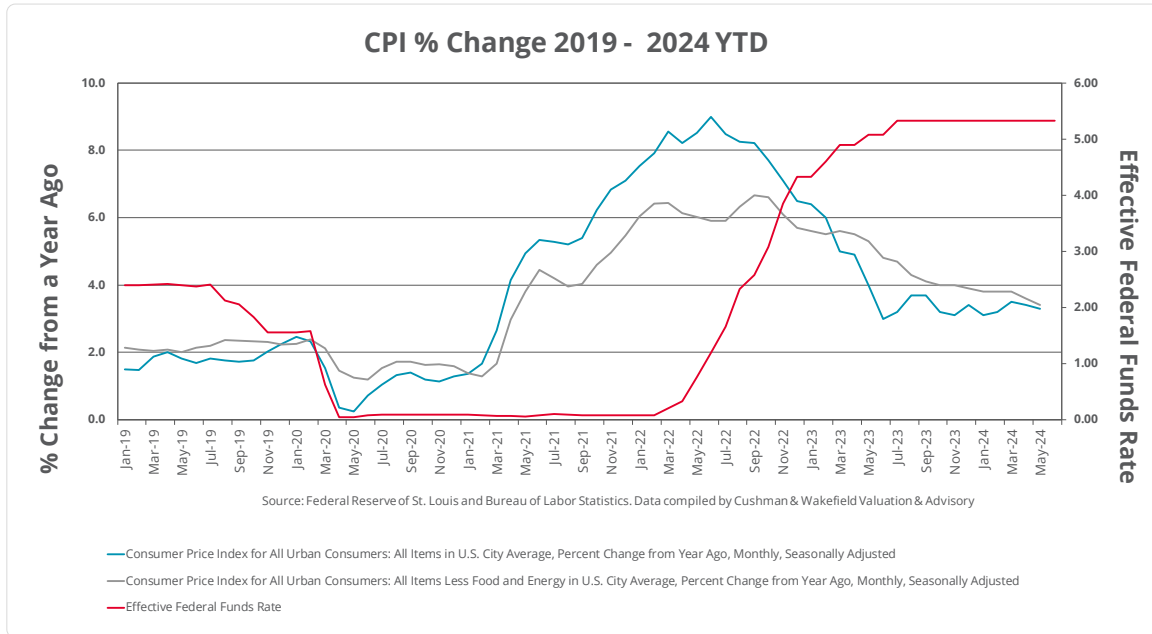
The following chart displays when the Federal Open Market Committee met, their federal funds rate changes, and their basis point increases:



The Effective Federal Funds Rate (EFFR) is an interest rate that calculates the effective median interest rate of overnight federal funds transactions from the previous day and is published daily by the Federal Reserve Bank of New York. The current EFFR is now targeted between 5.25% and 5.50%. This rate, and all interest rates, tend to move in the same direction as inflation, however they typically lag because they are also the primary tool used by central banks to manage inflation. Conversely, when inflation is falling and economic growth is slowing, central banks may lower interest rates to stimulate the economy.

The Federal Reserve generally strives for the dual objective of maximum employment and stable inflation near 2%. While inflation is significantly down from its 9.0% peak in 2022, it has not yet fallen below the 3.0% mark. Despite the elevated interest rate environment and slightly elevated inflation, March 2024's job numbers were strong. Around 272,000 jobs were added in May 2024, although the unemployment rate ticked up slightly to 4.0%.

The following graph compares CPI and Core CPI data (January 2019 – May 2024) with the EFFR from (January 2019 – June 2024):

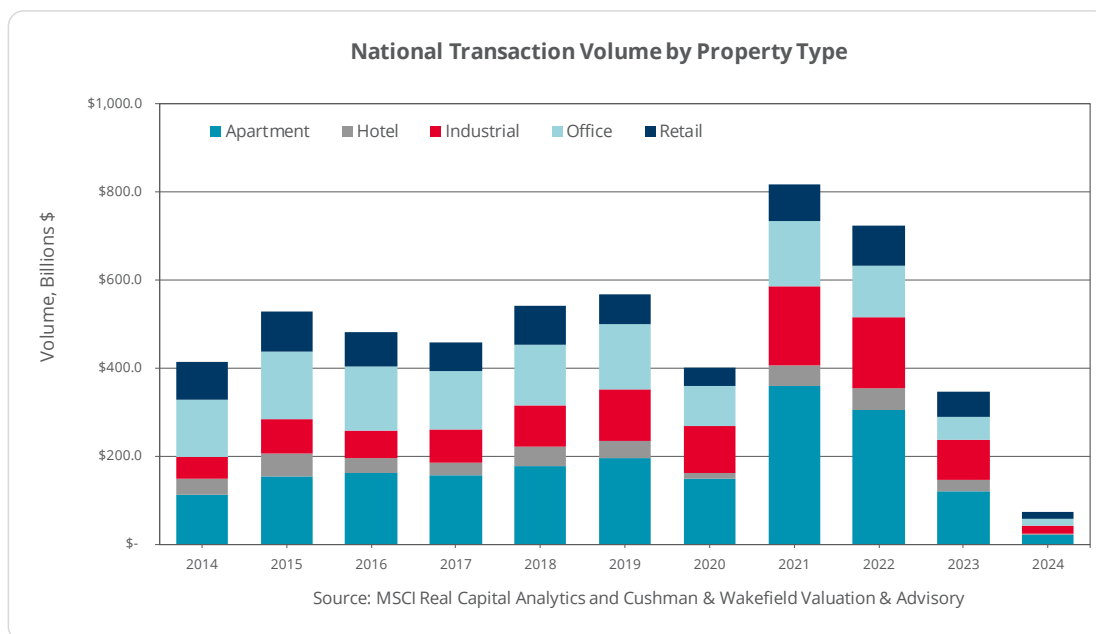


U.S. Real Estate Market Implications

Last year, deal volume fell at a pace that was reminiscent of the Global Financial Crisis. For the first quarter of 2024, deal volume did not begin to rebound, unfortunately. Activity continued to fall from the same time last year, however, overall momentum did trend towards improvement, or at least stability, as declines in both deal volume and prices moderated. Further, with a year-over-year drop of 16% this quarter, we are well past the low point which occurred in the final quarter of 2022 when deal volume fell 60%.

Entity-level deals helped slow declines, representing 15% of the total. These kinds of deals drove growth in the office sector, although demand for medical office space was greater than the demand for traditional offices this quarter. Entity-level deals also increased in the retail and industrial sectors by 33% from the same time last year. Had it not been for this type of deal, however, the story of moderation would not have changed too significantly. Individual asset sales fell 19% year-over-year, down from the peak of 57% in the second quarter 2023.

While commercial property prices fell overall in the first quarter of 2024, the drops were smaller than those seen in early 2023. They also fell unevenly across the various property types. Although most sectors were still shaking off the initial shock of higher mortgage costs in early 2023, the industrial sector witnessed a 5.7% year-over-year price increase. Even though industrial also felt the sting of higher mortgage costs in early 2023, which limited what buyers could pay for an asset, the sector managed to outperform the growing cost of capital and was able to drive up price growth in the first quarter of 2024.



The PricewaterhouseCoopers (PwC) Real Estate Investor Survey analyzes a total of 41 markets, including 22 different asset classes and 19 individual office markets. For second quarter 2024, the average overall cap rate increased in 32 surveyed markets, declined in six and held steady in three. On a quarter-over-quarter basis, the average increase was 25 basis points, and on a year-over-year basis it was 100 basis points.

Overall office cap rates tended to be lower for CBD submarkets than for their suburban counterparts; however, the Dallas, Seattle, and Phoenix office markets bucked that trend this quarter. The spread between the average overall cap rates for CBDs vs the suburban markets has compressed over the past year, declining from 72 basis points in the second quarter of 2023 to 42 basis points for second quarter 2024. The spread between these rates is expected to continue to tighten in the coming year as the office sector works through challenges stemming from work-from-home patterns, higher costs of capital, and general market uncertainty.

Overall, PwC reports that most investors surveyed believe that greater buying opportunities are much more prevalent than the same time last year. This is because it is a general belief that interest rates have peaked and sellers are now ready to dispose of assets they have been sitting on for a while, while at the same time, buyers have adjusted their expectations.

The following table displays an overall cap rate analysis of six distinct property classes during second quarter 2024, and compares them to the previous year:

Overall Cap Rate Analysis			
Second Quarter 2024			
Asset Class	Q2 2024	Q2 2023	Basis Point Change
National CBD Office	6.94%	5.88%	+106
National Suburban Office	6.54%	6.30%	+24
National Warehouse	5.48%	4.96%	+52
National Apartment	5.44%	5.25%	+19
National Regional Mall	8.38%	7.28%	+110
National Net Lease	7.51%	6.73%	+78

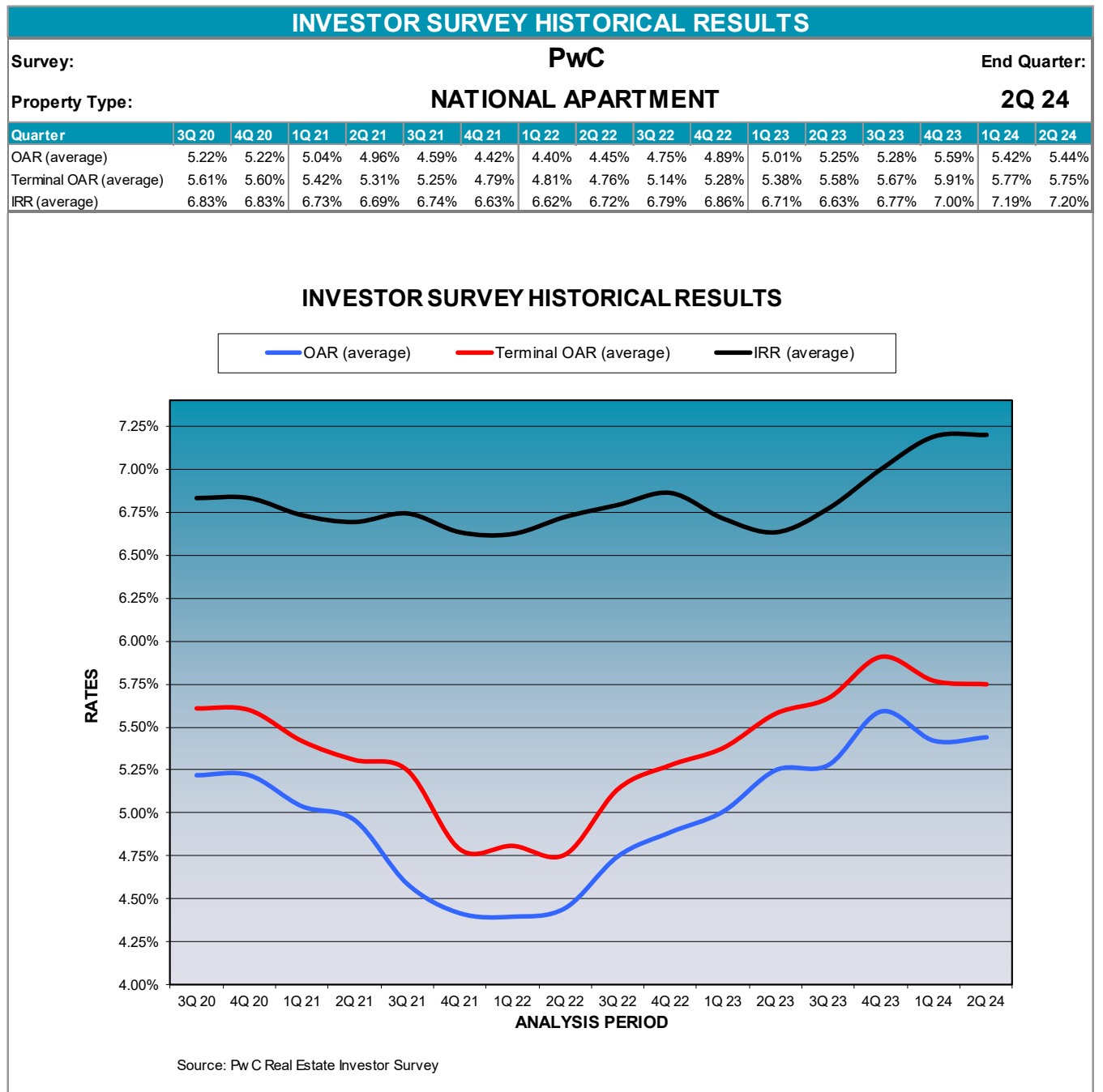
Source: PwC Real Estate Investor Survey

Conclusion

The U.S. economy continues to face interest rate and inflationary challenges while other measures remain strong. The CRE market continues to adapt to the elevated interest rate environment, however, it appears that the worst is now behind us. Meanwhile, as inflation proves to be stubbornly high, investors are quietly stirring as they anxiously await the Fed to cut rates.

Investor Survey Trends

Historic trends in real estate investment help us understand the current and future direction of the market. Investors' return requirements are a benchmark by which real estate assets are bought and sold. The graph on the following page shows the historic trends for the subject's asset class spanning a period of four years as reported in the PwC Real Estate Investor Survey published by PricewaterhouseCoopers.



The preceding table summarized the investment parameters of some of the most prominent investors currently acquiring high-grade apartment properties in the United States. The Price Waterhouse Coopers investor survey must be put in perspective considering the property specifics detailed throughout the report, as well as the investor criteria of the local marketplace.

Capitalization Rate Analysis

On the following pages we discuss the process of how we determine an appropriate overall capitalization rate to apply to the subject's forecast net income.

Capitalization Rate from Comparable Sales

The following table summarizes overall capitalization rates derived from the improved property sales.

CAPITALIZATION RATE SUMMARY			
No.	Name and Location	Sales Date	Capitalization Rate
1	The Lanthian 377 East 33rd Street New York, NY	8/2023	4.50%
2	The Sierra 130 West 15th Street New York, NY	8/2023	4.00%
3	685 First Avenue New York, NY	9/2022	-
4	19 Dutch 19 Dutch Street New York, NY	9/2022	3.09%
5	New York by Gehry 8 Spruce Street New York, NY	6/2022	3.14%
6	American Copper 626 First Avenue New York, NY	3/2022	3.41%
STATISTICS			
Sample Size		6	5
Low		3/2022	3.09%
High		8/2023	4.50%
Median		9/2022	3.41%
Average		11/2022	3.63%

Compiled by Cushman & Wakefield, Inc.

As indicated in the chart above, the average capitalization rate for the sales is 3.63 percent.

Capitalization Rate from Investor Surveys

We considered data extracted from the PwC Real Estate Investor Survey for competitive properties. Earlier in the report, we presented historical capitalization rates for the prior four year period. The most recent information from this survey is listed below:

CAPITALIZATION RATES			
Survey	Date	Range	Average
PwC Institutional	Second Quarter 2024	4.00% - 7.50%	5.44%
Pw C Institutional - Refers to National Apartment market regardless of class or occupancy			

The historical capitalization rates of New York City have been typically 100 to 200 basis points lower than the national average.

Market Trends

Interest Rates

Inflation rose significantly throughout 2022 and has remained high into the second quarter of 2023. In response to inflationary pressure, the Federal Reserve increased the federal funds rate throughout calendar year 2022 and the first three meetings in 2023. The increases in March and May of 2022 were 25 and 50 basis points, respectively. However as inflationary pressures persisted during the summer months, the Federal Reserve began more significant increases. It raised the federal funds rate by 75 basis points in each of the next 4 meetings and reiterated its stance to continue to raise rates to curb inflation. Policy makers were not influenced by rising volatility in global markets and maintained their priority to control inflation. In December, the Federal Reserve again increased the federal funds rate by 50 basis points. At the February, March, and May 2023 meetings, the Federal Reserve increased the federal funds rate by 25 basis points (75 basis points in total). Since September 2023 the Federal Reserve has not announced any increases in the federal funds rate. Inflation has been easing since its peak in the summer of 2022, although it has remained well above the target level of 2.0 percent set by the Federal Reserve. With the current rate range of 5.25 to 5.50 percent, federal funds are at their highest levels since August 2007.

Most participants projected that the federal funds rate would increase until its peak in approximately the third or fourth quarter of 2023, with rates anticipated to ease in 2024. While some Federal Reserve voting members still believe further rate increases are necessary to bring the level of inflation down to the target level, investors indicate that the majority of forward-looking curves are projecting that rates are expected to decrease, with most investors expecting the decrease to begin to occur in the next 6 months and to continue through 2025.

The rapid increase in interest rates to curb persistent inflation caused a shift in the mindset of investors. Real estate is considered an investment hedge against inflation and the City remains a top investment market globally. The desirability and competitiveness of the City for the deployment of capital, coupled with anticipated rent growth, somewhat offsets the upward pressure on capitalization rates caused by an increase in the cost of capital emanating from higher interest rates. However, the increases in interest rates have influenced capitalization rates. Many investors are underwriting higher capitalization rates than they had in the first half of 2022 based on the aforementioned increases and the uncertainty surrounding interest rates in the near term.

Market Participant Interviews

We have conducted numerous interviews with market participants to understand the factors impacting the market and influencing investor sentiment. These are summarized as follows:

MARKET SENTIMENT AND PARTICIPANT INTERVIEWS	
TITLE & FIRM	KEY POINTS
President and CEO - NYC Housing Partnership	Ground-up development of multifamily rental housing is not feasible without the Affordable New York tax abatement in NYC. The low supply of new quality housing is anticipated to continue to put upwards pressure on market rents throughout 2024 as the construction pipeline remains constrained.
President - Gotham Organization	Developers require a tax abatement to build in NYC given land cost basis and development costs, including prevailing financing. Taxes for new residential buildings are 20 to 30 percent of gross income. In a world with rising expenses, you need the tax abatement to make construction feasible.
Vice President - Portfolio Management (Brookfield) Associate - Capital Markets & Treasury (Brookfield)	Their team will be bringing a Class A, mixed-use 70/30 development in Greenpoint to market in the next few months. Their asking price will equate to a 4.5 percent capitalization rate. Support for the capitalization rate is rooted in the rent growth story for the City. With the expiration of the Affordable NY Program, very limited supply will come to market in the ensuing 2-3 years. Constrained supply allows for much better rent growth prospects in New York City than other parts of the country. The Greenpoint neighborhood has more supply coming to market in the near term than most neighborhoods given the Greenpoint Landing master plan. Despite the increase in supply in the neighborhood, they continue to be able to increase rents at existing buildings as the neighborhood matures and is built out. Their estimate is for rent growth of over 4.0 percent per annum in the near term. With an interest rate environment that should ease in the next 24 months, buyers would be able to refinance any debt used in an acquisition. For existing debt, they are working with lenders to "kick the can down the road" and extend loan terms until more favorable interest rate conditions emerge.
Vice President, Investment Management - Private Equity Firm	The firm is launching a new fund over the next few months. The fund will raise \$1.0 to \$2.0 billion for the acquisition of institutional grade rental assets in New York City, Los Angeles, San Francisco and other Gateway cities. The fund will target implied overall rates between 4.5 percent and 5.5 percent, unlevered. They will accept negative leverage for 24 to 36 months, with the belief that interest rates will decrease in approximately two years and market rate rental rates will continue to increase. The firm observed rental rate growth over 5.0 percent year-over-year for their assets in Brooklyn.
Senior Director, Acquisitions and Development - Private Real Estate Investment Firm	The firm is moving forward with large mixed-use developments that are well-located in New York City and Northern New Jersey. Although rates have increased, they are optimistic rates will decrease over the next 24 to 36 months. The firm is well capitalized with limited debt. The firm researches rental supply very diligently and is very bullish that rental rates will increase at an annual rate between 4 to 5 percent for the foreseeable future. They have a large portfolio in New York City and they plan to hold long-term. A very large rental complex, which includes nearly 2,000 units, rent growth of 6.25 percent over the last 12 months.
Vice President - Brookfield Properties	Provided color on Brookfield's Bankside master-planned development in the south Bronx. Reports that leasing in Phase 1 of the development has been very well received with market rate rents averaging \$60/SF plus per square foot, with two months of concessions on average. There have been approximately 30,000 applicants for the 300 affordable housing units within this phase of the development. In addition to the belief that rental rates will increase for the foreseeable future, the firm believes institutional management will mitigate expenses. The concern around negative leverage is indicative of a dislocation in the market and opportunities for well capitalized participants. Not all participants are heavily levered. Equity is in the market and wants to be deployed. The firm projects rent growth between 3.0 percent and 4.5 percent per annum.
Managing Director - The Carlyle Group	Very bullish on the New York City residential rental market. Moving forward with developments and acquisitions. They are under no pressure to sell, and it is very hard to buy. Sellers are typically well capitalized and hold for the long-term. Looking to forward looking curves, which indicate that interest rates will decrease over the next 24 to 36 months. Negative leverage is solved through interest rate decreases and rent growth.
Director of Analytics - CoStar Analytics	A poll by CoStar analytics in September 2023 has found that New York City residential market rents are widely projected to keep rising by the 450 market participants surveyed. About 29% of users said they believed rents would increase between 1% and 2%, while 41% of users said the increase would be between 3% and 5%, while 13% of users said they believed the rate would grow by more than 5%. Only 10% of users predicted that rents would be flat by this time next year, while 4% said rents would decline over the next 12 months.
Managing Director - Meridian Capital	Rent growth is very strong in the City and concessions are seasonal. The financing market is difficult given high interest rates. However, there are buyers for value add properties.
Chief Economist - Moody's Analytics	Inflationary pressures have eased significantly and interest rates have peaked. The forecast is for inflation to be at 2.5 percent by year-end 2024. The path to a "soft landing" is very strong at this point and the forecast is for 4 interest rate cuts totaling 100 basis points in 2024. This should spur transactional activity.
Deputy Chief Economist - Cushman & Wakefield	The City remains supply constrained. Multifamily vacancy is less than 3.0 percent. Vacancy is the number one predictor of rent growth. Given current supply trends, the forecast is for 4.0 to 5.0 percent rent growth in the next 24 months.
Executive Director - Awson Young	There is competitive buyer appetite for market rate assets in New York City, especially from Japanese buyers. However, the demand can fluctuate during the marketing process of an asset due to daily moves in short-term interest rates. Capitalization rates on recent trades for small market rate assets in core areas of Manhattan and Brooklyn have been in the 4.75 to 5.00 percent range.

Rent Growth

The construction lending market continues to be challenging with loan proceeds off 5 to 10 percent and interest rates up approximately 4.5 percent year-over-year. The increased financing costs, lack of convictions around capitalization rates and high construction costs make new development challenging. This will result in limited new supply in 24-36 months (2024 – 2026). This will likely benefit existing assets and new developments for which capital is obtained to allow construction to proceed.

In addition, the Affordable New York program (and its predecessor program) was critical to the development of new rental projects, most of which would not be feasible without tax incentives. With the June 2022 expiration of the Affordable New York program, the supply of ground-up rental projects has decreased significantly, which will exacerbate the supply of rental housing in the near term. Although recent housing legislation has introduced a new

tax abatement (485x) and extended the deadline for projects to be completed under the prior Affordable New York Program (previously June 2026), the effect on supply from the nearly 2-year pause will still impact the overall market. As a result, market participants are modeling for substantial rent growth in the near term, given the supply constraints in the city and overall market fundamentals.

Conclusion

While the broader U.S. economy has so far defied expectations of a downturn with its resiliency, the capital markets downturn has been impactful to commercial real estate for over 18 months and continues to evolve. The commercial real estate debt market is challenged by tighter liquidity and higher credit standards, however, the best quality loans are still getting placed competitively by current standards. The debt market settled down in the early part of the second quarter of 2023 after the first wave of banking crisis fears passed and continued to build on optimism from lenders and investors given the pause by the Federal Reserve through the second half of 2023. However, interest rates and risk appetite are still subject to volatility from a myriad of macro variables including inflation and jobs data, monetary policy, banking sector stress, and geopolitical unknowns. Positive economic data continues to be “bad news” for interest rates because it means the Federal Reserve must do more, which adds uncertainty to commercial real estate interest rates, values, and chills equity and debt capital investment.

While agency, life company, and debt fund lenders are active for quality multifamily, industrial, and other preferred asset classes located in growth markets for top-tier sponsors, transaction volume is down dramatically compared to the period prior to the start of the current interest rate cycle. Lenders are leaning-in to compete for the best collateral because there are not enough high-quality loans available. However, banks of all sizes are generally in retreat or pausing new lending, and debt from any source is considered expensive by market participants.

The path to stabilization of the debt market starts with the Federal Reserve achieving its terminal rate which will help provide stability in base rates, spreads, asset values, and increase transaction volume. However, financing conditions are expected to remain challenged for some time given the magnitude of the increases in interest rates over the past 2 years. The critical next step is clarity around the depth of a recession and its impact to commercial real estate fundamentals.

Cushman & Wakefield Research has compiled a projected Economic Glide Path, which is a forecast of the expected economic trajectory over the next four quarters utilizing sources that include the Federal Reserve, U.S. Bureau of Labor Statistics, Moody's Analytics, and the National Bureau of Economic Research. Current data shows a continued labor market rebalancing through year-end 2024 with wage growth slowing to the high 3.0 percent range. Inflation is anticipated to continue its downward trend and core inflation will be below 3.0 percent by year-end 2024. This will allow the Federal Reserve to pivot and begin cutting interest rates in mid to late 2024. The federal funds rate is forecasted to decrease to approximately 2.5 percent by year-end 2026. As a result, liquidity is expected to increase in the latter half of 2024 and begin to accelerate in 2025.

Discount Rate Conclusion

Therefore, taking into consideration the subject's location, competitive position in the marketplace, construction quality, tenancy, and returns expected by investors in the current market in relation to other property types, we discounted the cash flows using a rate of 6.00 percent. Our selection of discount rate range is considered reasonable given the current investment sales market and relative strength of the cash flow of the subject property.

Focusing on a 6.00 percent discount rate, the results of the discounted cash flow indicate a market value of the lease fee interest of **\$665,000,000**. Our selected investor criteria result in an implied going-in capitalization rate of 3.84 percent. Given the premiums that New York City commands as well as the national trends, coupled with the impact from the rent legislation changes, our conclusions are reasonable.

Present Value of 421a Tax Abatements

The subject property benefits from several 20-year 421a tax abatements that we have valued separately from the day-to-day operations of the building. In the Real Estate Taxes and Assessments section of this report, presented earlier, we have calculated the tax savings received by the developer due to the abatement. There is very little risk involved in the abatement, and therefore, the savings were discounted at a much lower rate than the cash flow. The savings are a known quantity, with no risk associated with receiving revenue. A developer/investor would need to consider typical discount rates based upon opportunity costs for minimal risk investments, with a small premium added to account for the need to own and operate the real estate. We selected a discount rate of 5.0 percent. Applying this discount rate to the tax savings, results in a value estimate for the 421a tax abatements of **\$43,900,000**, rounded. We added this amount to the market value of the property.

Present Value of Inclusionary Housing Development Rights

As previously described, a total of 77,330 square feet of inclusionary floor area is available to be sold. The inclusionary housing floor area is multiplied by a bonus ratio to determine the amount of zoning floor area that can be transferred. In the instance of the subject development, which involved new construction using public funding, the bonus ratio is 1.25. Therefore, the remaining 77,330 square feet of inclusionary floor area generates 96,663 square feet of zoning floor area that can be sold. In a prior section of the report, we determined the market value of the inclusionary housing development rights is estimated to be **\$13,000,000**. We added this amount to the prospective market value of the property.

Present Value of Below Market Financing

The development was funded with a tax-exempt bond offering, financed by one of the City or State agencies. The mortgage has a 30-year term. We have determined the present value of the remaining years of the below market financing in a subsequent section of the report. We have determined the market value of the below market financing to be **\$82,000,000**. We added this amount to the market value of the property.

Market Value Conclusion - Summary

We have therefore concluded that the market value estimate for the leased fee interest of the subject property, inclusive of the present value of the 421a tax abatements, inclusionary housing development rights, and below market financing, as of June 30, 2024 is **\$805,000,000**, rounded. The chart below summarizes our conclusions.

VALUE SUMMARY	
Prospective Market Value - Real Estate	\$665,000,000
Present Value - 421a tax exemptions	\$43,900,000
Total Present Value - Submarket Financing	\$82,000,000
Present Value - Inclusionary Housing Development Rights	\$13,000,000
Total	\$803,900,000
Rounded	\$805,000,000

Below Market Financing

The subject development was funded with a tax-exempt bond offering, financed by New York State Housing Finance Agency. The \$469,310,000 initial bond offering had a 34-year term. As of the date of value the remaining loan balance is \$420,685,000. The loan has an amortization rate of 12.00 and has a built-up interest rate of 4.75 percent, rounded.

The current seven day low floater rate changes each week upon trading. Additional fees for re-marketing, agency, administrative and issuance of letters of credit to secure the bonds collateralizing the mortgage typically range from 75 to 150 basis points depending on when they are secured. When these fees are added to the base rate, the result is an average built-up tax-exempt interest rate that typically ranges from 3.50 to 5.00 percent. The tax exempt floating rate is based upon the Municipal Swap Index. Prior to July 1, 1989, the rate was based upon TENR as announced weekly by Bankers Trust. The following charts detail the historical Municipal Swap Index for 2024.

MUNICIPAL SWAP INDEX - 2024					
Date	Rate (%)				
3-Jan	3.08	6-Mar	3.37	8-May	3.17
10-Jan	1.90	13-Mar	3.43	15-May	4.21
17-Jan	2.57	20-Mar	3.45	22-May	3.42
24-Jan	4.55	27-Mar	3.64	29-May	3.36
31-Jan	3.74	3-Apr	3.64	5-Jun	2.89
7-Feb	3.24	10-Apr	3.67	12-Jun	3.18
14-Feb	3.60	17-Apr	4.35	19-Jun	4.09
21-Feb	3.24	24-Apr	3.77	26-Jun	3.88
28-Feb	3.30	1-May	3.65		

Source: The Securities Industry and Financial Markets Association

Typical interest rates for commercial loans in the \$10,000,000 plus category, in the northeast, range between 5.50 and 8.5 percent for multifamily housing. Lower rates are typical of loans with a 5 or 10-year call. Long term fixed rate mortgages with 25 to 40 year amortization terms, with maturity of 30 years out are atypical in this market.

Interest rates for long term debt for an asset of this type range from 5.25 to 7.5 percent for terms ranging upwards of 10 years. Currently, commercial mortgage lenders do not offer 30-year terms, which would necessitate a borrower to refinance 2 or 3 times during the submarket financing's 30 year term. As such, a premium was added to quantifiable rates for shorter term debt to reflect long term rates useable in a cash equivalency test.

Overall, discussion with public finance officers and market participants indicate that analysis of submarket financing is most typically realized based on a long-term differential of 150 to 250 basis points.

We considered all this data and used an interest rate of 7.25 percent to calculate the net savings in debt service over the respective terms of the financing.

While lower rates are available in the market for financing with shorter terms, our conclusion considers the long-term nature of the financing. The projected savings attributable to each of the below market mortgages, is detailed below and on the following pages.

The preferred method to estimate the present value of the submarket financing is to discount the total debt service payments to a present value at a rate equal to a market mortgage rate. The present value of these payments is then deducted from the total amount of principal.

The total present value of the agency mortgage financing, which is estimated by discounting the savings in interest costs over the term of the loan, is **\$82,000,000**.

BELOW MARKET FINANCING CASH EQUIVALENCY TEST							
Beginning Balance	Ending Balance	Amortization Schedule @12.00%	Interest Payment @4.75%	Total Payment	X	PVIF@ 7.25%	Present Value of below-market debt service payments
420,685,000	414,085,000	6,600,000	19,982,538	26,582,538	X	0.9324	= \$24,785,583
414,085,000	406,685,000	7,400,000	19,669,038	27,069,038	X	0.8694	= \$23,533,050
406,685,000	398,385,000	8,300,000	19,317,538	27,617,538	X	0.8106	= \$22,386,853
398,385,000	388,985,000	9,400,000	18,923,288	28,323,288	X	0.7558	= \$21,406,933
388,985,000	378,385,000	10,600,000	18,476,788	29,076,788	X	0.7047	= \$20,490,847
378,385,000	366,485,000	11,900,000	17,973,288	29,873,288	X	0.6571	= \$19,629,047
366,485,000	352,985,000	13,500,000	17,408,038	30,908,038	X	0.6127	= \$18,936,091
352,985,000	337,885,000	15,100,000	16,766,788	31,866,788	X	0.5712	= \$18,203,709
337,885,000	320,785,000	17,100,000	16,049,538	33,149,538	X	0.5326	= \$17,656,384
320,785,000	301,485,000	19,300,000	15,237,288	34,537,288	X	0.4966	= \$17,152,018
301,485,000	279,885,000	21,600,000	14,320,538	35,920,538	X	0.4631	= \$16,633,074
279,885,000	255,385,000	24,500,000	13,294,538	37,794,538	X	0.4318	= \$16,317,793
255,385,000	227,885,000	27,500,000	12,130,788	39,630,788	X	0.4026	= \$15,953,934
227,885,000	196,885,000	31,000,000	10,824,538	41,824,538	X	0.3754	= \$15,698,890
196,885,000	161,885,000	35,000,000	9,352,038	44,352,038	X	0.3500	= \$15,522,228
161,885,000	122,485,000	39,400,000	7,689,538	47,089,538	X	0.3263	= \$15,366,240
122,485,000	0	122,485,000	5,818,038	128,303,038	X	0.3043	= \$39,037,574
Rounded							\$338,710,247 \$420,685,000 \$81,974,753 \$82,000,000
							=PV of debt service payments at market rate =Analysis period principal amount =Prospective value of below market financing

Reconciliation and Final Value Opinion

Valuation Methodology Review and Reconciliation

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 approaches indicated the following:

FINAL VALUE RECONCILIATION	
Date of Value	As Is Value June 30, 2024
Sales Comparison Approach	
Percentage Adjustment Method (inclusive of other components of value)	\$870,000,000
Income Capitalization Approach	
Discounted Cash Flow Method (inclusive of other components of value)	\$805,000,000
Final Value Conclusion	\$805,000,000

Compiled by Cushman & Wakefield, Inc.

The Cost Approach has not been used in this report. The Cost Approach requires an estimation of the cost to reproduce or replace the proposed improvements of the property. From this cost new of improvements, accrued depreciation from physical, functional and economic sources is deducted to arrive at a cost less depreciation. The estimated land value is then added to arrive at total value. The Cost Approach was not used, as investors do not typically rely upon this methodology for mixed-use assets such as the subject.

The Sales Comparison Approach consists of the collection and analysis of data relevant to actual sales of properties deemed comparable to the subject property. Properties that have been sold are compared to the property under appraisal and adjustments to the sale prices are made based on differences between the subject property and the comparable sales. Adjustments are typically made for location, date of sale, building size, quality of construction and other relevant characteristics. Comparable sales of mixed-use and residential rental apartment buildings were used in the approach to determine the market value of the subject property. This approach was also used to determine the market value of the remaining inclusionary housing development rights.

The Income Capitalization Approach converts anticipated future cash flows into a present value estimate. This method is based on the premise that the motivation for a property purchase is a function of the anticipation of future benefits to be gained from the investment. The potential purchaser, in essence, will trade the purchase price of the property for a projected income stream to be received in the future. Conversion of the anticipated cash flow into a value indication commonly occurs in the form of discounted cash flow analysis or application of a single capitalization rate to a stabilized income estimate. We used the discounted cash flow method to develop a market value estimate for the subject in its as is condition.

The Income Capitalization Approach is considered the most appropriate technique for estimating the value of income-producing property. Not only does this approach represent the most direct and accurate simulation of market behavior, it is the method explicitly employed by buyers and sellers in acquisition and disposition decisions. Therefore, following the implied dictum of the market, we have used an approach based primarily on projected income as the foundation for our valuation of the subject property.

Market Value As Is

Based on the agreed to Scope of Work, and as outlined in the report, we developed an opinion that the Market Value of the Leased Fee Interest of the subject property, subject to the assumptions and limiting conditions, certification, and extraordinary assumptions, if any, and definitions, “As-Is” on June 30, 2024, was:

EIGHT HUNDRED FIVE MILLION DOLLARS

\$805,000,000

The market value of the subject property reported above is **inclusive** of the present value of the remaining benefits of the 20-year 421a tax abatements, which are estimated to be **\$43,900,000**, the present value of the below market financing, estimated to be **\$82,000,000**, and the present value of the remaining inclusionary housing development rights, estimated to be **\$13,000,000**.

Exposure Time and Marketing Time

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

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

Assumptions and Limiting Conditions

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

"Property" means the subject of the Report.

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

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

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

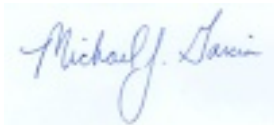
- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the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

- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and C&W make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.
- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. C&W recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. C&W recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.
- If the Report is submitted to a lender or investor with the prior approval of C&W, such party should consider this Report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.
- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and C&W, its employees and the Appraiser have no liability to such recipients. C&W disclaims any and all liability to any party other than the party that retained C&W to prepare the Report.
- Any estimate of insurable value, if included within the agreed upon scope of work and presented within this report, is based upon figures derived from a national cost estimating service and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage for replacing any structure. This analysis should not be relied upon to determine insurance coverage. Furthermore, we make no warranties regarding the accuracy of this estimate.
- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

Certification

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Michael J. Garcia, MAI made a personal inspection of the property that is the subject of this report. John T. Feeney did not make a personal inspection of the property that is the subject of this report.
- Michael J. Garcia, MAI and John T. Feeney have not performed services, as an appraiser, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
- No one provided significant real property appraisal assistance to the persons signing this report.
- As of the date of this report, Michael J. Garcia, MAI has completed the continuing education program of the Appraisal Institute.
- As of the date of this report, John T. Feeney has completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.



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Addenda Contents

ADDENDUM A: GLOSSARY OF TERMS & DEFINITIONS

ADDENDUM B: QUALIFICATIONS OF THE APPRAISERS

Addendum A: Glossary of Terms and Definitions

The following definitions of pertinent terms are taken from The Dictionary of Real Estate Appraisal, Seventh Edition (2022), published by the Appraisal Institute, Chicago, IL, as well as other sources.

Band of Investment

A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment (i.e., debt and equity, land and improvements).

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*.

Cash Equivalency Analysis

An analytical process in which the sale price of a transaction with atypical financing or financing with unusual conditions or incentives is converted into a price equivalent or consistent with what a cash buyer would pay with all other factors the same.

Depreciation

1. In appraisal, a loss in property value of improvements from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. 2. In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques.

Equity Capitalization Rate

An income rate that reflects the relationship between one year's equity cash flow and the equity investment; also called the cash-on-cash rate, cash flow rate, cash throw-off rate, or equity dividend rate.

Exposure Time

The time a property remains on the market. Per USPAP, 2024 ed., AO-35: 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 market value on the effective date of the appraisal.

External Obsolescence

A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent. There are two forms of external obsolescence: economic and locational.

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. Per USPAP, 2024 ed., Definitions-Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis.

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.

Functional Obsolescence

The impairment of functional capacity of improvements according to market tastes and standards.

Highest and Best Use

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.

Highest and Best Use as Improved

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

Hypothetical Condition

1. A condition that is presumed to be true when it is known to be false. 2. 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. Per USPAP, 2024 ed., Definitions-Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

Insurable Replacement Cost

The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design, and layout for insurance coverage purposes guaranteeing that damaged property is replaced with new property (i.e., depreciation is not deducted).

Intended Use

1. The valuer's intent as to how the report will be used. 2. Per USPAP, 2024 ed., Definitions: The use(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.

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.

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.

Market Rent

The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus.

Implicit in this definition is the execution of a lease as of a specified date under conditions whereby

- Lessee and lessor are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and
- The rent reflects specified terms and conditions typically found in that market, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, frequency of payments (annual, monthly, etc.), and tenant improvements (TIs)

Market Value

The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

Market Value As Is

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Interagency Appraisal and Evaluation Guidelines) Note that the use of the "as is" phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States. The concept of an "as is" value is not included in the Standards of Valuation Practice of the Appraisal Institute, Uniform Standards of Professional Appraisal Practice, or International Valuation Standards.

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

Marketing Time

An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal. (Advisory Opinion 7 and Advisory Opinion 35 of the Appraisal Standards Board of The Appraisal Foundation address the determination of reasonable exposure and marketing time.) See also exposure time.

Mortgage-Equity Analysis

Capitalization and investment analysis procedures that recognize how mortgage terms and equity requirements affect the value of income-producing property.

Physical Deterioration

The wear and tear that begins when a building is completed and placed into service.

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.

For example, the value of a property as of a point in time when all improvements have been physically constructed (Upon Completion) and when the property has been leased to its optimum level of long-term occupancy (Upon Stabilization). At such point, all capital outlays for tenant improvements, leasing commissions, marketing costs and other carrying charges are assumed to have been incurred.

Remaining Economic Life

The estimated period over which existing improvements are expected to contribute economically 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.

Uniform Standards of Professional Appraisal Practice (USPAP)

In the United States, professional standards, developed for appraisers and users of appraisal services by the Appraisal Standards Board of The Appraisal Foundation, that are required for use in federally related transactions. Compliance with USPAP is also required in certain appraisals by state certification and licensing boards.

Addendum B: Qualifications and Licenses of the Appraisers



Michael J. Garcia, MAI Executive Director

Valuation & Advisory
Practice Group Member | Multifamily
Cushman & Wakefield, Inc.

Professional Expertise

Mr. Garcia is a Executive Director with the Valuation & Advisory group of Cushman & Wakefield, Inc. in New York. Prior to joining Valuation & Advisory in August 2005, Michael Garcia was a biology teacher. He also served as a Peace Corps Volunteer in Cameroon, Africa, where he taught biology and physical education in a rural village community. Upon returning to the U.S., Mr. Garcia continued to work in education as a teacher in Connecticut and New York City.

Since joining the division, Mr. Garcia has worked on various appraisals of multifamily properties including cooperatives, condominiums, student housing, affordable housing, land and shell buildings throughout New York City. He has also worked in the Los Angeles office on appraisals of casinos and hotels throughout the United States. Mr. Garcia works as a colleague of John T. Feeney who specializes in the valuation of multifamily assets in New York City and co-heads the national Multifamily Practice Group.

Memberships, Licenses, Professional Affiliations and Education

- Designated Member, Appraisal Institute (MAI #478778). As of the current date, Michael Garcia, MAI has completed the requirements of the continuing education program of the Appraisal Institute.
- Certified General Real Estate Appraiser in the following state:
 - New York – 46000049472
- Master of Art, Teachers College, Columbia University
- Bachelor of Science, University of Evansville

Achievements

- Cushman & Wakefield Rising Star Award – 2012

NEW YORK

UNIQUE ID NUMBER 46000049472	State of New York Department of State DIVISION OF LICENSING SERVICES	FOR OFFICE USE ONLY Control No. 1536361
PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R. E. APPRAISERS.		EFFECTIVE DATE MO 06 DAY 29 YR 23
GARCIA MICHAEL J C/O CUSHMAN & WAKEFIELD INC 1290 AVENUE OF THE AMERICAS 9TH FL NEW YORK, NY 10104-6178		EXPIRATION DATE MO 06 DAY 28 YR 25
HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R. E. GENERAL APPRAISER		
		as Witness Witnessed The Department of State has caused its official seal to be hereunto affixed. ROBERT J. RODRIGUEZ SECRETARY OF STATE
DOS-1598 (Rev. 3/01)		



John T. Feeney Executive Director

Valuation & Advisory
Regional Practice Group Leader | Multifamily
Cushman & Wakefield, Inc.

Professional Expertise

Mr. Feeney entered the real estate business in 1985 with Cushman & Wakefield, Inc. Since that time, Mr. Feeney was promoted to Associate Director in October 1993 by the Executive Board of Cushman & Wakefield, Inc. He was subsequently promoted to Director in July 1996, to Senior Director in 2006 and to his current title of Executive Director in 2010. Since 1997, Mr. Feeney has headed the multifamily valuation team for New York's Valuation & Advisory group. From 2010 through 2018, he served as the national co-head of the Multifamily Practice Group facilitating its growth to the highest producing practice group in the country. During this time, Mr. Feeney has prepared appraisals and consulted on thousands of multifamily assets including premier developments such as One57 West 57th Street, 220 Central Park South, 15 Central Park West, the Residences at the Time Warner Center and One Beacon Court. Appraisal and consultation services have been provided to Con Edison on its transaction for sites along First Avenue, proposed to be developed with over 5,000,000 square feet of mixed use buildings; advised Pfizer Corporation on its strategic disposition plan for their original headquarters facility in Brooklyn; and Hudson Yards Infrastructure Corporation (HYIC) on the initial demand study for the 2005 re-zoning which led to Manhattan's transformative Hudson Yards special zoning district. Mr. Feeney prepared the Hudson Yards Financing District Development and Revenue Report in support of the 2021 \$452 million bond financing for the HYIC.

Mr. Feeney's team was responsible for the appraisal of the first downtown residential buildings to be granted Liberty Bond Financing. Assignments have included properties in each borough of New York City, and include cooperatives, existing and proposed condominium developments, proposed and existing rental developments, 80/20 mixed use developments, Section 8 and Section 236 housing developments, Mitchell Lama developments, development sites, air rights, Low Income Housing Tax Credits, Inclusionary Housing and benefits related to sub-market financing. Mr. Feeney is qualified as an expert witness in U.S. Bankruptcy Court, Southern and Eastern Districts of New York, and in the Supreme Court of the State of New York, County of New York, County of Queens and County of Nassau.

Memberships, Licenses, Professional Affiliations and Education

- Practicing Affiliate, Appraisal Institute
- Certified General Real Estate Appraiser in the following state:
 - New York – 46000028659
 - New Jersey - 42RG00288800
- Bachelor of Science, Manhattan College

Speaker Engagements

- Columbia Society of Real Estate, Keynote Speaker, “Metropolis of the Future”
- HAWK University of Applied Sciences, Keynote Speaker, “Hudson Yards”
- Columbia University’s School of Business Real Estate Club, Guest Speaker
- Appraisal Institute Metropolitan District Chapter Number 4, Guest Speaker
- The Real Estate Board of New York, Guest Speaker
- New York University’s Masters in Real Estate Program, Guest Speaker

NEW YORK

UNIQUE ID NUMBER 46000028659	State of New York Department of State DIVISION OF LICENSING SERVICES	FOR OFFICE USE ONLY Control No. 1536494
PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R. E. APPRAISERS.		EFFECTIVE DATE MO: 06 DAY: 30 YR: 23
FEENEY JOHN T JR C/O CUSHMAN & WAKEFIELD 1290 AVENUE OF THE AMERICAS 9TH FL NEW YORK, NY 10104-6178		EXPIRATION DATE MO: 06 DAY: 29 YR: 25
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		
DCG-1086 (Rev. 3/07)		

NEW JERSEY

THIS DOCUMENT IS PRINTED ON WATERMARKED PAPER, WITH A BLUE TINTED BACKGROUND AND MULTIPLE SECURITY FEATURES. PLEASE VERIFY AUTHENTICITY.

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

THIS IS TO CERTIFY THAT THE
Real Estate Appraisers Board
HAS CERTIFIED

John T. Feeney
Cushman & Wakefield
1290 Avenue of the Americas, 9th Fl
New York NY 10104

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

12/15/2023 TO 12/31/2025
VALID

42RG00288800
LICENSE/REGISTRATION/CERTIFICATION #

John T. Feeney
Signature of Licensee/Registrant/Certificate Holder

Carri Bain
ACTING DIRECTOR

