Site Code: C224262

NEW YORK STATE | Department of Environmental Conservation

BROWNFIELD CLEANUP PROGRAM (BCP) APPLICATION TO AMEND BROWNFIELD CLEANUP AGREEMENT AND AMENDMENT

Please refer to the attached instructions for guidance on completing this application.

Submission of a full BCP application will be required should this application be determined to be a major amendment. If the amendment seeks to add or subtract more than an insignificant acreage of property to the BCA, applicants are encouraged to consult with the DEC project team prior to submitting this application.

PART I. BROWNFIELD CLEANUP AGREEMENT AMENDMENT APPLICATION

1. Check the appropriate box(es) below based on the nature of the amendment modification(s) requested:

☐ Amendment to modify the existing BCA (check one or more boxes below):

- ☐ Add applicant(s)
- ☐ Substitute applicant(s)
- ☐ Remove applicant(s)
- ☐ Change in name of applicant(s)

☐ Amendment to reflect a transfer of title to all or part of the brownfield site:

a. A copy of the recorded deed must be provided. Is this attached? ◯ Yes ◯ No

b. ☐ Change in ownership ☐ Additional owner (such as a beneficial owner)

c. Pursuant to 6 NYCRR Part 375-1.11(d), a Change of Use form should have been submitted prior to a transfer of ownership. If this has not yet been submitted, include the form with this application. Is this form attached? ◯ Yes ◯ No Submitted on: _____

☐ Amendment to modify description of the property(ies) listed in the existing BCA

☐ Amendment to expand or reduce property boundaries of the property(ies) listed in the existing BCA

☐ Sites in Bronx, Kings, New York, Queens or Richmond Counties ONLY: amendment to request determination that the site is eligible for tangible property credit component of the brownfield redevelopment tax credit.

☑ Other (explain in detail below)

2. REQUIRED: Please provide a brief narrative describing the specific requests included in this amendment:

This amendment seeks to qualify the Site as being (1) "upside down" ~~and (2) a renewable energy facility~~.

SECTION I: CURRENT AGREEMENT INFORMATION *This section must be completed in full. Attach additional pages as necessary.*	
BCP SITE NAME: Former Dutch Masters Paint and Varnish Co.	BCP SITE NUMBER: C224262
NAME OF CURRENT APPLICANT(S): M.A.J. Associates, Inc. and False Alarm LTD.	
INDEX NUMBER OF AGREEMENT: C224262-10-17	DATE OF ORIGINAL AGREEMENT: 12/06/2017
APPLICANT'S SIGNATORY: Jay Weitzman	

SECTION II: NEW REQUESTOR INFORMATION *Complete this section only if adding new requestor(s) or the name of an existing requestor has changed.*			
NAME:			
ADDRESS:			
CITY/TOWN:		ZIP CODE:	
PHONE:	EMAIL:		
REQUESTOR CONTACT:			
ADDRESS:			
CITY/TOWN:		ZIP CODE:	
PHONE:	EMAIL:		
REQUESTOR'S CONSULTANT:	CONTACT:		
ADDRESS:			
CITY/TOWN:		ZIP CODE:	
PHONE:	EMAIL:		
REQUESTOR'S ATTORNEY:	CONTACT:		
ADDRESS:			
CITY/TOWN:		ZIP CODE:	
PHONE:	EMAIL:		

		Y	N
1.	Is the requestor authorized to conduct business in New York State?	◯	◯
2.	If the requestor is a corporation, LLC, LLP, or other entity requiring authorization from the NYS Department of State (NYSDOS) to conduct business in NYS, the requestor's name must appear exactly as given above in the NYSDOS Corporation & Business Entity Database. A print-out of entity information from the NYSDOS database must be submitted with this application. Is this print-out attached?	◯	◯
3.	Requestor must submit proof that the party signing this application and amendment has the authority to bind the requestor. This would be documentation showing the authority to bind the requestor in the form of corporate organizational papers, a Corporate Resolution or an Operating Agreement or Resolution for an LLC. Is this proof attached?	◯	◯
4.	If the requestor is an LLC, the names of the members/owners must be provided. Is this information attached? **N/A** ◯	◯	◯
5.	Describe the new requestor's relationship to all existing applicants:		

SECTION III: CURRENT PROPERTY OWNER/OPERATOR INFORMATION *Complete this section only if a transfer of ownership has taken place. Attach additional pages if necessary.*		
Owner listed below is: ◯ Existing Applicant ◯ New Applicant ◯ Non-Applicant		
OWNER'S NAME:		CONTACT:
ADDRESS:		
CITY/TOWN:		ZIP CODE:
PHONE:	EMAIL:	
OPERATOR:		CONTACT:
ADDRESS:		
CITY/TOWN:		ZIP CODE:
PHONE:	EMAIL:	

SECTION IV: NEW REQUESTOR ELIGIBILITY INFORMATION
Complete this section only if adding new requestor(s). Attach additional pages if necessary.

If answering "yes" to any of the following questions, please provide additional information as an attachment. Please refer to ECL § 27-1407 for details.

	Y	N
1. Are any enforcement actions pending against the requestor regarding this site?	◯	◯
2. Is the requestor presently subject to an existing order for the investigation, removal or remediation relating to contamination at the site?	◯	◯
3. Is the requestor subject to an outstanding claim by the Spill Fund for the site? Any questions regarding whether a party is subject to a spill claim should be discussed with the Spill Fund Administrator.	◯	◯
4. Has the requestor been determined in an administrative, civil or criminal proceeding to be in violation of (i) any provision of the subject law; (ii) any order or determination; (iii) any regulation implementing ECL Article 27 Title 14; or (iv) any similar statute or regulation of the state or federal government? If so, provide additional information as an attachment.	◯	◯
5. Has the requestor previously been denied entry to the BCP? If so, include information relative to the application, such as site name, address, DEC site number, reason for denial, and any other relevant information.	◯	◯
6. Has the requestor been found in a civil proceeding to have committed a negligent or intentionally tortious act involving the handling, storing, treating, disposing or transporting or contaminants?	◯	◯
7. Has the requestor been convicted of a criminal offense (i) involving the handling, storing, treating, disposing or transporting of contaminants; or (ii) that involves a violent felony, fraud, bribery, perjury, theft, or offense against public administration (as that term is used in Article 195 of the Penal Law) under federal law or the laws of any state?	◯	◯
8. Has the requestor knowingly falsified statements or concealed material facts in any matter within the jurisdiction of the Department, or submitted a false statement or made use of or made a false statement in connection with any document or application submitted to the Department?	◯	◯

SECTION IV: NEW REQUESTOR ELIGIBILITY INFORMATION (continued)	Y	N
9. Is the requestor an individual or entity of the type set forth in ECL 27-1407.9(f) that committed an act or failed to act, and such act or failure to act could be the basis for denial of a BCP application?	◯	◯
10. Was the requestor's participation in any remedial program under DEC's oversight terminated by DEC or by a court for failure to substantially comply with an agreement or order?	◯	◯
11. Are there any unregistered bulk storage tanks on-site which require registration?	◯	◯

12. THE NEW REQUESTOR MUST CERTIFY THAT IT IS EITHER A PARTICIPANT OR VOLUNTEER IN ACCORDANCE WITH ECL § 27-1405(1) BY CHECKING ONE OF THE BOXES BELOW:

◯ PARTICIPANT

A requestor who either (1) was the owner of the site at the time of the disposal of contamination or (2) is otherwise a person responsible for the contamination, unless the liability arises solely as a result of ownership, operation of or involvement with the site subsequent to the disposal of contamination.

◯ VOLUNTEER

A requestor other than a participant, including a requestor whose liability arises solely as a result of ownership, operation of or involvement with the site subsequent to the disposal of a hazardous waste or discharge of petroleum.

NOTE: By checking this box, a requestor whose liability arises solely as a result of ownership, operation of or involvement with the site certifies that they have exercised appropriate care with respect to the hazardous waste found at the facility by taking reasonable steps to: (i) stop any continuing discharge; (ii) prevent any threatened future release; (iii) prevent or limit human, environmental or natural resource exposure to any previously released hazardous waste.

If a requestor's liability arises solely as a result of ownership, operation of or involvement with the site, they must submit a statement describing why they should be considered a volunteer – be specific as to the appropriate care taken.

	N/A	Y	N
13. If the requestor is a volunteer, is a statement describing why the requestor should be considered a volunteer attached?	◯	◯	◯

14. Requestor's relationship to the property (check all that apply):

☐ Prior Owner ☐ Current Owner ☐ Potential/Future Purchaser ☐ Other: _____

	N/A	Y	N
15. If the requestor is not the current site owner, proof of site access sufficient to complete the remediation must be submitted. Proof must show that the requestor will have access to the property before being added to the BCA and throughout the BCP project, including the ability to place an easement on the site. Is this proof attached?	◯	◯	◯

SECTION V: PROPERTY DESCRIPTION AND REQUESTED CHANGES

Complete this section only if property is being added to or removed from the site, a lot merger or other change to site SBL(s) has occurred, or if modifying the site address for any reason.

1. Property information on current agreement (as modified by any previous amendments, if applicable):

ADDRESS:

CITY/TOWN: ZIP CODE:

CURRENT PROPERTY INFORMATION — TOTAL ACREAGE OF CURRENT SITE:

PARCEL ADDRESS	SECTION	BLOCK	LOT	ACREAGE

2. Requested change (check appropriate boxes below):

a. Addition of property (may require additional citizen participation depending on the nature of the expansion – see instructions)

PARCELS ADDED:

PARCEL ADDRESS	SECTION	BLOCK	LOT	ACREAGE

TOTAL ACREAGE TO BE ADDED: _____

b. Reduction of property

PARCELS REMOVED:

PARCEL ADDRESS	SECTION	BLOCK	LOT	ACREAGE

TOTAL ACREAGE TO BE REMOVED: _____

c. Change to SBL (e.g., lot merge, subdivision, address change)

NEW PROPERTY INFORMATION:

PARCEL ADDRESS	SECTION	BLOCK	LOT	ACREAGE

3. TOTAL REVISED SITE ACREAGE: _____

4. For all changes requested in this section, documentation must be provided. Required attachments are listed in the application instructions. Is the required documentation attached?	Y ◯	N ◯

SECTION V: PROPERTY DESCRIPTION AND REQUESTED CHANGES (continued)

Complete this section for any addition of property. Use additional copies of this section as necessary.

5. Property information for parcels being added to the BCA

PARCEL ADDRESS	SECTION	BLOCK	LOT	ACREAGE

CURRENT OWNER:	CONTACT NAME:		
ADDRESS:			
CITY:	STATE:	ZIP:	
PHONE:	EMAIL:		
OWNERSHIP START DATE:			
CURRENT OPERATOR:	CONTACT NAME:		
PHONE:	EMAIL:		

REQUESTOR RELATIONSHIP TO NEW PROPERTY (*select from below)*

☐ PREVIOUS OWNER ☐ CURRENT OWNER ☐ POTENTIAL/FUTURE PURCHASER ☐ OTHER: _____

If the applicant is not the current owner of the property, documentation demonstrating site access (which includes the ability to place an environmental easement on the site) must be provided. If the applicant currently owns the property being added to the site, a copy of the deed must be included.

IS PROOF OF ACCESS / OWNERSHIP ATTACHED? ◯ YES ◯ NO ◯ N/A

PARCEL ADDRESS	SECTION	BLOCK	LOT	ACREAGE

CURRENT OWNER:	CONTACT NAME:		
ADDRESS:			
CITY:	STATE:	ZIP:	
PHONE:	EMAIL:		
OWNERSHIP START DATE:			
CURRENT OPERATOR:	CONTACT NAME:		
PHONE:	EMAIL:		

REQUESTOR RELATIONSHIP TO NEW PROPERTY (*select from below)*

☐ PREVIOUS OWNER ☐ CURRENT OWNER ☐ POTENTIAL/FUTURE PURCHASER ☐ OTHER: _____

If the applicant is not the current owner of the property, documentation demonstrating site access (which includes the ability to place an environmental easement on the site) must be provided. If the applicant currently owns the property being added to the site, a copy of the deed must be included.

IS PROOF OF ACCESS / OWNERSHIP ATTACHED? ◯ YES ◯ NO ◯ N/A

6. Data supporting the addition of property to the site must be included. Please refer to the instructions for a list of required tables and figures.

ARE THE REQUIRED FIGURES AND TABLES ATTACHED?

◯ YES ◯ NO ◯ N/A (land being added has been merged with an existing BCP lot and the applicant is not seeking to add more than an insignificant acreage of property to the BCA)

APPLICATION TO AMEND BROWNFIELD CLEANUP AGREEMENT AND AMENDMENT SUPPLEMENT QUESTIONS FOR SITE SEEKING TANGIBLE PROPERTY CREDITS IN NEW YORK CITY ONLY

Complete this section only if the site is located within the five counties comprising New York City and the requestor is seeking a determination of eligibility for tangible property credits. Provide supporting documentation as required. Refer to the application instructions for additional information.

	Y	N
1. Is the site located in Bronx, Kings, New York, Queens or Richmond County?	◉	○
2. Is the requestor seeking a determination that the site is eligible for the tangible property credit component of the brownfield redevelopment tax credit?	◉	○
3. Is at least 50% of the site area located within an environmental zone pursuant to Tax Law 21(6)? Please see DEC's website for more information.	○	◉
4. Is the property upside down as defined below? **From ECL 27-1405(31):** "Upside down" shall mean a property where the projected and incurred cost of the investigation and remediation which is protective for the anticipated use of the property equals or exceeds seventy-five percent of its independent appraised value, as of the date of submission of the application for participation in the brownfield cleanup program, developed under the hypothetical condition that the property is not contaminated.	◉	○
5. For new tax parcels being added to the BCA through this amendment ONLY: N/A Are the parcels being added underutilized as defined below? **From 6 NYCRR 375-3.2(l) as of August 12, 2016** (Please note: Eligibility determination for the underutilized category for the new tax parcels can only be made at the time of amendment application): 375-3.2: (l) "Underutilized" means, as of the date of application, real property on which no more than fifty percent of the permissible floor area of the building or buildings is certified by the applicant to have been used under the applicable base zoning for at least three years prior to the application, which zoning has been in effect for at least three years; and (1) the proposed use is at least 75 percent for industrial uses; or (2) at which: (i) the proposed use is at least 75 percent for commercial or commercial and industrial uses; (ii) the proposed development could not take place without substantial government assistance, as certified by the municipality in which the site is located; and (iii) one or more of the following conditions exists, as certified by the applicant: (a) property tax payments have been in arrears for at least five years immediately prior to the application; (b) a building is presently condemned, or presently exhibits documented structural deficiencies, as certified by a professional engineer, which present a public health or safety hazard; or (c) there are no structures. "Substantial government assistance" shall mean a substantial loan, grant, land purchase subsidy, land purchase cost exemption or waiver, or tax credit, or some combination thereof, from a governmental entity.	○	○

6. Is the project and affordable housing project as defined below? **From 6 NYCRR 375-3.2(a) as of August 12, 2016:** (a) "Affordable housing project" means, for purposes of this part, title fourteen of article twenty-seven of the environmental conservation law and section twenty-one of the tax law only, a project that is developed for residential use or mixed residential use that must include affordable residential rental units and/or affordable home ownership units. (1) Affordable residential rental projects under this subdivision must be subject to a federal, state, or local government housing agency's affordable housing program, or a local government's regulatory agreement or legally binding restriction, which defines (i) a percentage of the residential rental units in the affordable housing project to be dedicated to (ii) tenants at a defined maximum percentage of the area median income based on the occupants' household's annual gross income. (2) Affordable home ownership projects under this subdivision must be subject to a federal, state, or local government housing agency's affordable housing program, or a local government's regulatory agreement or legally binding restriction, which sets affordable units aside for homeowners at a defined maximum percentage of the area median income. (3) "Area median income" means, for purposes of this subdivision, the area median income for the primary metropolitan statistical area, or for the county if located outside a metropolitan statistical area, as determined by the United States Department of Housing and Urban Development, or its successor, for a family of four, as adjusted for family size.	○	◉
7. Is the project a planned renewable energy facility site as defined below? **From ECL 27-1405(33) as of April 9, 2022:** "Renewable energy facility site" shall mean real property (a) this is used for a renewable energy system, as defined in section sixty-six-p of the public service law; or (b) any co-located system storing energy generated from such a renewable energy system prior to delivering it to the bulk transmission, sub-transmission, or distribution system. **From Public Service Law Article 4 Section 66-p as of April 23, 2021:** (b) "renewable energy systems" means systems that generate electricity or thermal energy through use of the following technologies: solar thermal, photovoltaics, on land and offshore wind, hydroelectric, geothermal electric, geothermal ground source heat, tidal energy, wave energy, ocean thermal, and fuel cells which do not utilize a fossil fuel resource in the process of generating electricity.	◉	○ NO
8. Is the site located within a disadvantaged community, within a designated Brownfield Opportunity Area, and meets the conformance determinations pursuant to subdivision ten of section nine-hundred-seventy-r of the general municipal law? **From ECL 75-0111 as of April 9, 2022:** (5) "Disadvantaged communities" means communities that bear the burdens of negative public health effects, environmental pollution, impacts of climate change, and possess certain socioeconomic criteria, or comprise high-concentrations of low- and moderate-income households, as identified pursuant to section 75-0111 of this article.	○	◉

PART II. BROWNFIELD CLEANUP PROGRAM AMENDMENT	
EXISTING AGREEMENT INFORMATION	
BCP SITE NAME: Former Dutch Masters Paint and Varnish Co.	BCP SITE NUMBER: C224262
NAME OF CURRENT APPLICANT(S): M.A.J. Associates, Inc. and False Alarm LTD.	
INDEX NUMBER OF AGREEMENT: C224262-10-17	DATE OF ORIGINAL AGREEMENT: 12/06/2017

Declaration of Amendment:

By the requestor(s) and/or applicant(s) signature(s) below, and subsequent signature by the Department, the above application to amend the Brownfield Cleanup Agreement described above is hereby approved. This Amendment is made in accordance with and subject to all of the BCA and all applicable guidance, regulations and state laws applicable thereto. All other substantive and procedural terms of the Agreement will remain unchanged and in full force and effect regarding the parties to the Agreement.

Nothing contained herein constitutes a waiver by the Department or the State of New York of any rights held in accordance with the Agreement or any applicable state and/or federal law or a release for any party from obligations held under the Agreement or those same laws.

STATEMENT OF CERTIFICATION AND SIGNATURES: NEW REQUESTOR

Complete the appropriate section (individual or entity) below only if this Amendment adds a new requestor. Attach additional pages as needed.

(Individual)

I hereby affirm that the information provided on this form and its attachments is true and complete to the best of my knowledge and belief. I am aware that any false statement made herein is punishable as a Class A misdemeanor pursuant to section 210.45 of the Penal Law. My signature below constitutes the requisite approval for the amendment to the BCA Application, which will be effective upon signature by the Department.

Date: _____ Signature: _____

Print Name: _____

(Entity)

I hereby affirm that I am _____(title) of _____(entity); that I am authorized by that entity to make this application; that this application was prepared by me or under my supervision and direction; and that information provided on this form and its attachments is true and complete to the best of my knowledge and belief. I am aware that any false statement made herein is punishable as a Class A misdemeanor pursuant to Section 210.45 of the Penal Law.

_____ signature below constitutes the requisite approval for the amendment to the BCA Application, which will be effective upon signature by the Department.

Date: _____ Signature: _____

Print Name: _____

STATEMENT OF CERTIFICATION AND SIGNATURES: EXISTING APPLICANT(S)
An authorized representative of each applicant must complete and sign the appropriate section (individual or entity) below. Attach additional pages as needed.

(Individual)

I hereby affirm that I am a party to the Brownfield Cleanup Agreement and/or Application referenced in Section I above and that I am aware of this Application for an Amendment to that Agreement and/or Application. My signature below constitutes the requisite approval for the amendment to the BCA Application, which will be effective upon signature by the Department.

Date: _____ Signature: _____

Print Name: _____

(Entity)

I hereby affirm that I am President (title) of M.A.J. Associates, Inc. (entity) which is a party to the Brownfield Cleanup Agreement and/or Application referenced in Section I above and that I am aware of this Application for an Amendment to that Agreement and/or Application. My signature below constitutes the requisite approval for the amendment to the BCA Application, which will be effective upon signature by the Department.

Date: 08/04/2026 Signature: Jay Weitzman

Print Name: Jay Weitzman

PLEASE SEE THE FOLLOWING PAGE FOR SUBMITTAL INSTRUCTIONS

REMAINDER OF THIS AMENDMENT WILL BE COMPLETED SOLELY BY THE DEPARTMENT

Status of Agreement:

☐ PARTICIPANT A requestor who either (1) was the owner of the site at the time of the disposal of contamination or (2) is otherwise a person responsible for the contamination, unless the liability arises solely as a result of ownership, operation of or involvement with the site subsequent to the disposal of contamination.	☒ VOLUNTEER A requestor other than a participant, including a requestor whose liability arises solely as a result of ownership, operation of or involvement with the site subsequent to the contamination.

Effective Date of the Original Agreement: 12/6/2017

Signature by the Department:

DATED: 10/9/2026

NEW YORK STATE DEPARTMENT OF
ENVIRONMENTAL CONSERVATION

By: Janet E. Brown

Janet E. Brown, Assistant Director
Division of Environmental Remediation

STATEMENT OF CERTIFICATION AND SIGNATURES: EXISTING APPLICANT(S)
An authorized representative of each applicant must complete and sign the appropriate section (individual or entity) below. Attach additional pages as needed.

(Individual)

I hereby affirm that I am a party to the Brownfield Cleanup Agreement and/or Application referenced in Section I above and that I am aware of this Application for an Amendment to that Agreement and/or Application. My signature below constitutes the requisite approval for the amendment to the BCA Application, which will be effective upon signature by the Department.

Date: _____ Signature: _____

Print Name: _____

(Entity)

I hereby affirm that I am President (title) of False Alarm LTD. (entity) which is a party to the Brownfield Cleanup Agreement and/or Application referenced in Section I above and that I am aware of this Application for an Amendment to that Agreement and/or Application. My signature below constitutes the requisite approval for the amendment to the BCA Application, which will be effective upon signature by the Department.

Date: 08/04/2026 Signature: Jay Weitzman

Print Name: Jay Weitzman

PLEASE SEE THE FOLLOWING PAGE FOR SUBMITTAL INSTRUCTIONS

REMAINDER OF THIS AMENDMENT WILL BE COMPLETED SOLELY BY THE DEPARTMENT

Status of Agreement:

☐ PARTICIPANT A requestor who either (1) was the owner of the site at the time of the disposal of contamination or (2) is otherwise a person responsible for the contamination, unless the liability arises solely as a result of ownership, operation of or involvement with the site subsequent to the disposal of contamination.	☒ VOLUNTEER A requestor other than a participant, including a requestor whose liability arises solely as a result of ownership, operation of or involvement with the site subsequent to the contamination.

Effective Date of the Original Agreement: 12/6/2017

Signature by the Department:

DATED: 10/9/2026

NEW YORK STATE DEPARTMENT OF
ENVIRONMENTAL CONSERVATION

By: Janet E. Brown

Janet E. Brown, Assistant Director
Division of Environmental Remediation

Rider to BCA Amendment #2 to Document a Tangible Property Tax Credit Determination

Site Name: Former Dutch Masters Paint and Varnish Co.
Site Number: C224262

☐ An area of the Site was previously remediated, the "TPC Exclusion Area", and was, therefore, not eligible for tangible property tax credits. Tangible property tax credits remain unavailable for excavation completed up to a depth of 6 feet below ground surface within this area. Excavation to depths greater than 6 feet below ground surface in this area are now eligible for tangible property tax credits.

1- The Department has determined that the Site is eligible for tangible property tax credits pursuant to ECL § 27-1407(1-a) because the Site is located in a City having a population of one million or more and:

☐ At least half of the site area is located in an environmental zone as defined in section twenty-one of the tax law.

☒ The property is upside down, as defined by ECL 27-1405 (31)

☐ The property is underutilized, as defined by 375-3.2(l).

☐ The project is an affordable housing project, as defined by 375-3.2(a).

2- The Site is located in a City having a population of one million or more and the Applicant:

☐ Has not requested a determination that the Site is eligible for tangible property tax credits. It is therefore presumed that the Site is not eligible for tangible property tax credits. In accordance with ECL § 27-1407(1-a), the Applicant may request an eligibility determination for tangible property tax credits at any time from application until the site receives a certificate of completion except for sites seeking eligibility under the underutilized category.

☐ Requested a determination that the Site is eligible for tangible property tax credits and pursuant to ECL § 27-1407(1-a), the Department has determined that the Site is not eligible for tangible property tax credits because the Applicant has not submitted documentation sufficient to demonstrate that at least one of the following conditions exists: at least half of the site area is located in an environmental zone as defined in section twenty-one of the tax law, the property is upside down, the property is underutilized, or the project is an affordable housing project. In accordance with ECL § 27-1407(1-a), the Applicant may request an eligibility determination for tangible property tax credits at any time from application until the site receives a certificate of completion except for sites seeking eligibility under the underutilized category.

3- For sites statewide, where applicable:

☐ In accordance with ECL § 27-1407(1-a), based on data submitted with the application the Department has determined the Site is not eligible for tangible property tax credits because the contamination in ground water and/or soil vapor is solely emanating from property other than the Site.

☐ The remedial investigation or other data generated during the remedial program the Department has identified an on-site source of contamination, which now makes this site eligible for tangible property tax credits.

☐ The Department has determined that the Site or a portion of the Site has previously been remediated pursuant to Article 27, Title 9, 13 or 14] of the ECL, Article 12 of the Navigation Law or Article 56, Title 5 of the ECL. Therefore, in accordance with ECL § 27-1407(1-a), the Site is not eligible for tangible property tax credits.

THIS RIDER TO AN AMENDMENT TO THE BCA ESTABLISHING ELIGIBILTY FOR TANGIBLE PROPERTY TAX CREDITS IS HEREBY APPROVED, Acting by and Through the Department of

Environmental Conservation as Designee of the Commissioner,

By: Janet E. Brown 10/9/2026

Janet Brown, P.E. Date
Assistant Division Director
Division of Environmental Remediation

SUBMITTAL REQUIREMENTS:

- The Department accepts both hard copy and electronic submittal of the *Application to Amend Brownfield Cleanup Agreement and Amendment* form.
- Hard copy submissions must also include an electronic version of the complete application form and attachments, in final, non-fillable Portable Document Format (PDF), on an external storage device (such as a thumb drive or CD). Applications must be sent to:

  Chief, Site Control Section
  New York State Department of Environmental Conservation
  Division of Environmental Remediation
  625 Broadway, 12th Floor
  Albany, NY 12233-7015
- NOTE: Electronic applications submitted in fillable format will be rejected.

INSTRUCTIONS FOR COMPLETING AN APPLICATION TO AMEND BROWNFIELD CLEANUP AGREEMENT AND AMENDMENT

This form must be used to add or remove a party, reflect a change in property ownership to all or part of the site, modify a property description, or reduce/expand property boundaries for an existing BCP Agreement.

NOTE: DEC requires a standard full BCP application to request major changes to the description of the property set forth in the BCA (e.g., adding a significant amount of new property, or adding property that could affect an eligibility determination due to contamination levels or intended land use). The application must be submitted to DEC in the same manner as the original application to participate.

COVER PAGE

Please select all options that apply. Provide a brief narrative of the nature of the amendment requested.

SECTION I: CURRENT AGREEMENT INFORMATION

This section must be completed in its entirety. The information entered here will auto-populate throughout the application and amendment.

Provide the site name, site code and name(s) of current requestor(s) exactly as this information appears on the existing agreement. This should reflect any changes made by previous amendments to the site name or parties on the BCA. Provide the agreement index number and the date of the initial BCA.

SECTION II: NEW REQUESTOR INFORMATION

This section is to be completed only if a new requestor is being added to the BCA, or if the name of the existing requestor has changed with the NYSDOS.

Requestor Name

Provide the name of the person(s)/entity requesting participation in the BCP. (If more than one, attach additional sheets with requested information.) The requestor is the person or entity seeking DEC review and approval of the remedial program.

If the requestor is a Corporation, LLC, LLP or other entity requiring authorization from the NYS Department of State to conduct business in NYS, the requestor's name must appear, exactly as given above, in the NYS Department of State's Corporation & Business Entity Database.

Requestor, Consultant and Attorney Contact Information

Provide the contact name, mailing address, telephone number and e-mail address for each of the following contacts:

Requestor's Representative: This is the person to whom all correspondence, notices, etc., will be sent, and who will be listed as the contact person in the BCA. Invoices will be sent to the representative unless another contact name and address is provided with the application.

Requestor's Consultant: Include the name of the consulting firm and the contact person.

Requestor's Attorney: Include the name of the law firm and the contact person.

Required Attachments for Section II:

1. *NYSDOS Information: A print-out of entity information from the NYSDOS database to document that the applicant is authorized to do business in NYS. The requestor's name must appear throughout the application exactly as it does in the database.*
2. *LLC Organization: If the requestor is an LLC, provide a list of the names of the members/owners of the LLC.*
3. *Authority to Bind: Proof must be included that shows that the party signing this application and amendment is authorized to do so on behalf of the requestor. This documentation may be in the form of corporate organizational papers, a Corporate Resolution or Operating Agreement or Resolution.*

SECTION III: CURRENT PROPERTY OWNER/OPERATOR INFORMATION

Complete this section only if a transfer of ownership has taken place for all or part of the site property. Attach additional pages for each new owner if applicable.

Provide the relationship of the owner to the site by selecting one of the check-box options.

Owner Name, Address, etc.

Provide information for the new owner of the property. List all new parties holding an interest in the property. Attach separate pages as needed.

Operator Name, Address, etc.

Provide information for the new operator, if applicable.

NOTE: Pursuant to 6 NYCRR Part 375-1.11(d), a Change of Use form should have been submitted prior to a transfer of ownership. If this form was not previously submitted, it must be included with this application. See http://www.dec.ny.gov/chemical/76250.html for additional information.

Required Attachments for Section III:

1. *Copy of deed as proof of ownership.*
2. *Ownership/Nominee Agreement, if applicable.*
3. *Change of Use form, if not previously submitted to the Department.*

SECTION IV: NEW REQUESTOR ELIGIBILITY INFORMATION

For additional information regarding requestor eligibility, please refer to ECL §27-1407.

Provide a response to each question listed. If any question is answered in the affirmative, provide an attachment with detailed relevant information. It is permissible to reference specific sections of existing property reports; however, such information must be summarized in an attachment. For properties with multiple addresses or tax parcels, please include this information for each address or tax parcel.

If a requestor whose liability arises solely as a result of ownership, operation of or involvement with the site, submit a statement describing why you should be considered a volunteer – be specific as to the appropriate care taken.

If the requestor is not the current site owner, proof of site access sufficient to complete the remediation must be submitted. Proof must show that the requestor will have access to the property before signing the BCA and throughout the BCP project, including the ability to place an easement on the site. A purchase contract does not suffice as proof of access.

Required Attachments for Section IV:

1. *Detailed information regarding any questions answered in the affirmation, if applicable.*
2. *Statement describing why the requestor should be considered a volunteer, if applicable.*
3. *Site access agreement, as described above, if applicable.*

SECTION V: PROPERTY DESCRIPTION AND REQUESTED CHANGES

NOTE: DEC requires a standard full BCP application to request major changes to the description of the property set forth in the BCA (e.g., adding a significant amount of new property, or adding property that could affect an eligibility determination due to contamination levels or intended land use). The application must be submitted to DEC in the same manner as the original application to participate.

Property Information on Existing Agreement

Provide the site address and tax parcel information exactly as it appears on the current agreement (including as it has been modified in previous amendments).

Addition of Property

Provide the tax parcel information and acreage for each parcel to be added. Provide the total acreage to be added below the far-right column.

Reduction of Property

Provide the tax parcel information and acreage for each parcel to be removed. Provide the total acreage to be removed below the far-right column.

Change to address, SBL or metes and bounds description

Provide the new address and tax parcel information.

Total Revised Site Acreage

Provide the new total site acreage after addition or removal of property. If no change to site boundary, this should match the acreage provided above, under Property Information on Existing Agreement.

For all sites seeking to add property to the site, provide all requested information for each additional tax parcel (full or partial). Refer to the list below for additional required attachments.

All requested changes to this section should be accompanied by a revised survey or other acceptable map depicting the proposed new site boundary. Additionally, provide a county tax map with the site boundary outlined, as well as a USGS 7.5-minute quadrangle map with the site location clearly identified.

Required Attachments for Section V:

1. *For all additions and removal of property:*
   a. *Site map clearly identifying the existing site boundary and proposed new site boundary*
   b. *County tax map with the new site boundary clearly identified*
   c. *USGS 7.5-minute quadrangle map with the site location clearly identified*
   d. *For additions of property ONLY:*
      i. Data summary tables for each affected medium, highlighting exceedances of reasonably anticipated use SCOs
      ii. Site drawings for each affected medium, identifying exceedances of reasonably anticipated use SCOs
      iii. Proof of site access or ownership
2. *For address changes, lot mergers, subdivisions and any other change to the property description:*
   a. *County tax map with the site boundary and all SBL information clearly identified*
   b. *USGS 7.5-minute quadrangle map with the site location clearly identified*
   c. *Approved application for lot merger or apportionment, or the equivalent thereof, as proof from the municipality of the SBL change(s)*

SUPPLEMENT TO THE APPLICATION TO AMEND BROWNFIELD CLEANUP AGREEMENT AND AMENDMENT – QUESTIONS FOR SITES SEEKING TANGIBLE PROPERTY CREDITS IN NEW YORK CITY ONLY

Complete this section only if the site is located within the five counties comprising New York City and the requestor is seeking a determination of eligibility for tangible property credits.

Provide responses to each question. If any question is answered in the affirmative, provide required documentation as applicable.

Required Attachments for NYC Site Supplement:

1. *For sites located all or partially in an En-zone: provide a map with the site boundary clearly identified and the En-zone overlay showing that all or a portion of the site is located within an En-zone. This map must also indicate the census tract number in which the site is located. See DEC's website for additional information.*
2. *For sites requesting an upside down or underutilized determination, an affidavit from the applicant and any documentation in support of this determination must be included. Note that an eligibility determination for the underutilized category can only be made at the time of initial application, so that determination can only apply to new parcels being considered for addition to the BCA.*
3. *For affordable housing projects: provide the affordable housing regulatory agreement and any additional relevant information.*
4. *For renewable energy site projects: for (a) planned renewable energy facilities generating/storing less than twenty-five (25) megawatts, provide a local land use approval; or, for (b) planned renewable energy facilities generating/storing twenty-five (25) megawatts or greater, provide the permit issued by the NYS Office of Renewable Energy Siting.*
5. *For sites located within a disadvantaged community and a conforming Brownfield Opportunity Area: provide a map with the site boundary clearly identified and the disadvantaged community overlay showing that the site is located within a disadvantaged community.*

PART II: BROWNFIELD CLEANUP PROGRAM AMENDMENT

The information in the "EXISTING AGREEMENT INFORMATION" section should auto-populate with the information provided on page 2.

If a new requestor is applying to enter the program, provide the required information and signature at the bottom of page 8 and the required information and signature on page 9.

If no new requestor is applying to the program but any other change has been made, provide the required information and signature on page 9.

NEW YORK STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION

BROWNFIELD CLEANUP PROGRAM ECL §27-1401 et seq.

----------X

In the Matter of a Remedial Program for

Former Dutch Masters Paint and Varnish Co. Index No. C224262-10-17
DEC Site No.: C224262

Located at: 29-41 Wythe Avenue and 180 N. 14th Street
Kings County Brooklyn, NY 11249

Hereinafter referred to as "Site"

AFFIDAVIT IN SUPPORT OF BCA AMENDMENT TO QUALIFY SITE AS BEING UPSIDE DOWN

by: False Alarm LTD
816 Avenue I, Brooklyn, NY 11230
and
M.A.J. Associates, Inc.
816 Avenue I, Brooklyn, NY 11230
Hereinafter referred to as "Applicants"

----------X

MICHAEL WEITZMAN, being duly sworn or having affirmed, deposes and says:

1. I am the Vice President of each of the Applicants. The statements made herein are from my personal knowledge, from records in the possession, custody, or control of the Applicants, except for statements (if any) made upon information and belief.

2. I submit this Affidavit in support of the Applicants' Application to Amend Brownfield Cleanup Agreement and Amendment, dated Augusts 4, 2026, seeking a determination that the Site (a/k/a the "Property") is (a) "upside down," and (b) a renewable energy facility (collectively, "BCA Amendment #2").

The Site is Upside Down

3. The projected and incurred cost of the investigation and remediation which is protective for the anticipated use of the Property is at least $15,438,634 (the "Cleanup Cost"). A summary of the Cleanup Cost is attached to this Affidavit as Exhibit 1.

4. The independent appraised value of the Property, as of the date of submission of Applicants' application for participation in the Brownfield Cleanup Program, and as developed under the hypothetical condition that the property is not contaminated, is $13,450,000 (the "Appraised Value"). *See* Appraisals, 180 N.14th (Aug. 3, 2026) and 29 Wythe (Aug. 4, 2026), a true and correct copy of each of which is attached to this Affidavit, collectively, as Exhibit 2.

5. The Cleanup Cost exceeds seventy-five percent of the Appraised Value.

6. Consequently, the Site satisfies the definition of "upside down" as set forth in ECL § 27-1405(31).

~~***The Site is a Renewable Energy Facility***~~

~~7. The Applicants will install a geothermal energy system at the Site.~~

~~8. The Applicants have received all permits required to do so, a true and correct copy of each of which is attached, collectively, as Exhibit 3.~~

~~9. Consequently, the Site satisfies the definition of "renewable energy facility" as set forth in Public Service Law Article 4 Section 66-p, subsection (b), and, therefore, as set forth also in ECL § 27-1405(33).~~

Conclusion

10. Accordingly, on behalf of the Applicants, I respectfully request that the New York Department of Environmental Conservation approve BCA Amendment #2.

Michael Weitzman

Sworn to or affirmed before me
this 6th day of August, 2026

Notary Public

ARIANA Y GENET
NOTARY PUBLIC-STATE OF NEW YORK
No. 01GE6393109
Qualified in Kings County
My Commission Expires 06-10-2027

Exhibit 1

Direct Clean up Cost For 29 Wythe and 180 North 14th Street Brooklyn, NY

excavation	$ 880,000.00
Scaffolding	$ 100,000.00
demolition	$ 681,904.00
Asbestos	$ 136,730.00
environmental consulting	$ 700,000.00
engineering, permits and filing fees	$ 1,000,000.00
legal costs	$ 150,000.00
Soil Removal	$ 5,200,000.00
remediation measures taken to address contaminated soil vapor	$ 255,000.00
SOE	$ 5,400,000.00
dewatering	$ 650,000.00
General Conditions (fencing, temporary electric wiring, security fac	$ 185,000.00
Special Inspections	$ 100,000.00
Monitoring	$ 285,000.00
	$ 15,438,634.00

Exhibit 2

APPRAISAL OF

180 NORTH 14TH STREET

BROOKLYN, NEW YORK

as of
June 14, 2017

Wm. Shubert & Co.
718 863 2200
1060A Broadway
Woodmere, NY 11598
isaac@shubertco.com

August 3, 2026

Mr. Jay Weitzman
6 North 9th Street
Brooklyn, NY 11249

Re: 180 North 14th Street
Brooklyn, NY 11249

Dear Mr. Weitzman:

At your request, we have examined the above-captioned property for the purpose of estimating its retrospective "as is" Market Value as of June 14, 2017 (prior to its demolition), under the assignment condition that the property was assumed to have not been affected by Brownfield contamination. As of the date of valuation, the subject consisted of a fully sprinklered one-story industrial building erected in 1950, containing 8,528 square feet, and subdivided to contain 44 soundproof music rehearsal spaces, situated on an 8,528 square foot site in the Williamsburg section of Brooklyn, New York. The subject was 100% leased to a single tenant. Refer to the Hypothetical Conditions and Extraordinary Assumptions stated on page 9 of this report. Mr. Benshabat did not personally inspect the subject property, and no inspection of the former improvements was possible.

This appraisal was completed in accordance with the requirements of the Appraisal Institute, of which Isaac Benshabat is a member. The appraisal also conforms to the current Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board of the Appraisal Foundation.

Based on our investigation and analysis, and subject to the limiting conditions stated in the accompanying report, it is our opinion that the "as is" Market Value of the Leased Fee Interest in this property as of June 14, 2017 was:

Four Million Dollars
$4,000,000

Respectfully submitted,

Isaac Benshabat, MAI
Certified General Real Estate Appraiser
NY (No. 46-49712)

Michal Benshabat
Licensed Real Estate Appraiser Assistant
NY (No. 48-53888)

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Summary of Salient Facts and Conclusions

SUBJECT PROPERTY:	180 North 14th Street, Brooklyn, NY 11249	
LEGAL DESCRIPTION:	Block 2279, Lot 9	
PROPERTY DESCRIPTION:	The subject consisted of a one-story industrial building erected circa 1950, containing 8,528 square feet.	
SITE AREA (SF):	8,528	
ZONING:	M1-2 (Light Industrial)	
HIGHEST AND BEST USE	As Vacant:	As Improved:
	Commercial Use	Continued Industrial Use pending redevelopment
FLOOD ZONE:	3604970202F; Zone AE, an area of elevated flood hazard.	
RELEVANT DATES:	Inspection Date:	Value Date:
	August 2, 2026	June 14, 2017
PROPERTY RIGHTS APPRAISED	Leased Fee Interest	
INTENDED USE/INTENDED USER	Mr. Jay Weitzman	
INTENDED USE OF THE APPRAISAL	Realty analysis in connection with a Brownfield contamination benefit application.	
VALUE ESTIMATES	Sales Comparison Approach (Unencumbered)	$4,250,000
	Income Capitalization Approach – Direct Capitalization	$2,900,000
	Income Approach – Discounted Cash Flow	$4,000,000
FINAL VALUE ESTIMATE	$4,000,000	

Subject Property Photos (as of August 2, 2026)



VIEW OF SUBJECT



VIEW WEST ON NORTH 14TH STREET-

SUBJECT AT LEFT



VIEW EAST ON NORTH 14TH STREET –

SUBJECT AT RIGHT



SITE INTERIOR

INTRODUCTION

Identification of the Subject Property

As of the date of valuation, the subject consisted of a fully sprinklered one-story industrial building erected in 1950, containing 8,528 square feet, and subdivided to contain 44 soundproof music rehearsal spaces, situated on an 8,528 square foot site in the Williamsburg section of Brooklyn, New York.

Purpose of the Appraisal

The purpose of this appraisal is to estimate the retrospective “as is” Market Value of the Leased Fee Interest in the subject property, as of June 14, 2017.

Property Rights Appraised

The property rights appraised are those of the Leased Fee Interest, defined as: "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.”[1]

Intended Use/Intended user of the Appraisal

The Intended Use of this report is to assist the Mr. Jay Weitzman (defined as our client, and the intended user of this report) in his real estate analysis by providing a supported opinion of market value for the subject.

Date of Value Estimate

The valuation date of this appraisal is June 14, 2017. The date of inspection is August 2, 2026. The subject property was inspected on that date by Michal Benshabat. Isaac Benshabat, MAI has not personally inspected this property.

Legal Description

As of the date of valuation, the subject was designated by the City of New York Assessor as Block 2279, Lot 9, Borough of Brooklyn; it was subsequently merged with an adjacent lot. The assessor's designation is commonly referred to in place of a metes and bounds legal description in identifying properties in the City of New York.

[1] [The Appraisal Institute, “The Dictionary of Real Estate”, 7th ed. (Chicago: The Appraisal Institute, 2022), p. 73]

History of the Subject Property

According to public records, the current owner is False Alarm Ltd. who has owned the property for over 10 years. The subject property was demolished in 2018, and the subject lot (Lot 9) was subsequently merged with neighboring lot 1 in 2019. The site as a whole is currently being developed with a four-story commercial building. At the time of inspection, the foundation and steelwork appeared to be in the initial stages. No current listing, contract of sale, or option is known to exist for this property.

Marketing and Exposure Time

As explained in Statement 6 and advisory opinion AO-7 of the Appraisal Standards Board of The Appraisal Foundation, marketing time and exposure time are distinct concepts. Marketing time refers to the period following the effective date of appraisal. Considering current and anticipated economic conditions, it is our opinion that a marketing time of less than one year will be required to sell the subject at the value estimated.

Exposure time is defined as the estimated length of offering time the subject property would have required prior to the effective date of the appraisal in order to consummate a sale at the appraised value, on that date. Exposure time therefore precedes the effective date of the appraisal. Exposure time for the subject property is estimated to be less than one year.

Definition of Market Value[2]

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 condition 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.

Scope of the Appraisal

Wm. Shubert & Co. has been retained by Mr. Jay Weitzman to estimate the retrospective "as is" market value of 180 North 14th Street, Brooklyn, NY 11249, referred to as the subject property, as of June 14, 2017. In completing this assignment, we undertook the following services:

- Inspected the exterior of the subject site and the surrounding area, and reviewed information provided by our client to analyze the improvements as they existed as of the date of value, noting that the former improvements have since been demolished.
- Defined the subject property and researched its history of ownership.
- Reviewed demographic and economic trends in the local area and region.
- Reviewed zoning regulations applicable to the subject property.
- Studied the historic trend in tax liability, estimated historical taxes, and projected the future trend in tax liability.
- Analyzed Highest and Best Use.
- Estimated the market value of the unencumbered interest through development of the Sales Comparison Approach.
- Estimated the market value of the Leased Fee Interest through development of the Income Capitalization Approach, employing both direct capitalization of the initial year's net operating income and a discounted cash flow analysis over the remaining term of the existing lease.

[2] Source: Code of Federal Regulations; Title 12 - Banks and Banking; Chapter I - Comptroller of the Currency, Department of the Treasury; Part 34 - Real Estate Lending and Appraisals - Subpart C - Appraisals Sec. 34.42 Definitions; Revised as of January 1, 2000.

Extraordinary Assumptions and Hypothetical Conditions

According to The Dictionary of Real Estate Appraisal (7th Edition), an Extraordinary Assumption is “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. 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 about the integrity of data used in an analysis.” A Hypothetical Condition is defined as, “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.”

Extraordinary assumptions consist of the following:

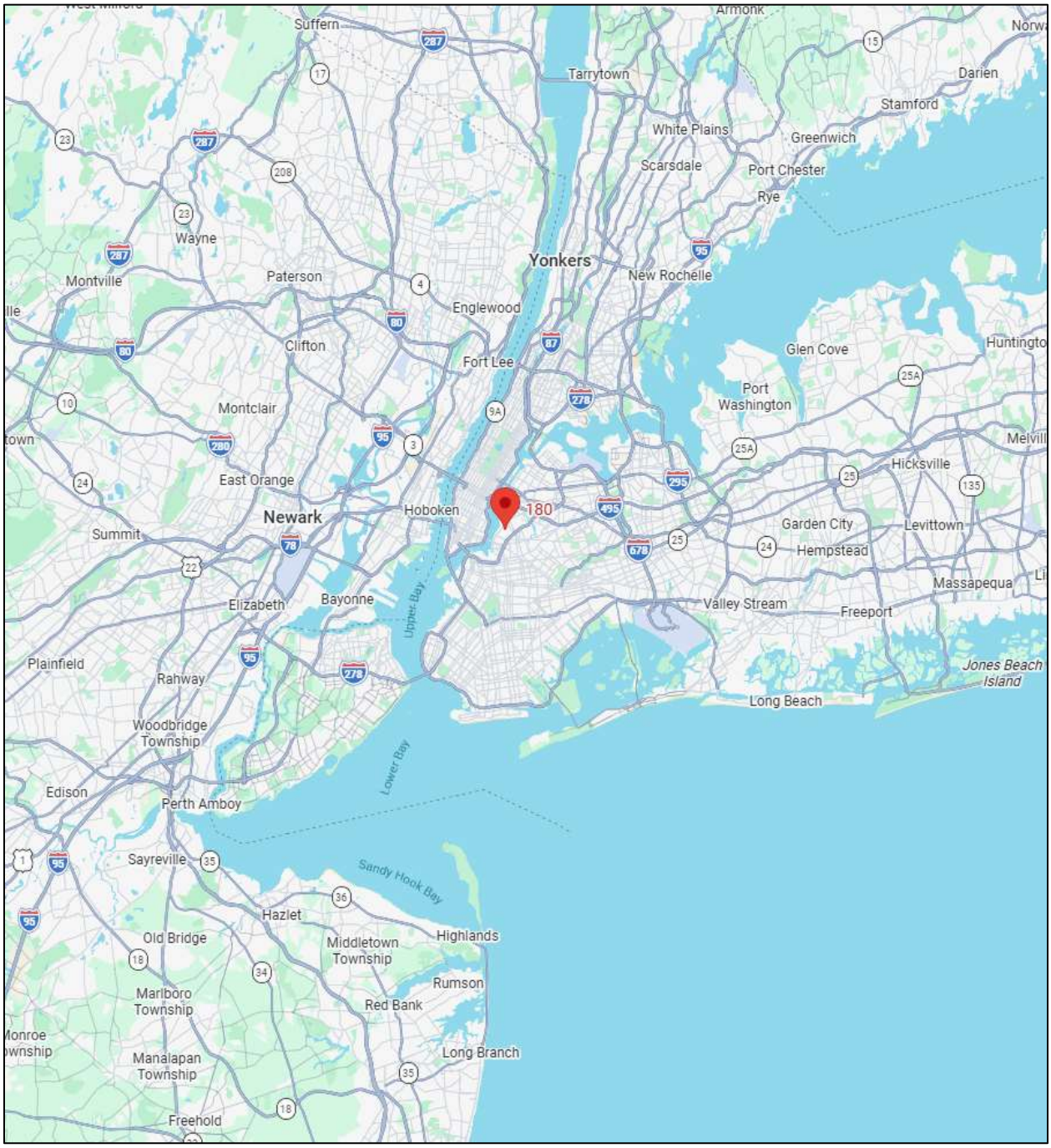
- The improvements that existed as of the June 14, 2017 effective date were demolished in 2018, and the subject site is presently under construction. Neither the interior nor the exterior of the former improvements was available for inspection by the appraisers, and no inspection of the improvements was performed. The site inspection conducted by Michal Benshabat on August 2, 2026 was limited to the vacant, excavated site and the surrounding neighborhood, and did not and could not include observation of the improvements as they existed on the effective date. It is an extraordinary assumption of this assignment that the improvements existed and were configured as described herein.
- Ownership has represented to us that no material physical change occurred to the subject improvements, interior or exterior, during the period between the May 6, 2015 date of the prior appraisal and the June 14, 2017 effective date of this appraisal. We have relied upon that representation and have assumed it to be accurate.

Hypothetical Conditions relied on in this report consist of the following:

- Consistent with the intended use of this assignment, we have valued the subject under the hypothetical condition that as of the effective date it was not impacted by Brownfield contamination and required no remediation. This condition is contrary to what is known to exist. We are not environmental professionals, and no environmental site assessment, remediation cost estimate, or regulatory correspondence was reviewed by us in connection with this assignment. The value reported herein is an "as if clean" value and is not an opinion of the market value of the subject in its actual, contaminated condition as of the effective date.

The Hypothetical Condition stated herein has a material impact on the value conclusions presented. The Extraordinary Assumptions, if found to be false, could have a significant effect on our opinions and conclusions.

REGIONAL MAP



ECONOMIC CONDITIONS AS OF THE DATE OF VALUATION

Real estate functions as one element of a broad economic environment, and is influenced by national, regional, and local trends. The following summary, excerpted from the Federal Reserve Beige Book report, provides a brief overview of economic conditions:

FEDERAL RESERVE BEIGE BOOK 2nd DISTRICT--NEW YORK MAY 31, 2017

Summary of Economic Activity

Economic activity in the Second District has been essentially flat since the last report, while labor markets have remained tight. Input price pressures have persisted, while selling prices have been steady to up modestly. Manufacturers indicated that business activity has flattened out, while service-sector contacts have continued to report steady to modestly expanding activity. Consumer spending has been flat since the last report, while consumer confidence has retreat- ed from a multi-year high. Housing markets were mixed but, on balance, steady since the last report. Commercial real estate markets were also mixed: office markets were mostly steady, industrial markets were steady to slightly stronger, while retail markets weakened further. New construction activity has been sluggish across most of the District, on both commercial and residential structures. Banks reported that loan demand was steady to stronger, while delinquency rates declined.

Real Estate and Construction

Housing markets across the District have been mixed but, on balance, steady since the last report. New York City's rental market has remained mostly steady, though increased landlord concessions have further lowered effective rents and spurred some pickup in leasing, especially at the high end. In contrast, rents continued to rise across northern New Jersey, the Lower Hudson Valley, southwestern Connecticut and upstate New York.

The sales market for homes has strengthened in north-ern New Jersey and across upstate New York but has been essentially flat in New York City. Home resale activity across downstate New York, and especially in New York City, has slowed to more normal levels, following an unusually brisk first quarter. Prices of New York City co-ops and condos have remained mixed, rising at the low end, falling at the high end, and holding steady in the middle. Inventories have continued to edge up in Manhattan but have fallen to low levels elsewhere—notably in upstate New York and north New Jersey.

Commercial real estate markets have been mixed in recent weeks. The market for office space has generally been steady, as both availability rates and asking rents have not changed significantly. The industrial market, which had been strengthening steadily over the past year, has lost some momentum in recent weeks but has continued to tighten. While availability rates have largely leveled off, rents have continued to climb, running 8-12 percent ahead of a year earlier. In contrast, the market for retail space has softened further: vacancy rates reached multi-year highs throughout the District, while asking rents were little changed.

Finally, both residential and commercial construction have remained sluggish overall. New starts of single- family homes have remained subdued, while new multi- family construction has slowed substantially. On the commercial side, although there is a good

deal of office construction in progress—especially in New York City— there has been very little new office development, except in northern New Jersey.

Banking and Finance

Bankers reported stronger demand for consumer loans and residential mortgages but no change in demand for commercial loans or mortgages. Bankers also indicated that refinancing activity decreased for all types of loans. Credit standards were reported to be unchanged across all loan categories. Banks noted wider spreads of loan rates over cost of funds for consumer loans but no change in spreads for other loan categories. Contacts also reported an increase in the average deposit rate, on net. Delinquency rates were said to be lower across all loan categories—particularly residential mortgages.

NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION DATA

Employment

Private sector employment fell in April 2017. The decline of 5,100 jobs reversed last month's equally sized gains. While many sectors saw employment declines, drops were largely concentrated in Education, Construction, and Retail, which accounted for about half of the month's job losses. Nevertheless, several sectors saw employment growth. The Financial Activities, Health Care, and Arts and Entertainment sectors led job gains. Overall, private employment is 1.0% higher than last year, led by a growing Health Care sector.

Wages in April 2017 showed encouraging signs of growth despite employment reversals. Average weekly wages rose to $1,216 in April 2017, a 4.8% increase from the prior year. By comparison, average US weekly wages rose 1.9% to $914. Over the first four months of 2017, hourly wages in the City grew at an accelerating rate.

Unemployment ticked up slightly from 4.0% in March 2017 to 4.1% in April. At this time last year, the City's unemployment rate was 5.2%. This increase is due to job losses and more New Yorkers joining the labor force—in fact, the labor force participation rate rose to an all-time high of 61.3%. By comparison, unemployment was 4.3% in New York State and 4.4% in the US.

Finance

After subdued economic growth in 2016, New York City saw accelerating economic expansion in the first quarter of 2017, according to an index of economic activity maintained by the New York Federal Reserve Bank (see note below). New York City's rate of economic expansion has increased for three consecutive quarters and is currently at its fastest rate since the last quarter of 2015. For the US, however, economic growth appears to be slowing, with the first quarter showing the slowest rate of growth since the second quarter of 2015.

Real Estate

Manhattan commercial office rents were relatively steady in April 2017, rising 0.4% from last year. While rent prices fell in the majority of submarkets, continued strength in the Midtown South market pushed overall rents up. Rents in Midtown South rose 2.7% from

last year while the Midtown and Downtown markets fell slightly. The office vacancy rate also rose slightly in Manhattan to 9.5% from 8.9% in April 2016. This increase is attributed to the lack of any new large leases this month, and to two buildings entering the market in Chelsea. New York's housing market, meanwhile, continued at pace. Rent prices remain relatively unchanged over the last year at $2,330. Sales prices continued to climb, reaching $657,900 in April 2017, 13.5% higher than April 2016.

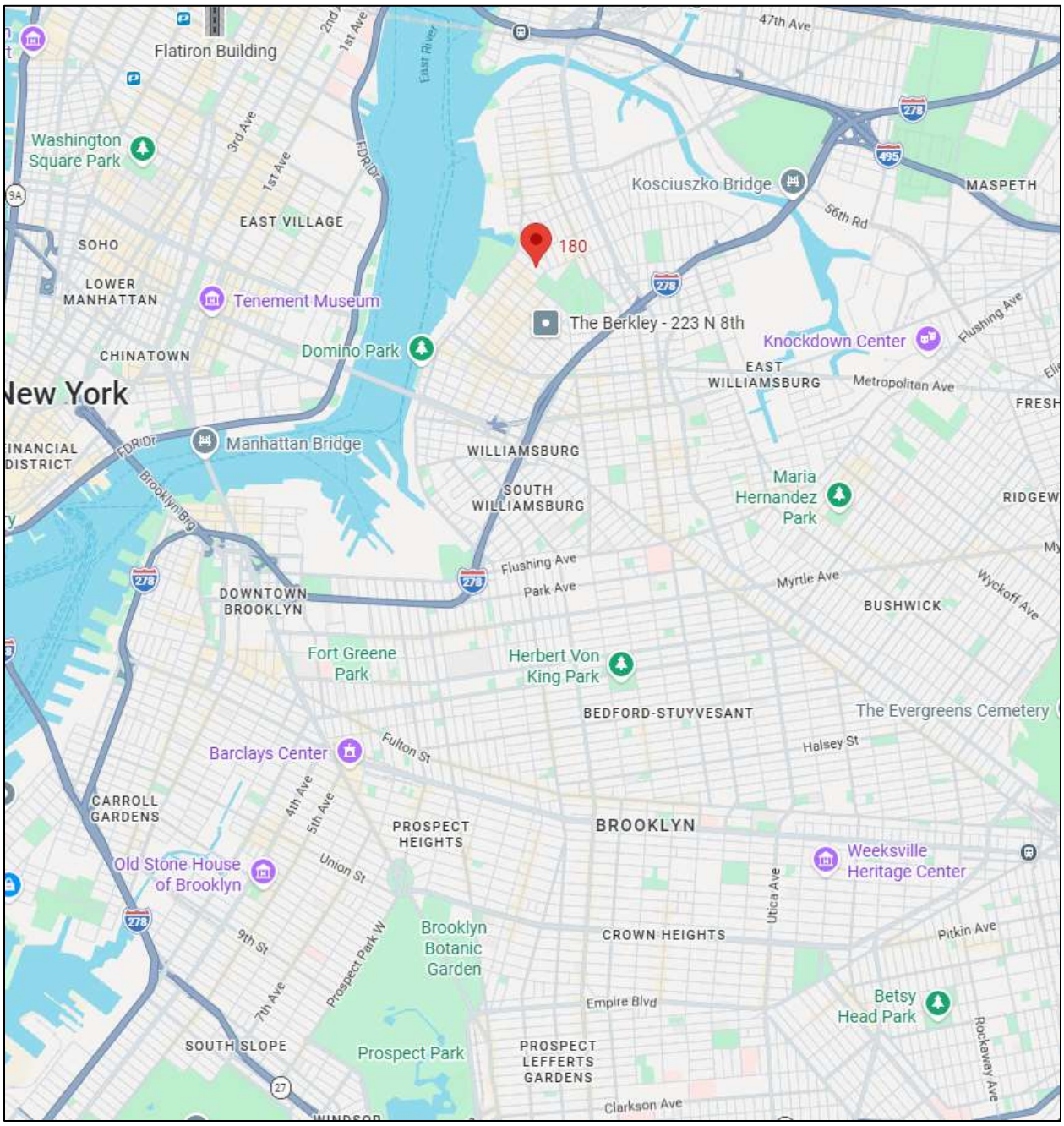
Construction

In April 2017, construction started on 312 projects worth $2.7 billion. These figures are 51.4% and 40.2% lower, respectively, than averages over the past twelve months. Nonetheless, April construction starts included 2,023 residential units—a 15.3% increase over the previous twelve-month average. This jump was largely driven by Manhattan, where construction projects accounted for more than one- third of all residential units. This is the largest number of new residential units in the borough since March 2016 and nearly double past twelve months averages. The number and units of construction projects in the other boroughs were subdued relative to recent months.

Transit and Tourism

Transit ridership fell in all major categories for the second consecutive month. New York City Transit led declines, which continue to fall to multiyear lows. New York City Bus fell the furthest to 53.5 million riders in March 2017 compared to 58.7 million the previous year. The same appears to be true for automotive traffic with major bridge and tunnel crossings over both the Hudson River and East River recording year-over-year declines. These declines are present despite employment near record highs and a seemingly steady tourism sector. One indicator of local tourism, Broadway revenues, surged in March 2017, largely driven by higher ticket prices and static attendance. Airport passenger traffic, however, saw its first year-over-year drop since February 2014.

AREA MAP


Flatiron Building
Washington Square Park
EAST VILLAGE
SOHO
LOWER MANHATTAN
Tenement Museum
CHINATOWN
Domino Park
New York
FINANCIAL DISTRICT
Manhattan Bridge
Brooklyn Bridge
DOWNTOWN BROOKLYN
Fort Greene Park
Barclays Center
CARROLL GARDENS
Old Stone House of Brooklyn
PROSPECT HEIGHTS
Brooklyn Botanic Garden
Prospect Park
SOUTH SLOPE
WILLIAMSBURG
SOUTH WILLIAMSBURG
180
The Berkley - 223 N 8th
Kosciuszko Bridge
MASPETH
EAST WILLIAMSBURG
Knockdown Center
Metropolitan Ave
Maria Hernandez Park
BUSHWICK
Herbert Von King Park
BEDFORD-STUYVESANT
The Evergreens Cemetery
BROOKLYN
Weeksville Heritage Center
CROWN HEIGHTS
Betsy Head Park
PROSPECT LEFFERTS GARDENS
Flushing Ave
Park Ave
Myrtle Ave
Wyckoff Ave
Fulton St
Halsey St
Union St
9th St
Empire Blvd
Clarkson Ave
Pitkin Ave
Utica Ave
Rockaway Ave
47th Ave
56th Rd
East River
FDR Dr

BROOKLYN BOROUGH DESCRIPTION

The borough of Brooklyn is situated at the western end of Long Island, bounded to the north by New York County and the East River, to the east by Queens County and Jamaica Bay, to the south by the Atlantic Ocean, and to the west by Staten Island, Upper and Lower New York Bays, and the East River.

Population

Brooklyn is the most heavily populated of the five boroughs which comprise New York City, with Kings County (the county name) accounting for over 30% of the city's population. It is also the seventh most populous county in the United States. The following table illustrates the trend in population for the borough:

POPULATION TRENDS KINGS COUNTY 1910 - 2018								
Year	1910	1920	1940	1960	1980	2000	2010	2018
Population	1,634,351	2,018,356	2,698,285	2,627,319	2,230,936	2,465,326	2,504,700	2,691,705
Change		23%	34%	-3%	-15%	11%	2%	7%

Source: US Census Bureau & ESRI

A decrease in the crime rate, coupled with the housing and related construction boom, caused a rise in the population in recent years. Population density is approximately 10,000 people per square mile.

Income and Employment

Brooklyn exhibits diversity in neighborhood income levels, from affluent households in the northwest portions of the county to pockets of poverty in Bushwick and Brownsville in central Brooklyn, where family income is well below the city median. According to ESRI the median household income for 2016 was $45,575, fourth among the five boroughs, ahead of only the Bronx which reported a median household income of $34,343 for 2016.

The borough typically averages an unemployment rate about one-half to one percent higher than the city as a whole. Major employers in Brooklyn include Pfizer, Citigroup, American International Group, J.P. Morgan Chase and Company, Verizon Communications, IBM, Morgan Stanley, Merrill Lynch, Altria Group, Goldman Sachs Group, MetLife, Time Warner, PepsiCo, Alcoa, Hess, American Life Insurance and American Express.

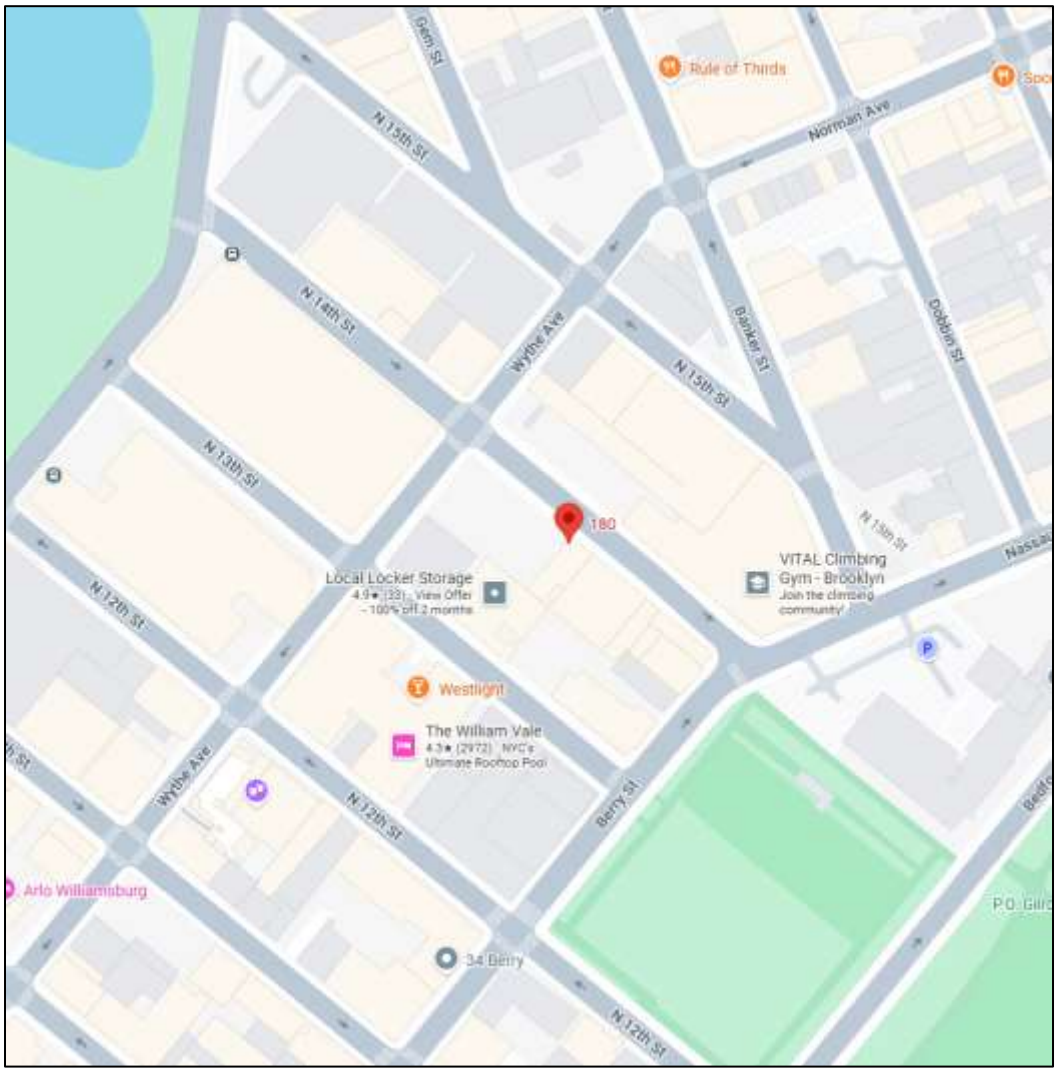
Transportation

Brooklyn is served by an extensive subway system, from Brooklyn Heights to Coney Island. A majority of Brooklynites working in Manhattan typically commute 30-50 minutes. Public transportation is good, with 17 separate subway lines and 72 local bus lines. The highway system is comprised of the Brooklyn-Queens Expressway, the Prospect Expressway, the Belt Parkway, and the Gowanus Expressway. The Verrazano Narrows Bridge offers access to Staten Island and points west of New York City. Brooklyn connects with Manhattan via all major subways; bus lines from southern and eastern Brooklyn; the Brooklyn, Manhattan and Williamsburg Bridges; and the Brooklyn Battery Tunnel. Easy access to Manhattan makes Brooklyn a desirable place to live for many New Yorkers. Brooklyn also possesses excellent access to the three major metropolitan airports--Kennedy, LaGuardia, and Newark.

Culture and Recreation

Brooklyn has many recreational facilities including Prospect and Marine Park, the Brooklyn Botanical Gardens, Marine Park Golf Course, Coney Island Amusement Park, and Brighton, Coney Island and Manhattan Beaches. Coney Island has declined significantly since its heyday in the earlier part of this century, but is now being redeveloped, and a long-term contract was entered into with an accomplished amusement park operator; further redevelopment on a vast scale is in the planning stages. Cultural and educational amenities are provided by the Brooklyn Academy of Music (BAM), the Brooklyn Museum, the Brooklyn Children's Museum, and the Brooklyn Botanical Gardens. BAM draws world acclaimed artists. Concerts and other activities are offered at Brooklyn College, Kingsborough College, and other local universities. Brooklyn also maintains a Philharmonic Orchestra.

NEIGHBORHOOD MAP



NEIGHBORHOOD DESCRIPTION

The subject is located in the Williamsburg section of Brooklyn, in Community District No. 1. The district is bounded on the north by Newtown Creek, on the east by the borough line, on the west by the East River and Kent Avenue, and on the south by Flushing Avenue.

Local development generally consists of one- to two-story industrial buildings including both light and heavy industrial uses, distribution warehouses, and storage facilities, as well as retail and automotive services. Development in the wider subject area consists of a mix of commercial and industrial buildings in average to good condition, small multi-family walk-up apartment buildings, and small single-family row houses. The area is

home to several different types of industry, including both light and heavy industrial uses, distribution warehouses, and storage facilities; a majority of the surrounding industrial structures are from 20 to 60 years old, generally of one-story design, and ranging from 5,000 to 30,000 square feet. The major arteries in the immediate subject area are developed with secondary retail uses, consisting of neighborhood service and retail stores, restaurants, gas stations, etc.

Vehicular access to the area is considered excellent. The subject is easily accessible from the Brooklyn-Queens Expressway (I-278), which connects with the Long Island Expressway (I-495) and other thoroughfares throughout the City of New York and Long Island. The Williamsburg Bridge, which connects to Manhattan, is approximately 14 blocks south. Public transportation facilities include bus transit on all wider local streets and avenues, including Grand Street, Bedford Avenue, Driggs Avenue, Marcy Avenue, Rooney Avenue, Metropolitan Avenue, and Broadway. For subway transportation, the "L" line is seven blocks south and two blocks east at North 7th Street and Bedford Avenue.

Demand for industrial space in this area has increased sharply in recent years, however the lion's share of Greenpoint and Williamsburg is gradually changing from an industrial to a residential area, in response to many influences; demand overflow from more established areas of the city, a history of underutilization of multistory industrial buildings, proximity to transportation and convenience to nearby Manhattan, and an increasing recognition of residential use by zoning authorities. The Williamsburg and Greenpoint neighborhoods represent an affordable and highly desirable alternative for artists and others fleeing Manhattan and Brooklyn's pricier neighborhoods. A strong trend toward conversion of formerly industrial buildings to residential use is now occurring throughout the area, diminishing the supply of industrial buildings and increasing demand.

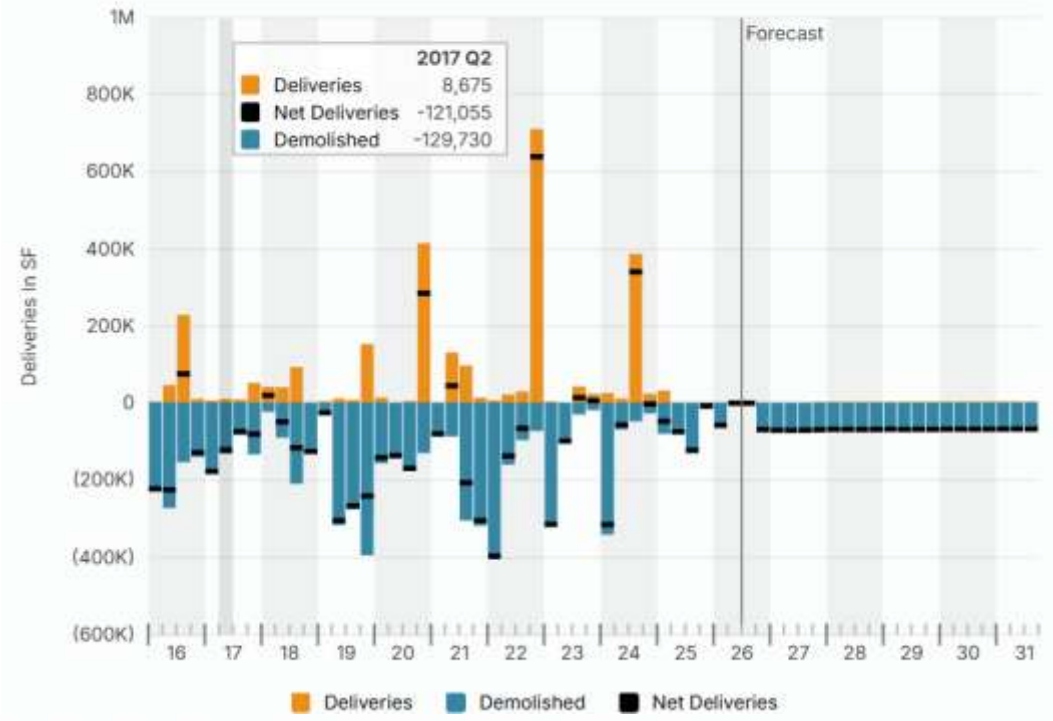
In sum, the subject is located in a historically industrial district of New York City, containing a mix of development types, generally with smaller, older improvements than are found in the city's prime industrial areas. This is becoming an increasingly desirable area, as evidenced by multiple conversions of former industrial buildings to residential use and new construction of residential condominium buildings. Property values in this district were expected to experience a positive trend over the foreseeable future as of the date of valuation.

CoStar Market Report – North Brooklyn Industrial Sub-market (As of Q2 2017)

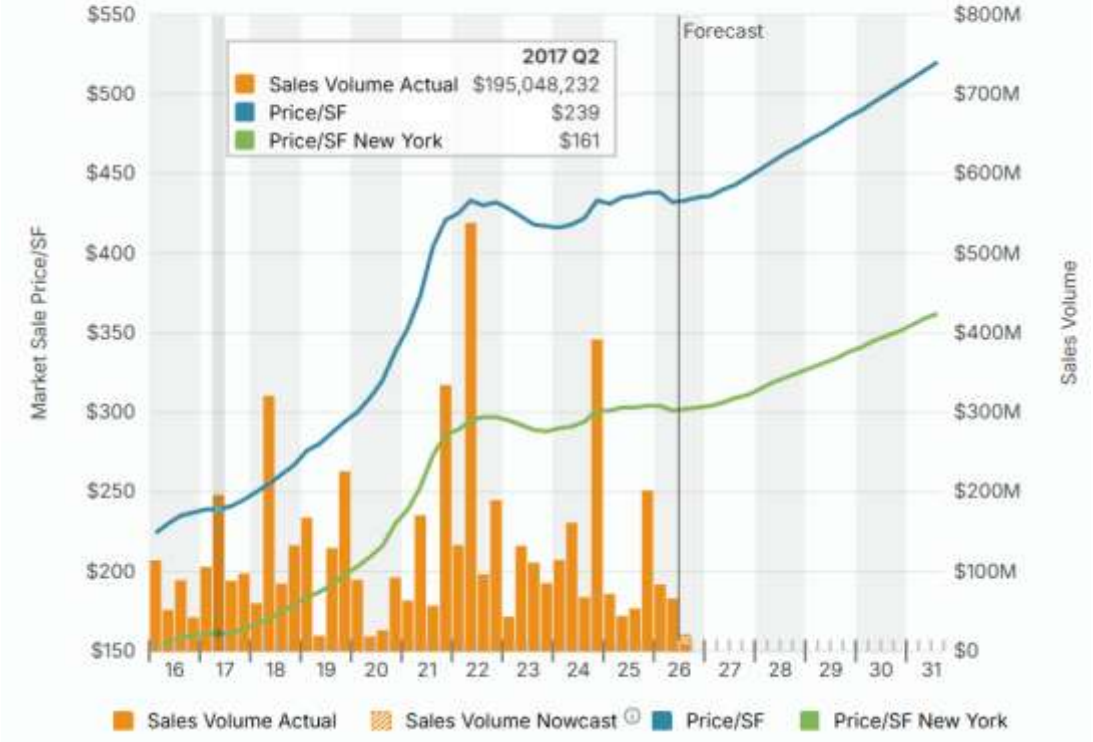


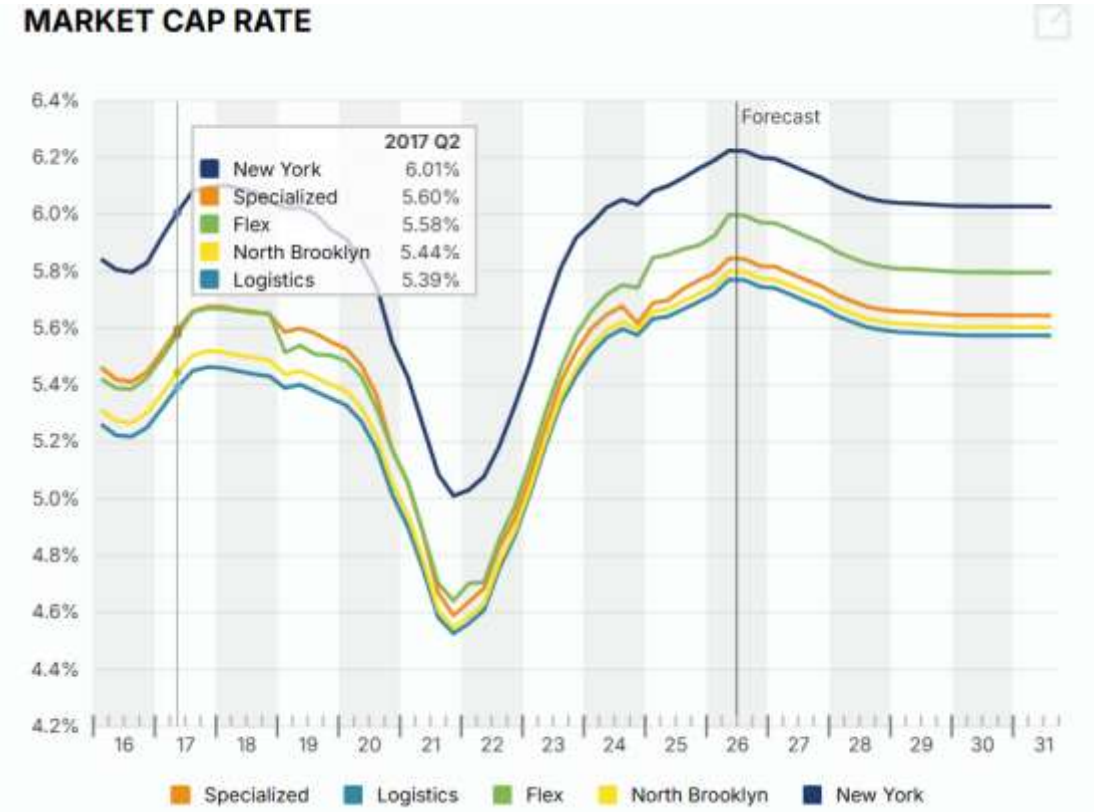


DELIVERIES & DEMOLITIONS



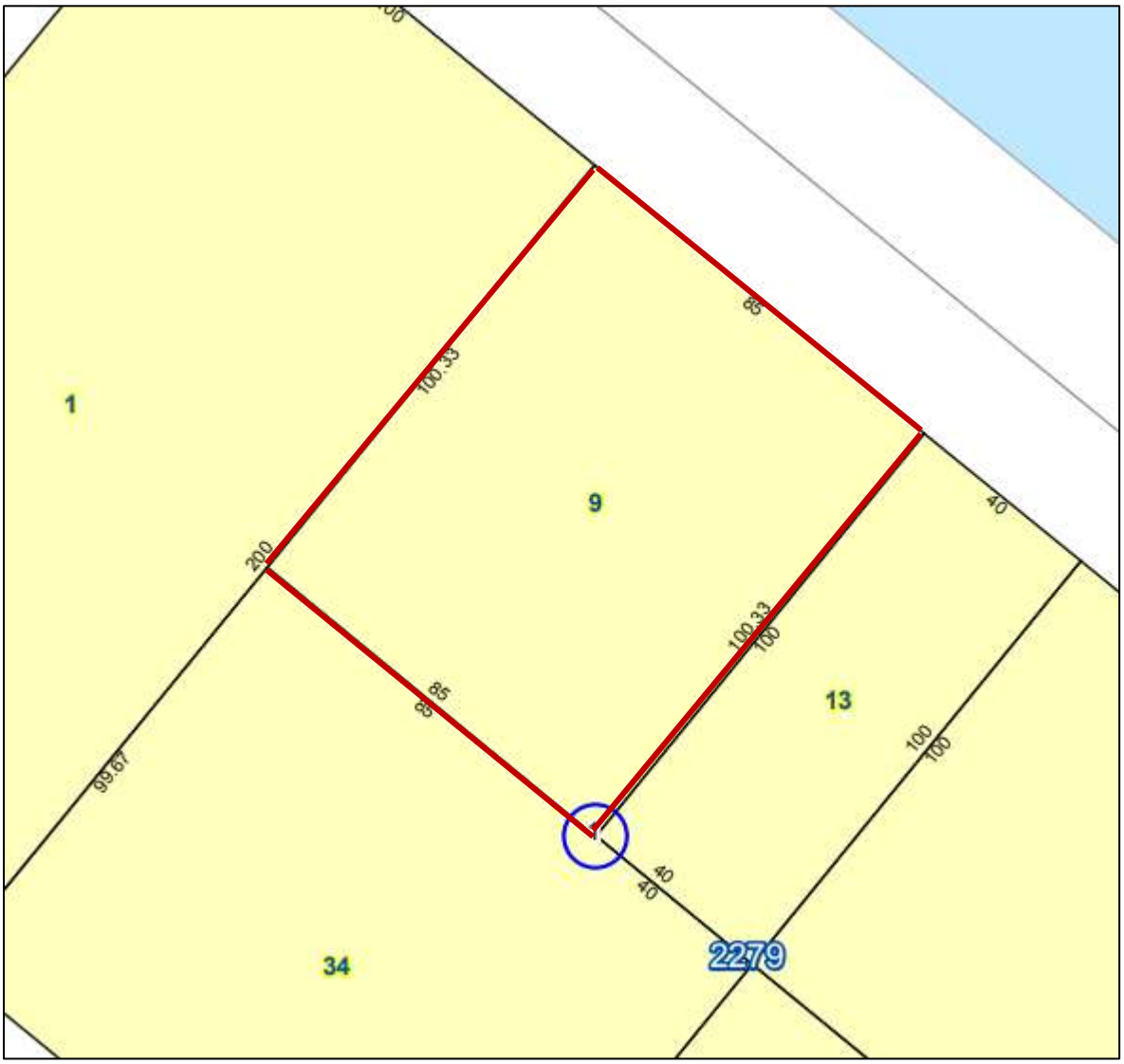
SALES VOLUME & MARKET SALE PRICE PER SF




MARKET CAP RATE
6.4%
6.2%
6.0%
5.8%
5.6%
5.4%
5.2%
5.0%
4.8%
4.6%
4.4%
4.2%
Forecast
2017 Q2
New York 6.01%
Specialized 5.60%
Flex 5.58%
North Brooklyn 5.44%
Logistics 5.39%
16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31
Specialized
Logistics
Flex
North Brooklyn
New York

SITE MAP AS OF DATE OF VALUE

(PRIOR TO MERGER WITH LOT 1)



Site Description

Location

Prior to the lot merger in 2019, the subject property possessed a mid-block location on the south side of North 14th Street, between Wythe Avenue and Berry Street, in the Borough of Brooklyn, City of New York.

Shape and Area

The site was rectangular in configuration, with 85 feet of frontage on the south side of North 14th Street, and 100.33 feet of depth, containing 8,528 SF according to measurements shown on New York City's tax maps, effective as of 2017.

Topography and Drainage

The site is level with street grade, with adequate drainage provided by surface and subsurface public street improvements. The site is designated as lying within an "AE" flood zone according to National Flood Insurance Rate Map Panel #3604970202F (revised September 5, 2007), an area of elevated flood hazard. Flood insurance is likely required; we recommend that a professional be retained if a more accurate flood risk assessment is required.

Soils and Geology

No soil report dealing with the subject site has been examined by the appraisers. This valuation assumes that soil and foundation conditions were adequate to support the prior improvements, or those which may reasonably be contemplated.

Utilities

All of the usual and necessary utilities and services are available to the site, including electricity, gas, telephone, water, and sanitary sewers.

Streets and Access

The subject property fronts on North 14th Street, a 60' wide, two-way, east-west local street, extending two blocks between Franklin Street and Nassau Avenue. This street is asphalt paved, and improved with curbs, gutters, and street lighting.

Easements

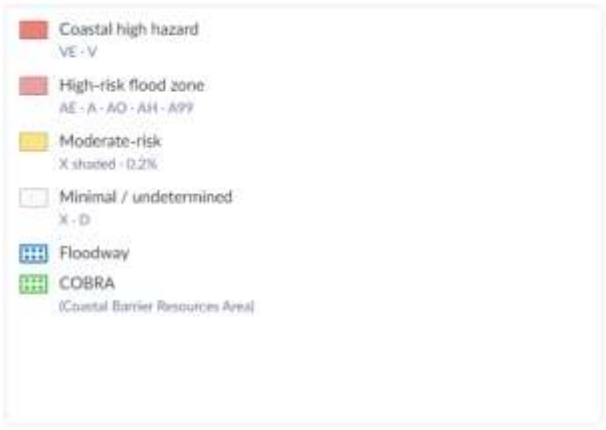
Typical utility and public service easements common to most urban real estate are assumed to exist. No easements were uncovered which would have a negative impact on the subject parcel or its value.

Nuisances and Hazards

Other than elevated flood hazard noted above, and consistent with the Hypothetical Condition underlying this assignment, no nuisances or hazards such as noise or odor were considered or uncovered which would have a negative impact on the subject's

FLOOD HAZARD MAP





Access the FEMA Map Service Center map for this property (availability varies by location).

FEMA Flood Zoning	
FEMA flood zone(s)	0.2,AE
Coastal barrier resources system area (COBRA)	Out
Floodway	In
FEMA special flood hazard area	IN
Map panel ID	3604970202F
Map quaderant ID	40073-F8

Distance to:	
Nearest distance to coastline (miles)	0.122
Compass direction to coastline	140
Closest 100-year flood zone (feet)	2
Angle100	154

Improvement Description (excerpted from our prior appraisal of the subject, dated May 6, 2015):

The subject consists of an 8,528 SF industrial building built full on site, erected circa 1950. The structure is of brick and steel construction and has been partitioned to contain 44 soundproofed rehearsal rooms with areas ranging from 75 SF to 250 SF, with one two-fixture bathroom. The following description is based on our inspection of the property:

Construction Features:

Foundation: Concrete slab.

Framing: Masonry block and brick outer walls.

Roof: Flat, with asphaltic cover.

Exterior Walls: Brick.

Entrances: Two metal doors on either side of the frontage (northern and southern) access the building.

Floors: Concrete.

Interior Walls: Mix of brick and painted concrete block and painted drywall.

Ceilings: Painted drywall.

Lighting: Ceiling hung fluorescent light fixtures.

Windows: None.

Restroom: One two-fixture restroom, with ceramic tile floor and painted drywall walls and ceiling.

Heating: One roof-top HVAC unit provides heated/cooled air to the entire building, via ceiling vents.

Electrical Service: Electrical service appears to be ample for the current use.

Plumbing: Copper supply lines, and cast iron waste pipes.

Basement: None.

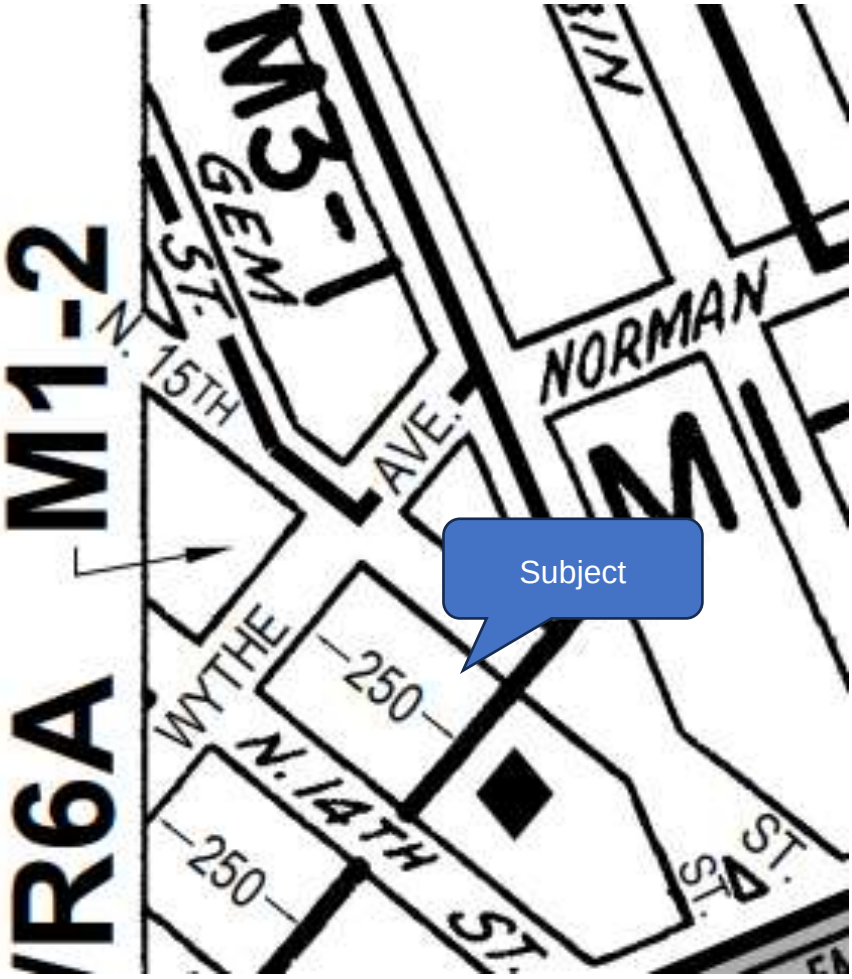
Sprinkler: Full wet sprinkler system.

Comments on Condition and Functionality

Based on our prior appraisal as of May 15, 2015, the subject was in generally average condition, with simple but functional finishes throughout. The rehearsal studios, common areas, and restroom finishes were utilitarian in nature and would benefit from cosmetic updating. In addition, the exterior façade exhibited areas of graffiti and minor hairline cracking. These items were considered primarily cosmetic and were not believed to materially impact the property's utility or value given its specialized use as soundproof rehearsal studios.

Overall, despite these items of deferred maintenance, the subject was considered to be in average condition and fully functional for its intended use. For purposes of this appraisal, we have assumed that, as of the June 14, 2017 date of value, the property's physical condition remained substantially similar to that observed during our May 6, 2015 appraisal.

ZONING MAP


M1-2
M3-1
GEM
ST.
N. 15TH
AVE.
NORMAN
Subject
WYTHE
250
N. 14TH
ST.
250
ST.
ST.

Zoning

According to the Planning Department of the City of New York, the subject lies wholly within an M1-2 (Light Industrial) district. The Zoning Resolution defines this district as follows:

> **"M1 Light Manufacturing (High Performance) Districts are designed for a wide range of manufacturing and related uses which can conform to a high level of performance standards. Manufacturing establishments of this type within completely enclosed buildings provide a buffer between Residence (or Commercial) Districts and other industrial uses. New residential development is excluded from these districts except for joint living-work quarters for artists in M1-5A and M1-5B Districts, dwelling units in M1-5M and M1-6M Districts, and dwelling units in M1-1D, M1-2D, M1-3D, M1-4D, and M1-5D Districts, where authorized by the City Planning Commission, both to protect residents from an undesirable environment and to enable the reservation of adequate areas for industrial development."**

Permitted uses in the M1-2 district include a wide range of warehouse, garage and manufacturing type occupancies, as well as office, retail, and community facility type uses. Specific requirements of the zoning resolution for this district are as follows:

ZONING STANDARD	REQUIREMENT
Permitted F.A.R. (Maximum)	2.0 (4.8 for community facilities uses)
Front Yard	None
Rear Yard (Minimum)	20’ (none required for corner lots)
Side Yard	None
Initial Setback	15' (20' if narrow street)
Front Wall Height	60' (4 stories)
Parking For Manufacturing Uses	Greater of 1 per 1,000 SF of floor area, or 1 per 3 employees; none for properties with under 15 employees or less than 7,500 square feet.

Note: The above standards may be redefined by exceptions, amendments, special permit uses, Quality Housing regulations, etc. Consult an attorney or architect for a definitive interpretation of the Zoning Resolution.

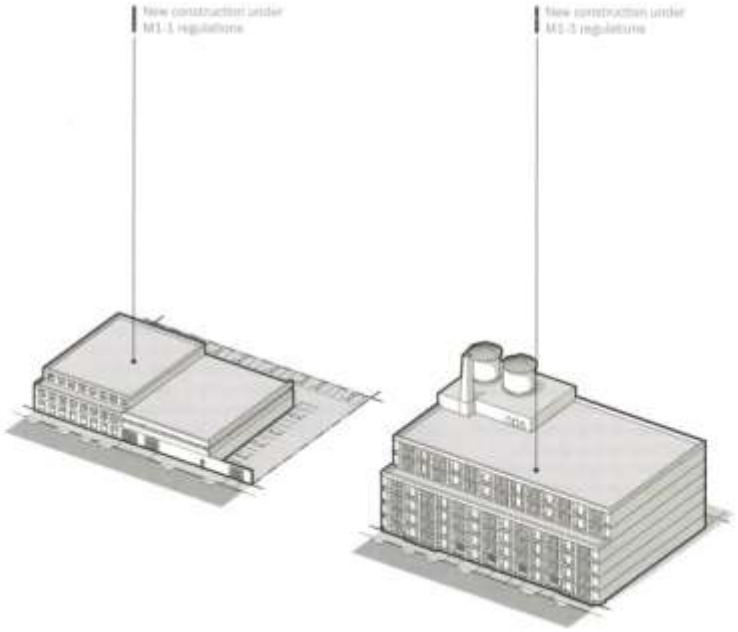
Based on the above requirements, as of the date of valuation, the subject was a preexisting, legal, and conforming use of the site. The following pages, from "The Zoning Handbook", a publication of the New York City Planning Department, further describe the M1-2 designation.

M1-2 ZONING

M1

M1 Districts are designated for areas with light industries, as well as wholesale service and storage facilities. They are often buffers between the more intensive M2 or M3 Districts and adjacent Residence or Commercial Districts. There are six types, each designated by a numeric suffix.

M1-1 Districts are mainly found in areas with one-story industrial buildings, such as the Flatlands neighborhood of Brooklyn. Concentrations of two- to four-story industrial buildings can be found in M1-2 and M1-4 Districts, with M1-4 Districts generally found close to transit, such as in East New York in Brooklyn, while M1-2 Districts are found in areas further from transit as in Hunts Point in The Bronx. Similarly, M1-3 and M1-5 designations denote denser industrial areas, with access to transit varying by neighborhood: M1-3 Districts are found outside of Manhattan in areas such as Ravenswood in Queens, while M1-5 Districts are mainly found along the western edge of Manhattan. M1-6 Districts are mainly found in central areas of Manhattan where multi-story manufacturing buildings originally developed.





Long Island City, Queens

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M1	Light Manufacturing District (High Performance)					
	M1-1	M1-2	M1-3	M1-4	M1-5	M1-6
Manufacturing FAR	1.0	2.0	5.0	2.0	5.0	10.0
Required Accessory Parking PNC-B	1 per 300 sf			None		
Permitted Sign Regulations (Surface Area)	6 x street frontage					

ZONING HANDBOOK USE GROUP TABLE



Zoning Districts	USE GROUPS																	
	Residential Use Groups		Community Facility Use Groups		Retail & Commercial Use Groups											Gen. Service	Mfg. Use Groups	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Residential Districts																		
R1 R2 *Single-family detached*	■		■	■														
R3A* R3X R4A R5A *Single- & two-family detached*	■	■	■	■														
R3-1 R4-1* *Single- & two-family detached & semi-detached*	■	■	■	■														
R4B* *Single- & two-family detached, semi-detached & attached*	■	■	■	■														
R3-2 R4 R5 R5B* R6–R10 *Detached, semi-detached & attached*	■	■	■	■														
Commercial Districts																		
C1 *Local Retail*	■	■	■	■	■	■												
C2 *Local Service*	■	■	■	■	■	■	■	■	■					■				
C3 *Waterfront & Recreation*	■	■	■	■										■				
C4 *General Commercial*	■	■	■	■	■	■		■	■	■		■						
C5 *Central Commercial (Restricted)*	■	■	■	■	■	■			■	■	■							
C6 *Central Commercial (General)*	■	■	■	■	■	■	■	■	■	■	■	■						
C7 *Commercial Amusements*												■	■	■	■			
C8 *General Service*				■	■	■	■	■	■	■	■	■	■	■		■		
Manufacturing Districts																		
M1 *Light Manufacturing*				■	■	■	■	■	■	■	■	■	■	■		■	■	
M2 *Medium Manufacturing*						■	■	■	■	■	■	■	■	■		■	■	
M3 *Heavy Manufacturing*						■	■	■	■	■	■	■	■	■		■	■	■

* *Zero lot line buildings permitted*

TAX MAP AS OF THE DATE OF VALUE (PRIOR TO LOT MERGER)



Assessed Valuation and Taxes

According to the City of New York Bureau of Real Property Assessment, the subject's assessed value for the 2016/2017 tax year (extending from July 1, 2016, to June 30, 2017) was as follows:

BLOCK 2279, LOT 9 - 2016/17 ASSESSMENT

TRANSITIONAL			ACTUAL		
LAND	BUILDING	TOTAL	LAND	BUILDING	TOTAL
$88,290	$196,390	$284,680	$86,400	$220,950	$307,350

The City of New York reassesses each property annually based on its condition (and on income and expenses required to be reported by ownership, for income properties) as of January 5, the “taxable status date”. The new assessment is designated as the “actual” amount, and the prior year’s actual amount is phased up to the new actual figure in 20% increments over a five-year period (up to four simultaneous phase-in schedules can be occurring in any tax year). The City of New York Real Property Assessment Bureau classifies properties into four categories for taxation purposes:

Class 1: One, two, and three-family homes; residential condominiums of three dwelling units or less; residential condominiums of three stories or less originally constructed as condominiums; certain vacant land zoned for residential use, or adjoining improved Class 1 property. This description Includes subcategories designated as Class 1A, Class 1B, and Class 1C.

Class 2: All other primarily residential properties not in Class 1, including cooperatives and all residential condominiums.

Class 3: Real estate of utility corporations and special franchise properties.

Class 4: All other properties such as stores, warehouses, hotels, office buildings, and vacant land not classified as Class 1.

State law requires that the Department of Finance assess properties in each class at the same percentage of value, called the assessment ratio. For Class 1 properties, the assessment ratio is six percent (for example, a property estimated to be worth $100,000 would have an assessment of $6,000); for Class 2-4 properties, the assessment ratio is 45 percent. State law also requires that assessors follow certain rules unless the change in value is due to physical change resulting from construction, renovation, and/or demolition; for Class 1 properties, the assessment cannot be increased more than 6%

per year, or more than 20 percent in five years. For Class 2 properties, the assessment on properties with less than 11 units cannot be increased more than 8% each year, or more than 30% in five years; assessment changes on properties with over 10 units must be phased in over five years. A history of tax rates for the various property classes is summarized as follows:

HISTORIC TAX RATES

TAX YEAR	CLASS 1 (1A,1B,1C)	% CHANGE	CLASS 2 (2A, 2B)	% CHANGE	CLASS 3	% CHANGE	CLASS 4	% CHANGE
2011/12	18.205		13.433		12.473		10.152	
2012/13	18.569	2.00%	13.181	-1.88%	12.477	0.03%	10.288	1.34%
2013/14	19.191	3.35%	13.145	-0.27%	11.902	-4.61%	10.323	0.34%
2014/15	19.157	-0.18%	12.855	-2.21%	11.125	-6.53%	10.684	3.50%
2015/16	19.554	2.07%	12.883	0.22%	10.813	-2.80%	10.656	-0.26%
2016/17	19.991	2.23%	12.892	0.07%	10.934	1.12%	10.574	-0.77%

The subject was designated as Class 4 (commercial) property by the assessor, with an applicable tax rate of 10.574 per $100 of assessed value for the 2016/2017 tax year. Tax liability, which is based on the lower of the transitional and actual assessments, calculates as follows:

TAX LIABILITY - 2016/2017 TAX YEAR

A.V.	TAX RATE	TAX LIABILITY	BLDG AREA	TAX LIAB/SF
$284,680	10.574	$30,102	8,528	$3.53

Tax liability was expected to increase at a moderate pace in the near future, based on the historic increase in tax rates in New York City, and on comparison of the subject's transitional and target assessments.

HIGHEST AND BEST USE ANALYSIS

The Appraisal Institute defines Highest and Best Use as follows:

"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. 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."[3]

In estimating highest and best use, there are four aspects to be considered:

- **Physically Possible.** What uses are physically appropriate to the site in question?
- **Legally Permissible.** What uses are permitted by zoning, deed restriction, etc. on the site in question?
- **Financially Feasible.** Which possible and permissible uses will produce a net return to the owner of the site?
- **Maximally Productive.** Among the feasible uses, which use will produce the highest present worth?

The highest and best use of a site, considered as if vacant, may be different from the highest and best use of the entire property as improved at the date of appraisal. The existing use may then be considered an economically justified interim use until land value alone exceeds the value of the property as improved, plus demolition costs.

Factors which must be considered in estimating highest and best use include accessibility and transportation, local facilities and services available, the physical attributes of the site, the effect of taxes and zoning, and the broader concept of environmental harmony within the neighborhood. The use must be reasonably probable, legally permitted, and logical; if a use is merely possible but is remote in time and likelihood, it cannot be considered highest and best use.

In addressing the four aspects of highest and best use, the following is noted:

[3] The Appraisal Institute, "The Appraisal of Real Estate," 14th ed. (Chicago: American Institute of Real Estate Appraisers, 2013), p. 333.]

Highest and Best Use of the Site As if Vacant

1. **Physically possible:** The site contained 8,528 square feet, with 85 feet of frontage on North 14th Street and 100.33 feet of depth. It was level with street grade, served by all usual and necessary utilities, and no adverse subsurface conditions were known to exist. The site's size, regular configuration, and mid-block location are adequate to support a range of development types, including multi-story construction. The site lies within an AE flood zone, which imposes design and insurance requirements but does not preclude development, as evidenced by contemporaneous construction on similarly situated sites in the immediate area.

2. **Legally permissible:** The site lies wholly within an M1-2 (Light Industrial) district, permitting a maximum commercial and manufacturing floor area ratio of 2.0, or approximately 17,056 square feet of as-of-right floor area, together with a wide range of industrial, warehouse, office, retail, and community facility uses. New residential development is excluded. A 20-foot rear yard is required for mid-block sites. Zoning does not represent a material impediment to development potential.

3. **Financially feasible:** As of the date of valuation, the North Brooklyn industrial submarket reported a vacancy rate of 3.1%, with asking rents running 8% to 12% ahead of the prior year according to the Federal Reserve's May 2017 Second District report, and market sale prices of $239 per square foot per CoStar, substantially in excess of the New York regional figure. The immediate area was undergoing active conversion of former industrial structures and new commercial construction. Development of a commercial building utilizing the site's available floor area is therefore financially feasible.

4. **Maximally productive** Among the feasible alternatives, development to the maximum permitted commercial floor area produces the highest residual return to the land. Accordingly, it is our opinion that the highest and best use of the site, as if vacant as of June 14, 2017, was development with a multi-story commercial building utilizing the site's as-of-right floor area.

Highest and Best Use of the Property as Improved

The highest and best use of an improved property is determined by testing whether the existing improvement should be continued in its current use, altered or converted, or demolished to permit redevelopment.

As of the date of valuation the subject was improved with a single-story, 8,528 square foot structure representing a floor area ratio of 1.0 on a site permitting 2.0. The improvement was therefore under-improved relative to permitted density.

The site's excess development potential is constrained by the M1-2 designation, which excludes new residential development. Redevelopment as of the effective date was therefore limited to commercial, industrial, office, or community facility use at a maximum of 17,056 square feet of as-of-right floor area. A redevelopment scenario would have required demolition of an occupied, income-producing building, the cost of demolition, entrepreneurial incentive, and a construction and lease-up period, and would have been undertaken only if the residual value of the land under such a program exceeded the value of the property as improved. It would also be necessarily delayed pending the expiration of an existing lease, which was set to expire in 2019.

Because the improved sales relied upon are themselves land-influenced transactions in the same M1 submarket, the value indicated by the Sales Comparison Approach necessarily incorporates the market's contemporaneous view of the sites' residual development potential. A separately developed land value opinion, would duplicate rather than test the analysis, and would rest on the same body of transactional evidence already analyzed. Accordingly, no separate land value opinion has been developed, and none is necessary to support the highest and best use conclusion reached herein.

It is our opinion that the highest and best use of the property as improved, as of June 14, 2017, was continued occupancy of the existing improvement for warehouse, light industrial, storage, showroom, or similar commercial purposes, as an economically justified interim use, pending eventual redevelopment or assemblage of the site at such time as market conditions and site control warranted. The improvement is concluded to have contributed value as of the effective date through its interim income utility as well as potential to retain the existing improvements for adaptive reuse.

THE APPRAISAL PROCESS

Three methods are commonly relied upon by appraisers in the valuation of real property: the Cost, Sales Comparison, and Income Capitalization Approaches.

The Cost Approach is based upon the premise that the value of a property is approximated by the investment necessary to replace that property. This typically includes land acquisition, the cost of site and building improvements, and an allowance for the developer's profit, minus depreciation. The Cost Approach is most reliable in the valuation of new or nearly new properties where depreciation incurred has been minimal, and in the valuation of special purpose properties.

The Sales Comparison Approach is based upon an analysis of sales of properties similar to the subject, each of which is compared to the property appraised and adjusted to reflect the estimated value influence of dissimilar characteristics. The Sales Comparison Approach is most applicable where ample market evidence exists involving arms-length transactions of properties similar to the subject.

The Income Capitalization Approach is based upon the premise that a relationship exists between the net income that a property is capable of producing, and the value of that property. This relationship is expressed as an overall rate, gross income multiplier, yield rate, or other term, and is revealed in the study of investors activity with respect to the type of property being appraised. The Income Capitalization Approach is most reliable in the valuation of properties typically purchased for investment purposes, and when investment criteria can reasonably be identified.

The Cost Approach was not relied upon due to the difficulty of supporting an estimate of accrued depreciation for a property of the subject's age and the limited availability of vacant land sales in this developed area. The Sales Comparison Approach was developed to estimate the value of the subject as if unencumbered by the existing lease. The Income Capitalization Approach was developed by both direct capitalization and discounted cash flow analysis, the latter reflecting the contract rent payable under the existing lease through its April 30, 2019 expiration and the reversion of the property to an unencumbered basis thereafter. Because the property rights appraised are those of the

Leased Fee Interest, the Sales Comparison indication is not a direct indication of the value sought; it is an indication of unencumbered value which is converted to the Leased Fee Interest through the discounted cash flow analysis.

SALES COMPARISON APPROACH - VALUE AS IF UNENCUMBERED

The Sales Comparison Approach to value involves the gathering and analysis of comparable sale data. Each sale is compared with the property being appraised, and adjustments are applied to reflect dissimilar characteristics.

As of the date of valuation, the subject consisted of a fully sprinklered, 8,528 SF one-story industrial building erected circa 1950. For the purpose of this appraisal approach, we sought sales of similar one-story industrial buildings in the area. Summaries of the comparable sales are presented on the following pages, with analysis on the basis of price per square foot of building area.



IMPROVED SALE NO. 1	
Location:	761 Humboldt Street, Brooklyn, NY
Description:	Predominantly one-story, corner industrial building, erected in 1931, containing 7,828 SF, with 14' foot ceiling height. No on-site parking spaces.
Grantor:	Hercules LLC
Grantee:	761 Humboldt Street, LLC
Block/lot:	2627/22
Sale date:	April 21, 2017
Land Area (SF):	7,680
Building Area (SF):	7,828
Zoning:	M1-1 (Light Industrial)
Document No.:	171621
Sale Price:	$3,775,000
Sale Price/SF:	$482
Source:	PropertyShark; CoStar; ACRIS



IMPROVED SALE NO. 2

Location:	250 N Henry Street, Brooklyn, NY
Description:	One-story, corner industrial building, erected in 1988, containing 4,717 SF, with 14 foot ceiling height.
Grantor:	248 North Henry LLC
Grantee:	250 North Henry Realty Company LLC
Block/lot:	2607/75
Sale date:	October 27, 2016
Land Area (SF):	4,721
Building Area (SF):	4,717
Zoning:	M1-1 (Light Industrial)
Document No.:	404219
Sale Price:	$2,425,000
Price/SF:	$514
Source:	CoStar; Property Shark; ACRIS



IMPROVED SALE NO. 3

Location:	111 Dobbin Street, Brooklyn, NY
Description:	One- and part two-story industrial building, erected in 1931, containing 6,373 SF, with 12' ceiling height.
Grantor:	Polpex Associates LLC
Grantee:	115 Dobbin LLC
Block/lot:	2616/14
Sale date:	July 7, 2016
Land Area (SF):	5,025
Building Area (SF):	6,373
Zoning:	M1-1 (Light Industrial)

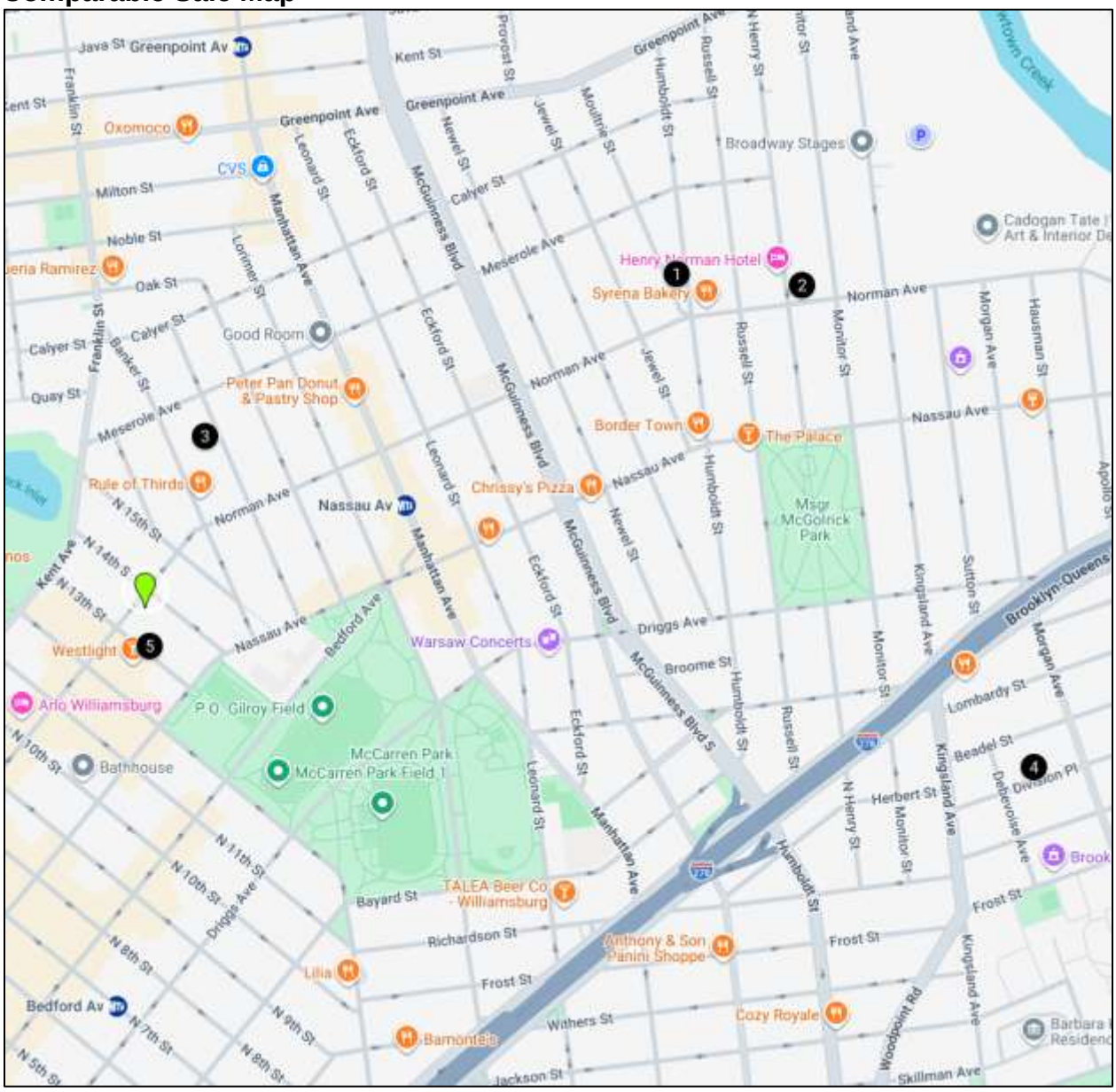


IMPROVED SALE NO. 4	
Location:	35 Division Place, Brooklyn, NY
Description:	One-story, mid-block industrial building erected in 1939, containing 10,000 SF, with 18' ceiling height.
Grantor:	Afrodites Inc.
Grantee:	Savant Realty LLC
Block/lot:	2841/35
Sale date:	May 14, 2015
Land Area (SF):	10,000
Building Area (SF):	10,000
Zoning:	M1-1 (Light Industrial)
Document No.:	189922
Sale Price:	$3,500,000
Price/SF:	$350
Source:	CoStar; Property Shark; ACRIS



IMPROVED SALE NO. 5	
Location:	103 North 13th Street, Brooklyn, NY
Description:	One-story, mid-block industrial building, erected in 1920, containing 12,500 SF, with 22 foot ceiling height.
Grantor:	Levy Realty, LLC
Grantee:	North 13 Holdings LLC
Block/lot:	2279/34
Sale date:	June 2, 2014
Land Area (SF):	12,500
Building Area (SF):	12,500
Zoning:	M1-2 (Light Industrial)
Document No.:	199306
Sale Price:	$8,200,000
Price/SF:	$656
Source:	CoStar; Property Shark; ACRIS

Comparable Sale Map



Sales Adjustment Grid

Subject Data:
Location: 180 North 14th Street, Brooklyn, NY 11249
Valuation Date: June 14, 2017
Building Area (SF): 8,528
Ceiling Height: 12' (Approximately)
Condition: Average

Sale No.	1	2	3	4	5
Address:	761 Humboldt Street, Brooklyn, NY	250 N Henry Street, Brooklyn, NY	111 Dobbin Street, Brooklyn, NY	35 Division Place, Brooklyn, NY	103 North 13th Street, Brooklyn, NY
Land Area (SF):	7,680	4,717	5,025	10,000	12,500
Sale Date:	4/21/17	10/27/16	7/7/16	5/14/15	6/2/14
Year Built:	1931	1988	1931	1939	1920
Ceiling Height (ft.)	14'	14	12'	18'	22
Building Area	7,828	4,717	6,373	10,000	12,500
Zoning:	M1-1	M1-1	M1-1	M1-1	M1-2
Sale Price:	$3,775,000	$2,425,000	$2,750,000	$3,500,000	$8,200,000
Price/SF:	$482	$514	$432	$350	$656
Property Rights Appraised:	0%	0%	0%	0%	0%
Financing Terms:	0%	0%	0%	0%	0%
Conditions of Sale:	0%	0%	0%	0%	0%
Market Conditions (Time):	0%	0%	0%	0%	0%
Trended Price/SF:	$482	$514	$432	$350	$656
Size:	0%	0%	0%	0%	0%
Location	5%	5%	0%	10%	0%
Condition:	0%	0%	0%	0%	0%
Ceiling Height	-5%	-5%	0%	-10%	-15%
Net Adjustment/SF:	0%	0%	0%	0%	-15%
Adjusted Price/SF:	$482	$514	$432	$350	$558

	UNADJUSTED PRICE/SF	ADJUSTED PRICE/SF
Low	$350	$350
High	$656	$558
Average	$487	$467
% Difference	87%	59%
Median	$482	$482

MARKET DATA CONCLUSION

Sales of five industrial buildings in the subject area were identified and analyzed on the basis of price per square foot. The sales are similar to the subject in location, type, and amenity, and provide a firm basis for a value conclusion. Adjustments were considered for the following influences:

PROPERTY RIGHTS APPRAISED: The purpose of this adjustment is to account for differences in the property rights which were transferred with the sale. All of the sales were acquired by either owner-users or investors and did not require adjustment.

FINANCING TERMS: The purpose of adjusting for financing terms is to determine cash equivalent sale prices for any special or atypical financing involved in the acquisition. All of the comparables involved market-rate financing or all cash sales and were not adjusted.

CONDITIONS OF SALE: This adjustment refers to the motivations of the buyer and seller involved in a particular transaction. All sales appear to be arm's length transactions and did not require adjustments.

MARKET CONDITIONS (TIME): The sales occurred between June, 2014 and April, 2017. Based on our observation of the market, the value of this type of property is estimated to have remained stable during this period. Based on this, no adjustment was applied for market conditions.

SIZE: Adjustment for size was applied based on the commonly observed phenomenon that larger properties tend to sell for less, per square foot, than otherwise similar small properties in our experience. The sales are generally similar to the subject in size, and no adjustment was considered necessary in this case.

LOCATION: The subject is located on North 14 Street, at the border of the Williamsburg and Greenpoint areas of Brooklyn, within a largely industrial sub-district. This property is in close proximity to the Brooklyn-Queens Expressway and Williamsburg Bridge, providing rapid access to Manhattan. Sales 1, 2, and 4 required positive adjustment considering their distance from the trendier west side Williamsburg/Greenpoint/waterfront influences, partially offset by the corner locations of Sales 1 and 2. The remaining sales are similarly located to the subject with no adjustment applied.

CONDITION: As of the valuation date, the subject was subdivided to contain multiple rehearsal spaces, and was in average condition, although with minor areas of cosmetic deficiency. The sales were considered essentially similar to the subject, with no adjustment applied.

CEILING HEIGHT The subject possessed approximately 12-foot ceiling height. Adjustments were applied with negative adjustment applied to the sales possessing greater ceiling height as compared to the subject, and vice versa.

After adjustment, the sales demonstrate a range of $350 to $558 per square foot, with an average of $467/SF. Comparables 3 and 5 are located nearest to the subject and were therefore given greater weight. Based on these sales, as well as the balance of the data identified, we estimate that the subject possesses a value of $500 per square foot, resulting in the following value indication:

SALES COMPARISON APPROACH CONCLUSION - "AS IF UNENCUMBERED"		
Value/SF	**Area**	**Value Estimate**
$500	8,528	$4,264,000
Rounded To:		**$4,250,000**

Because the improved sales analyzed primarily conveyed unencumbered interests, the indication derived above reflects the value of the subject as if unencumbered by the existing lease. The effect of the existing lease on the Leased Fee Interest is addressed in the Income Capitalization Approach which follows.

Sales Comparison Approach Conclusion
$4,250,000

INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach is based upon the premise that a relationship exists between the net income that a property is capable of producing, and the value of that property. This approach is most applicable in the valuation of investment-type property, which is purchased to yield a periodic income stream, plus a reversion at the time of future sale. The Income Approach is developed in four steps, in the following pages:

1) estimating of gross rental income for the initial year of the holding period;
2) estimating expenses for that year;
3) selecting a proper capitalization technique and rate;
4) capitalizing the net income stream to yield a present value estimate.

Potential Gross Income

As of the date of valuation, the subject was leased to one tenant, with reported lease terms summarized as follows:

Tenant	Area (SF)	Lease Begin	Lease Exp.	Annual Rent as of 6/14/2017	Annual Rent/SF	Comments
Band Spaces, LLC dba Band Spaces, N.Y.C.	8,528	5/1/09	4/30/19	$172,136	$20.18	Tenant pays utilities, insurance, increases in RE taxes over 2008/2009 base year amount.
Total				**$172,136**		

Market Rental Survey

A market survey was undertaken in order to determine whether the subject's rent was within the market range:

No.	Date Rented	Address	Area (SF)	Rent/SF	Term (yrs.)	Lease Terms
1	17-Jun	666-672 Morgan Avenue	11,500	$17.74	2.0	Modified gross
2	17-Jun	297-299 North 7th Street	5,000	$25.00	n/a	Triple net
3	17-Jun	1031 Grand Street	3,500	$18.00	3.0	n/a
4	17-May	40-96 Quay Street	6,500	$25.00	n/a	Triple net
5	16-Nov	672-678 Morgan Avenue	12,000	$19.50	5.0	Modified gross
6	16-Oct	987 Grand Street	5,252	$29.00	n/a	Modified gross
7	16-Sep	343 Lorimer Street	5,000	$29.00	1.0	Undisclosed
8	16-Apr	74 Bayard Street	5,000	$34.00	n/a	Net lease.
9	15-Aug	300 Ruchardson Street	5,500	$20.00	1.0	Modified gross
		min	**3,500**	**$17.74**		
		max	**12,000**	**$34.00**		
		avg	**6,584**	**$24.14**		
		median	**5,252**	**$25.00**		

9 leases of industrial space within the subject area were identified. The comparables demonstrate a range of $17.74 to $34.00 PSF, averaging $24.14 PSF. Differences noted in our observation of these comparables include specific location, size, and condition, but each was highly similar to the subject in general type and utility. The rentals typically contain base rent increases over the term of lease, with heating and electricity cost usually paid by the tenant; smaller, fully occupied single tenant properties often lease on a fully net basis, with taxes paid by the lessee as well.

In comparison with these, the subject is at the upper end of the range in terms of size, with average ceiling height, although well located on North 14th Street. Based on the comparable data, the subject's existing lease appears to have been moderately below market. Considering the existing lease as of the date of valuation, the existing rent was relied on in our gross income estimate.

Potential Gross Commercial Income
$172,136

Vacancy and Collection Loss

The subject is located in a mixed residential and industrial enclave of northern Brooklyn, a fairly well-located and desirable area for warehouse and commercial space. CoStar reports the following vacancy rates for the North Brooklyn industrial market as of Q2 2017:



Based on the Costar data and the subject's market appeal and particular characteristics, we estimated a vacancy/collection loss of 3% annually for the subject.

Annual Expenses

Based on the subject's lease terms, ownership was responsible for base year real estate taxes, non-occupant insurance, legal/audit, management, and structural repairs, with the tenant to pay all utilities, increases in real estate taxes over a base year, and repairs/maintenance. The following expenses are estimated to be incurred by ownership during the initial year of a holding period assumed to begin at the date of valuation:

Real Estate Taxes $30,102 Annually	Referring to the report section "Assessed Valuation and Taxes". Tenant reimbursements are based on the 2008/2009 base year of $11,738 and will be included as additional income.
Insurance $5,970 Annually $0.70/SF	We estimated this cost at $0.70 PSF of gross building area, based on the reported expense, or $5,970 per year for non-occupant coverage, a typical cost for a property of this size in our experience. The tenant would typically be expected to "hold harmless" ownership in its underlying coverage, minimizing this cost.
Professional Fees (Legal/Audit). $2,000 Annually	We estimated this at $2,000, the typical cost of this item for a property of this type with only one tenant.
Management $3,696 Annually $0.43/SF	Estimated at 2.0% of effective gross income based on the single-tenant occupancy, or $3,696 annually, ($0.43/SF).

Repairs / Reserves for Replacement $4,264 Annually $0.50/SF	Estimate at $0.50/SF, for replacement of longer lived items including the roof, mechanicals, etc., as well as the occasional non-reimbursed repair and miscellaneous items.

A summary of the subject's income and expenses during the initial year of a holding period beginning at the date of valuation is presented as follows:

180 North 14th Street, Brooklyn, NY 11249
ESTIMATE OF INCOME AND EXPENSES (6/17-6/18)

GROSS INCOME		
Warehouse Income		$172,136
Vacancy/Collection Loss @ 3%	($5,164)	
Reimbursement Income		$18,364
Vacancy/Collection Loss @ 3%	($551)	
Effective Gross Income		**$184,785**
EXPENSES		
Real Estate Taxes	$30,102	
Insurance	$5,970	
Management (@ 2.0% of EGI)	$3,696	
Legal & Accounting	$2,000	
Reserves	$4,264	
Total Expenses		**$46,031**
NET OPERATING INCOME		**$138,753**

Capitalization Rate Selection

The method of capitalization employed in this report is the mortgage-equity technique, commonly referred to as the Ellwood method. This method derives a capitalization rate reflecting the requirements of the two investors typically involved in the purchase of an income producing property (the institutional lender, and the equity investor), and then adjusts the rate calculation to reflect mortgage amortization, and change in property value, during the holding period. The following parameters are necessary in order to determine a capitalization rate for the subject property:

Loan Terms - Lending institutions typically lend at a 65% to 75% loan to value ratio in the current environment. Interest rates as of the date of valuation ranged from 3.5% to 5% depending primarily on the type of property, with payments calculated based on 25-to-30-year payout schedules. We selected a 65% loan to value ratio, a 4.5% interest rate, and a 30-year payout in developing a capitalization rate.

Holding Period - Most investors/purchasers intend to hold a property for five to fifteen years, due to the diminishing effect of tax benefits (depreciation) beyond that time. We selected a period of ten years in our rate development.

Change in Value - Property appreciation over the holding period was forecast at a moderate 2% per year, equivalent to 20% over the holding period.

Equity Yield - This is a desired rate of return reflecting the inherent risks, illiquidity, and potential benefits, of property ownership relative to prospective rates of return available for alternative investment opportunities. A yield rate has been selected through examination of financial and real estate market information, involving a search for the minimum prospective rate of return necessary to attract long-term investment capital.

The search for a yield rate begins in the financial markets, which demonstrates rates currently being offered for alternative investment instruments. Investors typically require a rate of return from investment property which is greater than the “safe” or relatively "risk-free" rates offered for long-term treasury notes and bonds, or high-grade corporate bonds. The difference between the investor's required rate of return and the “safe rate” is a premium, compensating the investor for the added risks of inflation, management burden, and lack of liquidity inherent in a real estate investment. The following rates demonstrate current market returns offered by relatively risk-free investments (Federal Reserve Statistical Release Web Site):

SURVEY OF COMPETITIVE RATES		
Instruments	**Rate**	**Date**
Federal Funds Rate*	1.16%	**6/26/17**
Prime Rate*	**4.25%**	**6/26/17**
10-year Treasury Notes*	**2.14%**	**6/26/17**
20-year Treasury Notes*	**2.46%**	**6/26/17**
Corporate Bond Highest grade (10y)	**2.80%**	**6/27/17**
Corporate Bond Investment grade (10y)	**5.94%**	**6/27/17**
Municipal Bond High Grade (10y)	3.04%	**6/27/17**
**** Source: federalreserve.gov***		

The Federal Funds Rate represents the cost of funds loaned by Federal Reserve banks to depository institutions. The Prime Rate is a base rate posted by large banks for loans to major corporations. Corporate Bonds and Utility Bonds are long-term securities guaranteed by the strong creditworthiness of the issuer. Municipal Bonds are free of tax liability, and therefore return less than taxable instruments.

Direct evidence of investor expectations from the ownership of real estate are published by the Real Estate Research Corporation Investment Survey, and the Korpacz Real Estate Investment Survey. These surveys present expected yield rates, "going-in" capitalization rates, reversionary rates, and expected income and expense growth rates, from a representative sample of institutional investors currently active in the marketplace. The following desired rates of return were reported for warehouse properties:

Source	Period	Type	Yield Rate Range	Average
R.E.R.C.	2nd Qtr 2017	National Warehouse Survey	6.4% - 9.4%	7.30%
Price Waterhouse	2nd Qtr 2017	National Warehouse Market	5.5% - 9.0%	6.66%

Yield rates (alternatively known as "internal rates of return", or IRR) are influenced by numerous risk factors, including the following:

- **Location:** the better the location, the lower the IRR. The subject is located in an established industrial area and rapidly developing section of Brooklyn.

- **Physical Characteristics of the Subject Property:** the newer the property, the higher the quality of construction and finishes, and the better the design and layout of the physical plant, the lower the IRR. The subject is assumed to have been in average condition, and competitive in the local realty market.

- **Degree of Forecasted Cash Flow Growth:** the greater the growth forecasted, the higher the risk of nonperformance, hence the higher the IRR. We assumed a nominal 2% per year appreciation in value, in the Ellwood rate calculation.

- **Extent of Equity Investment Required:** the greater the required equity investment (that portion of the total acquisition cost not funded by conventional financing), the higher the IRR. The subject would be anticipated to sell with a typical extent of equity investment.

- **Length of Projection Period:** the longer the projection period necessary to produce the required yield, the higher the IRR. Our projection assumes a 10-year holding period, typical for this type of property in our experience.

- **Type of Investment:** the greater the investment risk inherent in a particular type of real estate, the higher the IRR. As a single tenant industrial property, the subject is a somewhat above-average risk investment type in our opinion, compared with benchmark property types such as rental apartments.

In selecting an appropriate yield rate, we considered the published yield expectations, as well as the subject's location, age, and condition relative to competing properties. Consideration was also given to risk, illiquidity, and the time and expense of asset management inherent in a purchase of the subject. Based on these considerations, placing greatest reliance on the real estate market information, and considering that the published rates reflect the requirements of institutional investors seeking prime properties nationwide, it is our opinion that a yield rate of 9.00% would be necessary to attract investment capital to the subject property. The Ellwood method of capitalization rate development is presented as follows:

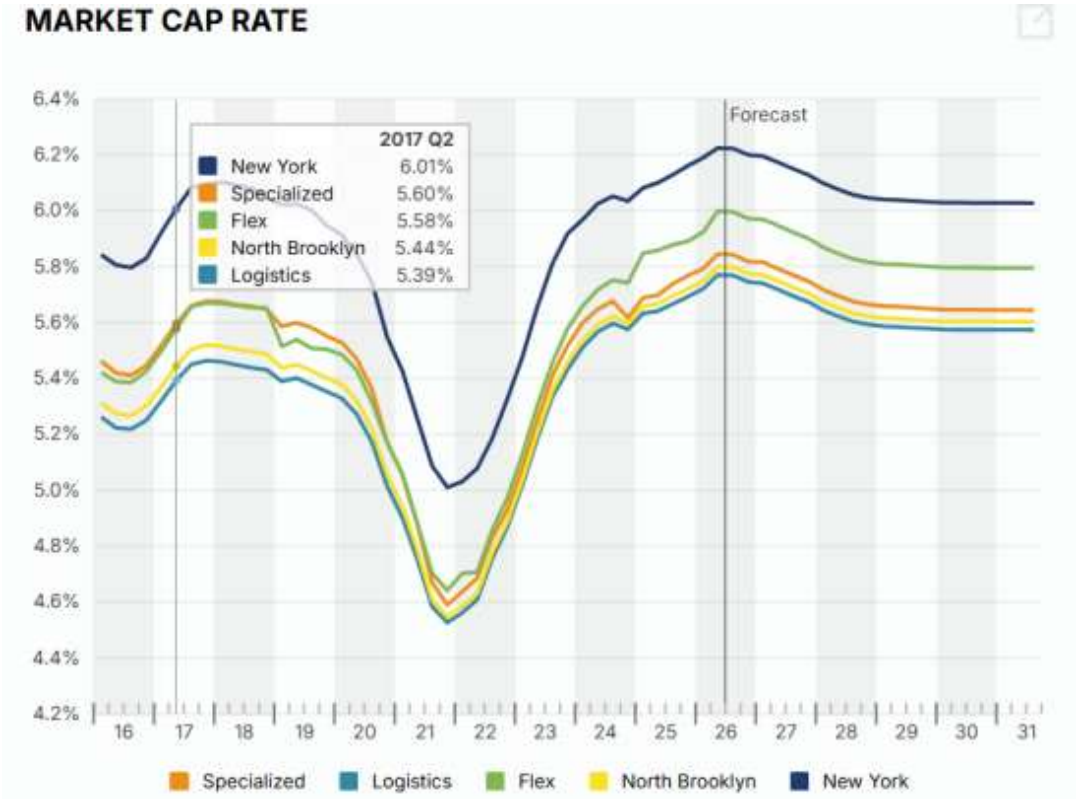
Assumptions Underlying Capitalization Rate Development		
Loan to value ratio (Mortgage Percentage)		65%
Mortgage Interest Rate		4.50%
Term (years payout)		30
Annual Constant		6.08%
Equity Percentage		35%
Equity Yield Rate		9.00%
Holding Period		10
Sinking Fund Factor @ Equity Yield Over Holding Period		6.58%
Mortgage Amortization Over Holding Period		19.91%
Annual Appreciation		2.00%
Appreciation Over Term		22%
Band of Investment		
Mortgage LTV x Annual Constant	65% x 6.08% =	3.95%
Equity Percentage x Equity Yield	35% x 9.00% =	3.15%
Weighted Rate Band of Investment		7.10%
Less Adjustment for Mortgage Amortization		
Amortization Over Holding x LTV x Sinking Fund Factor	19.91% x 65% x 6.58% =	0.85%
Less Adjustment for Apprecation Over Holding Period		
Appreciation Percentage x Sinking Fund Factor	22% x 6.58% =	1.44%
Indicated Capitalization Rate		
Weighted Rate Less Amortization Adjustment Less	7.10% - 0.85% - 1.44% =	4.81%
Rounded		4.80%

Surveys of Going-in Capitalization Rates

In addition to the rate derived above, a direct, market-based source of going-in capitalization rates is provided by the Peter Korpacz and Real Estate Research Corporation's investment surveys, which present going-in capitalization rates sought by actual investors. These are presented as follows:

Source	Period	Type	Cap Rate Range	Average
R.E.R.C.	2nd Qtr 2017	National Warehouse Survey	4.5% - 7.0%	5.80%
Price Waterhouse	2nd Qtr 2017	National Warehouse Market	4.0% - 6.9%	5.27%

The above surveys represent the requirements of institutional investors seeking properties nationwide. Additionally, CoStar reports the following trend in the subject's submarket:



Considering the subject's assumed average condition and good location, and considering that rent was moderately below market with upside potential, a rate of 4.75% was considered appropriate. This rate will be used to capitalize projected net operating income into value, as follows:

CAPITALIZATION

NET OPERATING INCOME	CAPITALIZATION RATE	VALUE	ROUNDED TO
$138,753	4.75%	$2,921,122	$2,900,000

Income Capitalization Approach – Direct Capitalization
$2,900,000

Discounted Cash Flow Analysis

As of the date of valuation the subject was encumbered by a lease expiring April 30, 2019, approximately 2 years subsequent to the effective date, at a contract rent which our market rental survey indicates was below market levels. Direct capitalization of the initial year's net operating income does not capture the reversion of the property to an unencumbered basis upon lease expiration, and accordingly a discounted cash flow analysis was developed. Contract rent is projected in accordance with the fixed annual

base rent schedule set forth in the lease rider, together with tax reimbursement income; expenses are projected to increase at 2% annually. Upon expiration of the lease the property is projected to revert to its unencumbered value as estimated in the Sales Comparison Approach, appreciated at 2% per annum over the holding period. The interim cash flow and the reversion are discounted at a yield rate of 9%, referring to the published yield rates presented earlier. The results of this analysis are as follows:

DISCOUNTED CASH FLOW ANALYSIS

ASSUMPTIONS		
Potential Gross Income - Year 1	$190,500	
Vacancy & Collection Loss	3.0%	
Operating Expenses - Year 1	$46,031	
Rent Escalation - Year 2	6.0%	
Expense Growth Rate	2.0%	
Current Property Value	$4,250,000	
Value Appreciation Rate	2.0%	
Discount Rate (Yield Rate, Y-O)	9.0%	
INCOME AND EXPENSES	**Year 1**	**Year 2**
Potential Gross Income	$190,500	$201,930
Less: Vacancy & Collection Loss	($5,715)	($6,058)
Effective Gross Income	**$184,785**	**$195,872**
Less: Operating Expenses	($46,031)	($46,952)
NET OPERATING INCOME	**$138,754**	**$148,920**
REVERSION		
Gross Reversion Value		$4,421,700
PV of Reversion		**$4,421,700**
PRESENT VALUE @ 9.0% YIELD RATE	**Year 1**	**Year 2**
Total Cash Flow (NOI + Reversion)	**$138,754**	**$4,570,620**
Present Value Factor @ Yield Rate	0.917431	0.841680
Present Value of Cash Flow	**$127,297**	**$3,847,000**
INDICATED VALUE SUMMARY	**Present Value**	
PV of Net Operating Income - Year 1	$127,297	
PV of Net Operating Income - Year 2	$125,343	
PV of Net Reversion	$3,721,656	
TOTAL PRESENT VALUE	**$3,974,297**	
INDICATED VALUE (Rounded)	**$4,000,000**	

Summary and Reconciliation of Value Indications

The approaches to value utilized have yielded the following value indications:

Type of Value	Sales Comparison "as if Unencumbered"	Income Approach - Direct Capitalization	Income Approach - Discounted Cash Flow
"As Is" Market Value	$4,250,000	$2,900,000	$4,000,000

The Sales Comparison Approach was developed from sales of improved industrial properties conveying substantially unencumbered interests, and accordingly indicates the value of the subject as though free of the existing lease. It is not a direct indication of the Leased Fee Interest, which is the property right appraised. It is presented here because it establishes the basis for the reversionary value applied in the discounted cash flow analysis.

The Income Capitalization Approach - Direct Capitalization was accorded no weight in the final conclusion. Direct capitalization converts a single year's net operating income into value on the implicit assumption that the income stream continues into perpetuity. The subject's initial-year income derives from a lease commencing in 2009 at a contract rent of $20.18 per square foot, which our market rental survey indicates was below the prevailing range as of the date of value. That lease terminated on April 30, 2019, less than two years after the effective date, at which point the property reverted to an unencumbered basis. Direct capitalization cannot reflect that reversion, and the resulting indication of $2,900,000 accordingly understates the value of the Leased Fee Interest. It is retained in the report as a test of the reasonableness of the contract income stream, not as a value indication.

Sole weight was placed on the discounted cash flow analysis, which is the technique appropriate to a leased fee interest encumbered by a short-term lease at below-market rent. It reflects both components of the interest appraised: the contract income payable through April 30, 2019, and the reversion of the property to an unencumbered basis thereafter, the latter measured by the Sales Comparison indication appreciated over the projection period and discounted at the yield rate.

Value Conclusion

Based on our examination of the subject and market analysis, we estimate that the "as is" Market Value of the Leased Fee Interest in 180 North 14th Street, Brooklyn, NY 11249, as of June 14, 2017 is:

Four Million Dollars
$4,000,000

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 performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- 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.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The subject site (as presently exists, as vacant) was inspected by Michal Benshabat, Licensed Appraiser Assistant, on August 2, 2026. Isaac Benshabat, MAI has not personally inspected the subject property.
- No one provided significant real property appraisal assistance to the persons signing this certification.
- 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.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Isaac Benshabat has completed the continuing education program for Designated Members of the Appraisal Institute.

Isaac Benshabat, MAI Certified General Real Estate Appraiser NY (No. 46-49712)	Michal Benshabat Licensed Real Estate Appraiser Assistant NY (No. 48-53888)

ASSUMPTIONS AND LIMITING CONDITIONS

This report is made subject to the following assumptions and limiting conditions:

No responsibility is assumed for matters legal in nature, including the effect of easements for utilities, rights of way for access, or other restrictions limiting the use of the property. Property title is assumed to be good and marketable. No liens, encumbrances, or special assessments against the property were considered unless noted.

No survey of the subject property was made by the appraiser. Measurements, specifications, and other data including zoning and assessments have been obtained from sources believed to be reliable, but no warranty for their accuracy is made. Photographs, diagrams, and sketches appearing in this report are for illustrative purposes only.

No current test borings or reports of subsoil conditions have been obtained by the appraiser. Except as noted, this appraisal assumes the land to be free of adverse subsoil conditions.

By reason of this appraisal, we are not required to render additional services such as pre-trial conferences, depositions as expert witness, testimony, or court appearance except as previously agreed.

This report may not be used for any purpose by a person, corporate or individual, other than the client specified in the report without our written consent, and in any event only with proper written qualification and only in its entirety.

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to a third party, or to the public through advertising media, public relations media, news media, sales media or any other public means of communication, without the prior written consent and approval of the authors.

The appraiser's responsibility consists solely of the performance of the defined valuation assignment.

No professional survey has been undertaken to detect the existence of potentially hazardous material within the subject property including asbestos, urea formaldehyde insulation, radon gas, or toxic waste. Unless specifically noted, none of these conditions is assumed to exist in such measure as may adversely influence value.

We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the Americans with Disabilities Act (ADA). It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

ADDENDA

LEASE EXCERPTS

RIDER TO LEASE DATED AS OF MAY 1, 2009 BETWEEN
M.A.J. ASSOCIATES, INC. ("Landlord and/or Owner") and
BAND SPACES, LLC ("Tenant"), for the premises,
180-88 NORTH 14TH STREET, BROOKLYN, NEW YORK

1. In the event there is any conflict between the provisions of this Rider and the printed lease form to which it is attached, then the provisions of this Rider shall control and prevail

2. (A) The fixed annual base rent during the term of this Lease shall be as follows:

Fixed Annual Base Rent Schedule

	Period	Yearly Rent	Monthly Rent
1.	May 1, 2009 to April 30, 2010	$108,000.00	12 monthly installments of $9,000.00
2.	May 1, 2010 to April 30, 2011	$114,480.00	12 monthly installments of $9,540.00
3.	May 1, 2011 to April 30, 2012	$121,348.80	12 monthly installments of $10,112.40
4.	May 1, 2012 to April 30, 2013	$128,629.73	12 monthly installments of $10,719.14
5.	May 1, 2013 to April 30, 2014	$136,347.51	12 monthly installments of $11,362.29
6.	May 1, 2014 to April 30, 2015	$144,528.36	12 monthly installments of $12,044.03
7.	May 1, 2015 to April 30, 2016	$153,200.06	12 monthly installments of $12,766.67
8.	May 1, 2016 to April 30, 2017	$162,392.07	12 monthly installments of $13,532.67
9.	May 1, 2017 to April 30, 2018	$172,135.59	12 monthly installments of $14,344.63
10.	May 1, 2018 to April 30, 2019	$182,463.73	12 monthly installments of $15,205.31

(B) Fixed annual base rent shall be paid to Landlord in consecutive, equal monthly installments in advance on the first day of every month during the Term without demand and without any offset, deduction or abatement whatsoever, at Landlord's address first set forth above or at such other place as Landlord may from time to time designate.

(C) Tenant shall pay the fixed annual base rent and all additional rent and other sum payable hereunder without notice or demand, without regard to counterclaim, right of setoff, deduction or defense that Tenant may have against Landlord, and without abatement, suspension, deferment, diminution or reduction.

3. In the event any payment of fixed annual base rent and/or additional rent is not received by the Landlord when due, there shall be a "late charge" payable as additional rent with the next rental payment due, as follows: If the late payment is received later than ten (10) days after it is due, the late charge shall be 3.0% of the late payment.

4. All taxes, charges, costs and expenses which tenant is required to pay hereunder, together with all interest and penalties that may accrue thereon in the event of Tenant's failure to pay such amounts, and all damages, costs and expenses which owner may incur by reason of any default of the tenant or failure on the Tenant's part to comply with the terms of this Lease, shall be deemed to be additional rent and, in the event of non-payment by the

Tenant, the Owner shall have all the rights and remedies with respect thereto as the Owner has for non payment of the fixed annual base rent.

5. Tenant shall promptly pay all amounts payable by it in accordance with the terms of this lease and shall furnish to the owner official receipts or other satisfactory proof of payment, within reasonable time after payment, and in any event, within ten (10) days after demand by Owner.

6. In addition to the fixed annual base rental and other payments and charges provided for in this Lease Agreement, the Tenant agrees to pay additional rent as follows:

In addition to the annual rental and other payments and charges provided for in this Lease Agreement, the Tenant agrees to pay any increase in the real estate taxes, charges, assessments, levies, water charges and sewer rents paid by Landlord, or any other taxes or charges substituted in lieu or in place thereof (collectively called the "real estate taxes"), assessed, levied or imposed against the land and building of which the demised premises form a part for each "lease year" (or proportionate part of a lease year) during the term of this lease over the base year, which shall be July 1, 2008-June 30, 2009 tax year (hereinafter referred to as "base year") as the same may ultimately be reduced by reason of tax certiori or similar proceeding or otherwise) whether the increase results from a higher tax rate or an increase in the assessed valuation of the land and building of which the demised premises form a part, or for any other reason whatsoever.

Such additional rental shall be paid in each and every year during the term of this lease and the amount thereof shall be paid pursuant to the terms of this Section after the same is demanded by Landlord in writing together with evidence of the taxes due. Insofar as any period during the term of this lease represents a period which is not a full lease year, there shall be a proportionate adjustment in the increase provided for herein. Should Landlord procure a refund of the aforementioned real estate taxes for any period of time subsequent to the commencement of this lease, Tenant shall be entitled to a proportionate credit of the refund received by Landlord, after all expenditures paid or incurred for legal fees, expert opinion and all other expenses necessary to obtain the tax refund. If any such refund of taxes is received by Landlord after the end of the lease Term, Tenant's proportionate share of the net refund shall be refunded to Tenant within ten (10) days of clearance of such funds received by Landlord. In no event shall any credit be given to Tenant for any lease year in which no payment of additional rent has been made by them as in this Article provided, nor shall the proportionate credit ever exceed the overage paid by the Tenant for any given lease year, nor shall Tenant be entitled to any credit in the event the real estate taxes or charges or any other taxes or charges substituted in lieu or in place thereof, assessed, levied or imposed against the land or buildings of which the demised premises form a part, are less than those of the base year.

"Lease year" as used in this Article shall mean a period of one year commencing with the date of the commencement of this lease and each successive year thereafter.

WM SHUBERT & CO.

QUALIFICATIONS OF ISAAC BENSHABAT, MAI

EDUCATION

Touro College - B.S., Finance

REAL ESTATE VALUATION COURSES

Advanced Market Analysis and Highest & Best Use
Advanced Income Capitalization
Advanced Concepts & Case Studies
Quantitative Analysis
Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)
Business Practices and Ethics
General Appraiser Income Approach
General Appraiser Report Writing and Case Studies
General Market Analysis and Highest and Best Use
Fair Housing, Fair Lending and Environmental Issues
Basic Appraisal Procedures
Basic Appraisal Principles
15-Hour National USPAP
7-Hour USPAP

PROFESSIONAL AFFILIATIONS

State Certified General Appraiser, New York (No. 46-49712)
Member, Appraisal Institute (MAI)

EXPERIENCE

Isaac Benshabat is a Certified General appraiser with over fifteen years of real estate appraisal experience throughout New York City and the wider region, and has functioned as Senior Appraiser at Wm. Shubert & Co., Inc. for nearly that entire period. He holds the MAI designation from the Appraisal Institute. He has appraised major office structures, existing and proposed rental and condominium apartment developments, industrial buildings, shopping centers, and a variety of special purpose properties. Assignments have been completed throughout New York State and New Jersey for local and national lenders, trust and estate attorneys, private buyers owners for acquisition and sale, and for litigation.

APPRAISER'S LICENSE



UNIQUE ID NUMBER
4000049712

State of New York
Department of State
DIVISION OF LICENSING SERVICES

FOR OFFICE USE ONLY
Control No. 1581507

EFFECTIVE DATE
MO 04 | DAY 26 | YR 24

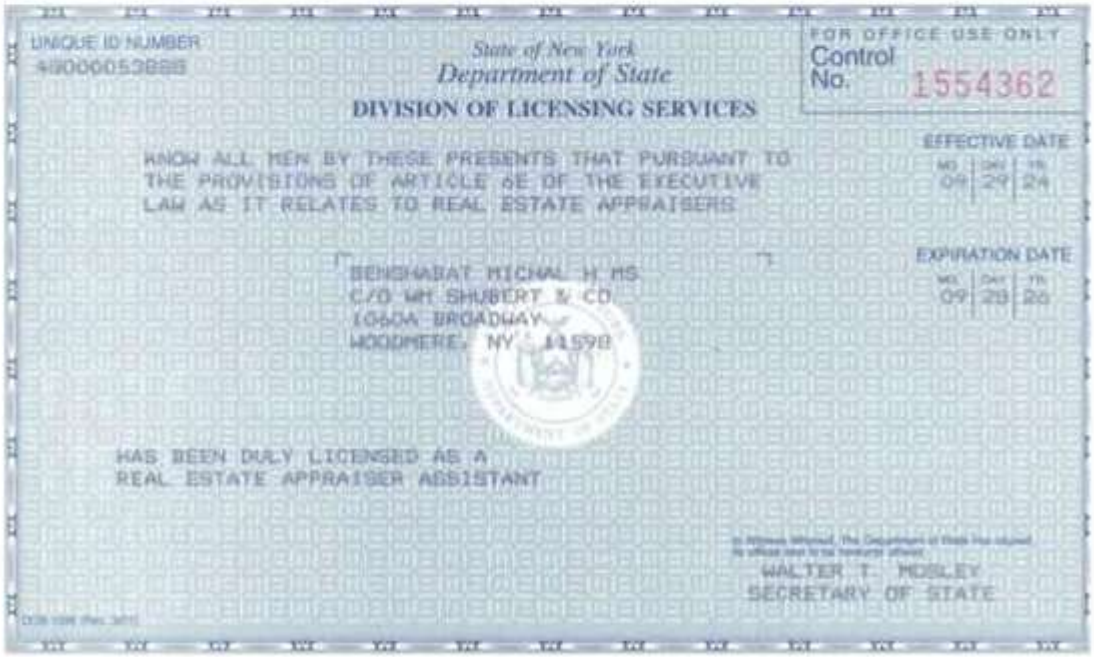
EXPIRATION DATE
MO 04 | DAY 25 | YR 28

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

BENSHABAT ISAAC Y
C/O BENSHABAT ISAAC Y
1060A BROADWAY
WOODMERE, NY 11557

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

WALTER T. MOSLEY
SECRETARY OF STATE



UNIQUE ID NUMBER
4000053888

State of New York
Department of State
DIVISION OF LICENSING SERVICES

FOR OFFICE USE ONLY
Control No. 1554362

EFFECTIVE DATE
MO 09 | DAY 29 | YR 24

EXPIRATION DATE
MO 09 | DAY 29 | YR 26

KNOW ALL MEN BY THESE PRESENTS THAT PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO REAL ESTATE APPRAISERS

BENSHABAT MICHAL H MS
C/O WM SHUBERT & CO
1060A BROADWAY
WOODMERE, NY 11598

HAS BEEN DULY LICENSED AS A REAL ESTATE APPRAISER ASSISTANT

WALTER T. MOSLEY
SECRETARY OF STATE

APPRAISAL OF

29 WYTHE AVENUE

BROOKLYN, NEW YORK

as of
June 14, 2017

Wm. Shubert & Co.
718 863 2200
1060A Broadway
Woodmere, NY 11598
isaac@shubertco.com

August 4, 2026

Mr. Jay Weitzman
6 North 9th Street
Brooklyn, NY 11249

Re: 29 Wythe Avenue
Brooklyn, NY 11249

Dear Mr. Weitzman:

At your request, we have examined the above-captioned property for the purpose of estimating its retrospective "as is" Market Value as of June 14, 2017 (prior to its demolition), under the assignment condition that the property was assumed to have not been affected by Brownfield contamination. As of the date of valuation, the subject consisted of a one- and part two-story industrial building erected in 1925, containing 21,000 square feet, and subdivided and occupied by three tenants. The subject was situated on a 20,000 square foot site in the Williamsburg section of Brooklyn, New York. Refer to the Hypothetical Conditions and Extraordinary Assumptions stated on page 24 of this report. Mr. Benshabat did not personally inspect the subject property, and no inspection of the former improvements was possible.

This appraisal was completed in accordance with the requirements of the Appraisal Institute, of which Isaac Benshabat is a member. The appraisal also conforms to the current Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board of the Appraisal Foundation.

Based on our investigation and analysis, and subject to the limiting conditions stated in the accompanying report, it is our opinion that the "as is" Market Value of the Leased Fee Interest in this property as of June 14, 2017 was:

Nine Million Four Hundred Fifty Thousand Dollars
$9,450,000

Respectfully submitted,

Isaac Benshabat, MAI
Certified General Real Estate Appraiser
NY (No. 46-49712)

Michal Benshabat
Licensed Real Estate Appraiser Assistant
NY (No. 48-53888)

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Summary of Salient Facts and Conclusions

SUBJECT PROPERTY:	29 Wythe Avenue, Brooklyn, NY 11249	
LEGAL DESCRIPTION:	Block 2279, Lot 1	
PROPERTY DESCRIPTION:	The subject consisted of a one and part two-story industrial building erected circa 1925, containing 21,000 square feet.	
SITE AREA (SF):	20,000	
ZONING:	M1-2 (Light Industrial)	
HIGHEST AND BEST USE	As Vacant:	As Improved:
	Commercial Use	Continued Industrial Use, with eventual adaptive reuse
FLOOD ZONE:	3604970202F; Zone AE, an area of elevated flood hazard.	
RELEVANT DATES:	Inspection Date:	Value Date:
	August 2, 2026	June 14, 2017
PROPERTY RIGHTS APPRAISED	Leased Fee Interest	
INTENDED USE/INTENDED USER	Mr. Jay Weitzman	
INTENDED USE OF THE APPRAISAL	Realty analysis in connection with a Brownfield contamination benefit application.	
VALUE ESTIMATES	Sales Comparison Approach	$9,450,000
	Income Capitalization Approach	$7,800,000
FINAL VALUE ESTIMATE	$9,450,000	

Subject Property Photos (as of August 2, 2026)



VIEW OF SUBJECT FROM WYTHE AVENUE



VIEW OF SUBJECT FROM NORTH 14TH STREET



VIEW OF SUBJECT FROM NORTH 13TH STREET



VIEW WEST ON NORTH 14TH STREET-

SUBJECT AT LEFT



VIEW EAST ON NORTH 14TH STREET –

SUBJECT AT RIGHT



VIEW SOUTH ON WYTHE AVENUE-

SUBJECT AT LEFT



VIEW NORTH ON WYTHE AVENUE -

SUBJECT AT RIGHT



VIEW EAST ON NORTH 13TH STREET-

SUBJECT AT LEFT



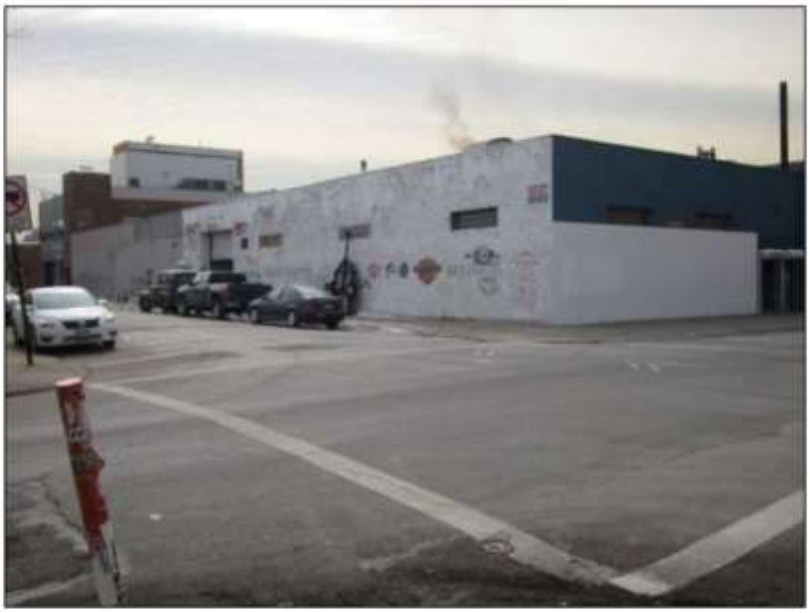
VIEW WEST ON NORTH 13TH STREET



SITE INTERIOR

Photos From Prior Appraisal (as of March 5, 2014):

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Southerly View (1)



Southerly View (2)

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Northeasterly View



Northwesterly View

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Northwest Elevation

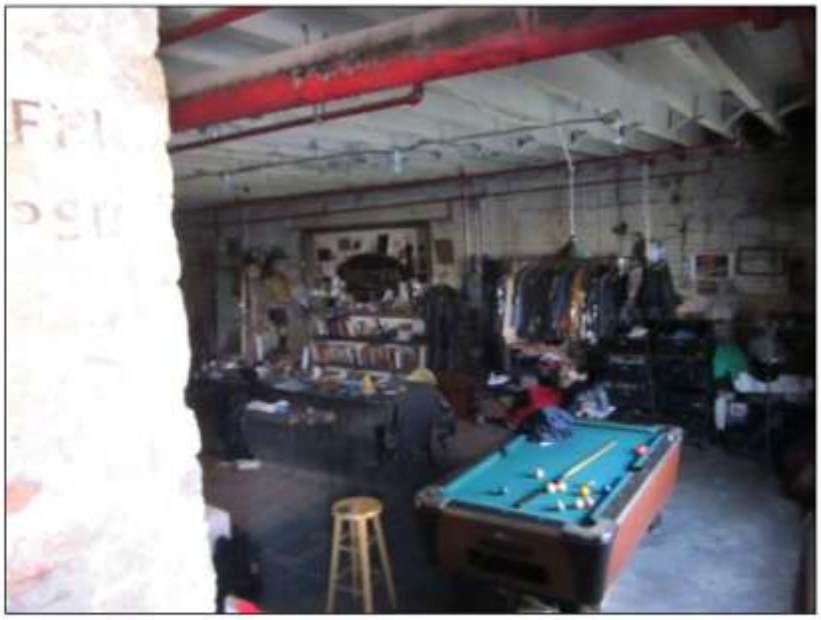


Continental Circus – Shop Space (1)

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Continental Circus – Shop Space (2)

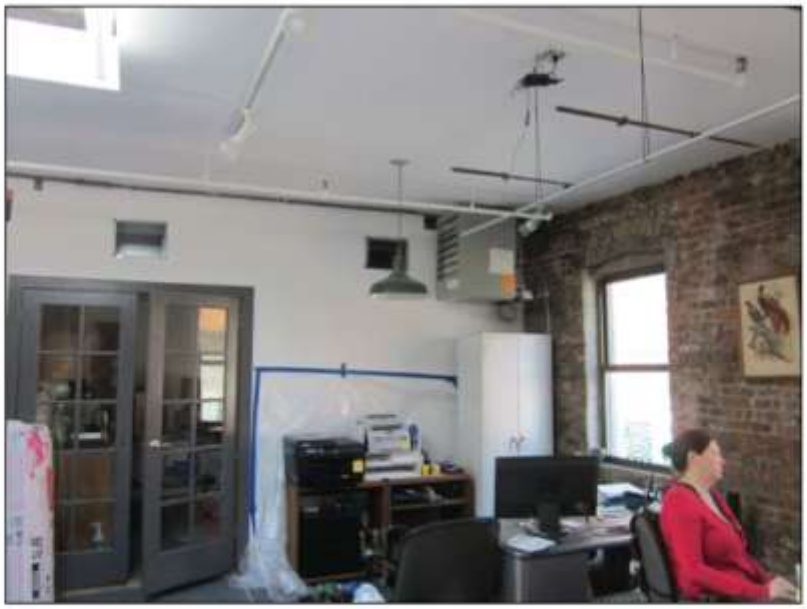


Continental Circus – Shop Space (3)

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Continental Circus – Office Space (1)



Continental Circus – Office Space (2)

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Crumpler Space (1)



Crumpler Space (2)

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Crumpler Space (2)



LJJ Space (1)

PHOTOGRAPHS OF THE SUBJECT PROPERTY



LJJ Space (2)



LJJ Space (3)

PHOTOGRAPHS OF THE SUBJECT PROPERTY



LJJ Space (4)



LJJ Space (5)

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Entry to LJJ Space



Crumpler Office Space

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Crumpler Water Closet



Crumpler Kitchen

INTRODUCTION

Identification of the Subject Property

As of the date of valuation, the subject consisted of a one- and part two-story industrial building erected in 1925, containing 21,000 square feet, and subdivided and occupied by three tenants, situated on a 20,000 square foot site in the Williamsburg section of Brooklyn, New York.

Purpose of the Appraisal

The purpose of this appraisal is to estimate the retrospective “as is” Market Value of the Leased Fee Interest in the subject property, as of June 14, 2017.

Property Rights Appraised

The property rights appraised are those of the Leased Fee Interest, defined as: "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.”[1]

Intended Use/Intended user of the Appraisal

The Intended Use of this report is to assist Mr. Jay Weitzman (defined as our client, and the intended user of this report) in his real estate analysis by providing a supported opinion of market value for the subject.

Date of Value Estimate

The valuation date of this appraisal is June 14, 2017. The date of inspection is August 2, 2026. The exterior of the subject property as presently configured was inspected on that date by Michal Benshabat. Isaac Benshabat, MAI has not personally inspected this property.

Legal Description

As of the date of valuation, the subject was designated by the City of New York Assessor as Block 2279, Lot 1, Borough of Brooklyn; it was subsequently merged with an adjacent lot. The assessor's designation is commonly referred to in place of a metes and bounds legal description in identifying properties in the City of New York.

[1] [The Appraisal Institute, “The Dictionary of Real Estate”, 7th ed. (Chicago: The Appraisal Institute, 2022), p. 73]

History of the Subject Property

According to public records, the current owner is False Alarm Ltd. who has owned the property for over 10 years. The subject property was demolished in 2018, and the subject lot (Lot 1) was subsequently merged with neighboring lot 9 in 2019. The site as a whole is currently being developed with a four-story commercial building. No current listing, contract of sale, or option is known to exist for this property.

Marketing and Exposure Time

As explained in Statement 6 and advisory opinion AO-7 of the Appraisal Standards Board of The Appraisal Foundation, marketing time and exposure time are distinct concepts. Marketing time refers to the period following the effective date of appraisal. Considering current and anticipated economic conditions, it is our opinion that a marketing time of less than one year will be required to sell the subject at the value estimated.

Exposure time is defined as the estimated length of offering time the subject property would have required prior to the effective date of the appraisal in order to consummate a sale at the appraised value, on that date. Exposure time therefore precedes the effective date of the appraisal. Exposure time for the subject property is estimated to be less than one year.

Definition of Market Value[2]

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 condition 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.

Scope of the Appraisal

Wm. Shubert & Co. has been retained by Mr. Jay Weitzman to estimate the retrospective "as is" market value of 29 Wythe Avenue, Brooklyn, NY 11249, referred to as the subject property, as of June 14, 2017. In completing this assignment, we undertook the following services:

- Inspected the exterior of the subject site and the surrounding area, and reviewed information provided by our client to analyze the improvements as they existed as of the date of value, noting that the former improvements have since been demolished.
- Defined the subject property and researched its history of ownership.
- Reviewed demographic and economic trends in the local area and region.
- Reviewed zoning regulations applicable to the subject property.
- Studied the historic trend in tax liability, estimated historical taxes, and projected the future trend in tax liability.
- Analyzed Highest and Best Use.
- Estimated market value by development of the Sales Comparison and Income Capitalization Approaches.
- Reconciled the indications of the various approaches and arrived at a final value conclusion.

[2] Source: Code of Federal Regulations; Title 12 - Banks and Banking; Chapter I - Comptroller of the Currency, Department of the Treasury; Part 34 - Real Estate Lending and Appraisals - Subpart C - Appraisals Sec. 34.42 Definitions; Revised as of January 1, 2000.

Extraordinary Assumptions and Hypothetical Conditions
According to The Dictionary of Real Estate Appraisal (7th Edition), an Extraordinary Assumption is “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. 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 about the integrity of data used in an analysis.” A Hypothetical Condition is defined as, “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.”

Extraordinary assumptions consist of the following:

1. Inspection of the improvements. The improvements that existed as of the June 14, 2017 effective date were demolished in 2018, and the subject site is presently under construction. Neither the interior nor the exterior of the former improvements was available for inspection by the appraisers, and no inspection of the improvements was performed. The site inspection conducted by Michal Benshabat on August 2, 2026 was limited to the vacant, excavated site and the surrounding neighborhood, and did not and could not include observation of the improvements as they existed on the effective date. It is an extraordinary assumption of this assignment that the improvements existed and were configured as described herein.

2. Reliance on prior appraisal for all physical characteristics. All physical data regarding the former improvements relied upon in this report - including gross building area, gross leasable area, building footprint, number of stories, tenant space configuration and allocation, and ceiling heights - were extracted from a prior appraisal of the subject prepared by Joseph J. Blake and Associates, Inc. with an effective date of March 5, 2014, which was furnished to us by ownership. We have not independently measured, verified, or confirmed any of these physical characteristics, and no plans, surveys, certificate of occupancy, or Department of Buildings records were provided to us. It is an extraordinary assumption of this assignment that the physical data set forth in that prior appraisal is accurate and complete.

3. No material physical change between March 5, 2014 and June 14, 2017. Ownership has represented to us that no material physical change occurred to the subject improvements, interior or exterior, during the period between the March 5, 2014 date of the prior appraisal and the June 14, 2017 effective date of this appraisal, a period of approximately three years and three months. We have relied upon that representation and have assumed it to be accurate.

4. Building Area The prior appraisal reports a gross building area of 21,000± square feet "according to property records," and a gross leasable area of 23,300 square feet "according to lease documents and the rent roll." We were not provided with the underlying property records, lease exhibits, or a certificate of occupancy from which either figure could be confirmed, and the two figures could not be reconciled. We have relied upon 21,000 square feet of gross building area as the unit of comparison in the Sales

Comparison Approach, consistent with the basis on which the comparable sales were analyzed, and upon 23,300 square feet of leasable area in the Income Capitalization Approach, consistent with the basis on which the subject's leases were written. It is an extraordinary assumption of this assignment that both figures are accurate as reported. A change in the gross building area would produce a proportionate change in the value indicated by the Sales Comparison Approach.

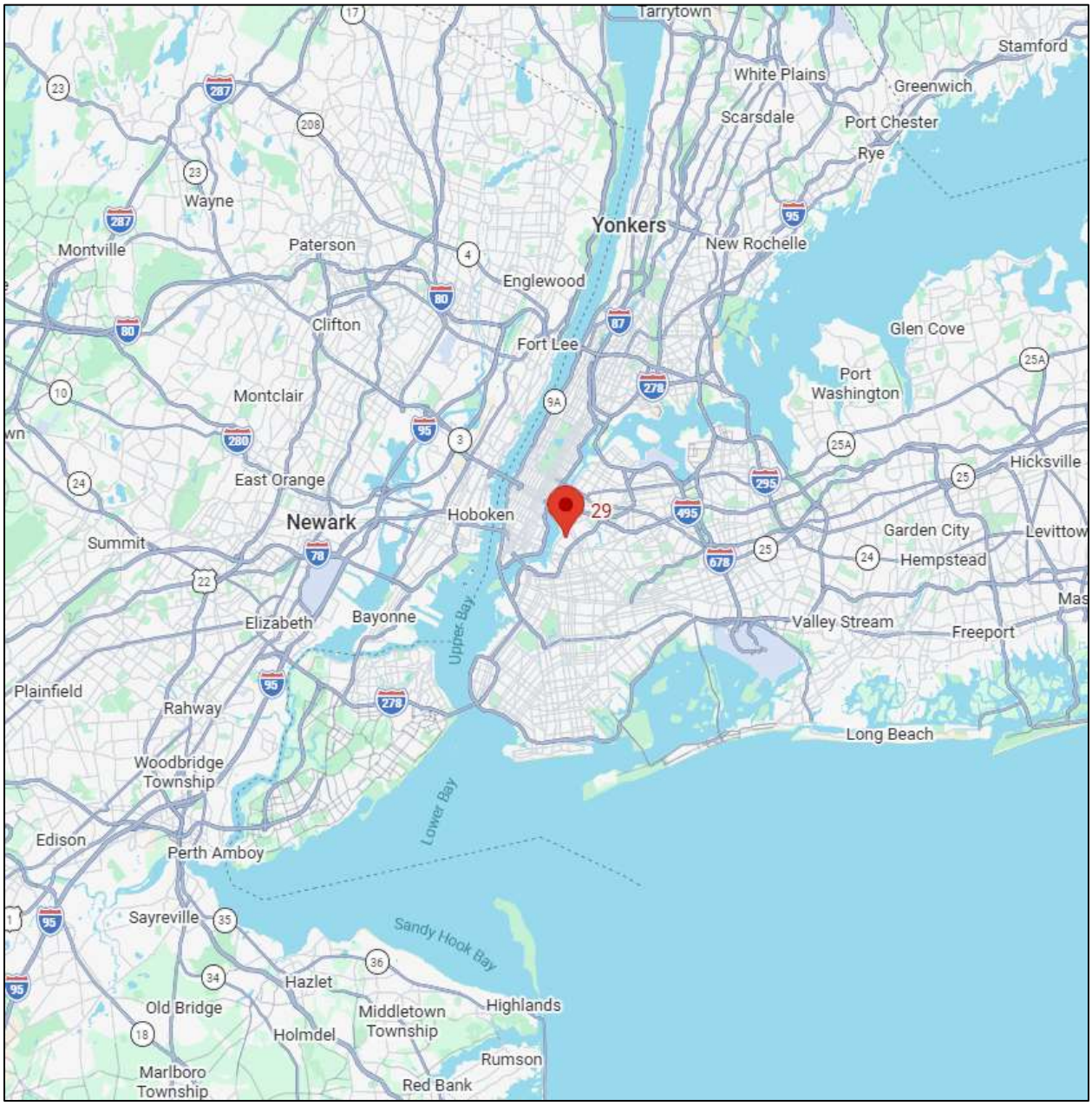
5. Income and lease data. The rent roll and contract rent data relied upon were provided to us by ownership. Partial lease documentation was furnished and is reproduced in the Addenda; complete executed leases were not provided for any tenant. We have assumed the rent roll furnished by ownership to be accurate and complete, and have assumed that no unusual terms exist which are not disclosed in the documents provided.

Hypothetical Conditions relied on in this report consist of the following:

1. Consistent with the intended use of this assignment, we have valued the subject under the hypothetical condition that as of the effective date it was not impacted by Brownfield contamination and required no remediation. This condition is contrary to what is known to exist. We are not environmental professionals, and no environmental site assessment, remediation cost estimate, or regulatory correspondence was reviewed by us in connection with this assignment. The value reported herein is an "as if clean" value and is not an opinion of the market value of the subject in its actual, contaminated condition as of the effective date.

The Hypothetical Condition stated herein has a material impact on the value conclusions presented. The Extraordinary Assumptions, if found to be false, could have a significant effect on our opinions and conclusions.

REGIONAL MAP



ECONOMIC CONDITIONS AS OF THE DATE OF VALUATION

Real estate functions as one element of a broad economic environment, and is influenced by national, regional, and local trends. The following summary, excerpted from the Federal Reserve Beige Book report, provides a brief overview of economic conditions:

FEDERAL RESERVE BEIGE BOOK 2nd DISTRICT--NEW YORK MAY 31, 2017

Summary of Economic Activity

Economic activity in the Second District has been essentially flat since the last report, while labor markets have remained tight. Input price pressures have persisted, while selling prices have been steady to up modestly. Manufacturers indicated that business activity has flattened out, while service-sector contacts have continued to report steady to modestly expanding activity. Consumer spending has been flat since the last report, while consumer confidence has retreat- ed from a multi-year high. Housing markets were mixed but, on balance, steady since the last report. Commercial real estate markets were also mixed: office markets were mostly steady, industrial markets were steady to slightly stronger, while retail markets weakened further. New construction activity has been sluggish across most of the District, on both commercial and residential structures. Banks reported that loan demand was steady to stronger, while delinquency rates declined.

Real Estate and Construction

Housing markets across the District have been mixed but, on balance, steady since the last report. New York City's rental market has remained mostly steady, though increased landlord concessions have further lowered effective rents and spurred some pickup in leasing, especially at the high end. In contrast, rents continued to rise across northern New Jersey, the Lower Hudson Valley, southwestern Connecticut and upstate New York.

The sales market for homes has strengthened in north-ern New Jersey and across upstate New York but has been essentially flat in New York City. Home resale activity across downstate New York, and especially in New York City, has slowed to more normal levels, following an unusually brisk first quarter. Prices of New York City co-ops and condos have remained mixed, rising at the low end, falling at the high end, and holding steady in the middle. Inventories have continued to edge up in Manhattan but have fallen to low levels elsewhere—notably in upstate New York and north New Jersey.

Commercial real estate markets have been mixed in recent weeks. The market for office space has generally been steady, as both availability rates and asking rents have not changed significantly. The industrial market, which had been strengthening steadily over the past year, has lost some momentum in recent weeks but has continued to tighten. While availability rates have largely leveled off, rents have continued to climb, running 8-12 percent ahead of a year earlier. In contrast, the market for retail space has softened further: vacancy rates reached multi-year highs throughout the District, while asking rents were little changed.

Finally, both residential and commercial construction have remained sluggish overall. New starts of single- family homes have remained subdued, while new multi- family

construction has slowed substantially. On the commercial side, although there is a good deal of office construction in progress—especially in New York City— there has been very little new office development, except in northern New Jersey.

Banking and Finance

Bankers reported stronger demand for consumer loans and residential mortgages but no change in demand for commercial loans or mortgages. Bankers also indicated that refinancing activity decreased for all types of loans. Credit standards were reported to be unchanged across all loan categories. Banks noted wider spreads of loan rates over cost of funds for consumer loans but no change in spreads for other loan categories. Contacts also reported an increase in the average deposit rate, on net. Delinquency rates were said to be lower across all loan categories—particularly residential mortgages.

NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION DATA

Employment

Private sector employment fell in April 2017. The decline of 5,100 jobs reversed last month's equally sized gains. While many sectors saw employment declines, drops were largely concentrated in Education, Construction, and Retail, which accounted for about half of the month's job losses. Nevertheless, several sectors saw employment growth. The Financial Activities, Health Care, and Arts and Entertainment sectors led job gains. Overall, private employment is 1.0% higher than last year, led by a growing Health Care sector.

Wages in April 2017 showed encouraging signs of growth despite employment reversals. Average weekly wages rose to $1,216 in April 2017, a 4.8% increase from the prior year. By comparison, average US weekly wages rose 1.9% to $914. Over the first four months of 2017, hourly wages in the City grew at an accelerating rate.

Unemployment ticked up slightly from 4.0% in March 2017 to 4.1% in April. At this time last year, the City's unemployment rate was 5.2%. This increase is due to job losses and more New Yorkers joining the labor force—in fact, the labor force participation rate rose to an all-time high of 61.3%. By comparison, unemployment was 4.3% in New York State and 4.4% in the US.

Finance

After subdued economic growth in 2016, New York City saw accelerating economic expansion in the first quarter of 2017, according to an index of economic activity maintained by the New York Federal Reserve Bank (see note below). New York City's rate of economic expansion has increased for three consecutive quarters and is currently at its fastest rate since the last quarter of 2015. For the US, however, economic growth appears to be slowing, with the first quarter showing the slowest rate of growth since the second quarter of 2015.

Real Estate

Manhattan commercial office rents were relatively steady in April 2017, rising 0.4% from last year. While rent prices fell in the majority of submarkets, continued strength in the

Midtown South market pushed overall rents up. Rents in Midtown South rose 2.7% from last year while the Midtown and Downtown markets fell slightly. The office vacancy rate also rose slightly in Manhattan to 9.5% from 8.9% in April 2016. This increase is attributed to the lack of any new large leases this month, and to two buildings entering the market in Chelsea. New York's housing market, meanwhile, continued at pace. Rent prices remain relatively unchanged over the last year at $2,330. Sales prices continued to climb, reaching $657,900 in April 2017, 13.5% higher than April 2016.

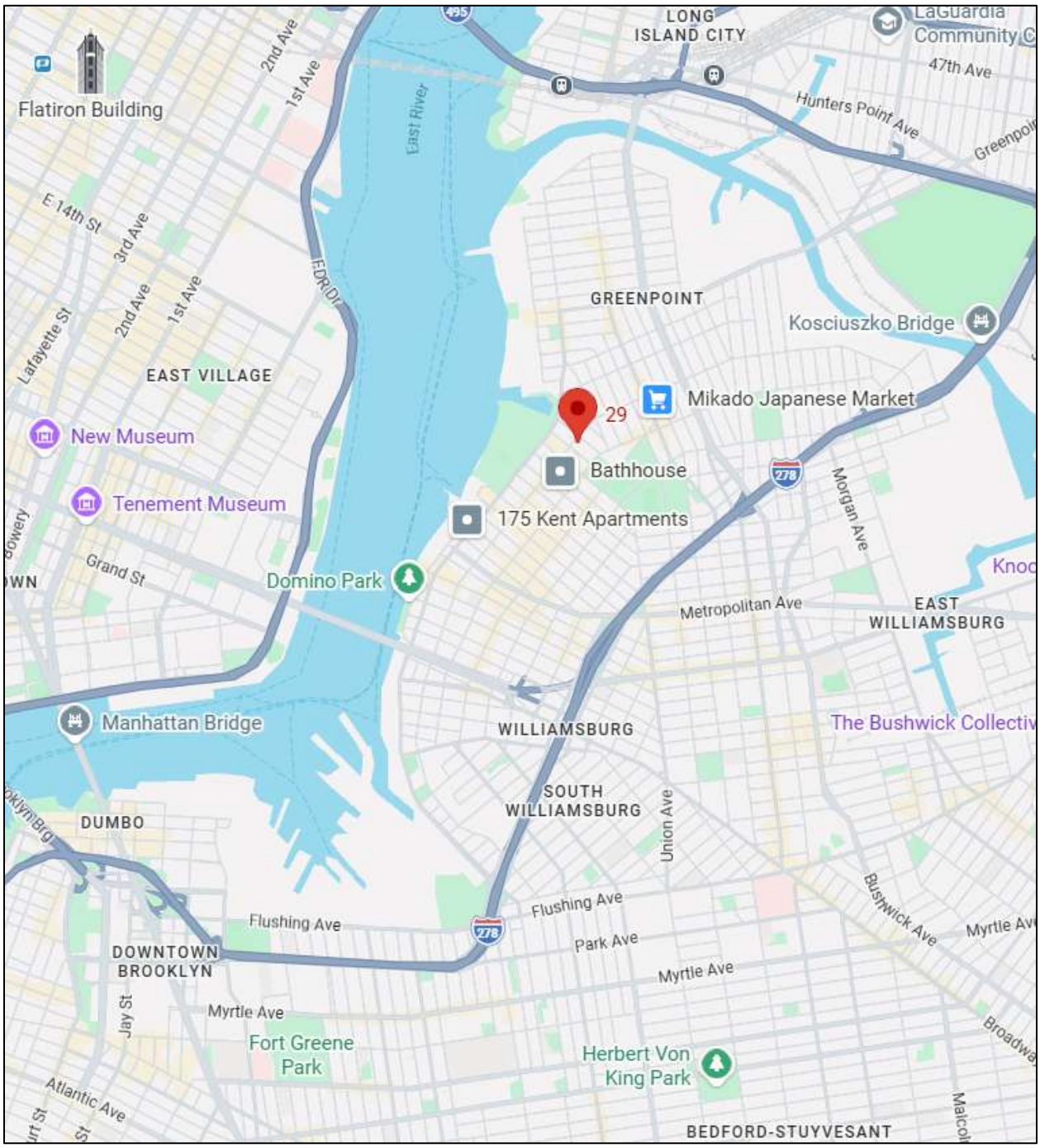
Construction

In April 2017, construction started on 312 projects worth $2.7 billion. These figures are 51.4% and 40.2% lower, respectively, than averages over the past twelve months. Nonetheless, April construction starts included 2,023 residential units—a 15.3% increase over the previous twelve-month average. This jump was largely driven by Manhattan, where construction projects accounted for more than one- third of all residential units. This is the largest number of new residential units in the borough since March 2016 and nearly double past twelve months averages. The number and units of construction projects in the other boroughs were subdued relative to recent months.

Transit and Tourism

Transit ridership fell in all major categories for the second consecutive month. New York City Transit led declines, which continue to fall to multiyear lows. New York City Bus fell the furthest to 53.5 million riders in March 2017 compared to 58.7 million the previous year. The same appears to be true for automotive traffic with major bridge and tunnel crossings over both the Hudson River and East River recording year-over-year declines. These declines are present despite employment near record highs and a seemingly steady tourism sector. One indicator of local tourism, Broadway revenues, surged in March 2017, largely driven by higher ticket prices and static attendance. Airport passenger traffic, however, saw its first year-over-year drop since February 2014.

AREA MAP


LONG ISLAND CITY
LaGuardia Community C
47th Ave
Hunters Point Ave
Flatiron Building
2nd Ave
1st Ave
East River
E 14th St
3rd Ave
2nd Ave
1st Ave
Lafayette St
FDR Dr
GREENPOINT
Kosciuszko Bridge
EAST VILLAGE
29
Mikado Japanese Market
New Museum
Bathhouse
Tenement Museum
175 Kent Apartments
Morgan Ave
Grand St
Domino Park
Metropolitan Ave
EAST WILLIAMSBURG
Manhattan Bridge
WILLIAMSBURG
The Bushwick Collectiv
SOUTH WILLIAMSBURG
Union Ave
DUMBO
Flushing Ave
Park Ave
Bushwick Ave
Myrtle Ave
DOWNTOWN BROOKLYN
Jay St
Myrtle Ave
Fort Greene Park
Herbert Von King Park
Atlantic Ave
BEDFORD-STUYVESANT

BROOKLYN BOROUGH DESCRIPTION

The borough of Brooklyn is situated at the western end of Long Island, bounded to the north by New York County and the East River, to the east by Queens County and Jamaica Bay, to the south by the Atlantic Ocean, and to the west by Staten Island, Upper and Lower New York Bays, and the East River.

Population

Brooklyn is the most heavily populated of the five boroughs which comprise New York City, with Kings County (the county name) accounting for over 30% of the city's population. It is also the seventh most populous county in the United States. The following table illustrates the trend in population for the borough:

POPULATION TRENDS KINGS COUNTY 1910 - 2018								
Year	1910	1920	1940	1960	1980	2000	2010	2018
Population	1,634,351	2,018,356	2,698,285	2,627,319	2,230,936	2,465,326	2,504,700	2,691,705
Change		23%	34%	-3%	-15%	11%	2%	7%

Source: US Census Bureau & ESRI

A decrease in the crime rate, coupled with the housing and related construction boom, caused a rise in the population in recent years. Population density is approximately 10,000 people per square mile.

Income and Employment

Brooklyn exhibits diversity in neighborhood income levels, from affluent households in the northwest portions of the county to pockets of poverty in Bushwick and Brownsville in central Brooklyn, where family income is well below the city median. According to ESRI the median household income for 2016 was $45,575, fourth among the five boroughs, ahead of only the Bronx which reported a median household income of $34,343 for 2016.

The borough typically averages an unemployment rate about one-half to one percent higher than the city as a whole. Major employers in Brooklyn include Pfizer, Citigroup, American International Group, J.P. Morgan Chase and Company, Verizon Communications, IBM, Morgan Stanley, Merrill Lynch, Altria Group, Goldman Sachs Group, MetLife, Time Warner, PepsiCo, Alcoa, Hess, American Life Insurance and American Express.

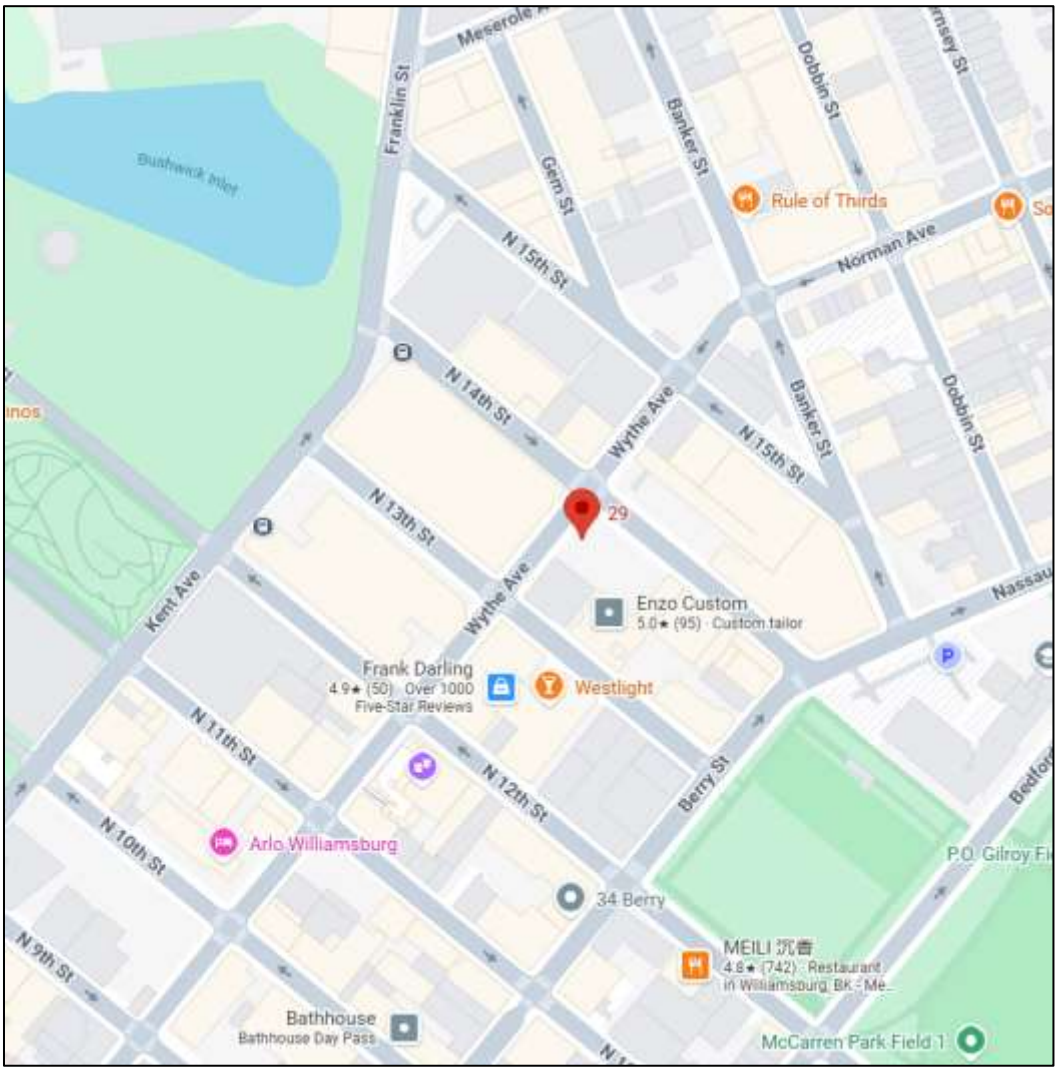
Transportation

Brooklyn is served by an extensive subway system, from Brooklyn Heights to Coney Island. A majority of Brooklynites working in Manhattan typically commute 30-50 minutes. Public transportation is good, with 17 separate subway lines and 72 local bus lines. The highway system is comprised of the Brooklyn-Queens Expressway, the Prospect Expressway, the Belt Parkway, and the Gowanus Expressway. The Verrazano Narrows Bridge offers access to Staten Island and points west of New York City. Brooklyn connects with Manhattan via all major subways; bus lines from southern and eastern Brooklyn; the Brooklyn, Manhattan and Williamsburg Bridges; and the Brooklyn Battery Tunnel. Easy access to Manhattan makes Brooklyn a desirable place to live for many New Yorkers. Brooklyn also possesses excellent access to the three major metropolitan airports--Kennedy, LaGuardia, and Newark.

Culture and Recreation

Brooklyn has many recreational facilities including Prospect and Marine Park, the Brooklyn Botanical Gardens, Marine Park Golf Course, Coney Island Amusement Park, and Brighton, Coney Island and Manhattan Beaches. Coney Island has declined significantly since its heyday in the earlier part of this century, but is now being redeveloped, and a long-term contract was entered into with an accomplished amusement park operator; further redevelopment on a vast scale is in the planning stages. Cultural and educational amenities are provided by the Brooklyn Academy of Music (BAM), the Brooklyn Museum, the Brooklyn Children's Museum, and the Brooklyn Botanical Gardens. BAM draws world acclaimed artists. Concerts and other activities are offered at Brooklyn College, Kingsborough College, and other local universities. Brooklyn also maintains a Philharmonic Orchestra.

NEIGHBORHOOD MAP



NEIGHBORHOOD DESCRIPTION

The subject is located in the Williamsburg section of Brooklyn, in Community District No. 1. The district is bounded on the north by Newtown Creek, on the east by the borough line, on the west by the East River and Kent Avenue, and on the south by Flushing Avenue.

Local development generally consists of one- to two-story industrial buildings including both light and heavy industrial uses, distribution warehouses, and storage facilities, as well as retail and automotive services. Development in the wider subject area consists of a mix of commercial and industrial buildings in average to good condition, small multi-family walk-up apartment buildings, and small single-family row houses. The area is

home to several different types of industry, including both light and heavy industrial uses, distribution warehouses, and storage facilities; a majority of the surrounding industrial structures are from 20 to 60 years old, generally of one-story design, and ranging from 5,000 to 30,000 square feet. The major arteries in the immediate subject area are developed with secondary retail uses, consisting of neighborhood service and retail stores, restaurants, gas stations, etc.

Vehicular access to the area is considered excellent. The subject is easily accessible from the Brooklyn-Queens Expressway (I-278), which connects with the Long Island Expressway (I-495) and other thoroughfares throughout the City of New York and Long Island. The Williamsburg Bridge, which connects to Manhattan, is approximately 14 blocks south. Public transportation facilities include bus transit on all wider local streets and avenues, including Grand Street, Bedford Avenue, Driggs Avenue, Marcy Avenue, Rooney Avenue, Metropolitan Avenue, and Broadway. For subway transportation, the "L" line is seven blocks south and two blocks east at North 7th Street and Bedford Avenue.

Demand for industrial space in this area has increased sharply in recent years, however the lion's share of Greenpoint and Williamsburg is gradually changing from an industrial to a residential area, in response to many influences; demand overflow from more established areas of the city, a history of underutilization of multistory industrial buildings, proximity to transportation and convenience to nearby Manhattan, and an increasing recognition of residential use by zoning authorities. The Williamsburg and Greenpoint neighborhoods represent an affordable and highly desirable alternative for artists and others fleeing Manhattan and Brooklyn's pricier neighborhoods. A strong trend toward conversion of formerly industrial buildings to residential use is now occurring throughout the area, diminishing the supply of industrial buildings and increasing demand. The immediate area will likely retain its industrial character, however, due to current zoning regulations which prohibit residential uses; adaptive reuse for commercial use is permitted, however.

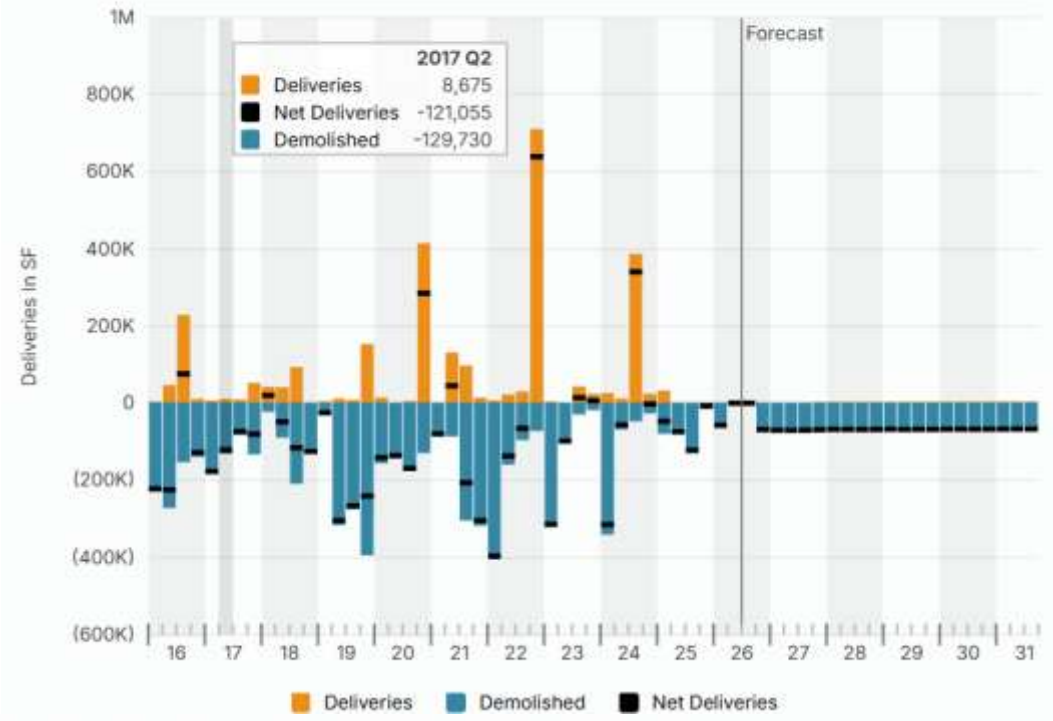
In sum, the subject is located in a historically industrial district of New York City, containing a mix of development types, generally with smaller, older improvements than are found in the city's prime industrial areas. Property values in this district were expected to experience a positive trend over the foreseeable future as of the date of valuation.

CoStar Market Report – North Brooklyn Industrial Sub-market (As of Q2 2017)

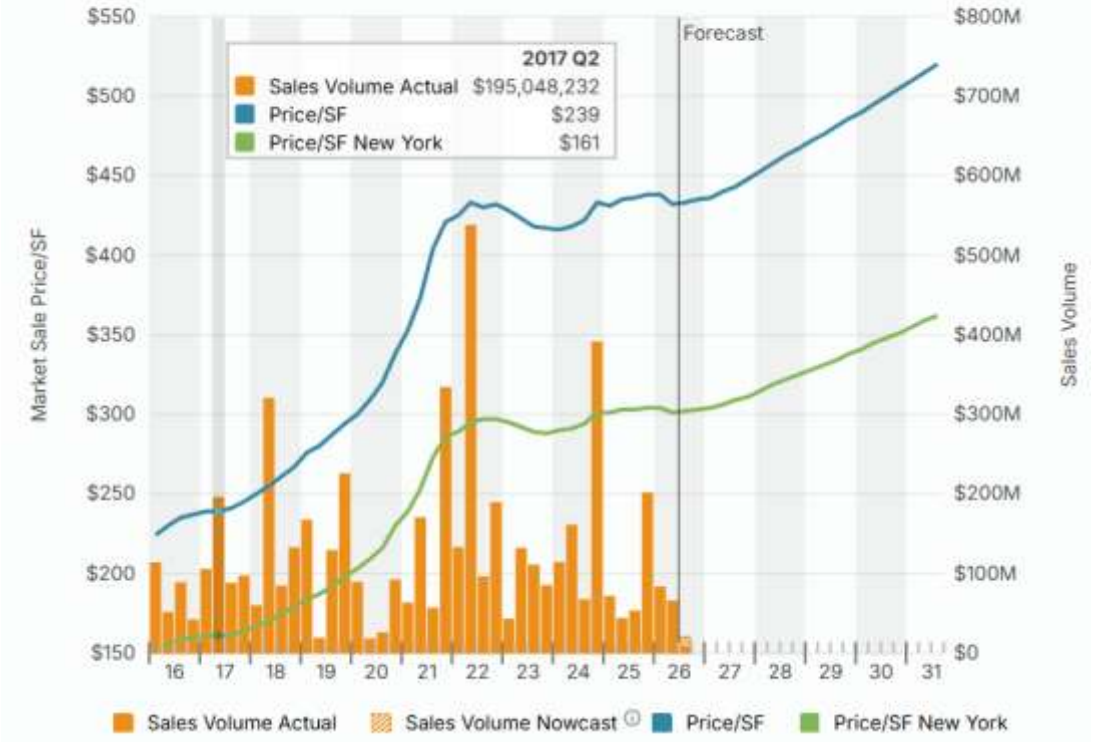


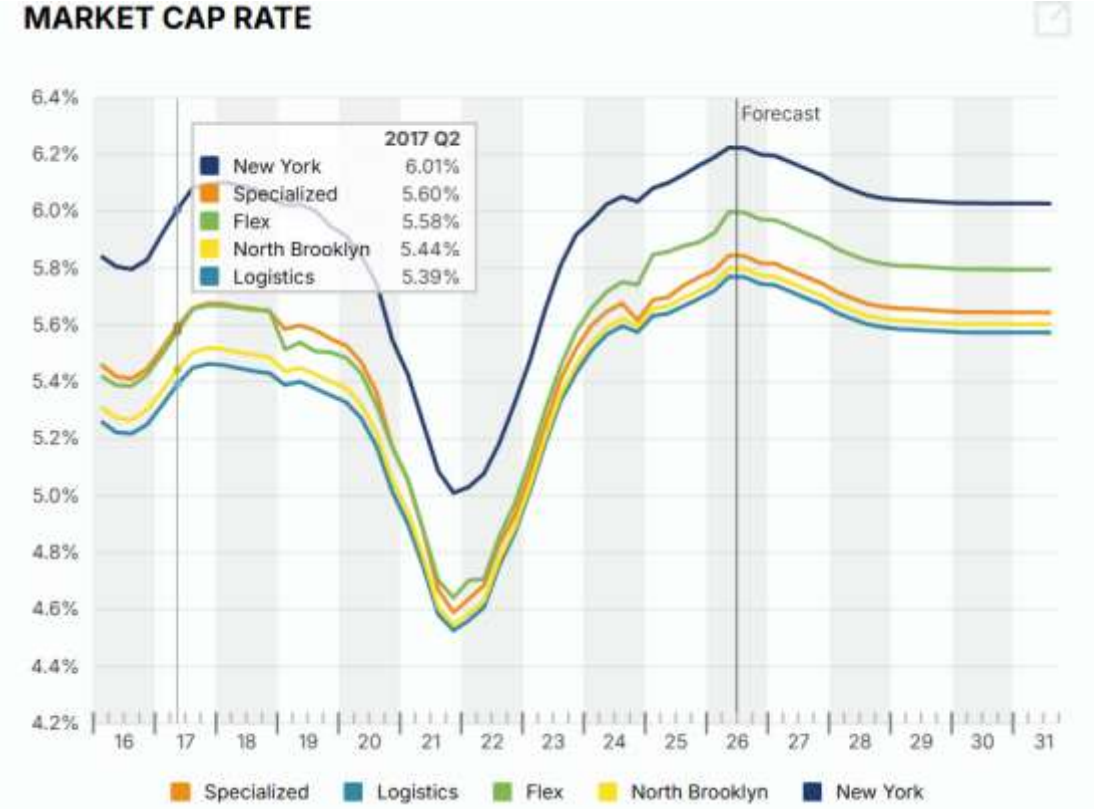


DELIVERIES & DEMOLITIONS

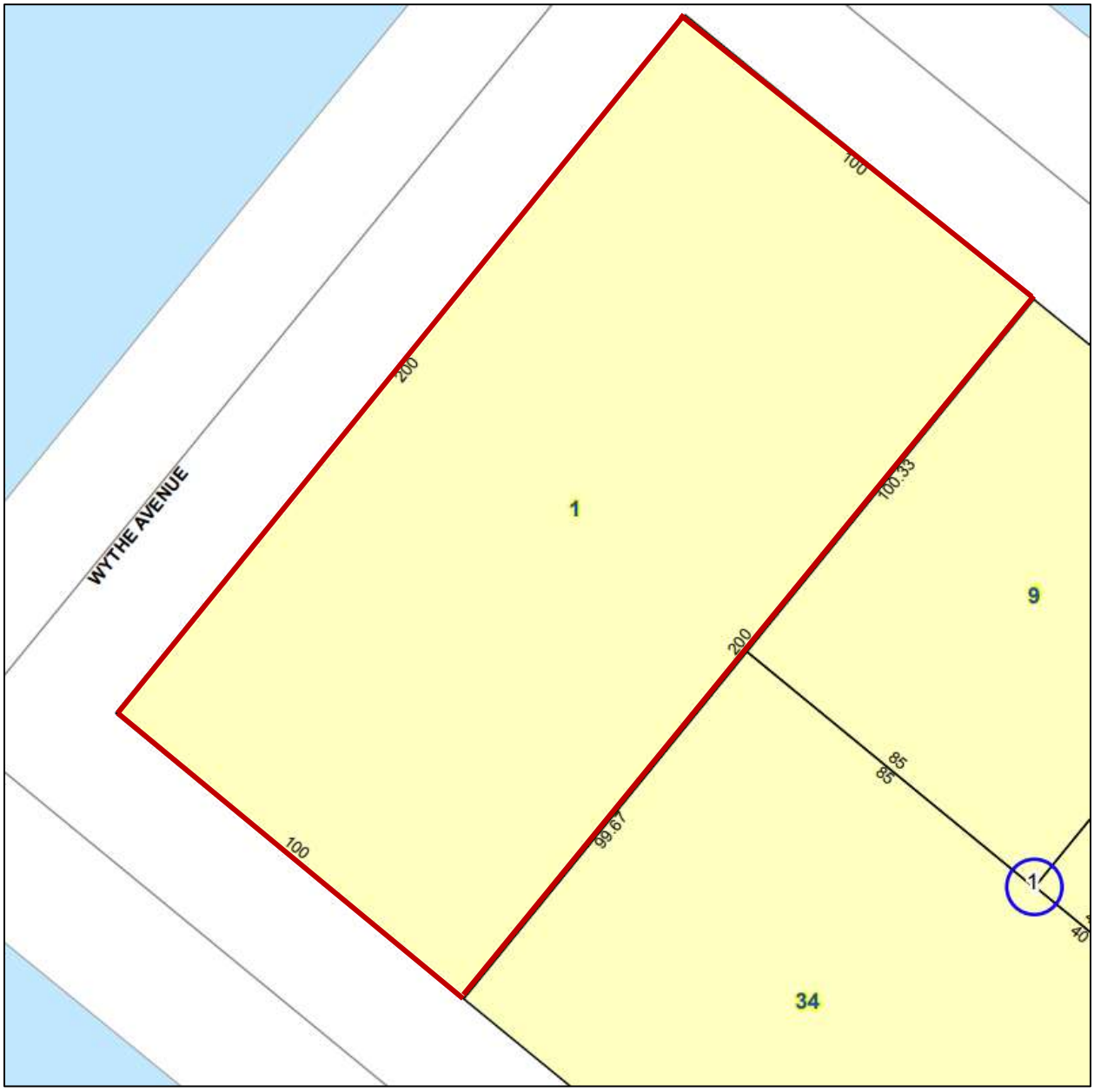


SALES VOLUME & MARKET SALE PRICE PER SF




MARKET CAP RATE
6.4%
6.2%
6.0%
5.8%
5.6%
5.4%
5.2%
5.0%
4.8%
4.6%
4.4%
4.2%
Forecast
2017 Q2
New York 6.01%
Specialized 5.60%
Flex 5.58%
North Brooklyn 5.44%
Logistics 5.39%
16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31
Specialized
Logistics
Flex
North Brooklyn
New York

SITE MAP AS OF DATE OF VALUE
(PRIOR TO MERGER WITH LOT 9)



Site Description

Location

Prior to the lot merger in 2019, the subject property possessed a blockfront location, with frontage on Wythe Avenue, North 13th Street, and North 14th Street, in the Borough of Brooklyn, City of New York.

Shape and Area

The site was rectangular in configuration, with 200 feet of frontage on the east side of Wythe Avenue, 100 feet of frontage on the north side of North 13th Street, and 100 feet of frontage on the south side of North 14th Street, containing 20,000 SF according to measurements shown on New York City's tax maps, effective as of 2017.

Topography and Drainage

The site is level with street grade, with adequate drainage provided by surface and subsurface public street improvements. The site is designated as lying within an "AE" flood zone according to National Flood Insurance Rate Map Panel #3604970202F (revised September 5, 2007), an area of elevated flood hazard. Flood insurance is likely required; we recommend that a professional be retained if a more accurate flood risk assessment is required.

Soils and Geology

No soil report dealing with the subject site has been examined by the appraisers. This valuation assumes that soil and foundation conditions were adequate to support the prior improvements, or those which may reasonably be contemplated.

Utilities

All of the usual and necessary utilities and services are available to the site, including electricity, gas, telephone, water, and sanitary sewers.

Streets and Access

The subject property fronts on Wythe Avenue, North 13th Street and North 14th Street. Wythe Avenue is a 60' wide, two-way, north-south local street, extending between Baker Street and Wallabout Street. North 13th Street is a 30' wide, one-way, westbound local

street, extending two blocks between Kent Avenue and Berry Street. North 14th Street is a 60' wide, one-way, eastbound local street, extending two blocks between Franklin Street and Nassau Avenue. All three streets are asphalt paved, and improved with curbs, gutters, and street lighting.

Easements

Typical utility and public service easements common to most urban real estate are assumed to exist. No easements were uncovered which would have a negative impact on the subject parcel or its value.

Nuisances and Hazards

Other than elevated flood hazard noted above, and consistent with the Hypothetical Condition underlying this assignment, no nuisances or hazards such as noise or odor were considered or uncovered which would have a negative impact on the subject's

FLOOD HAZARD MAP



Coastal high hazard
VE · V

High-risk flood zone
AE · A · AO · AH · A99

Moderate-risk
X shaded · 0.2%

Minimal / undetermined
X · D

Floodway

COBRA
(Coastal Barrier Resources Area)

Access the FEMA Map Service Center map for this property (availability varies by location).

FEMA Flood Zoning	
FEMA flood zone(s)	0.2,AE
Coastal barrier resources system area (COBRA)	Out
Floodway	In
FEMA special flood hazard area	IN
Map panel ID	3604970202F
Map quaderant ID	40073-F8

Distance to:	
Nearest distance to coastline (miles)	0.122
Compass direction to coastline	140
Closest 100-year flood zone (feet)	2
Angle100	154

Improvement Description

The following description and information were extracted from a prior appraisal of the subject provided to us, prepared by Joseph J. Blake and Associates Inc. as of March 5, 2014:

DESCRIPTION OF THE IMPROVEMENTS

Briefly described, the subject property is a multi-tenant 21,000± SF (gross building area) miscellaneous industrial building that was constructed in 1925, according to property records. It has a clear height of 20'± to 22'± and two drive-in doors. It consists of one to two stories and has a building footprint of 9,500± SF. The tenant uses include (1) a shop space for motorcycle repair/customization and storage with finished office space; (2) warehouse/storage space with non-contiguous, low-quality office space that is detached from the warehouse space; and (3) one to two story office/loft space that is occupied by the owner's management company. According to lease documents and the rent roll, the gross leasable area is **23,300** SF. A summary follows:

Count	Type	Unit	GLA SF	Tenant
1	Shop with Office	1	10,000	Continental Circus
2	Warehouse with Office	2	8,500	Crumpler
3	Loft/Office	3	4,800	LJJ (Owner-Occupied)
Totals:			**23,300**	

A space utilization summary by tenant space follows:

Count	Type	Unit	GLA SF	Tenant	Approximate SF Warehouse/Shop	Approximate SF Office/Loft	Office Percentage
1	Shop with Office	1	10,000	Continental Circus	8,500	1,500	15.00%
2	Warehouse with Office	2	8,500	Crumpler	6,500	2,000	23.53%
3	Loft/Office	3	4,800	LJJ (Owner-Occupied)	0	4,800	100.00%
Totals:			**23,300**		**15,000**	**8,300**	**35.62%**

The building consists of approximately 35.62% of office/loft space and 64.38% of warehouse/shop space.

Year of Construction: The building was constructed in 1925. The actual age is 89 years and the effective age is estimated to be 30 years. The estimated economic life is 45 years and the remaining life is estimated to be 20 years.

The Exterior: The exterior consists of brick/masonry construction. The roof on the northern and southern parts of the building consists of a flat, built-up design. The central part of the building has a pitched roof with aggregate roof covering. The owner representative indicated the roofs were in generally good condition with occasional patching required. The ages of the roof surfaces were not provided. There is one drive-in entrance with a 14'± high roll-up exterior metal door to the Continental Circus space at the northeast corner of the building. There is an additional drive-in entrance with an 18'± high roll-up exterior metal door to the Crumpler warehouse at the center of the building along the west elevation. Access to the LJJ space is via double and single metal doors located along the south elevation. The doors are covered with a metal roll-up security door. It appears the doors were formally one drive-in door that led to a former dock-high loading platform. The doors were reconfigured for the current use.

Joseph J. Blake and Associates, Inc.
Real Estate Appraisers and Consultants

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DESCRIPTION OF THE IMPROVEMENTS

Warehouse/Shop Spaces: The warehouse space in the Crumpler suite is generally open with minimal build-out other than a small mezzanine area at the front of the space. The ceiling is pitched with a clear height of approximately 20'. It has one drive-in door. The Continental Circus space includes mostly shop space used for motorcycle repair and storage. It also has one, smaller drive- in door and a clear height of approximately 18'. There is low grade partitioning in the shop space with rooms for repair, parts, storage and a customer/employee lounge/library.

Office Details: The Continental Circus tenant space includes approximately 1,500 SF of upper level office space that is accessible from a street level door and staircase. The space was observed to be in good condition with natural brick interior walls and drywalls, carpeting or floor tiles, a water closet, kitchenette, and a storage closet that includes an air handler.

The Crumpler tenant has office space that is detached from the warehouse. The space is accessible from the north elevation of the building. It was observed to be in average condition with minimal build-out other than a kitchenette, storage/mechanical room and water closet. The space has vented heating and cooling, 10' ceilings and basic lighting fixtures.

The LJJ tenant space consist of bi-level loft and office space with approximately 50% of the space open to the second floor ceiling level and 50% consisting of bi-level office and loft areas. The finish includes painted brick walls, painted drywall partitions, hanging fluorescent lighting fixtures, with high ceilings; concrete, wood and tiled floors. There are two water closets and a shower room. The space is generally open with minimal build-out. The ceiling is pitched with a height of approximately 20'.

Basement: Partial basement at the Northern part of the building that is used for motorcycle storage via a ramp in the Continental Circus space.

Mechanical Systems: There is a master meter for gas and electric and the tenants reimburse the ownership based upon a pro-rata share of the actual building consumption. The Continental Circus space utilizes several suspended space heaters and the other spaces benefit from venting from roof mounted mechanical systems. We were not provided access to the rooftop. An aerial exhibit follows which gives insight into the roofs and placement of the rooftop mechanical equipment.

Parking: None

Certificate of Occupancy: See Addenda.

Deferred Maintenance: No significant items noted. No unobservable issues reported by the owner representative and broker.

Conclusion: The subject is a multi-tenant miscellaneous industrial building with a mix of shop/warehouse, office and loft space. It was observed to be in average to good condition and it is considered to be competitive in the local market.

Joseph J. Blake and Associates, Inc.
Real Estate Appraisers and Consultants

Comments on Condition and Functionality

The subject was reported to be in average to good condition, with no observed items of deferred maintenance noted. The subject reportedly contained a mix of shop/warehouse, office, and loft space, with a clear height of 20'-22'. Consistent with the scope of this assignment, we have assumed that information contained in this report is accurate, and that there have been no material changes to the interior of the subject between that date and the June 14, 2017 date of value.

ZONING MAP


M1-2
R6A
M3-1
GEM
ST.
N. 15TH
NORMAN
Subject
WYTHE
N. 14TH
ST.
250
250

Zoning

According to the Planning Department of the City of New York, the subject lies wholly within an M1-2 (Light Industrial) district. The Zoning Resolution defines this district as follows:

> **"M1 Light Manufacturing (High Performance) Districts are designed for a wide range of manufacturing and related uses which can conform to a high level of performance standards. Manufacturing establishments of this type within completely enclosed buildings provide a buffer between Residence (or Commercial) Districts and other industrial uses. New residential development is excluded from these districts except for joint living-work quarters for artists in M1-5A and M1-5B Districts, dwelling units in M1-5M and M1-6M Districts, and dwelling units in M1-1D, M1-2D, M1-3D, M1-4D, and M1-5D Districts, where authorized by the City Planning Commission, both to protect residents from an undesirable environment and to enable the reservation of adequate areas for industrial development."**

Permitted uses in the M1-2 district include a wide range of warehouse, garage and manufacturing type occupancies, as well as office, retail, and community facility type uses. Specific requirements of the zoning resolution for this district are as follows:

ZONING STANDARD	REQUIREMENT
Permitted F.A.R. (Maximum)	2.0 (4.8 for community facilities uses)
Front Yard	None
Rear Yard (Minimum)	20’ (none required for corner lots)
Side Yard	None
Initial Setback	15' (20' if narrow street)
Front Wall Height	60' (4 stories)
Parking For Manufacturing Uses	Greater of 1 per 1,000 SF of floor area, or 1 per 3 employees; none for properties with under 15 employees or less than 7,500 square feet.

Note: The above standards may be redefined by exceptions, amendments, special permit uses, Quality Housing regulations, etc. Consult an attorney or architect for a definitive interpretation of the Zoning Resolution.

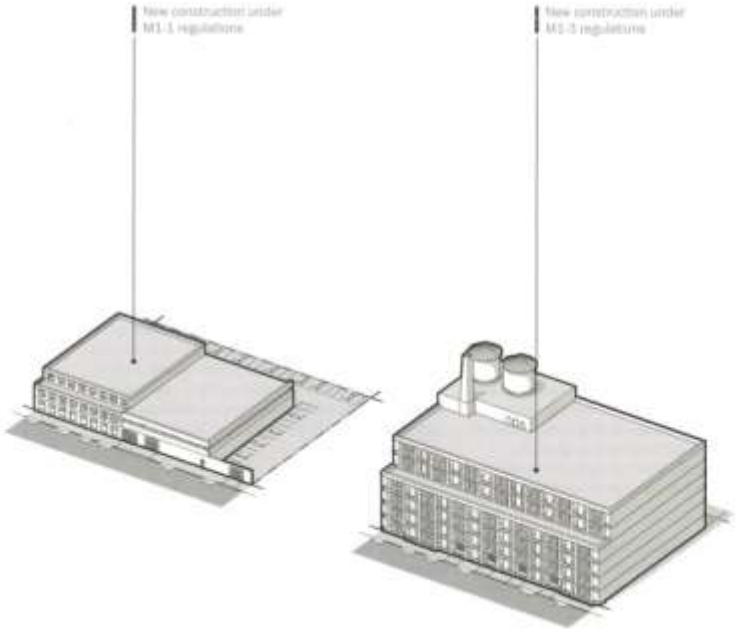
Based on the above requirements, as of the date of valuation, the subject was a preexisting, legal, and conforming use of the site. The following pages, from "The Zoning Handbook", a publication of the New York City Planning Department, further describe the M1-2 designation.

M1-2 ZONING

M1

M1 Districts are designated for areas with light industries, as well as wholesale service and storage facilities. They are often buffers between the more intensive M2 or M3 Districts and adjacent Residence or Commercial Districts. There are six types, each designated by a numeric suffix.

M1-1 Districts are mainly found in areas with one-story industrial buildings, such as the Flatlands neighborhood of Brooklyn. Concentrations of two- to four-story industrial buildings can be found in M1-2 and M1-4 Districts, with M1-4 Districts generally found close to transit, such as in East New York in Brooklyn, while M1-2 Districts are found in areas further from transit as in Hunts Point in The Bronx. Similarly, M1-3 and M1-5 designations denote denser industrial areas, with access to transit varying by neighborhood: M1-3 Districts are found outside of Manhattan in areas such as Ravenswood in Queens, while M1-5 Districts are mainly found along the western edge of Manhattan. M1-6 Districts are mainly found in central areas of Manhattan where multi-story manufacturing buildings originally developed.





Long Island City, Queens

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M1	Light Manufacturing District (High Performance)					
	M1-1	M1-2	M1-3	M1-4	M1-5	M1-6
Manufacturing FAR	1.0	2.0	5.0	2.0	5.0	10.0
Required Accessory Parking PNC-B	1 per 300 sf			None		
Permitted Sign Regulations (Surface Area)	6 x street frontage					

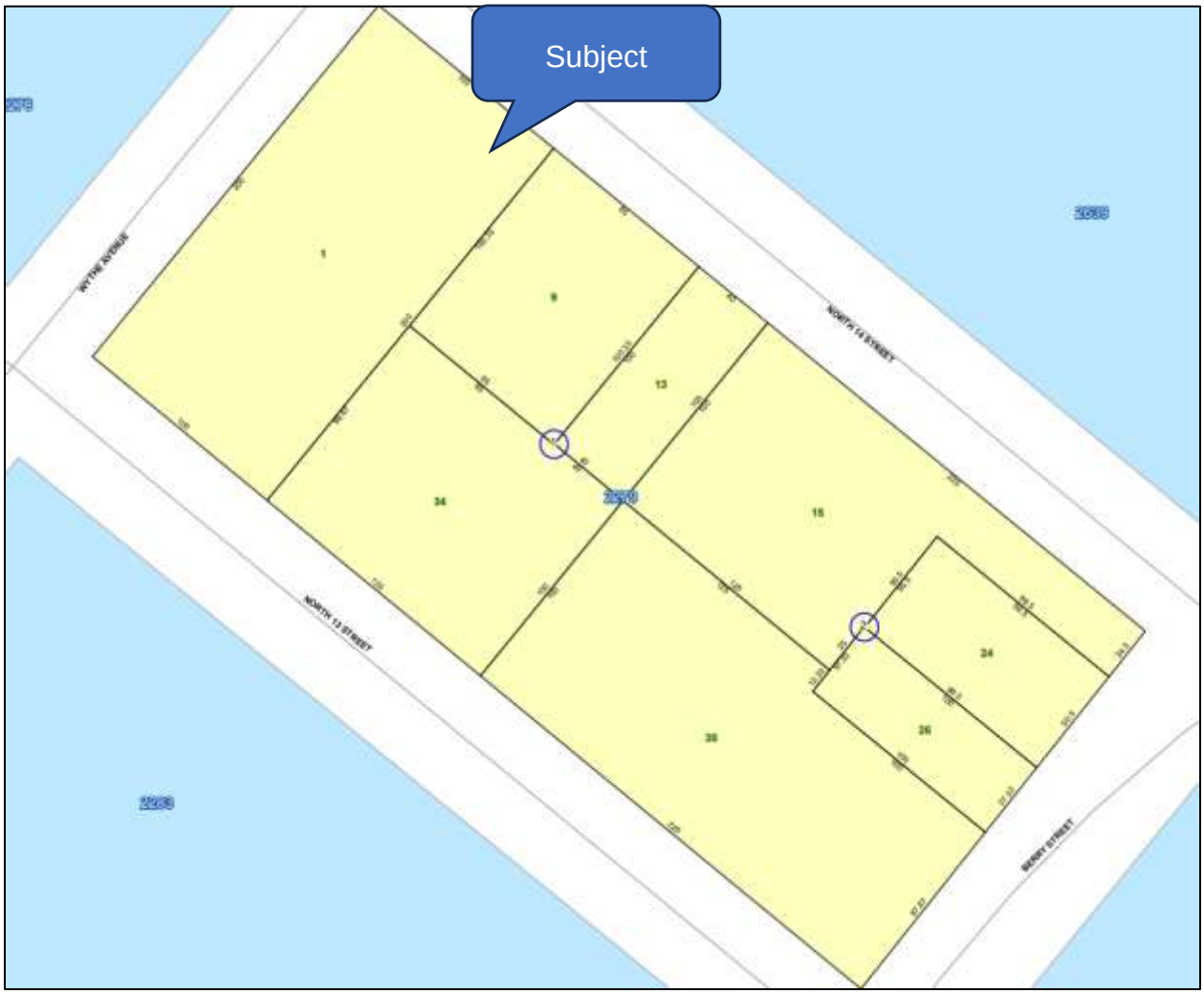
ZONING HANDBOOK USE GROUP TABLE



Zoning Districts	USE GROUPS																	
	Residential Use Groups		Community Facility Use Groups		Retail & Commercial Use Groups											Gen. Service	Mfg. Use Groups	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Residential Districts																		
R1 R2 *Single-family detached*	■		■	■														
R3A* R3X R4A R5A *Single- & two-family detached*	■	■	■	■														
R3-1 R4-1* *Single- & two-family detached & semi-detached*	■	■	■	■														
R4B* *Single- & two-family detached, semi-detached & attached*	■	■	■	■														
R3-2 R4 R5 R5B* R6–R10 *Detached, semi-detached & attached*	■	■	■	■														
Commercial Districts																		
C1 *Local Retail*	■	■	■	■	■	■												
C2 *Local Service*	■	■	■	■	■	■	■	■	■					■				
C3 *Waterfront & Recreation*	■	■	■	■										■				
C4 *General Commercial*	■	■	■	■	■	■		■	■	■		■						
C5 *Central Commercial (Restricted)*	■	■	■	■	■	■			■	■	■							
C6 *Central Commercial (General)*	■	■	■	■	■	■	■	■	■	■	■	■						
C7 *Commercial Amusements*												■	■	■	■			
C8 *General Service*				■	■	■	■	■	■	■	■	■	■	■		■		
Manufacturing Districts																		
M1 *Light Manufacturing*				■	■	■	■	■	■	■	■	■	■	■		■	■	
M2 *Medium Manufacturing*						■	■	■	■	■	■	■	■	■		■	■	
M3 *Heavy Manufacturing*						■	■	■	■	■	■	■	■	■		■	■	■

* *Zero lot line buildings permitted*

TAX MAP AS OF THE DATE OF VALUE (PRIOR TO LOT MERGER)



Assessed Valuation and Taxes

According to the City of New York Bureau of Real Property Assessment, the subject's assessed value for the 2016/2017 tax year (extending from July 1, 2016, to June 30, 2017) was as follows:

BLOCK 2279, LOT 1 - 2016/17 ASSESSMENT

TRANSITIONAL			ACTUAL		
LAND	BUILDING	TOTAL	LAND	BUILDING	TOTAL
$331,200	$661,650	$992,850	$324,000	$733,500	$1,057,500

The City of New York reassesses each property annually based on its condition (and on income and expenses required to be reported by ownership, for income properties) as of January 5, the “taxable status date”. The new assessment is designated as the “actual” amount, and the prior year’s actual amount is phased up to the new actual figure in 20% increments over a five-year period (up to four simultaneous phase-in schedules can be occurring in any tax year). The City of New York Real Property Assessment Bureau classifies properties into four categories for taxation purposes:

Class 1: One, two, and three-family homes; residential condominiums of three dwelling units or less; residential condominiums of three stories or less originally constructed as condominiums; certain vacant land zoned for residential use, or adjoining improved Class 1 property. This description Includes subcategories designated as Class 1A, Class 1B, and Class 1C.

Class 2: All other primarily residential properties not in Class 1, including cooperatives and all residential condominiums.

Class 3: Real estate of utility corporations and special franchise properties.

Class 4: All other properties such as stores, warehouses, hotels, office buildings, and vacant land not classified as Class 1.

State law requires that the Department of Finance assess properties in each class at the same percentage of value, called the assessment ratio. For Class 1 properties, the assessment ratio is six percent (for example, a property estimated to be worth $100,000 would have an assessment of $6,000); for Class 2-4 properties, the assessment ratio is 45 percent. State law also requires that assessors follow certain rules unless the change in value is due to physical change resulting from construction, renovation, and/or demolition; for Class 1 properties, the assessment cannot be increased more than 6%

per year, or more than 20 percent in five years. For Class 2 properties, the assessment on properties with less than 11 units cannot be increased more than 8% each year, or more than 30% in five years; assessment changes on properties with over 10 units must be phased in over five years. A history of tax rates for the various property classes is summarized as follows:

HISTORIC TAX RATES

TAX YEAR	CLASS 1 (1A,1B,1C)	% CHANGE	CLASS 2 (2A, 2B)	% CHANGE	CLASS 3	% CHANGE	CLASS 4	% CHANGE
2011/12	18.205		13.433		12.473		10.152	
2012/13	18.569	2.00%	13.181	-1.88%	12.477	0.03%	10.288	1.34%
2013/14	19.191	3.35%	13.145	-0.27%	11.902	-4.61%	10.323	0.34%
2014/15	19.157	-0.18%	12.855	-2.21%	11.125	-6.53%	10.684	3.50%
2015/16	19.554	2.07%	12.883	0.22%	10.813	-2.80%	10.656	-0.26%
2016/17	19.991	2.23%	12.892	0.07%	10.934	1.12%	10.574	-0.77%

The subject was designated as Class 4 (commercial) property by the assessor, with an applicable tax rate of 10.574 per $100 of assessed value for the 2016/2017 tax year. Tax liability, which is based on the lower of the transitional and actual assessments, calculates as follows:

TAX LIABILITY - 2016/2017 TAX YEAR

A.V.	TAX RATE	TAX LIABILITY	BLDG AREA	TAX LIAB/SF
$992,850	10.574	$104,984	21,000	$5.00

Tax liability was expected to increase at a moderate pace in the near future, based on the historic increase in tax rates in New York City, and on comparison of the subject's transitional and target assessments.

HIGHEST AND BEST USE ANALYSIS

The Appraisal Institute defines Highest and Best Use as follows:

"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. 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."[3]

In estimating highest and best use, there are four aspects to be considered:

- **Physically Possible.** What uses are physically appropriate to the site in question?
- **Legally Permissible.** What uses are permitted by zoning, deed restriction, etc. on the site in question?
- **Financially Feasible.** Which possible and permissible uses will produce a net return to the owner of the site?
- **Maximally Productive.** Among the feasible uses, which use will produce the highest present worth?

The highest and best use of a site, considered as if vacant, may be different from the highest and best use of the entire property as improved at the date of appraisal. The existing use may then be considered an economically justified interim use until land value alone exceeds the value of the property as improved, plus demolition costs.

Factors which must be considered in estimating highest and best use include accessibility and transportation, local facilities and services available, the physical attributes of the site, the effect of taxes and zoning, and the broader concept of environmental harmony within the neighborhood. The use must be reasonably probable, legally permitted, and logical; if a use is merely possible but is remote in time and likelihood, it cannot be considered highest and best use.

In addressing the four aspects of highest and best use, the following is noted:

[3] The Appraisal Institute, "The Appraisal of Real Estate," 14th ed. (Chicago: American Institute of Real Estate Appraisers, 2013), p. 333.]

Highest and Best Use of the Site As if Vacant

1. **Physically possible:** The site contained 20,000 square feet, with 200 feet of frontage on Wythe Avenue and 100 feet of frontage on both North 13th and North 14th Streets. It was level with street grade, served by all usual and necessary utilities, and no adverse subsurface conditions were known to exist. The site's size, regular configuration, and through-block location are adequate to support a range of development types, including multi-story construction. The site lies within an AE flood zone, which imposes design and insurance requirements but does not preclude development, as evidenced by contemporaneous construction on similarly situated sites in the immediate area.

2. **Legally permissible:** The site lies wholly within an M1-2 (Light Industrial) district, permitting a maximum commercial and manufacturing floor area ratio of 2.0, or approximately 40,000 square feet of as-of-right floor area, together with a wide range of industrial, warehouse, office, retail, and community facility uses. New residential development is excluded. Zoning does not represent a material impediment to development potential.

3. **Financially feasible:** As of the date of valuation, the North Brooklyn industrial submarket reported a vacancy rate of 3.1%, with asking rents running 8% to 12% ahead of the prior year according to the Federal Reserve's May 2017 Second District report, and market sale prices of $239 per square foot per CoStar, substantially in excess of the New York regional figure. The immediate area was undergoing active conversion of former industrial structures and new commercial construction. Development of a commercial building utilizing the site's available floor area is therefore financially feasible.

4. **Maximally productive** Among the feasible alternatives, development to the maximum permitted commercial floor area produces the highest residual return to the land. Accordingly, it is our opinion that the highest and best use of the site, as if vacant as of June 14, 2017, was development with a multi-story commercial building utilizing the site's as-of-right floor area.

Highest and Best Use of the Property as Improved

The highest and best use of an improved property is determined by analyzing whether the existing improvement should be continued in its existing use, modified or converted to an alternative use, or demolished to permit redevelopment. Where the existing improvement continues to contribute economic utility, but the site possesses development potential in excess of that utilized by the improvement, the existing use is properly characterized as an interim use, which continues until the value of the land as though vacant exceeds the value of the property as improved plus the cost of demolition.

As of the effective date, the subject was improved with a one- and part two-story building representing a floor area ratio of approximately 1.05 on a site permitting a floor area ratio of 2.0 - approximately 19,000 square feet of unused as-of-right floor area. The improvement was therefore an under-improvement relative to the site's permitted density. It was nonetheless fully occupied by three tenants, reported to be in average to good condition with no observed deferred maintenance, and generating income. No physical, functional, or economic obsolescence was reported that would have rendered continued occupancy impractical.

The site's excess development potential is constrained by the M1-2 designation, which excludes new residential development. Redevelopment as of the effective date was therefore limited to commercial, industrial, office, or community facility use at a maximum of 40,000 square feet of as-of-right floor area. A redevelopment scenario would have required demolition of an occupied, income-producing building, the cost of demolition, entrepreneurial incentive, and a construction and lease-up period, and would have been undertaken only if the residual value of the land under such a program exceeded the value of the property as improved.

Because the improved sales relied upon are themselves land-influenced transactions in the same M1 submarket, the value indicated by the Sales Comparison Approach necessarily incorporates the market's contemporaneous view of the sites' residual development potential. A separately developed land value opinion, would duplicate rather than test the analysis, and would rest on the same body of transactional evidence already analyzed. Accordingly, no separate land value opinion has been developed, and none is necessary to support the highest and best use conclusion reached herein.

It is our opinion that the highest and best use of the property as improved, as of June 14, 2017, was continued occupancy of the existing improvement for warehouse, light industrial, storage, showroom, or similar commercial purposes, as an economically justified interim use, pending eventual redevelopment or assemblage of the site at such time as market conditions and site control warranted. The improvement is concluded to have contributed value as of the effective date through its interim income utility as well as potential to retain the existing improvements for adaptive reuse.

THE APPRAISAL PROCESS

Three methods are commonly relied upon by appraisers in the valuation of real property: the Cost, Sales Comparison, and Income Capitalization Approaches.

The Cost Approach is based upon the premise that the value of a property is approximated by the investment necessary to replace that property. This typically includes land acquisition, the cost of site and building improvements, and an allowance for the developer's profit, minus depreciation. The Cost Approach is most reliable in the valuation of new or nearly new properties where depreciation incurred has been minimal, and in the valuation of special purpose properties.

The Sales Comparison Approach is based upon an analysis of sales of properties similar to the subject, each of which is compared to the property appraised and adjusted to reflect the estimated value influence of dissimilar characteristics. The Sales Comparison Approach is most applicable where ample market evidence exists involving arms-length transactions of properties similar to the subject.

The Income Capitalization Approach is based upon the premise that a relationship exists between the net income that a property is capable of producing, and the value of that property. This relationship is expressed as an overall rate, gross income multiplier, yield rate, or other term, and is revealed in the study of investors activity with respect to the type of property being appraised. The Income Capitalization Approach is most reliable in the valuation of properties typically purchased for investment purposes, and when investment criteria can reasonably be identified.

The Cost Approach was not relied upon due to the inaccuracy of estimating depreciation for a property of the subject’s age, and in estimates of land value in this developed area. Each of the remaining approaches was developed in this appraisal.

SALES COMPARISON APPROACH - VALUE AS IF UNENCUMBERED

The Sales Comparison Approach to value involves the gathering and analysis of comparable sale data. Each sale is compared with the property being appraised, and adjustments are applied to reflect dissimilar characteristics.

As of the date of valuation, the subject consisted of a 21,000 SF one and part two-story industrial building erected circa 1925. For the purpose of this appraisal approach, we sought sales of similar one-story industrial buildings in the area. Summaries of the comparable sales are presented on the following pages, with analysis on the basis of price per square foot of building area.



IMPROVED SALE NO. 1	
Location:	761 Humboldt Street, Brooklyn, NY
Description:	Predominantly one-story, corner industrial building, erected in 1931, containing 7,828 SF, with 14' foot ceiling height. No on-site parking spaces.
Grantor:	Hercules LLC
Grantee:	761 Humboldt Street, LLC
Block/lot:	2627/22
Sale date:	April 21, 2017
Land Area (SF):	7,680
Building Area (SF):	7,828
Zoning:	M1-1 (Light Industrial)
Document No.:	171621
Sale Price:	$3,775,000
Sale Price/SF:	$482
Source:	PropertyShark; CoStar; ACRIS



IMPROVED SALE NO. 2	
Location:	250 N Henry Street, Brooklyn, NY
Description:	One-story, corner industrial building, erected in 1988, containing 4,717 SF, with 14 foot ceiling height.
Grantor:	248 North Henry LLC
Grantee:	250 North Henry Realty Company LLC
Block/lot:	2607/75
Sale date:	October 27, 2016
Land Area (SF):	4,721
Building Area (SF):	4,717
Zoning:	M1-1 (Light Industrial)
Document No.:	404219
Sale Price:	$2,425,000
Price/SF:	$514
Source:	CoStar; Property Shark; ACRIS



IMPROVED SALE NO. 3	
Location:	111 Dobbin Street, Brooklyn, NY
Description:	One- and part two-story industrial building, erected in 1931, containing 6,373 SF, with 12' ceiling height.
Grantor:	Polpex Associates LLC
Grantee:	115 Dobbin LLC
Block/lot:	2616/14
Sale date:	July 7, 2016
Land Area (SF):	5,025
Building Area (SF):	6,373
Zoning:	M1-1 (Light Industrial)

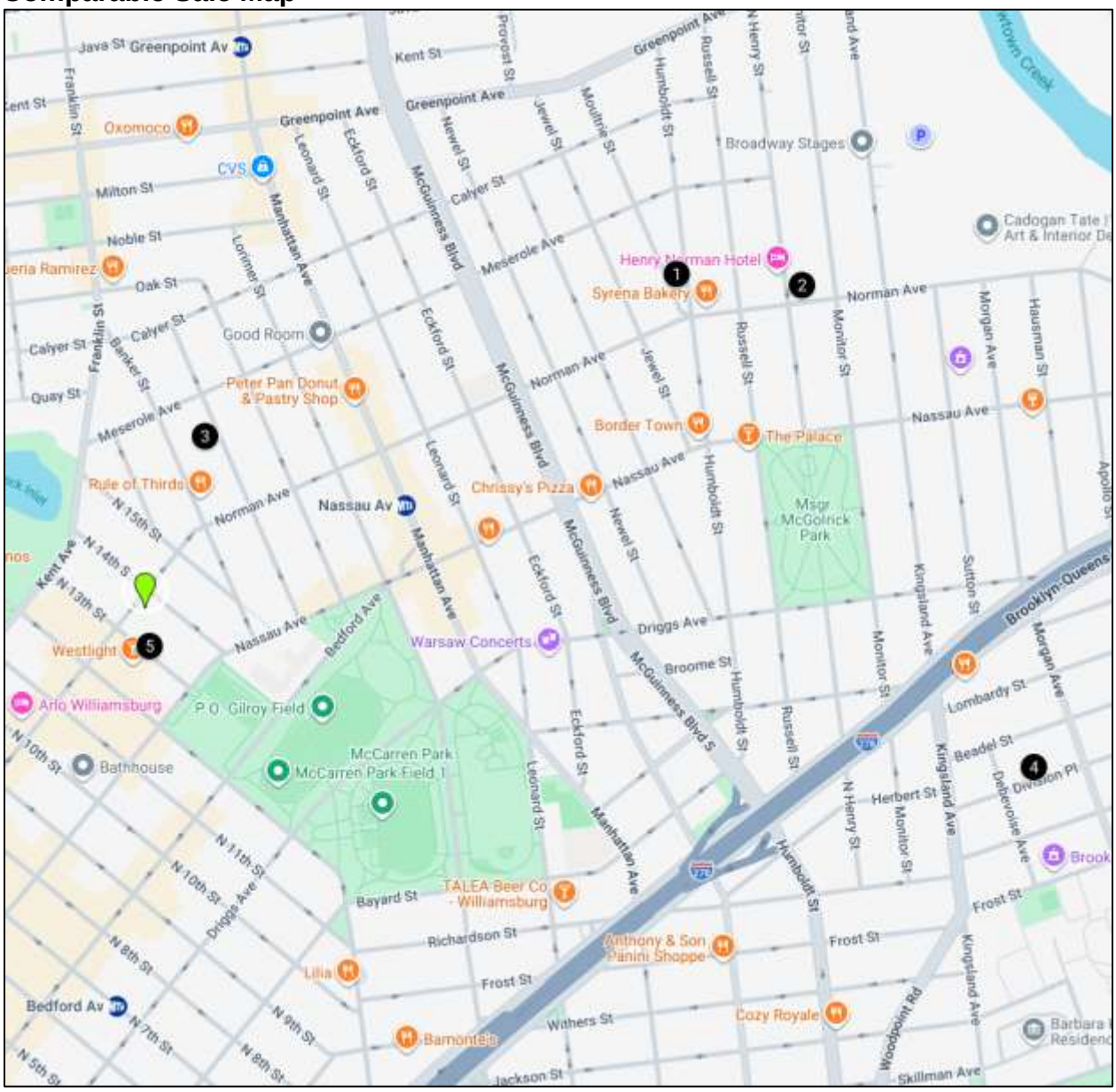


IMPROVED SALE NO. 4	
Location:	35 Division Place, Brooklyn, NY
Description:	One-story, mid-block industrial building erected in 1939, containing 10,000 SF, with 18' ceiling height.
Grantor:	Afrodites Inc.
Grantee:	Savant Realty LLC
Block/lot:	2841/35
Sale date:	May 14, 2015
Land Area (SF):	10,000
Building Area (SF):	10,000
Zoning:	M1-1 (Light Industrial)
Document No.:	189922
Sale Price:	$3,500,000
Price/SF:	$350
Source:	CoStar; Property Shark; ACRIS



IMPROVED SALE NO. 5	
Location:	103 North 13th Street, Brooklyn, NY
Description:	One-story, mid-block industrial building, erected in 1920, containing 12,500 SF, with 22 foot ceiling height.
Grantor:	Levy Realty, LLC
Grantee:	North 13 Holdings LLC
Block/lot:	2279/34
Sale date:	June 2, 2014
Land Area (SF):	12,500
Building Area (SF):	12,500
Zoning:	M1-2 (Light Industrial)
Document No.:	199306
Sale Price:	$8,200,000
Price/SF:	$656
Source:	CoStar; Property Shark; ACRIS

Comparable Sale Map



Sales Adjustment Grid

Subject Data:
Location: 29 Wythe Avenue, Brooklyn, NY 11249
Valuation Date: June 14, 2017
Building Area (SF): 21,000
Ceiling Height: 20' (Approximately)
Condition: Average to good

Sale No.	1	2	3	4	5
Address:	761 Humboldt Street, Brooklyn, NY	250 N Henry Street, Brooklyn, NY	111 Dobbin Street, Brooklyn, NY	35 Division Place, Brooklyn, NY	103 North 13th Street, Brooklyn, NY
Land Area (SF):	7,680	4,717	5,025	10,000	12,500
Sale Date:	4/21/17	10/27/16	7/7/16	5/14/15	6/2/14
Year Built:	1931	1988	1931	1939	1920
Ceiling Height (ft.)	14'	14	12'	18'	22
Building Area	7,828	4,717	6,373	10,000	12,500
Zoning:	M1-1	M1-1	M1-1	M1-1	M1-2
Sale Price:	$3,775,000	$2,425,000	$2,750,000	$3,500,000	$8,200,000
Price/SF:	$482	$514	$432	$350	$656
Property Rights Appraised:	0%	0%	0%	0%	0%
Financing Terms:	0%	0%	0%	0%	0%
Conditions of Sale:	0%	0%	0%	0%	0%
Market Conditions (Time):	0%	0%	0%	0%	0%
Trended Price/SF:	$482	$514	$432	$350	$656
Size:	-15%	-20%	-15%	-10%	-10%
Location	5%	5%	0%	10%	0%
Condition:	0%	0%	0%	0%	0%
Ceiling Height	5%	5%	10%	0%	0%
Net Adjustment/SF:	-5%	-10%	-5%	0%	-10%
Adjusted Price/SF:	$458	$463	$410	$350	$590

	UNADJUSTED PRICE/SF	ADJUSTED PRICE/SF
Low	$350	$350
High	$656	$590
Average	$487	$454
% Difference	87%	69%
Median	$482	$458

MARKET DATA CONCLUSION

Sales of five industrial buildings in the subject area were identified and analyzed on the basis of price per square foot. The sales are similar to the subject in location, type, and amenity, and provide a firm basis for a value conclusion. Adjustments were considered for the following influences:

PROPERTY RIGHTS APPRAISED: The purpose of this adjustment is to account for differences in the property rights which were transferred with the sale. All of the sales were acquired by either owner-users or investors and did not require adjustment.

FINANCING TERMS: The purpose of adjusting for financing terms is to determine cash equivalent sale prices for any special or atypical financing involved in the acquisition. All of the comparables involved market-rate financing or all cash sales and were not adjusted.

CONDITIONS OF SALE: This adjustment refers to the motivations of the buyer and seller involved in a particular transaction. All sales appear to be arm's length transactions and did not require adjustments.

MARKET CONDITIONS (TIME): The sales occurred between June, 2014 and April, 2017. Based on our observation of the market, the value of this type of property is estimated to have remained stable during this period, with values fluctuating but generally remaining at a consistent level according to CoStar indications. Based on this, no adjustment was applied for market conditions.

SIZE: Adjustment for size was applied based on the commonly observed phenomenon that larger properties tend to sell for less, per square foot, than otherwise similar small properties in our experience.

LOCATION: The subject fronts on Wythe Avenue, North 13th Street, and North 14th Street, at the border of the Williamsburg and Greenpoint areas of Brooklyn, within a largely industrial sub-district. This property is in close proximity to the Brooklyn-Queens Expressway and Williamsburg Bridge, providing rapid access to Manhattan. Sales 1, 2, and 4 required positive adjustment considering their distance from the trendier west side Williamsburg/Greenpoint/waterfront influences. The remaining sales are similarly located to the subject with no adjustment applied.

CONDITION: As of the valuation date, the subject was subdivided and occupied by three tenants, and was in average to good condition. The sales were considered essentially similar to the subject, with no adjustment applied.

CEILING HEIGHT The subject possessed approximately 20-foot ceiling height. Adjustments were applied with negative adjustment applied to the sales possessing greater ceiling height as compared to the subject, and vice versa.

After adjustment, the sales demonstrate a range of $350 to $590 per square foot, with an average of $454/SF. Improved Sales 3 and 5 were accorded greatest weight. Sale 5 is located on the subject's own block, is zoned M1-2 consistent with the subject, and is the most proximate transaction identified. Sale 3, while somewhat removed, is the sale most similar to the subject in physical configuration, being likewise a one- and part two-story industrial building of comparable vintage. Sales 1, 2, and 4 were given lesser weight owing to their smaller size and, in the case of Sales 1, 2, and 4, their locations further removed from the waterfront submarket in which the subject is situated.

Two characteristics of the subject were reconciled qualitatively rather than through the adjustment grid. First, the subject was a one- and part two-story building, with a reported building footprint materially smaller than its total building area. Upper-floor area in industrial buildings of this type is typically accessible only by stair and lacks direct grade-level loading, freight access, and the clear heights available at ground level. It is therefore generally understood to contribute substantially less on a per-square-foot basis than ground-floor area. The comparable sales are predominantly single-story buildings, with the exception of Sale 3. Reliable quantification of this differential was not supported by the data available, and no paired-sale evidence isolating it was identified; therefore, no adjustment was applied in the grid, and the factor was addressed in this reconciliation.

Second, Sale 5 was considered to reflect the upper end of the range rather than a direct indication for the subject. That transaction involved a smaller, wholly single-story building, and the possibility that the price reflected an element of assemblage influence could not be excluded.

Weighing the above, a value indication somewhat below the adjusted mean and median is considered appropriate. Based on these sales, and on the subject's particular characteristics, we estimate that the subject possessed a value of $450 per square foot, resulting in the following value indication:

SALES COMPARISON APPROACH CONCLUSION - "AS IF UNENCUMBERED"		
Value/SF	**Area**	**Value Estimate**
$450	21,000	$9,450,000
Rounded To:		**$9,450,000**

Sales Comparison Approach Conclusion
$9,450,000

INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach is based upon the premise that a relationship exists between the net income that a property is capable of producing, and the value of that property. This approach is most applicable in the valuation of investment-type property, which is purchased to yield a periodic income stream, plus a reversion at the time of future sale. The Income Approach is developed in four steps, in the following pages:

1) estimating of gross rental income for the initial year of the holding period;
2) estimating expenses for that year;
3) selecting a proper capitalization technique and rate;
4) capitalizing the net income stream to yield a present value estimate.

Potential Gross Income

As of the date of valuation, the subject was leased to three tenants, with reported rents summarized as follows:

Tenant	Area (SF)	Lease Begin	Lease Exp.	Annual Rent as of 6/14/2017	Annual Rent/SF
Ibiza Love Child LLC.	8,500	1/1/17	12/31/17	$51,600	$6.07
Virginia Overton Studio LLC.	10,000	12/1/14	12/31/17	$67,200	$6.72
Erik Green (Engine Works)	4,800	12/1/2015	12/31/2017	$30,000	$6.25
Total:	**23,300**			**$148,800**	

We note that total rentable area moderately exceeds the reported gross building area. We have assumed that leasable areas were inflated in typical market practice.

Market Rental Survey

A market survey was undertaken in order to determine whether the subject's rent was within the market range:

No.	Date Rented	Address	Area (SF)	Rent/SF	Term (yrs.)	Lease Terms
1	17-Jun	666-672 Morgan Avenue	11,500	$17.74	2.0	Modified gross
2	17-Jun	297-299 North 7th Street	5,000	$25.00	n/a	Triple net
3	17-Jun	1031 Grand Street	3,500	$18.00	3.0	n/a
4	17-May	40-96 Quay Street	6,500	$25.00	n/a	Triple net
5	16-Nov	672-678 Morgan Avenue	12,000	$19.50	5.0	Modified gross
6	16-Oct	987 Grand Street	5,252	$29.00	n/a	Modified gross
7	16-Sep	343 Lorimer Street	5,000	$29.00	1.0	Undisclosed
8	16-Apr	74 Bayard Street	5,000	$34.00	n/a	Net lease.
9	15-Aug	300 Ruchardson Street	5,500	$20.00	1.0	Modified gross
		min	**3,500**	**$17.74**		
		max	**12,000**	**$34.00**		
		avg	**6,584**	**$24.14**		
		median	**5,252**	**$25.00**		

9 leases of industrial space within the subject area were identified. The comparables demonstrate a range of $17.74 to $34.00 PSF, averaging $24.14 PSF. Differences noted in our observation of these comparables include specific location, size, and condition, but each was highly similar to the subject in general type and utility. The rentals typically contain base rent increases over the term of lease, with heating and electricity cost usually paid by the tenant; smaller, fully occupied single tenant properties often lease on a fully net basis, with taxes paid by the lessee as well.

In comparison with these, the subject units vary in size but are predominantly mid-range overall, with above average ceiling height, and are well located on Wythe Avenue. We note that we were provided with limited lease terms for the tenants. Since all of the leases were scheduled to expire December 31, 2017 and all are noted to be well below market, we input the following market level rents in our estimate of potential gross income, incrementing the rent per square foot for the smaller spaces:

Potential Gross Warehouse Income "At Market"

Tenant	Area (SF)	Lease Begin	Lease Exp.	Annual Rent as of 6/14/2017	Annual Rent/SF	Comments
Ibiza Love Child LLC.	8,500	1/1/17	12/31/17	$204,000	$24.00	Tenant anticipated to pay utilities, insurance, and pro-rata share of increases in RE taxes over base year amount.
Virginia Overton Studio LLC.	10,000	12/1/14	12/31/17	$220,000	$22.00	Tenant anticipated to pay utilities, insurance, and pro-rata share of increases in RE taxes over base year amount.
Erik Green (Engine Works)	4,800	12/1/2015	12/31/2017	$124,800	$26.00	Tenant anticipated to pay utilities, insurance, and pro-rata share of increases in RE taxes over base year amount.
Total:	**23,300**			**$548,800**		

Potential Gross Income
$548,800

Vacancy and Collection Loss

The subject is located in a mixed residential and industrial enclave of northern Brooklyn, a fairly well-located and desirable area for warehouse and commercial space. CoStar reports the following vacancy rates for the North Brooklyn industrial market as of Q2 2017:



Based on the Costar data and the subject's market appeal and particular characteristics, we estimated a vacancy/collection loss of 3% annually for the subject.

Annual Expenses

Based on the subject's anticipated lease terms, ownership was anticipated to be responsible for base year real estate taxes, non-occupant insurance, legal/audit, management, and structural repairs, with the tenants to pay all utilities, a pro-rata share of increases in real estate taxes over a base year, and repairs/maintenance. The following expenses are estimated to be incurred by ownership during the initial year of a holding period assumed to begin at the date of valuation:

Real Estate Taxes $104,984 Annually	Referring to the report section "Assessed Valuation and Taxes".
Insurance $14,700 Annually $0.70/SF	We estimated this cost at $0.70 PSF of gross building area, or $14,700 per year for non-occupant coverage, a typical cost for a property of this size in our experience. The tenants would typically be expected to "hold harmless" ownership in its underlying coverage, minimizing this cost.
Professional Fees (Legal/Audit). $2,000 Annually	We estimated this at $2,000, the typical cost of this item for a property of this type with only three tenants.
Management $10,647 Annually $0.51/SF	Estimated at 2.0% of effective gross income based on the limited number of tenants, or $10,647 annually, ($0.51/SF).
Repairs / Reserves for Replacement $10,500 Annually $0.50/SF	Estimated at $0.50/SF, for replacement of longer lived items including the roof, mechanicals, etc., as well as the occasional non-reimbursed repair and miscellaneous items.

A summary of the subject's income and expenses during the initial year of a holding period beginning at the date of valuation is presented as follows:

29 Wythe Avenue, Brooklyn, NY 11249
ESTIMATE OF INCOME AND EXPENSES (6/17-6/18)

GROSS INCOME		
Warehouse Income		$548,800
Vacancy/Collection Loss @ 3%	($16,464)	
Effective Gross Income		**$532,336**
EXPENSES		
Real Estate Taxes	$104,984	
Insurance	$14,700	
Management (@ 2.0% of EGI)	$10,647	
Legal & Accounting	$2,000	
Reserves	$10,500	
Total Expenses		**$142,831**
NET OPERATING INCOME		**$389,505**

Capitalization Rate Selection

The method of capitalization employed in this report is the mortgage-equity technique, commonly referred to as the Ellwood method. This method derives a capitalization rate reflecting the requirements of the two investors typically involved in the purchase of an income producing property (the institutional lender, and the equity investor), and then adjusts the rate calculation to reflect mortgage amortization, and change in property value, during the holding period. The following parameters are necessary in order to determine a capitalization rate for the subject property:

Loan Terms - Lending institutions typically lend at a 65% to 75% loan to value ratio in the current environment. Interest rates as of the date of valuation ranged from 3.5% to 5% depending primarily on the type of property, with payments calculated based on 25-to-30-year payout schedules. We selected a 65% loan to value ratio, a 4.5% interest rate, and a 30-year payout in developing a capitalization rate.

Holding Period - Most investors/purchasers intend to hold a property for five to fifteen years, due to the diminishing effect of tax benefits (depreciation) beyond that time. We selected a period of ten years in our rate development.

Change in Value - Property appreciation over the holding period was forecast at a moderate 2% per year, equivalent to 20% over the holding period.

Equity Yield - This is a desired rate of return reflecting the inherent risks, illiquidity, and potential benefits, of property ownership relative to prospective rates of return available

for alternative investment opportunities. A yield rate has been selected through examination of financial and real estate market information, involving a search for the minimum prospective rate of return necessary to attract long-term investment capital.

The search for a yield rate begins in the financial markets, which demonstrates rates currently being offered for alternative investment instruments. Investors typically require a rate of return from investment property which is greater than the “safe” or relatively "risk-free" rates offered for long-term treasury notes and bonds, or high-grade corporate bonds. The difference between the investor's required rate of return and the “safe rate” is a premium, compensating the investor for the added risks of inflation, management burden, and lack of liquidity inherent in a real estate investment. The following rates demonstrate current market returns offered by relatively risk-free investments (Federal Reserve Statistical Release Web Site):

SURVEY OF COMPETITIVE RATES		
Instruments	**Rate**	**Date**
Federal Funds Rate*	1.16%	**6/26/17**
Prime Rate*	**4.25%**	**6/26/17**
10-year Treasury Notes*	**2.14%**	**6/26/17**
20-year Treasury Notes*	**2.46%**	**6/26/17**
Corporate Bond Highest grade (10y)	**2.80%**	**6/27/17**
Corporate Bond Investment grade (10y)	**5.94%**	**6/27/17**
Municipal Bond High Grade (10y)	3.04%	**6/27/17**
***Source: federalreserve.gov**		

The Federal Funds Rate represents the cost of funds loaned by Federal Reserve banks to depository institutions. The Prime Rate is a base rate posted by large banks for loans to major corporations. Corporate Bonds and Utility Bonds are long-term securities guaranteed by the strong creditworthiness of the issuer. Municipal Bonds are free of tax liability, and therefore return less than taxable instruments.

Direct evidence of investor expectations from the ownership of real estate are published by the Real Estate Research Corporation Investment Survey, and the Korpacz Real Estate Investment Survey. These surveys present expected yield rates, “going-in” capitalization rates, reversionary rates, and expected income and expense growth rates,

from a representative sample of institutional investors currently active in the marketplace. The following desired rates of return were reported for warehouse properties:

Source	Period	Type	Yield Rate Range	Average
R.E.R.C.	2nd Qtr 2017	National Warehouse Survey	6.4% - 9.4%	7.30%
Price Waterhouse	2nd Qtr 2017	National Warehouse Market	5.5% - 9.0%	6.66%

Yield rates (alternatively known as “internal rates of return”, or IRR) are influenced by numerous risk factors, including the following:

- **Location:** the better the location, the lower the IRR. The subject is located in an established industrial area and rapidly developing section of Brooklyn.

- **Physical Characteristics of the Subject Property:** the newer the property, the higher the quality of construction and finishes, and the better the design and layout of the physical plant, the lower the IRR. The subject is assumed to have been in average to good condition, and competitive in the local realty market.

- **Degree of Forecasted Cash Flow Growth:** the greater the growth forecasted, the higher the risk of nonperformance, hence the higher the IRR. We assumed a nominal 2% per year appreciation in value, in the Ellwood rate calculation.

- **Extent of Equity Investment Required:** the greater the required equity investment (that portion of the total acquisition cost not funded by conventional financing), the higher the IRR. The subject would be anticipated to sell with a typical extent of equity investment.

- **Length of Projection Period:** the longer the projection period necessary to produce the required yield, the higher the IRR. Our projection assumes a 10-year holding period, typical for this type of property in our experience.

- **Type of Investment:** the greater the investment risk inherent in a particular type of real estate, the higher the IRR. As a multi-tenant industrial property, the subject is a somewhat above-average risk investment type in our opinion, compared with benchmark property types such as rental apartments.

In selecting an appropriate yield rate, we considered the published yield expectations, as well as the subject’s location, age, and condition relative to competing properties. Consideration was also given to risk, illiquidity, and the time and expense of asset management inherent in a purchase of the subject. Based on these considerations, placing greatest reliance on the real estate market information, and considering that the published rates reflect the requirements of institutional investors seeking prime properties nationwide, it is our opinion that a yield rate of 9.00% would be necessary to attract

investment capital to the subject property. The Ellwood method of capitalization rate development is presented as follows:

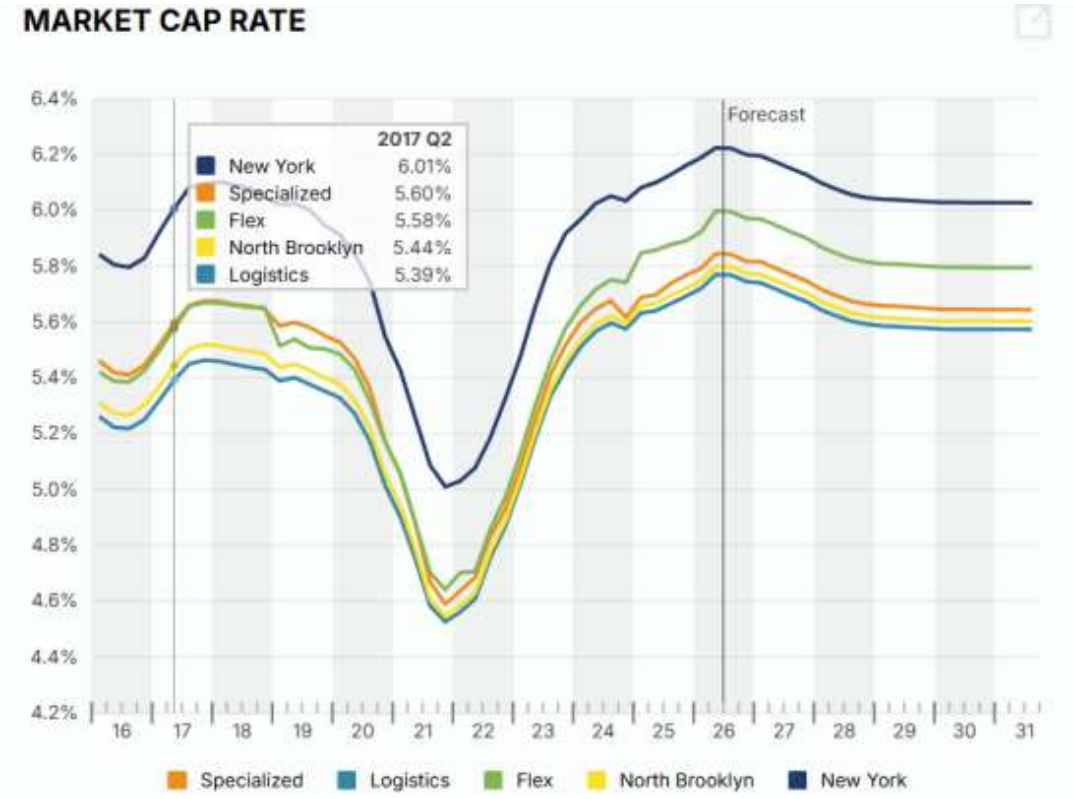
Assumptions Underlying Capitalization Rate Development		
Loan to value ratio (Mortgage Percentage)		65%
Mortgage Interest Rate		4.50%
Term (years payout)		30
Annual Constant		6.08%
Equity Percentage		35%
Equity Yield Rate		9.00%
Holding Period		10
Sinking Fund Factor @ Equity Yield Over Holding Period		6.58%
Mortgage Amortization Over Holding Period		19.91%
Annual Appreciation		2.00%
Appreciation Over Term		22%
Band of Investment		
Mortgage LTV x Annual Constant	65% x 6.08% =	3.95%
Equity Percentage x Equity Yield	35% x 9.00% =	3.15%
Weighted Rate Band of Investment		7.10%
Less Adjustment for Mortgage Amortization		
Amortization Over Holding x LTV x Sinking Fund Factor	19.91% x 65% x 6.58% =	0.85%
Less Adjustment for Apprecation Over Holding Period		
Appreciation Percentage x Sinking Fund Factor	22% x 6.58% =	1.44%
Indicated Capitalization Rate		
Weighted Rate Less Amortization Adjustment Less	7.10% - 0.85% - 1.44% =	4.81%
Rounded		4.80%

Surveys of Going-in Capitalization Rates

In addition to the rate derived above, a direct, market-based source of going-in capitalization rates is provided by the Peter Korpacz and Real Estate Research Corporation's investment surveys, which present going-in capitalization rates sought by actual investors. These are presented as follows:

Source	Period	Type	Cap Rate Range	Average
R.E.R.C.	2nd Qtr 2017	National Warehouse Survey	4.5% - 7.0%	5.80%
Price Waterhouse	2nd Qtr 2017	National Warehouse Market	4.0% - 6.9%	5.27%

The above surveys represent the requirements of institutional investors seeking properties nationwide. Additionally, CoStar reports the following trend in the subject's submarket:



Considering the subject's assumed average to good condition and good location, and considering that rents are projected at market, a rate of 5.00% was considered appropriate. This rate will be used to capitalize projected net operating income into value, as follows:

CAPITALIZATION

NET OPERATING INCOME	CAPITALIZATION RATE	VALUE	ROUNDED TO
$389,505	5.00%	$7,790,106	$7,800,000

Income Capitalization Approach
$7,800,000

Summary and Reconciliation of Value Indications

The approaches to value utilized have yielded the following value indications:

Type of Value	Sales Comparison "as if Unencumbered"	Income Approach	Variance
"As Is" Market Value	$9,450,000	$7,800,000	21.2%

The Sales Comparison and Income Capitalization Approaches produce a relatively wide range in value. The Sales Comparison Approach is supported by five sales of generally comparable industrial properties located throughout the broader subject market and reflects the actions of buyers and sellers of similar owner-user properties.

The Income Capitalization Approach is based upon well-supported estimates of market rental income, operating expenses, vacancy allowance, and capitalization rate. However, the indicated value is lower than that produced by the Sales Comparison Approach, reflecting the fact that investors seeking income-producing assets generally cannot compete with owner-users or developers for properties of this type. As of the date of value, the subject consisted of a warehouse building, a property type that is most commonly acquired by owner-users in the local market. Although the property was leased as of the date of value, the existing leases were all scheduled to expire within approximately six months; the leases were therefore not considered to be an impediment for sale to an owner-user.

Based upon the foregoing, sole weight has been placed on the Sales Comparison Approach, which is considered to most accurately reflect market value as of the effective date of the appraisal. Accordingly, the value indication derived by the Sales Comparison Approach has been adopted as the final estimate of market value.

Value Conclusion

Based on our examination of the subject and market analysis, we estimate that the "as is" Market Value of the Leased Fee Interest in 29 Wythe Avenue, Brooklyn, NY 11249, as of June 14, 2017 is:

Nine Million Four Hundred Fifty Thousand Dollars
$9,450,000

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 performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- 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.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The subject site (as presently exists, as vacant) was inspected by Michal Benshabat, Licensed Appraiser Assistant, on August 2, 2026. Isaac Benshabat, MAI has not personally inspected the subject property.
- No one provided significant real property appraisal assistance to the persons signing this certification.
- 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.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Isaac Benshabat has completed the continuing education program for Designated Members of the Appraisal Institute.

Isaac Benshabat, MAI Certified General Real Estate Appraiser NY (No. 46-49712)	Michal Benshabat Licensed Real Estate Appraiser Assistant NY (No. 48-53888)

ASSUMPTIONS AND LIMITING CONDITIONS

This report is made subject to the following assumptions and limiting conditions:

No responsibility is assumed for matters legal in nature, including the effect of easements for utilities, rights of way for access, or other restrictions limiting the use of the property. Property title is assumed to be good and marketable. No liens, encumbrances, or special assessments against the property were considered unless noted.

No survey of the subject property was made by the appraiser. Measurements, specifications, and other data including zoning and assessments have been obtained from sources believed to be reliable, but no warranty for their accuracy is made. Photographs, diagrams, and sketches appearing in this report are for illustrative purposes only.

No current test borings or reports of subsoil conditions have been obtained by the appraiser. Except as noted, this appraisal assumes the land to be free of adverse subsoil conditions.

By reason of this appraisal, we are not required to render additional services such as pre-trial conferences, depositions as expert witness, testimony, or court appearance except as previously agreed.

This report may not be used for any purpose by a person, corporate or individual, other than the client specified in the report without our written consent, and in any event only with proper written qualification and only in its entirety.

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to a third party, or to the public through advertising media, public relations media, news media, sales media or any other public means of communication, without the prior written consent and approval of the authors.

The appraiser's responsibility consists solely of the performance of the defined valuation assignment.

No professional survey has been undertaken to detect the existence of potentially hazardous material within the subject property including asbestos, urea formaldehyde insulation, radon gas, or toxic waste. Unless specifically noted, none of these conditions is assumed to exist in such measure as may adversely influence value.

We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the Americans with Disabilities Act (ADA). It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

ADDENDA

LEASE EXCERPTS

RIDER TO LEASE
DATED AS OF DECEMBER 1, 2015 BETWEEN
False Alarm Ltd. ("Landlord") and
WORKS ENGINE E RING INC. ("Tenant")
FOR THE PREMISES: **29 Wythe Avenue Brooklyn, NY 11249 (Unit #3)**

1. In the event there is any conflict between the provisions of this Rider and the printed lease form to which it is attached, then the provisions of this Rider shall control and prevail

2. (A) The rent during the term of this Lease shall be as follows:

Fixed Annual Base Rent Schedule

Period	Yearly Rent	Monthly Rent
December 1, 2015 to December 31, 2017	$62,500	25 monthly installments of $2,500

(B) Fixed annual base rent shall be paid to Landlord in consecutive, equal monthly installments in advance on the first day of every month during the Term without demand and without any offset, deduction or abatement whatsoever, at Landlord's address first set forth above or at such other place as Landlord may from time to time designate.

(C) Tenant shall pay the rent and all additional rent and other sum payable hereunder without notice or demand, without regard to counterclaim, right of setoff, deduction or defense that Tenant may have against Landlord, and without abatement, suspension, deferment, diminution or reduction by reason of, and the obligations of Tenant shall not in any way be affected by:

1. any restriction, prevention or curtailment of or interference with any use of the Premises or any part thereof as a result of any Legal requirement, condemnation, or otherwise; or
2. any damage to or destruction of the Premises or any part thereof; or
3. any title defect or encumbrance other than one resulting in eviction from the Premises or any material part thereof by title paramount or otherwise; or
4. any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Landlord, or any action taken with respect to this Lease by any trustee or receiver of Landlord, or by any court in any such proceeding; or
5. any claim which Tenant has or might have against Landlord for breach of this Lease or otherwise.

LEASE ESTOPPEL CERTIFICATE AND TENANT AGREEMENT

Landlord: False Alarm Ltd.

Tenant: IBIZA LOVE CHILD LLC

Property: 29 WYTHE AVE
BROOKLYN, NY 11249

Lender: G4 CAPITAL PARTNERS

Premises: North 13 entrance

Lease Date: December 1, 2014

The undersigned Tenant of the above-referenced lease (the "Lease") hereby ratifies the Lease and certifies to G4 CAPITAL PARTNERS ("Lender"), as mortgagee of the Real Property of which the premises demised under the Lease (the "Premises") is a part, as follows:

1. That the term of the Lease commenced on December 1, 2014 and the Tenant is in full and completes possession of the premises demised under the Lease and has commenced full occupancy and use of the Premises, such possession having been delivered by the original landlord and having been accepted by the Tenant.

2. That the Lease calls for monthly rent installments of $4300 to date and that the Tenant is paying monthly installments of rent of $4300.

3. That no advance rental or other payment has been made in connection with the Lease, except rental for the current month, there is no "free rent" or other concession under the remaining term of the lease and the rent has been paid to and including May 31, 2017. Tenant represents, covenants and warrants that any advance rental or other concessions will not be binding upon Lender, it successors and/or assigns or a receiver or trustee appointed in connection with the Property, and during the term of the loan, Tenant will not prepay any rental payment to Landlord.

4. That a security deposit in the amount $ 8,600 is being held by Landlord, which amount is not subject to any set-off or reduction or to any increase for interest or other credit due to Tenant.

5. That all obligations and conditions under said Lease to be performed to date by Landlord or Tenant have been satisfied, free of defenses and set-offs including all construction work in the Premises.

6. That the Lease is a valid lease and in full force and effect and represents the entire agreement between the parties; that there is no existing default on the part of the Landlord or the Tenant in any of the terms and conditions thereof and no event has occurred which,

LEASE MODIFICATION AND EXTENSION AGREEMENT

LEASE MODIFICATION AGREEMENT made as of the 11of November, 2016 by and between False Alarm Ltd, a New York corporation ("Landlord"), having an office at c/o Jay Weitzman, 816 Ave I, Brooklyn, New York 11230, and Virginia Overton Studio LLC., A New York Limited Liability Company ("Tenant"), having an office at 29 Wythe Ave, Brooklyn, New York 12249.

WITNESSETH

WHERAS, the term of the lease expires on December 31, 2016 and the Tenant has not executed any right or option to extend the Lease beyond its terms; and

WHERAS, the Tenant desires to remain in possession and to extend the term of the Lease; and

WHERAS, the Tenant agrees to remain bound to all of the terms and conditions of the Lease except as set forth herein in this Agreement; and

WHERAS, Landlord is agreeable to extending the term of the Lease and to maintaining Tenant in the Premises during such extended term, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of Ten ($10.00) Dollars and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. The recitations set forth above are hereby incorporated herein as if fully set forth herein.

2. All terms not defined herein shall have the meanings ascribed to them in the Lease.

3. The term of the Lease is hereby modified and extended for a term of twelve months, commencing as of January 1, 2017 and terminating on December 31, 2017 ("the modified Term"), unless sooner terminated pursuant to the terms of the Lease and this Lease Modification and Extension Agreement.

4. The Minimum or Basic Rent due and Payable for the Modified Term shall be
   (1) Sixty Seven Thousand Two Hundred and 00/000 ($67,200.00) Dollars for the period from January 1,2017 through December 30, 2017, payable in equal monthly installments of $5,600.00 due on or before the first of each month.
   (2) The Minimum or Basic Rent due and payable for the Modified Term shall be payable to Landlord may otherwise designate, and is due and payable the first day of each month without any abatement, counterclaim, set-off or reduction and without any prior demand therefor.

The 2017 rent roll for False Alarm Ltd at 29 Wythe Ave was as follows

Works Engine $30,000

Virginia Overton Studios $67,200

Ibiza Love Child $51,600

Total $ 148,800

Thanks

Jay

WM SHUBERT & CO.

QUALIFICATIONS OF ISAAC BENSHABAT, MAI

EDUCATION

Touro College - B.S., Finance

REAL ESTATE VALUATION COURSES

Advanced Market Analysis and Highest & Best Use
Advanced Income Capitalization
Advanced Concepts & Case Studies
Quantitative Analysis
Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)
Business Practices and Ethics
General Appraiser Income Approach
General Appraiser Report Writing and Case Studies
General Market Analysis and Highest and Best Use
Fair Housing, Fair Lending and Environmental Issues
Basic Appraisal Procedures
Basic Appraisal Principles
15-Hour National USPAP
7-Hour USPAP

PROFESSIONAL AFFILIATIONS

State Certified General Appraiser, New York (No. 46-49712)
Member, Appraisal Institute (MAI)

EXPERIENCE

Isaac Benshabat is a Certified General appraiser with over fifteen years of real estate appraisal experience throughout New York City and the wider region, and has functioned as Senior Appraiser at Wm. Shubert & Co., Inc. for nearly that entire period. He holds the MAI designation from the Appraisal Institute. He has appraised major office structures, existing and proposed rental and condominium apartment developments, industrial buildings, shopping centers, and a variety of special purpose properties. Assignments have been completed throughout New York State and New Jersey for local and national lenders, trust and estate attorneys, private buyers owners for acquisition and sale, and for litigation.

APPRAISER'S LICENSE



UNIQUE ID NUMBER
4000049712

State of New York
Department of State
DIVISION OF LICENSING SERVICES

FOR OFFICE USE ONLY
Control No. 1581507

EFFECTIVE DATE
MO 04 | DAY 26 | YR 24

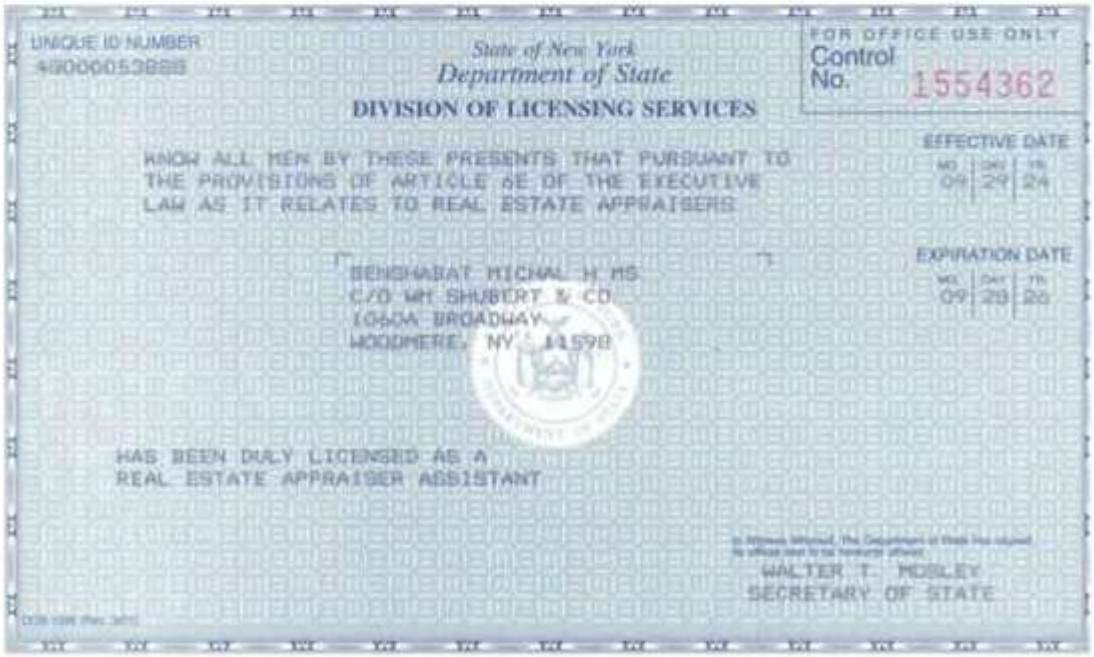
EXPIRATION DATE
MO 04 | DAY 25 | YR 28

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

BENSHABAT ISAAC Y
C/O BENSHABAT ISAAC Y
1060A BROADWAY
WOODMERE, NY 11557

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

WALTER T. MOSLEY
SECRETARY OF STATE



UNIQUE ID NUMBER
4000053888

State of New York
Department of State
DIVISION OF LICENSING SERVICES

FOR OFFICE USE ONLY
Control No. 1554362

EFFECTIVE DATE
MO 09 | DAY 29 | YR 24

EXPIRATION DATE
MO 09 | DAY 29 | YR 26

KNOW ALL MEN BY THESE PRESENTS THAT PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO REAL ESTATE APPRAISERS

BENSHABAT MICHAL H MS
C/O WM SHUBERT & CO
1060A BROADWAY
WOODMERE, NY 11598

HAS BEEN DULY LICENSED AS A REAL ESTATE APPRAISER ASSISTANT

WALTER T. MOSLEY
SECRETARY OF STATE

Exhibit 3

NYC Buildings

Work Permit Department Of Buildings

Permit Number: B01005488-S9-EA

Permit Classification: EARTHWORK

Address: BROOKLYN 29 WYTHE AVENUE

Issued: 08/23/2024

Expires: 08/23/2025

Issued To: MICHAEL WEITMAN

Business: SPEARHEAD CONTRACTING LLC

Total number of dwelling units at location: 0

License No: GC-620091

Number of dwelling units occupied during construction: 0

CS: MICHAEL WEITZMAN

Description: EARTHWORK APPLICATION FILED FOR DRILLING AND INSTALLATION OF GEOTHERMAL PIPING; FILED SUBSEQUENT TO NB GC; JOB NUMBER: B01005488-I1.

For detailed information regarding this permit, please log on to DOB NOW at www.nyc.gov/buildings.
Call 311 with any questions or complaints.

Borough Commissioner:

Commissioner of Buildings: James S. Oddo

Tampering with or knowingly making a false entry in or falsely altering this permit is a crime that is punishable by a fine, imprisonment or both.

NYC Buildings

Work Permit Department Of Buildings

Permit Number: B01005488-S9-EA

Permit Classification: EARTHWORK

Address: BROOKLYN 29 WYTHE AVENUE

Issued: 08/12/2025

Expires: 08/12/2026

Issued To: MICHAEL WEITMAN

Business: SPEARHEAD CONTRACTING LLC

Total number of dwelling units at location: 0

License No: GC-620091

Number of dwelling units occupied during construction: 0

CS: MICHAEL WEITZMAN

Description: EARTHWORK APPLICATION FILED FOR DRILLING AND INSTALLATION OF GEOTHERMAL PIPING; FILED SUBSEQUENT TO NB GC; JOB NUMBER: B01005488-I1.

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Call 311 with any questions or complaints.

Borough Commissioner:

Commissioner of Buildings: James S. Oddo

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NYC Buildings

Work Permit Department Of Buildings

Permit Number: B01005488-S9-EA

Permit Classification: EARTHWORK

Address: BROOKLYN 29 WYTHE AVENUE

Issued: 07/13/2026

Expires: 11/07/2026

Issued To: MICHAEL WEITZMAN

Business: SPEARHEAD CONTRACTING LLC

Total number of dwelling units at location: 0

License No: GC-620091

Number of dwelling units occupied during construction: 0

CS: MICHAEL WEITZMAN

Description: EARTHWORK APPLICATION FILED FOR DRILLING AND INSTALLATION OF GEOTHERMAL PIPING; FILED SUBSEQUENT TO NB GC; JOB NUMBER: B01005488-I1.

For detailed information regarding this permit, please log on to DOB NOW at www.nyc.gov/buildings.
Call 311 with any questions or complaints.

Borough Commissioner:

Commissioner of Buildings:

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