

**SUMMARY APPRAISAL REPORT**

**Single-Tenant Commercial Building  
733 Sunrise Highway  
Lynbrook  
Nassau County, New York**

***PREPARED FOR:***

**Mr. William Varley  
President  
New York American Water  
733 Sunrise Highway  
Lynbrook, NY 11563**

## TABLE OF CONTENTS

	<u>PAGE</u>
Certificate of Appraisal .....	4
Summary of Salient Facts and Conclusions .....	5
Underlying Assumptions and Limiting and Qualifying Conditions.....	6
Appraisal Definitions .....	8
Extraordinary Assumptions, Hypothetical & Limiting Conditions.....	10
Valuation Date .....	11
Exposure Time.....	12
Scope of the Appraisal and Methods of Valuation .....	13
Aerial Photographs of the Subject Property and Surroundings .....	16
Photographs of the Subject Property .....	18
Local Area Map .....	23
Local Area Description .....	24
Property Description .....	25
Interior Photographs.....	27
Nassau County Satellite Photograph/Tax Map of Property.....	42
Assessment and Real Estate Tax Data .....	43
Zoning Map .....	44
Zoning Excerpt .....	45
Highest and Best Use .....	47
Income Capitalization Approach –.....	50
Income Capitalization Approach Methodology.....	51
Analysis of Comparable Rentals.....	52
Comparable Office Rentals Location Map.....	58
Photographs of Comparable Office Rentals .....	59
Comparable Warehouse Rentals Location Map.....	65
Photographs of Comparable Warehouse Rentals .....	66
Analysis of Operating Expenses .....	68
Choice of Capitalization Rate.....	74
Sales Comparison Approach Methodology .....	79
Sales Comparison Approach –.....	80
Analysis of Comparable Commercial Building Sales .....	81
Comparable Commercial Building Sales Location Map.....	86
List of Comparable Commercial Building Sales .....	87
Correlation and Value Choice.....	92
Sales Comparison Approach – Multi-Family Development Land Value.....	94
Analysis of Comparable Bulk Residential Land Sales .....	95
Comparable Bulk Residential Land Sales Location Map.....	104
List of Comparable Bulk Residential Land Sales .....	105
Analysis of Comparable Commercial Land Sales.....	122
Comparable Commercial Land Sales Location Map .....	128
List of Comparable Commercial Land Sales .....	129
Qualifications.....	141



***Goodman-Marks Associates, Inc.***  
**REAL ESTATE APPRAISERS AND CONSULTANTS**

**CORPORATE HEADQUARTERS / ACCOUNTING DEPARTMENT**  
170 OLD COUNTRY ROAD, SUITE 501, WESTBURY, NEW YORK 11501  
PHONE: (516) 248-9777 FAX: (516) 248-9628

**NEW YORK CITY OFFICE**  
420 LEXINGTON AVENUE, SUITE 456, NEW YORK, NEW YORK 10170  
PHONE: (212) 324-2870 FAX: (212) 324-2879  
[www.goodmanmarks.com](http://www.goodmanmarks.com)

July 16, 2013

Mr. William Varley  
President  
New York American Water  
733 Sunrise Highway  
Lynbrook, NY 11563

Re: Single-Tenant Commercial Building  
733 Sunrise Highway  
Lynbrook, New York  
File No. 13-482

Dear Mr. Varley:

At your request, we have inspected and appraised the above-captioned property, which is located on the southwest corner of Sunrise Highway and Peninsula Boulevard, in the Village of Lynbrook, within the Town of Hempstead, Nassau County, New York. The property is identified on the tax maps of Nassau County as Section 42, Block M-1, Lot 322.

The subject property is comprised of an irregular-shaped corner parcel of land containing a total area of 1.82± acres (79,410± square feet) that slopes downward from both Sunrise Highway and Peninsula Boulevard. The property is owned by New York American Water, and is improved with a three-story, single-tenant elevator-serviced commercial building containing 20,880± square feet of gross above-grade building area. The building was originally constructed circa the 1950's. The upper two floors of the building are office space. The first floor of the building is garage, workshop and utility space. The first floor wall that faces Sunrise Highway is below the grade of Sunrise Highway, and is partially behind a retaining wall.

GOODMAN-MARKS ASSOCIATES, INC.  
REAL ESTATE APPRAISERS AND CONSULTANTS

New York American Water  
Page 2  
July 16, 2013

The building is configured in an “H” shape, with a wing at either end. The third floor of the building is finished as office space, including executive offices located in the east wing and some R&D space located in the southwest corner of the building. The second floor contains an open office area, an unused computer room with a raised floor, a lunch room and several private offices. The ground floor space is unfinished, and contains a garage, work rooms and the utility room. Private bathrooms are located on each floor.

At the time of inspection, the improvements were in fair overall condition, with areas of deferred maintenance. The office finishes on the third floor are in good condition. Other areas of the building have not been upgraded. The building’s windows are the original steel frames with single pane windows. The HVAC system is functional but far from optimal. The bathroom finishes are dated.

The purpose of this summary appraisal report is to estimate the market value of the fee simple estate of the subject property, both in its “as-is” condition under the current zoning and also to its highest and best use “as rezoned” as of the stated valuation date. This appraisal has been prepared for property management purposes. The intended users of this appraisal are Mr. William Varley, and those persons authorized by him and New York American Water to utilize this report.

This appraisal report was prepared in compliance with and conforms to the current Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board of the Appraisal Foundation and the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

This summary appraisal report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of USPAP for a summary appraisal report. *The information contained in this report is specific to the needs of the client and for the intended use stated in this report. We are not responsible for unauthorized use of this report.*

In arriving at the appraised value, we have given consideration to all items influencing value, including the property location, existing and projected competition, continued demand, current and anticipated market conditions, current mortgage rates, government rules and regulations, income rates for similar properties and the rates of return of competitive properties and investments.

GOODMAN-MARKS ASSOCIATES, INC.  
REAL ESTATE APPRAISERS AND CONSULTANTS

New York American Water  
Page 3  
July 16, 2013

We are of the opinion that the “as is” market value of the fee simple estate of the subject property, *predicated upon the extraordinary assumptions & conditions as defined within the body of this report*, as of June 18, 2013, was:

<u>USE OF PROPERTY</u>	<u>VALUED AS</u>	<u>VALUE ESTIMATE</u>
Single-Tenant Commercial building	“As is” condition	\$2,200,000.00*
Vacant Land	Approved for Multi-family Development	\$3,000,000.00*
Vacant Land	Rezoned Entirely to Commercial	\$4,725,000.00*

\* Predicated upon the extraordinary assumptions and limiting conditions as defined within the body of this report.

A report of 144 pages is attached hereto and made part hereof, and the valuation is expressly made subject to the conditions and comments made herein.

Very truly yours,

**GOODMAN-MARKS ASSOCIATES, INC.**

Matthew J. Guzowski, MAI, MRICS  
Principal  
Certified General Real Estate Appraiser  
New York Certificate #468986

Cliff Holtermann  
Vice President  
Certified General Real Estate Appraiser  
New York Certificate #4648080

**CERTIFICATE OF APPRAISAL**

Premises: 733 Sunrise Highway  
Lynbrook, Nassau County, New York

We, Matthew J. Guzowski and Cliff Holtermann, certify to the best of our knowledge and belief:

THAT, the statements of fact contained in this report are true and correct;

THAT, 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;

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

THAT, we have not performed any services regarding the subject property within the three year period immediately preceding the effective date of this assignment, as an appraiser(s) or in any other capacity;

THAT, we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;

THAT, our engagement in this assignment was not contingent upon developing or reporting predetermined results;

THAT, 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;

THAT, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;

THAT, the appraiser(s) has the appropriate knowledge and experience required to complete the appraisal competently;

THAT, the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice;

THAT, the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;

THAT, Cliff Holtermann made a personal interior and exterior inspection of the property that is the subject of this report, and Matthew J. Guzowski made an exterior inspection of the property and its environs;

THAT, no one provided significant real property appraisal assistance to the person(s) signing this certification;

THAT, as of the date of this report, Matthew J. Guzowski has completed the continuing education program of the Appraisal Institute.

DATE: July 16, 2013

Matthew J. Guzowski, MAI, MRICS  
Principal  
Certified General Real Estate Appraiser  
New York Certificate #468986

Cliff Holtermann  
Vice President  
Certified General Real Estate Appraiser  
New York Certificate #4648080

**SUMMARY OF SALIENT FACTS AND CONCLUSIONS**

Property Address: Single-Tenant Commercial Building  
733 Sunrise Highway  
Lynbrook  
Town of Hempstead, Nassau County, New York

Tax Map Designation: Section 42, Block M-1, Lot 322

Current Owner of Record: New York American Water

Property Rights Appraised: Fee simple estate

Property Description: A three-story, single-tenant commercial building containing 20,880± square feet of gross above-grade building area, originally constructed circa the 1950's.

Land Area: 1.82± acres

Zoning: Commercial and Residence C – *Village of Lynbrook*

Highest & Best Use: *As Vacant* – Rezone entire property to Commercial for construction of a commercial development as permitted under the Commercial zoning  
  
*As Improved* – Demolish existing improvement and rezone entire property to Commercial to allow for construction of a commercial development as permitted under the Commercial zoning

Valuation Date: June 18, 2013

<u>USE OF PROPERTY</u>	<u>VALUED AS</u>	<u>VALUE ESTIMATE</u>
Single-Tenant Commercial building	“As is” condition	\$2,200,000.00*
Vacant Land	Approved for Multi-family Development	\$3,000,000.00*
Vacant Land	Rezoned Entirely to Commercial	\$4,725,000.00*

\* Predicated upon the extraordinary assumptions and limiting conditions as defined within the body of this report.

**UNDERLYING ASSUMPTIONS AND  
LIMITING AND QUALIFYING CONDITIONS**

1. This is a summary appraisal report that is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a summary appraisal report. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. We are not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless stated otherwise in this report.
3. The property was appraised free and clear of any or all liens and encumbrances unless stated otherwise in this report.
4. Responsible ownership and competent property management are assumed unless stated otherwise in this report.
5. The information furnished by others for the appraised property is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless stated otherwise in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined and considered in this report.
10. It is assumed that all required licenses, Certificates of Occupancy or other legislative or administrative authority from any local, state or national government or private entity have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless stated otherwise in this report. No survey has been made for the purpose of this report.
12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there is no encroachment or trespass unless stated otherwise in this report.
13. We are unaware of any easements or encumbrances that substantially impact the subject property other than those described herein. We have not been provided with a title report and if in the event such report detailed the existence of an otherwise unknown easement or encumbrance, the value conclusion contained herein may be subject to change.



14. We are not qualified to detect hazardous waste and/or toxic materials. Any comment by us that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. Our value estimate(s) is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless stated otherwise in this report. No responsibility is assumed for any environmental conditions or any expertise or engineering knowledge required to discover them. Our descriptions and comments are the result of our routine observations made during the appraisal process.
15. Unless stated otherwise in this report, the subject property was appraised without a specific compliance survey having been conducted to determine whether the property is or is not in conformance with the requirements of the Americans with Disabilities Act (ADA). The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability or utility.
16. Any proposed improvements are assumed to be completed in a good and workmanlike manner in accordance with the submitted plans and specifications, and conforming to all municipal, building and health codes.
17. Our value conclusions were based on the assumption that the subject property will continue to be adequately maintained and professionally managed to sustain its competitiveness in the marketplace.
18. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
19. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser(s), and in any event, only with properly written qualification and only in its entirety.
20. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser(s) or the firm with which the appraiser(s) is/are connected) shall be disseminated to the public through advertising, public relations, news sales or other media without the prior written consent and approval of the appraiser(s).

## APPRAISAL DEFINITIONS

### Market Value<sup>1</sup>

“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 are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.” (12 C.F.R. Part 34.42(g); *55 Federal Register* 34696, August 24, 1990, as amended at *57 Federal Register* 12202, April 9, 1992; *59 Federal Register* 29499, June 7, 1994.)”

### Fee Simple Estate<sup>2</sup>

“Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

### Intended Use<sup>3</sup>

“The manner in which the intended users expect to employ the information contained in a report.”

---

<sup>1</sup> *The Dictionary of Real Estate Appraisal – Fifth Edition*, Appraisal Institute, Chicago, IL, 2010, p. 123.

<sup>2</sup> *Ibid.*, p. 78.

<sup>3</sup> *Ibid.*, p. 102.

**Intended User**<sup>4</sup>

“1. The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of the assignment. (USPAP, 2010-2011 ed.)

2. A party who the appraiser intends will employ the information contained in a report.”

**Easement**<sup>5</sup>

“The right to use another’s land for a stated purpose.”

**Extraordinary Assumption**<sup>6</sup>

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

**Hypothetical Condition**<sup>7</sup>

“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. Hypothetical conditions are contrary to known facts about physical, legal or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trend; or about the integrity of data used in an analysis.”

---

<sup>4</sup> *The Dictionary of Real Estate Appraisal – Fifth Edition*, Appraisal Institute, Chicago, IL, 2010, pp. 102 & 103.

<sup>5</sup> *Ibid.*, p. 63.

<sup>6</sup> *Uniform Standards of Professional Appraisal Practice (USPAP) 2012-2013 Edition*, The Appraisal Foundation, Washington, DC, 2012, p. U-3.

<sup>7</sup> *Ibid.*, p. U-3.

**EXTRAORDINARY ASSUMPTIONS, HYPOTHETICAL & LIMITING CONDITIONS**

In arriving at our value conclusions, we have made the following assumptions. Information to the contrary may affect our value conclusions.

<b>“As Is” Valuations:</b>	
1)	The subject building contains items of deferred maintenance. It is assumed that the subject building may continue to be occupied in its current condition, and that the necessary upgrades will be undertaken over time.
2)	Within the income capitalization approach, we have apportioned the village real estate taxes to resemble the town real estate tax dichotomy between real estate and utility, and have adopted the estimated real estate tax burden in our valuation of the subject property real estate.

<b>Land Valuations:</b>	
1)	We have assumed the hypothetical condition that the subject improvements will be demolished and that the property is available for development to its highest and best use.
2)	We have assumed the hypothetical condition that any required site plan and/or any required approvals, special permits or zoning changes would be granted by the Village of Lynbrook.
3)	The subject property contains a well and underground water pipes that are to remain on the property. We have assumed that these items will have limited impact to any development on the subject property, and that the water pipes may be relocated or reconfigured to accommodate development of the site. In the event that the easements to be created will inhibit any permitted development on the subject property, our valuation contained herein may be subject to change.
4)	We have not been provided with an engineer’s topographic and geologic survey of the subject site to identify the soil conditions, percentage of sloping and other geologic and topographic features. We have assumed that the subject’s underlying soil conditions support the proposed subdivision and/or any future development. We recommended that an environmental engineer be retained to determine the exact status of the subject soils. In the event contamination is detected, our valuation contained herein may be subject to change.

### **VALUATION DATE**

The date of valuation is June 18, 2013, the date of inspection of the subject property.

### **PURPOSE OF THE APPRAISAL**

The purpose of this appraisal is to estimate the market value of the fee simple estate of the subject property, both “as is” and “as rezoned,” *predicated upon all assumptions & conditions as defined within the body of this report*, to assist our client, the intended users, in a property management decision.

### **INTENDED USE AND USERS OF THE APPRAISAL**

The intended use of this appraisal is to assist the intended users in understanding the value of the underlying asset, subject to the assumptions contained within the report. The intended users of this appraisal are Mr. William Varley and those persons authorized by him, or New York American Water to utilize this report.

### **IDENTIFICATION OF THE SUBJECT PROPERTY**

The subject property is located at 733 Sunrise Highway in Lynbrook, within the Town of Hempstead, Nassau County, New York. The Nassau County tax map identification is Section 42, Block M-1, Lot 322.

### **SUBJECT PROPERTY OWNERSHIP HISTORY**

The subject property is currently owned by New York American Water. According to public records, there have been no arm’s-length transfers of the subject property in the past five years.

**EXPOSURE TIME**

*Exposure time* is generally defined as “1) the time a property remains on the market and 2) the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.”<sup>8</sup>

We estimate that the exposure time for the subject property would have been less than one year.

---

<sup>8</sup> *The Dictionary of Real Estate Appraisal - Fifth Edition*, Appraisal Institute, Chicago, IL, 2010, p 73.

## **SCOPE OF THE APPRAISAL & METHODS OF VALUATION**

We have been requested to appraise the market value of the fee simple estate of the subject property, both in its “as is” condition and “as rezoned.” The property currently contains a three-story, single-tenant commercial building constructed circa the 1950’s. The building contains 20,880± square feet of gross above-grade building area. The building is in below average condition. At the time of inspection, the subject property was occupied by the owner of the property, although a portion of the building space was not being used.

We have inspected and photographed the subject property. We independently collected and analyzed relevant government data and zoning information. Furthermore, we researched and analyzed relevant market sales, rental data, operating expenses and capitalization rates of competitive properties to the subject. Aside from the local market, we reviewed comparable property capitalization rates and discount rates from a variety of sources, including public records, real estate publications, other real estate professionals, our office files and appraisals that we previously prepared.

In appraising the subject property, the three traditional approaches to value were considered.

### **Cost Approach**

In the cost approach, an indication of value is typically obtained by adding an estimate of land value to an estimate of the replacement cost of the building and other improvements, adjusting for any estimated depreciation and identifying obsolescence of the existing improvements. This approach is most reliable when the improvements are new and there are sufficient land sales from which to derive a land value.

The subject building was constructed circa the 1950’s; due to the advanced age of the improvements, estimating depreciation would be subjective, at best. As a result, we have not used the cost approach in our valuation of the subject property herein.

### Income Capitalization Approach

The income capitalization approach is a method of valuing the subject property by estimating the income and expense of the property and capitalizing the net income into an indication of value. This approach is significant in determining the market value of a property where investors purchase the income-producing real estate for its earning power. For such properties, market value is primarily determined by the expected income-producing ability of the investment to an investor relative to other investments of similar risk and investment characteristics. The subject property is currently an owner-occupied single-tenant commercial building, and is being valued both in its “as is” condition and for its reuse potential. Under this approach, we have used the direct capitalization method to value the subject property in its “as is” condition as a commercial building.

We examined rent comparables in order to estimate the subject's potential gross income (PGI). We estimated a vacancy and collection loss rate, which was subtracted from the PGI to produce the effective gross income (EGI). We then estimated operating expenses, which were subtracted from the EGI to determine the net operating income (NOI). The NOI was then capitalized by a market-derived capitalization rate to arrive at a final value estimate via the income capitalization approach.

### Sales Comparison Approach

The major premise of the sales comparison approach is the principle of substitution, which states that an informed and knowledgeable purchaser would pay no more for a property than the cost of acquiring an existing property of similar investment features. The sales comparison approach was used to arrive at a value of the subject's fee simple estate.

We researched recent sales of comparable office building properties, retail land properties, and bulk land sales, analyzed each sale and compared the market-sensitive elements of each sale to the subject, based on the sale price per square foot of building area or sale price per square foot of land area.



We adjusted each sale for essential differences between the sale and the subject. In this analysis, we estimated the value of the subject property from the collection of adjusted sales. This resulted in the market value of the fee simple estate of the subject property both in its “as is” condition and “as rezoned.”

DRAFT

**AERIAL PHOTOGRAPHS OF THE SUBJECT PROPERTY AND SURROUNDINGS**



**Aerial View of the Subject Property Looking Northerly**



**Aerial View of the Subject Property Looking Southerly**

**PHOTOGRAPHS OF THE SUBJECT PROPERTY**



**Front Views of Subject Commercial Building from Sunrise Highway**





**Rear View of Subject Commercial Building Looking Northwesterly from Parking Lot**



**Rear View of Subject Commercial Building Looking Northeasterly from Parking Lot**





**Rear View of Subject Commercial Building Looking Northerly from Rear Driveway**



**View of East Side of Subject Building and Pump Enclosure from Front Driveway**



**View of Water Pumping Station on East Side of Building to Remain on Property**



**View of LIPA Equipment on West Side of Building to be Relocated from Property**





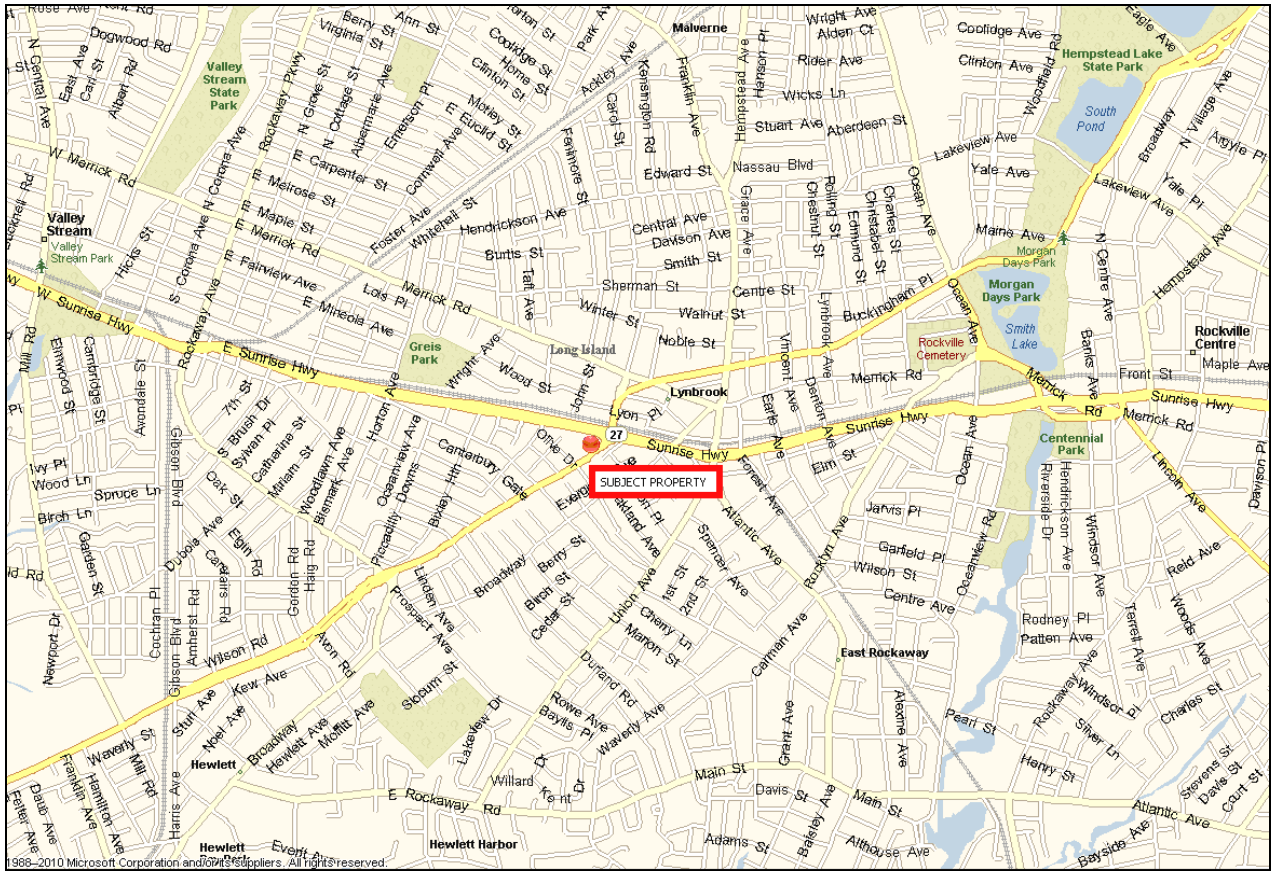
**Street Scene Looking East on Sunrise Highway (subject at right, foreground)**



**Street Scene Looking West on Sunrise Highway (subject to left)**



# LOCAL AREA MAP



## **LOCAL AREA DESCRIPTION**

The Incorporated Village of Lynbrook is located in the southwesterly portion of the County of Nassau in the Town of Hempstead. Lynbrook is bordered on the north by Malverne, on the west by Valley Stream, on the south by Hewlett and East Rockaway and on the east by Rockville Centre.

School District Number 20, encompassing most of Lynbrook, contains three elementary schools, a junior high school and a senior high school.

Municipal services located in Lynbrook include fire houses, a public library, a post office, parks, public parking facilities and a Village Hall.

There are houses of worship of various denominations located in the village.

Gas and electricity are provided by National Grid and the Long Island Power Authority (LIPA). Water is provided by New York American Water Company.

Most of the village is zoned residential. However, there are areas zoned commercial, light manufacturing and industrial located along the main thoroughfares and the Long Island Rail Road.

The 2011 population of Lynbrook, as estimated by LIPA, is 19,436 residents.

## **PROPERTY DESCRIPTION**

### **Site Description**

The subject site is an irregular-shaped parcel of land located on the southwest corner of Sunrise Highway and Peninsula Boulevard, in the Incorporated Village of Lynbrook, within the Town of Hempstead, Nassau County, New York. According to Nassau County records, the subject property contains 79,410± square feet. Our client has provided us with a survey that indicates that the property has 355.16± feet of frontage on Sunrise Highway, 331.17± feet of frontage on Peninsula Boulevard and 162± feet of frontage on the curve connecting the two streets. The bulk of the property is located below street grade. There are two driveways that access the property from Sunrise Highway via downward ramps. The driveway at the rear of the property onto Peninsula Boulevard appears to be at grade, however the survey indicates that to the north of the driveway there is a Nassau County slope easement along the Peninsula Boulevard border of the property with a width ranging from 5± to 15± feet. The survey also indicates that the property contains a LIPA gas easement along the western border of the property with a width of 5± feet.

The site has a fairly gentle grade change downward from Peninsula Boulevard, and a fairly steep but short grade change downward from Sunrise Highway. The building sits at grade with the surrounding parking area, which is below the grade of Sunrise Highway. There is a retaining wall along the building front facing Sunrise Highway. Behind the retaining wall, on the eastern side of the building, the property contains a water well with an above-ground pump. A water storage tank is located below grade in the grass area that is to the south of the pump enclosure. This equipment is related to the owner's water supply business. Our client has informed us that this equipment will remain on the property. The storage tank will be relocated adjacent to the pump, and the units will be enclosed. An easement will be created to permit access to the well and the water pipes connecting to the well. Our client has also informed us that the Department of Health restricts certain types of uses from locating within 100 feet of the well.

The subject site includes a paved parking area located on three sides but primarily to the rear of the building with 72± striped parking spaces. Landscaped areas are situated along the property's street frontages. Site drainage appears adequate. According to Flood Insurance Rate Map Community-Panel No. 36059C0218-G, the subject property is not located in a flood zone.

The immediate subject area is primarily developed with a mix of automobile dealerships, retail properties and office buildings along Sunrise Highway. Immediately west of the subject property is an assisted living facility that was constructed on land formerly part of the land owned by the subject property owner. Site utilities include Nassau County public sanitary sewer. New York American Water provides water service. National Grid and the Long Island Power Authority (LIPA) provide electric service and natural gas.

Our physical inspection did not include an environmental audit, because as real estate appraisers, we are not qualified to perform that service. However, if there are further questions, we do recommend that an environmental audit be performed by a qualified environmental professional, and if contamination is detected, we note that our value estimate could be affected. We are not aware of any existing easements that have a substantial impact on the subject property. We note that there is a water pump on the property and an underground storage tank and water lines that are to remain on the property that may impact the placement of a building on the property. The property also includes two 1,000 gallon underground gasoline storage tanks that are located behind the subject building. In the event other easements or other encumbrances are disclosed, our value conclusion might be affected.

**INTERIOR PHOTOGRAPHS**



**Views of Ground Floor Elevator Lobby**





**Views of Third Floor Elevator Lobby**







**View of Third Floor Office Hallway**



**View of Third Floor Executive Office on East Wing of Building**



**View of Executive Office Areas on East Wing of Building**







**Views of Conference Room ▲ and Open Office Area ▼ on Third Floor of Building**





**Views Room R&D areas in Southwest Corner of Building**





**View of Third Floor Bathroom**



**View of Stairway Between Third and Second Floors**





**Views of Second Floor Open Office Area**





**View of Second Floor Lunchroom**



**View of Second Floor Elevator Lobby**



**Views of First Floor Garage**







**Views of First Floor Workroom ▲ and Bathroom ▼**





**Views of Air Conditioning Unit ▲ and Boiler ▼ on First Floor**







**Views of Utility Room**



## **Description of the Improvements**

The subject improvement consists of a three-story single-tenant commercial building constructed during the 1950's. The building consists of two stories of office space situated above a ground floor garage that also contains work rooms and the utility room. Based on the survey provided by our client and Nassau County records, the building contains 20,880± square feet of gross building area. Each floor of the building contains 6,960± square feet. According to information provided by Nassau County, the first floor of the building contains 3,744± square feet of usable storage space and 3,216± square feet of utility space.

The information presented below is a summary of the construction details of the subject improvements, and are based on our physical inspection and public records. The general construction of the subject improvements is described as follows:

### **BUILDING EXTERIOR**

Foundation & Framing: Poured concrete slab and concrete block walls. Concrete plank floors.

Exterior Walls: Brick Face.

Roof: Built-up composition cover. Not inspected. The roof was reportedly in good condition by our client, although not refinished in the past 15 years.

### **BUILDING INTERIOR**

Floors: Poured concrete floors. Carpeting finish in offices and hallways. Linoleum tile in lunchroom and R&D areas. Raised wood computer floor in computer room. The ground floor is sealed concrete.

Walls: Painted sheetrock walls in office areas. Painted concrete block on first floor.

Ceilings: Acoustic tile ceilings with recessed fluorescent lighting on top two floors. Concrete plank with attached fluorescent lighting on first floor.

Windows: Single pane, double hung windows in original steel frames. According to our client, an estimate was received several years ago to replace the windows for approximately a half million dollars.

Lavatories: One set of men's and women's private baths per floor, including the first floor. Bathroom finishes are in good working order, although the finishes appear dated.

**BUILDING INTERIOR (CONTINUED)**

Elevator/Stairways	The building contains one elevator and two stairways that access all three floors. The elevator cab appears dated.
HVAC:	Gas-fired boiler on ground level installed approximately 13 years ago vented through ceiling ducts and radiators. The building also includes an older electric baseboard heat system. There is an air conditioning system that appears antiquated. The garage space on the first floor is heated by two gas-fired space heaters.

**Condition and Functional Utility of the Subject Improvements**

Our physical inspection of the subject property revealed that the building appears to be well-constructed and in sound condition. The interior finishes on the third floor are in good condition, the second floor finishes are in average condition, and the first floor is unfinished. The building has some functional obsolescence due to its design for a special purpose use with the ground floor of the building being unfinished garage space that is below grade in the front of the building. In addition, the building has a number of items of deferred maintenance, which include the windows, portions of the HVAC system, the elevator cab, and the bathroom finishes that appear dated.

**NASSAU COUNTY SATELLITE PHOTOGRAPH/TAX MAP OF PROPERTY**



DRAFT

**ASSESSMENT AND REAL ESTATE TAX DATA**

The subject property is identified on the Village of Lynbrook, Town of Hempstead and Nassau County tax rolls as Section 42, Block M-1, Lot 322. The subject property is assessed as both real estate and as a utility property. The assessor for the village was unable to provide information concerning the break-out of the real estate taxes for the property in terms of real estate and utility. The taxes levied by the respective government entities are as follows:

**Assessment & Real Estate Taxes**

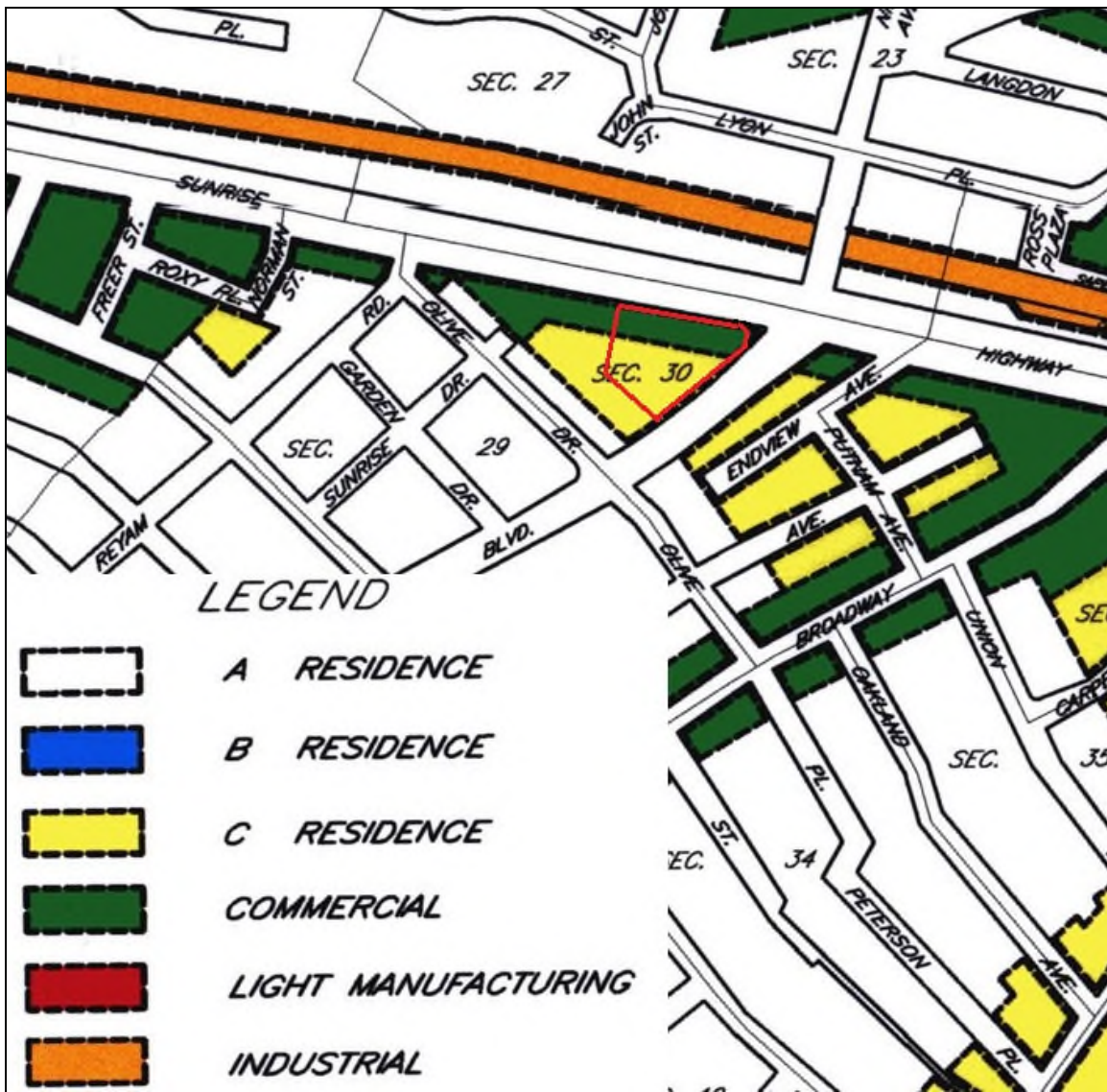
	<b>General 2013</b>	<b>School 2012/13</b>	<b>Total RETX 2012/13</b>	<b>Taxes Allocated to Real Estate</b>
Real Estate Taxes	\$3,180.96	\$24,499.21	\$27,680.17	<b>\$27,680.17</b>
Utility Taxes	\$2,627.94	\$13,320.06	\$15,948.06	
<b>Plus: Village RETX (2013/14)</b>			\$41,828.67	<b>\$26,538.43</b>
<b>Total Real Estate Taxes</b>				<b>\$54,218.60</b>
<b>RETX/Sq. Ft. of GBA</b>				<b>\$ 3.07</b>

The general and school real estate taxes for the subject real estate comprise 63.5 percent of the total general and school real estate taxes for the property (real estate and utility). The village real estate taxes have been allocated using this percentage, which amounts to \$26,538.43. The total taxes allocated to the real estate alone have been calculated to be \$54,218.60, which amounts to \$3.07 per square foot based on 17,664 square feet of rentable building space (6,960 square feet for each of the second and third floors and 3,744 square feet of first floor storage space as per the Nassau County assessor's office.)

These real estate taxes appear to be reasonable for the subject real estate.



ZONING MAP



Note: Approximate location of subject property outlined in red on map above by appraiser.

**ZONING EXCERPT**

The subject property is located in two zoning districts. The Sunrise Highway frontage of the property is located within a Commercial district, and the rear portion of the property is located within a Residence C district, as designated by the Village of Lynbrook.

The following are regulations of the Commercial district, as abstracted from the Village of Lynbrook Zoning Code:

<b>Permitted Uses:</b>	Single and two-family detached dwellings, retail & wholesale uses, banks, offices, studios, bake shops, bowling alleys, retail dry cleaners, mortuaries, restaurants, automobile showrooms (with a repair shop limited to 75% of the ground floor showroom area), and warehouses for the storage of furniture and household effects. Multiple dwellings are permitted subject to approval of the Board of Trustees, after public hearing and notices.
<b>Maximum Building Height:</b>	50 feet or 4 stories; 18 feet for accessory building
<b>Minimum Lot Size:</b>	6,000 sq. ft. for detached residential dwelling
<b>Minimum Lot Width:</b>	60 feet
<b><u>Minimum Yard Requirements</u></b>	
<b>Front:</b>	25 feet
<b>Sides:</b>	15 feet
<b>Rear:</b>	20 feet
<b>Required Parking:</b>	General commercial: 1 space per 400 square feet of GBA Office: 1 space per 250 square feet of GBA

The following are regulations of the Residence C district, as abstracted from the Village of Lynbrook Zoning Code:

<b>Permitted Uses:</b>	Single and two-family detached dwellings, nurseries or greenhouses. Multiple dwellings are permitted subject to approval of the Board of Trustees, after public hearing and notices.
<b>Maximum Building Height:</b>	40 feet or 3 stories
<b>Minimum Lot Size:</b>	6,000 sq. ft. for detached residential dwelling
<b>Minimum Lot Width:</b>	60 feet
<b><u>Minimum Yard Requirements</u></b>	
<b>Front:</b>	25 feet
<b>Sides:</b>	15 feet
<b>Rear:</b>	20 feet

Based on the village parking requirements, the upper floor offices within the subject building require 56 parking spaces and the lower level garage space is estimated to require an additional 9 spaces. The broker’s listing for the property indicates that 72 parking spaces are provided on the property, which is in excess of the required amount of 65 spaces.

According to a representative of the Village of Lynbrook Building Department, were the existing building on the subject property to be demolished, or more than 50 percent of the existing building to be renovated, the use of the Residence C portion of the subject property as parking for a commercial use would no longer be a legal use. In that event, the Residence C portion of the property must be rezoned to Commercial in order for it to be used for parking for a commercial use, or a zoning variance must be obtained for such use.

The following are regulations for Multiple Dwellings and Apartment Houses, as abstracted from the Village of Lynbrook Zoning Code:

<b>Density and Lot Requirements:</b>	No building or part thereof shall be erected, altered to be used and occupied as a residence by more than forty-five (45) families per acre or more than a proportional number of families on any part of any fractional part of any acre of land, and the lot for each such structure shall have a street frontage of not less than seventy-five (75) feet and a plot area of seven thousand five hundred (7,500) square feet shall be the minimum requirement.
<b>Maximum Coverage:</b>	40% of lot area including all accessory buildings
<b>Maximum Building Height:</b>	30 feet or 2½ stories; such building may have false peaks and gables not exceeding an additional five (5) feet in height.
<b>Minimum Lot Size:</b>	7,500 sq. ft. for residential dwelling
<b>Minimum Lot Width:</b>	75 feet
<b><u>Minimum Yard Requirements</u></b>	
<b>Front:</b>	25 feet
<b>Sides:</b>	20 feet each (30 feet if adjoining a lot is in a Residence A or Residence B district)
<b>Rear:</b>	20 feet (30 feet if adjoining a lot is in a Residence A or Residence B district)
<b>Required Parking:</b>	250% of the number of apartment units



## **HIGHEST AND BEST USE**

### **Highest and Best Use**<sup>9</sup>

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

In order to determine the highest and best use of the subject site, we have considered the physically possible, legally permitted, economically feasible and maximally productive uses of the property both as vacant and as improved.

### **Highest and Best Use of Land or a Site as Though Vacant**<sup>10</sup>

“Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.”

The size of the subject site would enable development with a variety of uses. The legally permitted uses are determined by the subject zoning regulations. As indicated previously, the subject property falls within two zoning districts. The Commercial district permits residential uses, retail store and service uses, banks, restaurants, offices and schools. The Residence C district permits one- and two family detached dwellings. Both districts permit multi-family dwellings subject to approval by the village Board of Trustees. Use of the property would also have to take into consideration the downward slope from Sunrise Highway, and would have to respect the Nassau County slope easement along Peninsula Boulevard, the LIPA easement located along the western border of the property, and the

---

<sup>9</sup> *The Dictionary of Real Estate Appraisal – Fifth Edition*, Appraisal Institute, Chicago, IL, 2010, p. 93.

<sup>10</sup> *Ibid.*, p. 93.

easement to be granted to New York American Water for the well and pump that are located on the property. These site constraints do not significantly limit the types of uses that would be suitable for the site.

We next determined the use that we deem economically feasible. That is, the use that provides the greatest return to the land and is the most reasonably probable use in the subject market. Improvements located in the immediate vicinity of the subject property along Sunrise Highway consist of automobile dealerships, an adjacent assisted living facility, office and retail uses, with residential uses located along the side streets.

As a final step, we determined the use that is maximally productive from the financially feasible uses. The property is located at a busy commercial intersection. Retail uses that generate large amounts of traffic would be compatible with the site, however, only the Sunrise Highway frontage is zoned Commercial. Due to the grade change along the Sunrise Highway frontage and location of the New York American Water well and pump, development of that portion of the property would be hampered by or will require more expensive construction to mitigate these constraints. The residential zoning on the rear portion of the site permits one- and two-family construction. Given the property specifics and the state of the housing market, one- and two-family development is not considered the highest and best use of the site. The village Board of Trustees may approve use of the property for multi-family development. At the request of the client, we have also considered the highest and best use of the subject property “as rezoned,” which considers rezoning the entire property as Commercial.

### **Highest and Best Use of Property as Improved**<sup>11</sup>

“The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.”

---

<sup>11</sup> *The Dictionary of Real Estate Appraisal – Fifth Edition*, Appraisal Institute, Chicago, IL, 2010, p. 94.

We also examined the highest and best use of the site as improved to determine whether the existing improvements contribute to the value of the subject property and are the maximally productive use of the site, as improved. The existing commercial building is currently burdened with some items of functional obsolescence and deferred maintenance, although the existing improvements are functional overall and may attract a segment of market patrons. Use of the subject property by a new owner would likely require that the windows, mechanicals, and some interior finishes be updated. Due to the soft office market in the area, the existing improvements currently do not represent the highest and best use of the subject site. We have been asked to estimate the value of the subject property both “as is” and “as rezoned,” therefore the following analysis will consider the property under both scenarios.

DRAFT

***INCOME CAPITALIZATION APPROACH***  
***"AS IS" VALUE***

DRAFT

## INCOME CAPITALIZATION APPROACH METHODOLOGY

In using the income capitalization approach to value for the subject's "as is" value, we valued the future potential benefits to be realized from the subject property by measuring the potential net income to be received by the owner. We considered the following steps in applying the income capitalization approach:

- 1) Comparative rental information of similar buildings was analyzed and adjusted to arrive at trends for the subject regarding rentals, occupancy and operating costs.
- 2) Information was obtained regarding the general trend of income and expenses.
- 3) The economic life of the improvement was estimated to provide for a sufficient recapture of the wasting asset, as well as to ascertain the quality and duration of the income stream.
- 4) An appropriate capitalization rate was chosen, which processed the net income into a value estimate.

DRAFT



## ANALYSIS OF COMPARABLE RENTALS

The subject property is currently improved with a three-story, single-tenant commercial building containing 20,880± square feet of gross above-grade building area (GBA). The building was originally constructed circa the 1950's, and appears to be in good structural condition, although the windows, some of the mechanicals, and the bathroom finishes are dated and in need of replacement. An estimate of the cost to cure the areas of deferred maintenance has not been provided, although we were informed that an estimate to replace the windows in the building of \$500,000.00 was obtained a number of years ago. The subject property is currently occupied by the New York American Water, although part of the building space is not being utilized. The building is a single purpose building for the utility company. Functionally the building contains two-stories of office space above a ground floor garage/warehouse. The ground floor also contains the utility equipment for the upper floor offices.

The existing subject building is considered to have limited potential for retail use, given the fact that the ground floor is not visible from Sunrise Highway. We also note that the office market appears to be somewhat soft in Lynbrook at present. It is not clear if an alternate use of the ground floor would be permitted under the current zoning.

The valuation in this section of the report is based on the current use of the subject building. Comparable office rentals are considered in order to estimate a market rent for the office space in the building. This is followed by a consideration of comparable warehouse/garage rentals in order to estimate a market rent for the ground floor warehouse space in the building.

### Analysis of the Comparable Office Rentals

The table below presents a summary of the most current rentals of office space that we have considered to best reflect the subject in our estimation of the subject's market rent per square foot.

#### Summary of Comparable Office Rentals

<u>No.</u>	<u>Address/Tenant</u>	<u>Lease Date</u>	<u>Leased Area</u>	<u>L/B Ratio</u>	<u>Yr. Blt.</u>	<u>Rent/ Sq. Ft.*</u>
1	381 Sunrise Highway Lynbrook Listing	Available	4,869	1.24	1934	\$24.00
2	839 Stewart Avenue East Garden City Corcan	12/2012	5,800	2.45	1951	\$18.50
3	111 W. Old Country Road Hicksville Pain & Rehabilitation	8/2012	4,600	2.45	1963	\$27.00
4	500 Endo Boulevard East Garden City Nassau Community College	7/09	25,618	3.27	1969	\$29.00

\* Rents on a semi-gross basis

The following is an explanation of the adjustments made to the comparable office rentals used in the income capitalization approach to value. Based a review of recent listings and transactions within the marketplace we have assumed a semi-gross expense basis for the subject building. On the semi-gross rental basis, the landlord is responsible for base real estate taxes, insurance, cleaning, repairs and maintenance, and all utilities except tenant electric.

#### Market Conditions (Time)

This adjustment was for market conditions (time), whereby older rentals have been adjusted to consider current rental trends. Market data indicates that market conditions had declined during 2009, and then stabilized in mid-2010. Rental #1 is a current asking rent that

has been adjusted downward to reflect the typical negotiation process in real estate. Rentals #2 and #3 occurred under similar market conditions as presently exist for office rental properties, and required no adjustment. Rental #4 occurred in 2009 under superior market conditions, and was adjusted downward.

#### Location

The subject property is located in a moderately active retail/office area at a busy commercial intersection. The office floors in the subject building have good visibility from Sunrise Highway. Rental #1 is located in the immediate vicinity of the subject property, and Rental #2 located on Stewart Avenue in East Garden City are considered relatively similar in office location to the subject location, requiring no adjustment. The remaining comparable rentals are considered inferior in location to the subject location, and were adjusted upward.

#### Size

We considered a size adjustment, based on the economy of scale and the premise that larger space usually rents for less than smaller space. We have analyzed the comparable rentals and have adjusted each for size as compared to the subject office space. Rental #4 is larger in size as the subject office space, requiring an upward adjustment. All of the remaining comparable rentals are smaller than the subject office space in size, and were adjusted downward.

#### Site Utility

The subject property is slightly irregular in shape, with good access and visibility. As currently developed, the property includes an adequate amount of parking. Rentals #1 and #2 have inferior frontage and provide less on-site parking than the subject, and were adjusted upward for site utility. Rentals #3 and #4 are considered relatively similar in site utility as the subject property, requiring no adjustments.

#### Building Characteristics

The building characteristics adjustment considered the physical condition of the comparable rentals, the age of the improvements, amenities, etc. The subject building appears

well constructed. It suffers from some deferred maintenance in that the subject office space still contains the original windows, the air conditioning system is antiquated, and the bathroom finishes are dated. Rental #3 is office/R&D space that is considered inferior in condition to the subject office space, and was adjusted upward. All of the remaining comparable rentals are superior in condition as compared to the subject office space, resulting in downward adjustments.

The following table presents the above-described adjustments made to the comparable office rentals:

DRAFT

**ADJUSTMENTS TO THE COMPARABLE OFFICE RENTALS**

<u>No.</u>	<u>Address/Tenant</u>	<u>Lease Date</u>	<u>Leased Area</u>	<u>Semi-Gross Rent/Sq. Ft.</u>	x	<u>Time</u>	=	<u>Adj. Rent/Unit</u>	<u>Loc.</u>	x	<u>Adjustments</u>			=	<u>Total Adj.</u>	=	<u>Adj. Rent/Sq. Ft.</u>	
											<u>Size</u>	x	<u>Site Utility</u>					x
1	381 Sunrise Highway Lynbrook Listing	Available	4,869	\$24.00		0.90		\$21.60	1.00		0.95		1.20		0.90		1.03	\$22.25
2	839 Stewart Avenue East Garden City Corcan	12/12	5,800	\$18.50		1.00		\$18.50	1.00		0.95		1.15		1.05		1.15	\$21.28
3	111 W. Old Country Road Hicksville Pain & Rehabilitation	8/12	4,600	\$27.00		1.00		\$27.00	1.10		0.95		1.00		0.85		0.89	\$24.03
4	500 Endo Boulevard East Garden City Nassau Community College	7/09	25,618	\$29.00		0.95		\$27.55	1.10		1.05		1.00		0.75		0.87	\$23.97



### **Office Market Rental Conclusion**

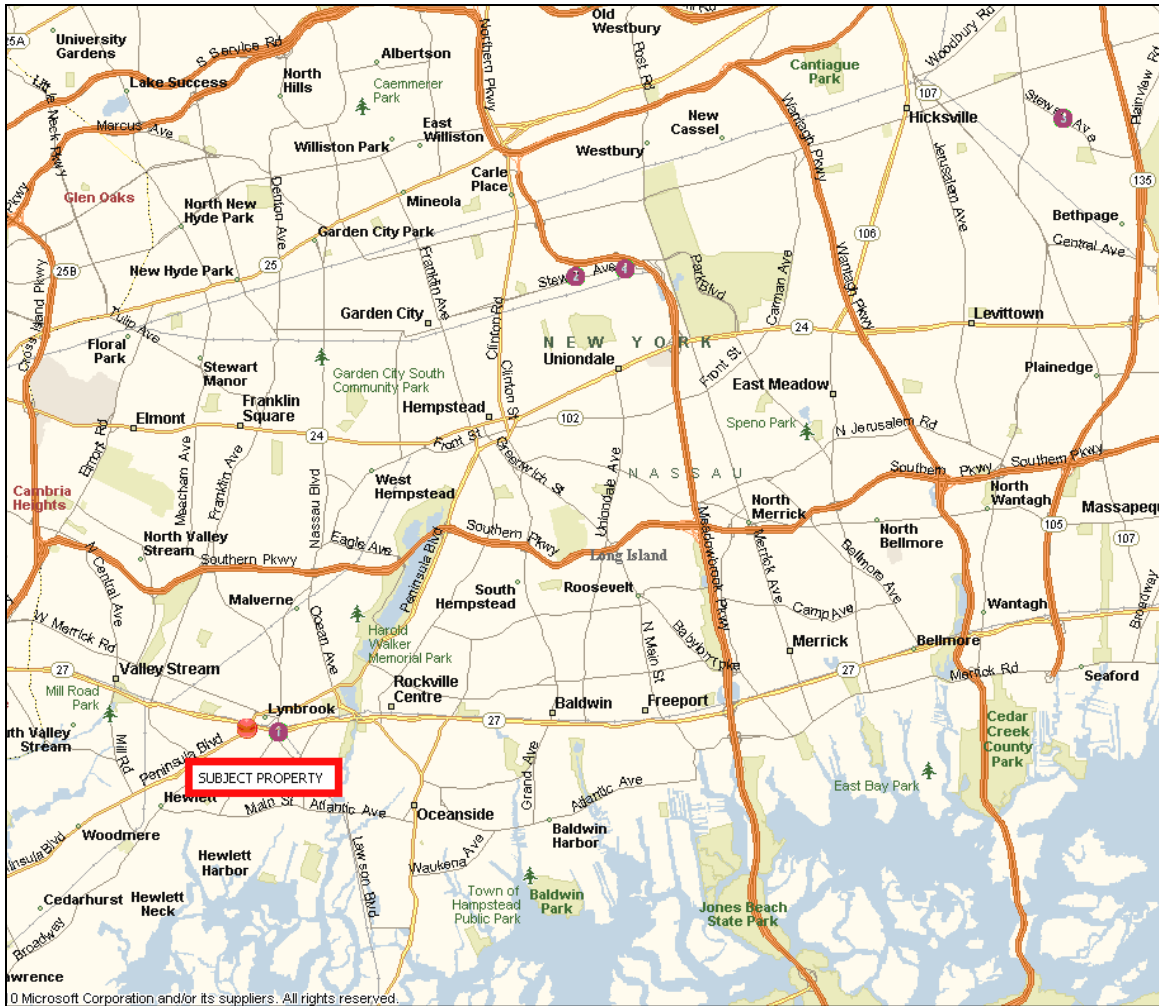
Prior to adjustments, the comparable office rentals ranged from \$18.50 to \$29.00 per square foot on a semi-gross basis. After applying the adjustments, this evolved to a range of \$21.28 to \$24.03 per square foot, semi-gross, with a mean of \$22.88 and a median of \$23.11 per square foot. Most weight was placed on Rental #1, which is considered most similar to the subject office space.

Based on this analysis, we have estimated a market rent of \$22.50 per square foot, semi-gross, for the subject office space on the upper two floors in its “as is” condition. This rent assumes that the landlord would be responsible for base real estate taxes, plus all operating expenses (insurance, cleaning, heat, and non-structural repairs and maintenance) except tenant electric. The landlord would also be responsible for asset management fees and structural repairs and reserves.

The subject property’s projected market rental rate and resulting potential gross income (PGI) are estimated as follows:

<b><u>GBA</u></b> <b><u>(Sq. Ft. ±)</u></b>		<b><u>Market Rent/</u></b> <b><u>Sq. Ft.</u></b>		<b><u>Projected</u></b> <b><u>PGI</u></b>
13,920	x	\$22.50	=	\$313,200.00

**COMPARABLE OFFICE RENTALS LOCATION MAP**



1	381 Sunrise Highway, Lynbrook
2	839 Stewart Avenue, East Garden City
3	1055 Stewart Avenue, Bethpage
4	500 Endo Boulevard, East Garden City

**PHOTOGRAPHS OF COMPARABLE OFFICE RENTALS**



**381 SUNRISE HIGHWAY, LYNBROOK**



**839 STEWART AVENUE, EAST GARDEN CITY**

**PHOTOGRAPHS OF COMPARABLE OFFICE RENTALS** *(continued)*



**111 W. OLD COUNTRY ROAD, HICKSVILLE**



**500 ENDO BOULEVARD, EAST GARDEN CITY**

### **Analysis of the Comparable Warehouse Rentals**

This section of the report considers comparable warehouse/garage rentals in order to estimate a market rent for the ground floor warehouse space in the building. The table below presents a summary of current rentals of warehouse space that we have considered to best reflect the subject in our estimation of the subject's market rent per square foot.

#### **Summary of Comparable Warehouse Rentals**

<b><u>No.</u></b>	<b><u>Address/Tenant</u></b>	<b><u>Lease Date</u></b>	<b><u>Leased Area</u></b>	<b><u>L/B Ratio</u></b>	<b><u>Yr. Blt.</u></b>	<b><u>Rent/ Sq. Ft.*</u></b>
1	25 Hutcheson Place Lynbrook Listing	Available	12,963	1.42	1967	\$ 9.00
2	1150 Broadway Hewlett Confidential	11/2012	13,000	1.05	1955	\$15.00
3	102 Mott Street Oceanside A/V Recording Media	6/2012	5,716	1.98	1981	\$11.85
4	124 Fulton Avenue Hempstead A & M Furniture	2/2011	11,534	1.21	1961	\$10.02

\* Rents on a semi-net basis

The following is an explanation of the adjustments made to the comparable warehouse rentals used in the income capitalization approach to value. Based a review of recent listings and transactions within the marketplace we have assumed a semi-net expense basis for the subject building. On the semi-net rental basis, the landlord is responsible for base real estate taxes, insurance, and structural repairs and maintenance.

#### **Market Conditions (Time)**

This adjustment was for market conditions (time), whereby older rentals have been adjusted to consider current rental trends. Market data indicates that market conditions had stabilized in mid- 2010. Rental #1 is a current asking rent that has been adjusted downward to

reflect the typical negotiation process in real estate. Rentals #2 through #4 occurred under similar market conditions as presently exist for warehouse rental properties, and required no adjustment.

#### Location

The subject property is located in a moderately active retail/office area at a busy commercial intersection. Rental #2 is considered relatively similar in location to the subject location, requiring no adjustment. The remaining comparable rentals are considered inferior in location to the subject location, and were adjusted upward.

#### Size

We considered a size adjustment, based on the economy of scale and the premise that larger space usually rents for less than smaller space. We have analyzed the comparable rentals and have adjusted each for size as compared to the subject warehouse space of 3,744± square feet. Rental #3 is relatively similar in size as the subject building, requiring no adjustment. All of the remaining rental comparables are larger than the subject building, and were adjusted upward.

#### Site Utility

The subject property is slightly irregular in shape, with good frontage and adequate parking provided. All of the comparable rentals were adjusted upward for site utility.

#### Building Characteristics

The building characteristics adjustment considered the physical condition of the comparable rentals, the age of the improvements, amenities, etc. The subject building appears well constructed. The subject first floor has no visibility from Sunrise Highway, and the first floor interior has no finished space. All of the comparable rentals are superior in condition as compared to the subject warehouse space, resulting in downward adjustments.

The following table presents the above-described adjustments made to the comparable warehouse rentals:



**ADJUSTMENTS TO THE COMPARABLE WAREHOUSE RENTALS**

<u>No.</u>	<u>Address/Tenant</u>	<u>Lease Date</u>	<u>Leased Area</u>	<u>Semi-Net Rent/Sq. Ft.</u>	x	<u>Time</u>	=	<u>Adj. Rent/Unit</u>	<u>Loc.</u>	x	<u>Adjustments</u>			=	<u>Total Adj.</u>	=	<u>Adj. Rent/Sq. Ft.</u>	
											<u>Size</u>	x	<u>Site Utility</u>					x
1	25 Hutcheson Place Lynbrook Listing	Available	12,963	\$ 9.00		0.90		\$8.10	1.20		1.05		1.10		0.90		1.25	\$10.13
2	1150 Broadway Hewlett Confidential	11/2012	13,000	\$15.00		1.00		\$15.00	1.00		1.05		1.15		0.80		0.97	\$14.55
3	102 Mott Street Oceanside A/V Recording Media	6/2012	5,716	\$11.85		1.00		\$11.85	1.20		1.00		1.10		0.90		1.19	\$14.10
4	124 Fulton Avenue Hempstead A & M Furniture	2/2011	11,534	\$10.02		1.00		\$10.02	1.20		1.05		1.20		0.80		1.21	\$12.12

### **Warehouse Market Rental Conclusion**

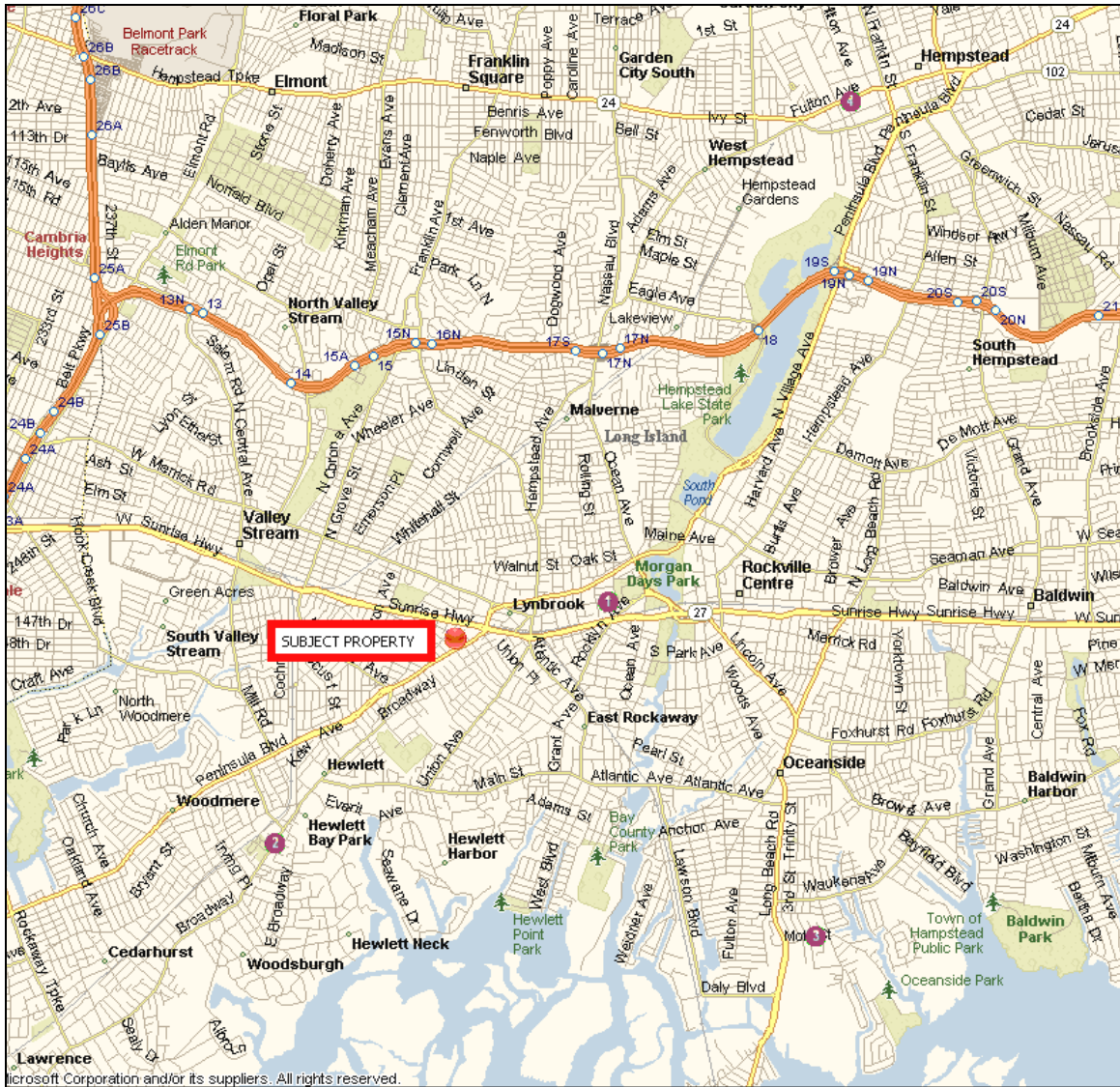
Prior to adjustments, the comparable warehouse rentals ranged from \$9.00 to \$15.00 per square foot, on a semi-net basis. After applying the adjustments, this evolved to a range of \$10.13 to \$14.55 per square foot, semi-net, with a mean of \$12.73 and a median of \$13.11 per square foot.

Based on this analysis, we have estimated a market rent of \$13.00 per square foot, semi-net, for the subject ground floor warehouse in its “as is” condition. This rent assumes that a tenant would be responsible for increases in real estate taxes plus non-structural repairs and maintenance and all utilities. The owner would be responsible for base year real estate taxes, extended coverage insurance, asset management fees and structural repairs and reserves.

The subject property’s projected market rental rate and resulting potential gross income (PGI) for the ground floor warehouse space are estimated as follows:

<b><u>GBA</u></b> <b><u>(Sq. Ft. ±)</u></b>		<b><u>Market Rent/</u></b> <b><u>Sq. Ft.</u></b>		<b><u>Projected</u></b> <b><u>PGI</u></b>
3,744	x	\$13.00	=	\$48,672.00

## COMPARABLE WAREHOUSE RENTALS LOCATION MAP



<b>1</b>	<b>25 Hutcheson Place, Lynbrook</b>
<b>2</b>	<b>1150 Broadway, Hewlett</b>
<b>3</b>	<b>102 Mott Street, Oceanside</b>
<b>4</b>	<b>124 Fulton Avenue, Hempstead</b>

**PHOTOGRAPHS OF COMPARABLE WAREHOUSE RENTALS**



**25 HUTCHESON PLACE, LYNBROOK**



**1150 BROADWAY, HEWLETT**



**PHOTOGRAPHS OF COMPARABLE OFFICE RENTALS** *(continued)*



**102 MOTT STREET, OCEANSIDE**



**124 FULTON AVENUE, HEMPSTEAD**

## ANALYSIS OF OPERATING EXPENSES

### INCOME

#### Potential Gross Income

The source of potential gross income (PGI) for the subject property is derived from the projected market rental rate for the subject. The annual rental revenue for the subject property has been estimated at \$361,872.00, with the landlord responsible for base year real estate taxes, insurance, cleaning and repairs and maintenance of the office space, heating of the office space, and structural repairs/reserves and asset management for the entire building, as follows:

	<b>GBA (Sq. Ft. ±)</b>		<b>Market Rent/ Sq. Ft.</b>		<b>Projected PGI</b>
Office Area	13,920	x	\$22.50	=	\$313,200.00
Warehouse Area	3,744	x	\$13.00	=	<u>\$ 48,672.00</u>
Total					\$361,872.00

#### Vacancy and Contingency Allowance

We surveyed the local market and found that demand for office and warehouse space is somewhat soft with some vacancies in the immediate area of the subject property. Based on the subject's professional management and the overall demand of space in the market, we have projected a vacancy allowance of 5.0% to account for the loss of income attributed to lease expiration and tenant turnover and credit and collection loss.

#### Effective Gross Income (EGI)

The difference between the rental income and the vacancy and credit loss allowance provides an estimate of collected, or effective, income as follows:

#### Estimate of Effective Gross Income

Potential Gross Income	\$361,872.00
Less: Vacancy & Credit Loss @ 5.0%	– \$ 18,094.00
<b>EFFECTIVE GROSS INCOME</b>	<b>\$343,778.00</b>



**EXPENSE ANALYSIS**

The subject's improvements are owner-occupied, however, we have not been provided with historical income and expense statements. We have estimated the subject property's operating expenses, to be paid by the landlord, based on available market data and general expense information published in experience exchange reports. We reviewed this information, tempered by our experience in reviewing and appraising similar commercial properties, and concluded with our estimate of expenses.

The following table presents operating expenses for comparable office buildings in Nassau County:

DRAFT

**COMPARABLE OPERATING EXPENSES – NASSAU COUNTY OFFICE BUILDINGS**

	499 Jericho Tpke. Mineola 14,825± sq. ft.	350 Old Country Rd. Garden City 18,394± sq. ft.	320 Old Country Rd. Garden City 23,184± sq. ft.	310 Old Country Rd. Garden City 15,456± sq. ft.	44 So. Bayles Ave. Port Washington 20,452± sq. ft.	185 Willis Ave. Mineola 9,000± sq. ft.	8243 Jericho Tpke. Woodbury 19,320± sq. ft.		
<u>Expenses</u>	<u>\$/Sq. Ft.</u>	<u>\$/Sq. Ft.</u>	<u>\$/Sq. Ft.</u>	<u>\$/Sq. Ft.</u>	<u>\$/Sq. Ft.</u>	<u>\$/Sq. Ft.</u>	<u>\$/Sq. Ft.</u>	<u>Min</u>	<u>Max</u>
	2011	2011	2011	2011	2011	2011	2011		
Insurance	---	\$0.33	\$0.22	\$0.20	\$0.40	--	\$0.32	\$0.20	\$0.40
Utilities	\$0.87	\$2.09	\$1.44	\$1.34	\$3.74	\$5.69	\$1.99	\$0.87	\$5.69
Cleaning	\$1.09	\$0.89	\$0.87	\$0.96	\$0.96	\$2.61	\$1.00	\$0.87	\$2.61
Repairs & Maintenance	<u>\$0.59</u>	<u>\$1.51</u>	<u>\$1.13</u>	<u>\$0.91</u>	<u>\$2.03</u>	<u>\$1.56</u>	<u>\$1.81</u>	\$0.59	\$2.03
<b>Total Operating Expenses</b>	<b>\$2.55</b>	<b>\$4.82</b>	<b>\$3.66</b>	<b>\$3.41</b>	<b>\$7.13</b>	<b>\$9.86</b>	<b>\$5.12</b>	<b>\$2.55</b>	<b>\$9.86</b>

### Real Estate Taxes

We previously presented the subject's taxes in the Assessment and Real Estate Tax Data section of this report. Based on the assessed values as determined by the Village of Lynbrook and Nassau County, we have estimated the current annual real estate tax expense for the subject property at \$54,219.00, or \$3.07 per square foot of rentable building area. The landlord is responsible for the base year real estate tax expense.

### Insurance

Tenants are typically responsible for acquiring individual liability insurance policies for their leased space. It is assumed that the landlord carries fire insurance and an umbrella policy for the improvements. Based on available market data, we have projected an insurance expense of \$0.30 per square foot of gross building area.

### Heat

It is assumed that the landlord will provide heat to the subject office space. Based on the expenses of similar properties, we have assumed a heat expense for the subject office space of \$1.50 per square foot, which considers that the building has steel frame windows with single pane glass that will cause heat loss to a much greater extent than a modern office building.

### Cleaning

It is assumed that the landlord will provide cleaning services to the subject office space. Based on the expenses of similar properties, we have assumed a cleaning expense for the subject office space of \$1.00 per square foot.

### Repairs and Maintenance

A repairs and maintenance expense was considered for the subject property. This expenditure is based on the subject's age/condition and includes the costs necessary for general maintenance of the building, building equipment and systems and supplies. The building is an older structure and we have estimated the repairs and maintenance for the subject office space at \$1.25 per square foot.

### Management & Professional Fees

The item of asset management anticipates the costs of typical property management, including legal and accounting fees. Due to the size of the subject unit, the costs of brokerage commissions and re-leasing expenses have been included in this line item. Management fees are typically expressed as a percentage of collected income and range between 2.0% and 6.0% of EGI. Brokerage fees are additional. We have selected a management fee of 3.0% as being most representative of the subject property's location and tenant type. The management expense is not recoverable from the tenant.

### Structural Repairs & Replacement Reserve

This is an additional cost (i.e., reserve fund) for the repair and/or replacement of short-lived items such as the HVAC system, the windows, roof surface and parking lot surface. This cost is not recoverable from the tenants and does not usually appear as a separate line item in a property's financial statements; however, the periodic repair or replacement of these items is necessary to achieve and maintain the maximum rent levels. The subject building is rentable in its current condition, but has items of deferred maintenance that will likely need to be attended to in the near future. The *Korpacz National Suburban Office Market Survey, First Quarter 2013* indicates a range for reserves of \$0.15 to \$0.50 per square foot. We have applied a replacement reserve of \$1.00 per square foot of GBA, which takes into consideration the fact that the subject building has areas of deferred maintenance.

**ESTIMATE OF INCOME AND EXPENSES**

<b><u>POTENTIAL GROSS INCOME</u></b>		
Potential Gross Income		\$361,872
Less: Vacancy & Collection Loss (5.0%)		- \$ 18,094
Effective Gross Income		\$343,778
<b><u>OPERATING EXPENSES</u></b>		<b><u>\$/Annum (rd.)</u></b>
Real Estate Taxes	\$54,219	
Insurance	\$ 6,300	
Heat	\$20,880	
Cleaning	\$13,920	
Repairs & Maintenance	\$17,400	
Management/Legal & Professional @ 3.0%	\$10,300	
Structural Repairs/Reserves	<u>\$20,900</u>	
Total Operating Expenses		- <u>\$143,919</u>
<b>NET OPERATING INCOME</b>		<b>\$199,859</b>

## CHOICE OF CAPITALIZATION RATE

We have applied the direct capitalization method in this report using the Ackerson technique.

The choice of mortgage terms and equity dividend and yield rates considered several factors. Among them were the location, type, age and condition of the subject property, the stability of the tenancy, existing lease terms and conditions, and the supply and demand for similar rental units.

Recently, mortgage interest rates have ranged from 4.00% to 8.00% per annum on five- to ten-year maturities using a 15- to 30-year amortization schedule. The annual mortgage constants typically range from 5.0% to 10.0%.

The estimated available first mortgage financing, at 65% of value for the subject, is at 5.25% interest with an amortization on a 25-year basis.

While there are several methods of estimating a capitalization rate with anticipated property appreciation or depreciation considered, the mortgage–equity analysis method is used here, applying market-derived data tempered by our experience with similar properties.

We considered the risk, cost of funds, long-term yield on exempt, tax-sheltered and taxable competing investments, the quality of the income stream and the liquidity of the asset. The measure of risk is perceived in the bond market using the yields on corporate and municipal obligations as an indication.

Short- and long-term economic indicators, as published in the *Federal Reserve Statistical Release H.15* on May 3, 2013, were as follows:



<b><u>Long-Term</u></b>	<b><u>Indicator</u></b>
Treasury Bonds (10-year)	1.70%
Treasury Bonds (20-year)	2.49%
Med. Qual. Corporate Bonds (Baa)	4.52%
Municipal Bonds	3.77%
<b><u>Short-Term</u></b>	
Federal Funds	0.13%
Treasury Bills (3-month)	0.05%
Reserve Bank Discount Rate	0.75%
Prime Rate (monthly average)	3.25%

These yields provide an indication of the cost of funds within a liquid financial environment. To the basic yield indicated by the cost of funds, we added the risk, liquidity and entrepreneurial effort necessary to produce a profit from a real estate investment such as the subject property. The subject property would not be considered institutional grade. Other factors that shaped our choice of capitalization rate were the location and setting of the subject property within the local market. Taking into consideration the condition of the subject improvements, the equity yield rate has been estimated at 13.0%, which became a component of the capitalization rate.

Mortgage amortization and property appreciation create equity build-up which accrues to the investor as a capital gain when the investment is terminated. The band of investment is structured to reflect these components. The accrual of mortgage amortization was computed by use of a sinking fund factor at the equity rate for the term of the mortgage or the holding period of the investment.

Using a holding period of 10 years, the product of the mortgage to property value ratio, the mortgage amortization and the sinking fund factor and an estimate of property appreciation over the holding period times the sinking fund factor were each deducted from the weighted average of the ratio of mortgage to property value times the mortgage constant plus the equity ratio to property value times the equity yield. (Appreciation in property value was estimated to be 0.5% per year, or 5.0% over the projected holding period.)

The capitalization rate is calculated as follows:

First Mortgage	.65	x	0.07191	=	0.046741
Equity Yield Rate	.35	x	0.13000	=	<u>0.045500</u>
Weighted Average					0.092241
Less: Allowance for Equity Build-up	.65	x	0.25455	x	.05429
				=	(.008983)
Less: Allowance for Appreciation			0.05000	x	.05429
				=	<u>(.002714)</u>
Total Adjustment					(.011697)
Indicated Capitalization Rate					.080544
				Rd:	.08

### Investor Indices and Investment Parameters

According to the PwC *National Suburban Office Report, 1<sup>st</sup> Quarter 2013*, the underlying fundamentals are improving slowly for the national suburban office market as a whole. On a year-over-year basis in 2012, the overall vacancy rate for the U.S. suburban office sector dipped only 91 basis points to 17.29%, as per Cushman & Wakefield. Still, of the 37 suburban areas included in its research, 26 of them reported year-over-year declines in vacancy. The other eleven suburban markets reported increases in office vacancy, including Northern Virginia, Westchester County, and Philadelphia. Like their downtown counterparts, most suburban office areas remain oversupplied due to a lack of employment growth. “Diminished demand on the part of a labor pool that increasingly wants to work in an urban setting is one concern that investors have about this market,” comments a participant. Another issue is that suburban office product has historically been more volatile, making it difficult to time acquisitions and dispositions. While some investors believe that the cons associated with buying suburban office assets outnumber the pros, positive elements include cheaper rents, the opportunity to invest at discounted prices, less competition for high-quality assets, and the ability to diversify through geography and asset class.

The following table presents a synopsis of the *PwC National Suburban Office Market, 1<sup>st</sup> Quarter 2013*:

## NATIONAL SUBURBAN OFFICE MARKET

(First Quarter 2013)

<b>Table 5</b>					
<b>NATIONAL SUBURBAN OFFICE MARKET</b>					
First Quarter 2013					
	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
<b>DISCOUNT RATE (IRR)<sup>a</sup></b>					
Range	6.00% – 12.50%	6.00% – 12.50%	6.00% – 12.50%	7.25% – 14.00%	7.00% – 12.50%
Average	8.70%	8.49%	8.68%	10.07%	8.74%
Change (Basis Points)		+ 21	+ 2	- 137	- 4
<b>OVERALL CAP RATE (OAR)<sup>a</sup></b>					
Range	5.00% – 10.50%	5.00% – 10.50%	5.00% – 11.00%	6.75% – 12.00%	5.00% – 10.50%
Average	7.50%	7.42%	7.52%	8.79%	7.13%
Change (Basis Points)		+ 8	- 2	- 129	+ 37
<b>RESIDUAL CAP RATE</b>					
Range	6.00% – 11.00%	6.00% – 11.00%	6.00% – 11.00%	7.00% – 11.50%	6.00% – 11.00%
Average	8.03%	7.89%	7.95%	8.85%	7.90%
Change (Basis Points)		+ 14	+ 8	- 82	+ 13
<b>MARKET RENT CHANGE<sup>b</sup></b>					
Range	(3.00%) – 4.00%	(3.00%) – 4.00%	(5.00%) – 4.00%	(20.00%) – 3.00%	0.00% – 8.00%
Average	1.40%	1.55%	1.54%	(2.46%)	3.14%
Change (Basis Points)		- 15	- 14	+ 386	- 174
<b>EXPENSE CHANGE<sup>b</sup></b>					
Range	2.00% – 4.00%	2.00% – 4.00%	2.00% – 4.00%	1.00% – 4.00%	3.00% – 4.00%
Average	2.70%	2.73%	2.79%	2.71%	3.09%
Change (Basis Points)		- 3	- 9	- 1	- 39
<b>MARKETING TIME<sup>c</sup></b>					
Range	2 – 18	2 – 18	2 – 18	3 – 18	2 – 9
Average	8.8	9.0	8.5	9.0	6.1
Change (▼, ▲, =)		▼	▲	▼	▲
<small>a. Rate on unleveraged, all-cash transactions    b. Initial rate of change    c. In months</small>					

According to the *Korpacz National Net Suburban Office Market, First Quarter Survey 2013*, overall capitalization rates ranged from 5.00% to 10.50%, with an average of 7.50%. Therefore, our selected capitalization rate of 8.0% is within the range of the national surveys. The selected rate reflects the subject's specific location, usage, characteristics, age and condition.

Based on the preceding analysis, we have capitalized the subject's potential net income as follows:

<u>Net Operating Income</u> Capitalization Rate	<u>\$199,859.00</u> .08	=	<b>Indicated  Capitalized Value</b> <b>\$2,498,243.00*</b>
--	----------------------------	---	---

\*Predicated upon the extraordinary assumptions and limiting conditions as defined within the body of this report.

The above value is contingent on the installation of tenant improvements for a new tenant. Much of the office space finishes in the building are in good condition, however a new tenant may need to reconfigure the space. In addition, the subject office space currently includes an unused computer room with a raised floor and some R&D space that may need to be completely refinished. We have estimated a cost of \$25.00 per usable square foot for tenant improvements to the subject office space, which amounts to approximately \$300,000.00. We have also assumed that there will be a six month period of rent loss in order to lease the entire subject property, which amounts to approximately \$180,000.00. In addition, the leasing of the subject property will incur a broker's commission, which amounts to approximately \$150,000.00 based on a ten-year lease term. We have deducted these amounts from the above value, as indicated in the following table:

Capitalized Value Indication	\$2,498,243.00
Less: Cost for TI's (Rd.)	\$ 300,000.00
Less: Rent Loss (Rd.)	\$ 180,000.00
Less: Broker's Commission (Rd.)	\$ 150,000.00
<b>Income Capitalization Approach Value Opinion</b>	<b>\$1,868,243.00*</b>
<b>(Rounded)</b>	<b>\$1,875,000.00*</b>

\* Predicated on the assumptions and limiting conditions as defined within the body of this report.

## **SALES COMPARISON APPROACH METHODOLOGY**

The sales comparison approach involved a comparison of the subject property to similar properties that have sold in the same or in a similar market in order to derive a market value indication for the subject. The following steps were implemented in arriving at our estimate of value for the subject property via the sales comparison approach:

- 1) Pertinent sales, listings, offerings and/or rental data that were available for similar properties were researched.
- 2) The prices as to the terms, motivating forces and bona fide nature of each transaction were confirmed and qualified.
- 3) The important attributes of each comparable property were compared to the corresponding ones of the subject under the general categories of time, tenant mix, location, size and property characteristics.
- 4) All dissimilarities and their probable effect on the price of each comparable property were considered to derive a market value indication for the subject.
- 5) An opinion of market value for the subject property was formulated from the analyzed data.

***SALES COMPARISON APPROACH***  
***"AS IS" VALUE***

DRAFT

## ANALYSIS OF COMPARABLE COMMERCIAL BUILDING SALES

We have researched the Nassau County real estate market for recent commercial building sales in order to estimate the value of the subject property, a three-story commercial building containing 20,880± square feet of gross above-grade building area (GBA), of which two floors are finished office space and one floor is part warehouse space and part utility space.

As mentioned in the preceding section, the subject building is considered to have limited potential for retail use, given the poor visibility of the ground floor.

We have selected the most recent commercial building sales that are comparable to the subject for analysis purposes. The sales were analyzed on the basis of price per square foot of GBA. The following table presents a summary of the commercial building sale transactions that were researched:

### Summary of Comparable Commercial Building Sales

<u>Sale No.</u>	<u>Location</u>	<u>Sale Date</u>	<u>Sale Price</u>	<u>Land Area (Sq. Ft. ±)</u>	<u>Building Area (Sq. Ft. ±)</u>	<u>L-to-B Ratio</u>	<u>Sale Price/ Sq. Ft.</u>
1	325 Merrick Avenue East Meadow	Offering	\$2,475,000	31,816	10,460	3.04	\$236.62
2	20 Central Avenue Valley Stream	8/6/12	\$2,330,000	16,720	16,023	1.04	\$145.42
3	151 Herricks Road Garden City Park	4/20/12	\$2,600,000	43,560	20,645	2.11	\$125.94
4	450 Endo Boulevard East Garden City	5/2/11	\$3,400,000	30,084	18,742	1.61	\$181.41
5	185 Merrick Road Lynbrook	2/18/11	\$1,450,000	8,250	12,696	0.65	\$114.21

The above sales occurred between February 2011 and August 2012, plus one current offering. The unadjusted sale prices range from \$114.21 to \$236.62 per square foot of GBA.



### **Comparable Sales Adjustment Analysis**

To derive a value for the subject property from these sales, we considered different factors that affect the sale price of each property as compared to the subject. In our analysis, we made price adjustments for differences and narrowed the range indicated by the comparables through this process. Upward adjustments suggest that the comparable is inferior to the subject, while downward adjustments indicate the comparable to be superior.

We considered the terms of the sale and financing. All of the comparable sales were sold under similar conditions and did not require adjustments for these factors.

#### **Market Conditions (Time)**

The above sales occurred between February 2011 and August 2012, plus one current listing. Based on available market data, we have considered that market conditions have stabilized since mid-2010. Therefore, Sales #2 through #5 occurred under similar market conditions as compared to the present and were not adjusted. Sale #1, the current offering, warranted a downward adjustment to account for the typical negotiation process between market participants.

#### **Location**

The subject property is located on the corner of Sunrise Highway and Peninsula Boulevard in the community of Lynbrook. Sales #2, #3 and #5 have inferior locations overall as compared to the subject and warranted upward adjustments. The remaining sales are situated in a superior locales relative the subject, with downward adjustments applied, accordingly.

#### **Size**

The subject property contains a gross above-grade building area of 20,880± square feet. The comparable sale buildings range in size from 10,460± to 20,645± square feet. Economies of scale dictate that larger buildings usually sell for less on a per-square foot basis than smaller ones, other factors being equal. Sales #1 and #5 are smaller in size as compared to the subject building and warranted a downward adjustment. The remaining comparable

sales are considered similar in size relative to the subject building and did not require adjustments.

#### Site Utility

The subject property is an irregular-shaped corner parcel that provides adequate parking for the subject improvement. The property includes a water pump and underground water pipes that are assumed to have limited impact on the use of the subject property. All of the comparable sales provide less property for parking, and were adjusted upward for site utility.

#### Building Characteristics

We also accounted for differences between the sales and the subject with respect to age, condition, utility and overall market appeal. The subject is a three-story commercial building with unfinished ground floor space, which is inferior to all of the comparable sales. In addition, the building has several significant areas of deferred maintenance.

Differences in age/quality and condition, relative the subject property, were considered. All of the comparable sales were deemed superior to the subject building, and downward adjustments were applied accordingly.

The table on the following page quantifies the various adjustments made to each comparable commercial building sale:

**ADJUSTMENTS TO THE COMPARABLE COMMERCIAL BUILDING SALES**

Sale No.	Location	Sale Date	Sale Price	Building Area (Sq. Ft. ±)	Sale Price/ Sq. Ft.	x	Time Adj.	=	Time Adj. Price/ Sq. Ft.	x	Loc.	x	Adjustments			=	Total Adj.	=	Adj. Price/ Sq. Ft.
													Site Utility	x	Bldg. Charact.				
1	325 Merrick Ave. East Meadow	Offering	\$2,475,000	10,460	\$236.62		0.90		\$212.95		0.90		0.95	1.10		0.55		0.52	\$110.73
2	20 Central Ave. Valley Stream	8/6/12	\$2,330,000	16,023	\$145.42		1.00		\$145.42		1.10		1.00	1.15		0.50		0.63	\$ 91.61
3	151 Herricks Rd. Garden City Park	4/20/12	\$2,600,000	20,645	\$125.94		1.00		\$125.94		1.10		1.00	1.20		0.70		0.92	\$115.86
4	450 Endo Blvd. East Garden City	5/2/11	\$3,400,000	18,742	\$181.41		1.00		\$181.41		0.95		1.00	1.25		0.55		0.65	\$117.92
5	185 Merrick Rd. Lynbrook	2/18/11	\$1,450,000	12,696	\$114.21		1.00		\$114.21		1.10		0.95	1.30		0.70		0.95	\$108.50

**COMMERCIAL BUILDING VALUE CONCLUSION – SALES COMPARISON APPROACH**

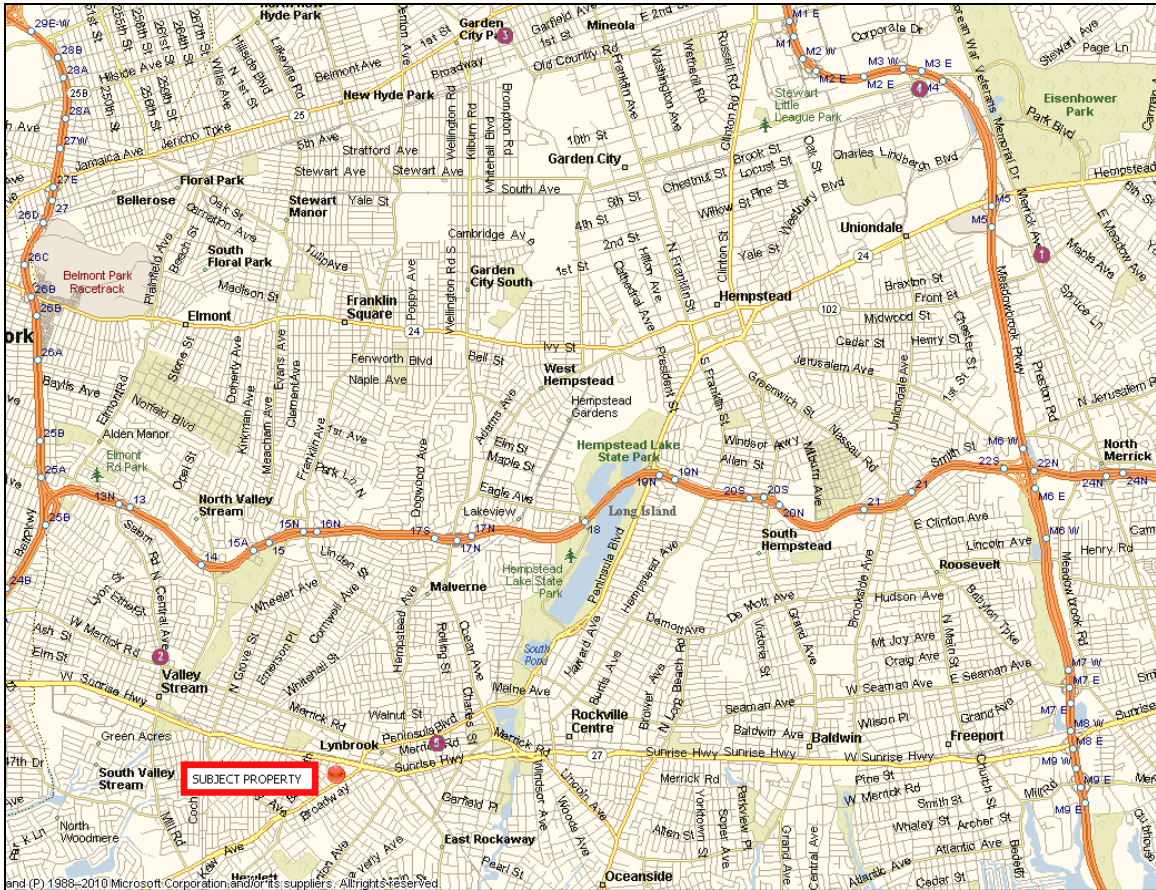
Prior to adjustments, the comparable commercial building sales indicated a range of values from \$114.21 to \$236.62 per square foot of GBA. After adjustments, this narrowed to a range of \$91.61 to \$117.92, with a mean indicator of \$108.92 and a median indicator of \$110.73 per square foot.

Based on the above, we have selected a sale price of \$110.00 per square foot of GBA as appropriate for the subject property, which resulted in the following estimate of value of the subject property under the sales comparison approach:

Gross Building Area (Sq. Ft. ±)	20,880
Value/Sq. Ft.	x \$ 110.00
<b>Sales Comparison Approach Value Opinion</b>	<b>\$2,296,800.00*</b>
	<b>Rounded \$2,300,000.00*</b>

\*Predicated upon all assumptions & conditions as defined within the body of this report.

**COMPARABLE COMMERCIAL BUILDING SALES LOCATION MAP**



1	325 Merrick Avenue, East Meadow
2	20 Central Avenue, Valley Stream
3	151 Herricks Road, Garden City Park
4	450 Endo Boulevard, East Garden City
5	185 Merrick Road, Lynbrook

**LIST OF COMPARABLE COMMERCIAL BUILDING SALES**

**Commercial Building Sale #1**  
**Section 50, Block 462, Lot 38, 46-47**  
**(Current Offering)**

**325 Merrick Avenue**  
**East Meadow, Nassau County, New York**



<b>Grantor</b>	Douglas Payton & Co.
<b>Date of Sale</b>	Available
<b>Description</b>	A one- and part two-story and basement, elevator-serviced, multi-tenant office building containing 10,460± square feet of GBA above-grade, originally constructed circa 1966 on an "L"-shaped site with frontages on Merrick Avenue and Front Street. The building is in average overall condition. On-site parking is provided in front and rear.
<b>Land Area</b>	31,816± sq. ft. (0.73± acres)
<b>GBA</b>	10,460± sq. ft.
<b>Land-to-Building Ratio</b>	3.04:1.00
<b>Asking Sale Price</b>	\$2,475,000.00
<b>Sale Price/Sq. Ft.</b>	\$236.62



**Commercial Building Sale #2**  
 Section 37, Block 218, Lot 234-236,  
 Section 37, Block S, Lots 3-5

**20 Central Avenue**  
 Valley Stream, Nassau County, New York



<b>Grantor/Grantee</b>	Gottlieb & Gottlieb LLC/20 North Ctrl Avenue Realty, LLC
<b>Date of Sale (Recorded)</b>	8/6/12 (8/7/12)
<b>Description</b>	A two-story, single-tenant office building constructed circa 1990 over grade level parking. According to the listing in LoopNet.com, the tenant was vacating in June 2012, and the building would be delivered vacant. This property includes on-site parking under the building plus additional parking in a 6,000± square foot lot across the street, providing 59 parking spaces in total.
<b>Land Area</b>	16,720± sq. ft. (both lots)
<b>Gross Building Area</b>	16,023± sq. ft.
<b>Land-to-Building Ratio</b>	1.04:1.00
<b>Indicated Sale Price</b>	\$2,330,000.00
<b>Sale Price/Sq. Ft.</b>	\$145.42



**Commercial Building Sale #3**  
**Section 33, Block 172, Lots 1-4, 27-29, 44, 45**

**151 Herricks Road**  
**Garden City Park, Nassau County, New York**



<b>Grantor/Grantee</b>	Franklin D. Nastasi Trust/MMT Realty, LLC
<b>Date of Sale (Recorded)</b>	4/20/12 (4/25/12)
<b>Liber/Page</b>	12821/761
<b>Description</b>	A two-story, multi-tenant, elevator-serviced, office/warehouse building constructed circa 1985. The building contains 4,891± square feet of warehouse space (24%), accessed from the rear. This property has limited on-site parking, containing 28 parking spaces.
<b>Land Area</b>	43,560± sq. ft.
<b>Gross Building Area</b>	20,645± sq. ft.
<b>Land-to-Building Ratio</b>	2.11:1.00
<b>Indicated Sale Price</b>	\$2,600,000.00
<b>Sale Price/Sq. Ft.</b>	\$125.94
<b>Comments</b>	CoStar lists the original asking price as \$5,750,000.00, and that the property was on the market for four years. The property was previously conveyed in May 2005 for a consideration of \$3,500,000.00 (169.53/sq. ft.).

**Commercial Building Sale #4**  
**Section 44, Block F, Lot 188**

**450 Endo Boulevard**  
**East Garden City, Nassau County, New York**



<b>Grantor/Grantee</b>	Carol Stahl/450 Acquisition Company LLC
<b>Date of Sale (Recorded)</b>	5/2/11 (5/11/11)
<b>Liber/Page</b>	12719/188
<b>Description</b>	One and partial-two story elevator-serviced medical office building, constructed circa 1962 on a corner parcel, in good condition. Approximately 10% of the building area is unheated storage and utility areas. The property includes limited on-site parking, and additional parking for the property is provided through a license agreement with the LIRR to use the unused right-of-way adjacent to the property.
<b>Land Area</b>	30,084± sq. ft.
<b>Gross Building Area</b>	18,742± sq. ft.
<b>Land-to-Building Ratio</b>	1.61:1.00
<b>Indicated Sale Price</b>	\$3,400,000.00
<b>Sale Price/Sq. Ft.</b>	\$181.41

**Commercial Building Sale #5**  
**Section 38, Block 76, Lots 173, 510-511**

**185 Merrick Road**  
**Lynbrook, Nassau County, New York**



<b>Grantor/Grantee</b>	R&R Realty/185 Merrick LLC
<b>Date of Sale (Recorded)</b>	2/18/11 (3/17/11)
<b>Liber/Page</b>	12703/516
<b>Description</b>	A two-story and finished basement elevator-serviced medical office building, constructed circa 1987 on a corner parcel, in good condition. The second floor extends partially over the rear parking lot. The property includes limited on-site parking. There is also additional parking available in a municipal parking lot along Peninsula Boulevard on the opposite side of the block.
<b>Land Area</b>	8,250± sq. ft.
<b>Gross Building Area</b>	12,696± sq. ft. (including the finished basement)
<b>Land-to-Building Ratio</b>	0.65:1.00
<b>Indicated Sale Price</b>	\$1,450,000.00
<b>Sale Price/Sq. Ft.</b>	\$114.21

## CORRELATION AND VALUE CHOICE

The three traditional approaches to value were considered in the “as is” valuation of the subject property and a brief discussion of each follows:

### Cost Approach

In appraisal theory, it is assumed that an informed purchaser would pay no more for a property than the cost of producing a similar investment. Its importance as a valuation tool is limited and overshadowed by the income capitalization and sales comparison approaches. It has, however, most validity when a building is new and there is a sufficiency of comparable land sales. Due to the difficulty in measuring depreciation in buildings of advanced age, such as the subject property, we did not utilize the cost approach in this appraisal.

### Income Capitalization Approach

The conversion of an anticipated income stream to current value is a most probative value indication for an investment property. Future monetary benefits attract investment capital to properties such as the subject property. Factors such as security of cash flow, current tenancy, income tax benefits, anticipated appreciation and yields from other investments are all part of the equation leading to a value solution.

The direct capitalization method was utilized in this report. The value indication derived under the income capitalization approach, *based on the assumptions and limiting conditions as defined within the body of this report*, was:

\$1,875,000.00

### Sales Comparison Approach

The theoretical basis for the valuation technique is that an informed purchaser will pay no more for a property than the cost of acquiring an existing property of similar investment features. This approach requires an active market supplying a sufficient number of sales of comparable improved properties. As it applies to the valuation estimate of the subject

property, there were a sufficient number of office building sales from which we were able to extrapolate a market value.

The value indication derived under the sales comparison approach, *based on the assumptions and limiting conditions as defined within the body of this report*, was:

\$2,300,000.00

### **FINAL VALUE CHOICE**

We have relied on both the sales comparison approach and the income capitalization approach in arriving at a value estimate for the subject property. However, the most weight was given to the sales approach since the subject property is a single-tenant property. Considering all of the above, our final choice of market value of the fee simple estate of the subject property, as of June 18, 2013, *based on the assumptions and limiting conditions as defined within the body of this report*, has been made at:

**TWO MILLION TWO HUNDRED THOUSAND DOLLARS**

**(\$2,200,000.00)**

**SALES COMPARISON APPROACH--  
MULTI-FAMILY DEVELOPMENT LAND VALUE**

DRAFT

## **ANALYSIS OF COMPARABLE BULK RESIDENTIAL LAND SALES**

In addition to the “as is” valuations of the subject property considered in the preceding sections, we have been asked to consider the value of the subject property as vacant land. We have considered the subject property as it is currently zoned, which consists of the Sunrise Highway frontage of the property being zoned Commercial, and the rear portion of the property being zoned Residence C. We have assumed that the Commercial zoning extends to a depth of 100 feet, which would occupy less than half of the subject property. The downward slope of the property along Sunrise Highway limits the development potential of the commercial frontage. In addition, the New York American Water well and pump are located near the center of the Commercial-zoned portion of the property, placing an additional constraint on its development. A commercial building developed on the Sunrise Highway frontage of the property may also negatively impact the rear residentially zoned portion of the property.

As indicated above, it may be impractical to develop the front Commercial-zoned portion of the subject property on its own. The rear portion of the subject property that is currently located within the Residence C zoning district is not permitted for commercial use, without a zoning change or variance. Use of the entire property for commercial development is considered in the following section.

The Residence C zoning district permits one- and two-family housing on minimum 6,000 square foot lots. Subdivision of the subject property into housing lots is considered impractical given current state of the housing market, and the specifics of the subject property in terms of its configuration, slope, and easements, and the traffic generated on Sunrise Highway and Peninsula Boulevard. Multi-family housing development in the Village of Lynbrook requires approval by the Board of Trustees. The rear portion of the property would likely be approved for multi-family housing. The village may require that the entire subject property be developed as multi-family housing, as opposed to splitting the property into a commercial development site along Sunrise Highway and a multi-family development site to



the rear along Peninsula Boulevard. In this section, an analysis of the subject property is considered based on approval of the entire property for multi-family development in accordance with the Village of Lynbrook regulations for Multiple Dwellings.

The subject parcel size is 1.82± acres (79,410± square feet). A multi-family development of 82 units is possible, based on the permitted density of 45 units per acre. The village Multiple Dwelling zoning regulations state that the building cannot have a height greater than 30 feet or 2½ stories, and the building area cannot exceed 40% of the lot area. A two-story building would therefore have a floor area ratio of 80% of the lot area, which would allow a two-story multi-family residential development with a maximum building area of 63,528 square feet to be constructed on the site. The maximum 82 units would have an average maximum gross unit size of approximately 775 square feet (including common areas), which would indicate an actual average unit size of approximately 660 square feet, assuming a 15 percent loss factor. A development based on an average unit size of 1,000 usable square feet (which is more common for the area) would contain approximately 54 units.

We have conducted a search for recent residential bulk land sales from which we were able to arrive at an indication of subject land value as vacant and available for development as allowed under the Multiple Dwelling district regulations. Therefore, we have performed a search for land sales of sites zoned for residential use that permit multi-family residential development. Our survey of the local residential land transfers in the immediate area indicated a limited number of residential bulk land sales to have occurred. Therefore, we have expanded our search to other areas of Nassau County and to Suffolk County. The comparable land sales are presented herein on the basis of sale price per unit.

The related costs and time frame required to undertake obtaining the village Board of Trustees approval for Multiple Dwelling development have been assumed to be incidental, and have not been considered in this analysis. In addition, it has been assumed that there are no environmental contamination issues that would prevent the redevelopment of the site for

residential use. The clean-up cost of any environmental contamination has also not been considered, were such contamination to be uncovered.

A number of recent listings and transfers of vacant residential land have been researched, and are presented in the table on the following page.

DRAFT

**Summary of Comparable Bulk Residential Land Sales**

	<u>Address</u>	<u>Date of Sale</u>	<u>Sale Price</u>	<u>Land Area</u>	<u># of Units</u>	<u>Density (Units/Acre)</u>	<u>Sale Price/Unit</u>
1	CYPRESS WAY TOWNHOMES 3025 Sunrise Highway Islip Terrace (Suffolk County)	Available	\$ 1,999,000	2.89	26	9.00	\$76,885
2	1200 Stewart Avenue East Garden City (Nassau County)	Offer	\$ 5,250,000	4.62	94	20.35	\$55,851
3	THE WINSTON @ MINEOLA 140, 146, 150 & 160 Old Country Road Mineola (Nassau County)	In Contract	\$20,950,000	2.02	275	136.14	\$76,182
4	THE WATER WORKS APARTMENTS Brookside Avenue Freeport (Nassau County)	9/28/12	\$ 6,220,000	4.20	121	28.81	\$51,405
5	WESTHAMPTON BEACH TOWNHOMES 63-77 Riverhead Road Westhampton (Suffolk County)	5/1/2012	\$ 3,006,000	6.60	39	5.91	\$77,077
6	ALEXAN ON MAIN 287 & 303 Main Street Hempstead (Nassau County)	4/20/2011 4/26/2011	\$ 9,112,006	1.76	166	94.16	\$54,892
7	ALEXAN @ WEST HEMPSTEAD STATION 130 Hempstead Avenue West Hempstead (Nassau County)	2/10/2011	\$ 8,030,000	2.72	150	55.19	\$58,887
8	AVALON BAY GARDEN CITY S/S Stewart Ave, W/O Endo Blvd. East Garden City (Nassau County)	5/3/2010	\$12,600,000	8.01	160	19.98	\$78,750

**DISCUSSION OF ADJUSTMENTS – BULK RESIDENTIAL LAND SALES**

The comparable sites range in size from 1.76± to 8.01± acres of gross land area with approvals for residential development. The comparable sites contain residential development approvals ranging from 26± to 275± buildable units, with unadjusted sales prices ranging from \$51,405.00 to \$78,750.00 per unit.

Prior to estimating the land value of the subject property, the differences between the comparables as they relate to the subject property were considered. On this basis, quantitative adjustments were applied to each of the sales per unit to reflect those differences and refine the

indicated range. An upward adjustment indicates that the comparable is inferior to the subject property, while a downward adjustment indicates the comparable to be superior.

We considered the terms of the sale and financing. All of the comparable sales were sold under similar conditions and did not require adjustments for these factors.

#### Market Conditions (Time)

An adjustment was considered for market conditions (time). Vacant land has become scarce on Long Island as the remaining developable parcels are being purchased. Bulk Land Sale #1 is on the market as available, Bulk Land Sale #2 is a current offer, and Bulk Land Sale #3 is under contract. These sales have been adjusted downward, due to the likely negotiation downward of the price of Sale #1, and the potential change in price to Sales #2 and #3. Sales #4 and #5 occurred during 2012 under similar market conditions as currently exist, and did not require adjustment. The remaining bulk land sales occurred during 2011. Interest in purchasing and developing residential land for multi-family housing has increased since then. These sales were adjusted upward for inferior market conditions during 2011 for vacant multi-family residential land.

#### Location

The location adjustment is predicated on a number of factors. The general condition of each comparable site, as well as the distance from each comparable site to major arteries, railroad stations and shopping areas as it relates to the subject was considered. Also reviewed were the demographics of other properties in the immediate areas of the comparables. The subject property is located in Lynbrook, which is a desirable residential location, although it is located at a major traffic intersection. Bulk Land Sale #3 is considered relatively similar to the subject location, requiring no adjustment. Bulk Land Sales #1, #2, #4 #7, and #8 are situated in inferior residential locations as compared the subject location, and were adjusted upward. The remaining bulk land sales are situated in superior residential communities relative to the subject location, and downward adjustments were applied accordingly.

### Size

An additional adjustment was considered for size. Typically, the larger a residential development, the greater the acquisition cost per unit because the costs of development are lower on a per unit basis. Bulk Land Sales #2 and #5 are relatively similar in size as the assumed development on subject property, did not require adjustments. Sale #1 has a smaller yield than the subject property and was adjusted upward. The remaining comparable sales have a greater yield than the assumed development on the subject property and were adjusted downward.

### Zoning

The zoning adjustment considered the permitted uses and other zoning regulations of a particular site. The zoning districts of all of the comparable sales permit residential multi-family development and did not require adjustment. However, the Multiple Dwelling zoning regulations considered for the subject property limit the height of any development to two stories, which is inferior to the zoning districts of many of the comparable sales. In addition, the zoning for a number of the comparable sales permit a greater density than would be permitted on the subject property, which also tends to lower the development cost per unit and is superior to the subject zoning district regulations. The bulk land sale comparables have been adjusted accordingly. In this analysis, it is assumed that the subject property would be readily approved for multi-family development.

### Site Utility

The final adjustment considered was for site utility, which included topography, configuration and any natural elements that may impede development. The subject property is a corner property that is slightly irregular in shape. It currently contains a slope easement and a utility easement that minimally affect the use of the property. In addition, it contains two gasoline underground storage tanks that must be removed, and it will contain a utility easement for the well, pump and water pipes that are currently located on the property. Development of the site may require the relocation of the water pipes that are currently

connected to the well on the property. This easement will be more intrusive into the property, but is considered to have a minor impact on the development of the site. The comparable bulk land sales were adjusted accordingly.

The following table summarizes the above-described adjustments we made to the comparable vacant land sales:

DRAFT

**ADJUSTMENTS TO THE BULK RESIDENTIAL LAND SALES**

<u>Sale No.</u>	<u>Address</u>	<u>Date of Sale</u>	<u># of Units</u>	<u>Sale Price/ Unit</u>	<u>Time</u>	<u>Sale Price/ Unit</u>	<u>Loc.</u>	<u>Size</u>	<u>Zoning</u>	<u>Site Utility</u>	<u>Total Adj.</u>	<u>Adj. SP/ Unit</u>
1	CYPRESS WAY TOWNHOMES 3025 Sunrise Highway Islip Terrace (Suffolk County)	Available	26	\$76,885	0.90	\$69,196	1.10	1.10	1.05	0.90	1.14	\$78,884
2	1200 Stewart Ave. East Garden City (Nassau County)	Offer	94	\$55,851	0.95	\$53,059	1.05	1.00	1.00	1.10	1.16	\$61,548
3	THE WINSTON @ MINEOLA 140, 146, 150 & 160 Old Country Road Mineola (Nassau County)	In Contract	275	\$76,182	0.95	\$72,373	1.00	0.90	0.85	0.90	0.69	\$49,937
4	THE WATER WORKS APARTMENTS Brookside Avenue Freeport (Nassau County)	9/28/12	121	\$51,405	1.00	\$51,405	1.20	0.95	0.95	1.00	1.08	\$55,517
5	WESTHAMPTON BEACH TOWNHOMES 63-77 Riverhead Road Westhampton (Suffolk County)	5/1/2012	39	\$77,077	1.00	\$77,077	0.90	1.00	1.10	0.90	0.89	\$68,598
6	ALEXAN ON MAIN 287 & 303 Main Street Hempstead (Nassau County)	4/20/2011 4/26/2011	166	\$54,892	1.10	\$60,381	1.20	0.90	0.85	1.00	0.92	\$55,550
7	ALEXAN @ WEST HEMPSTEAD 130 Hempstead Avenue West Hempstead (Nassau County)	2/10/2011	150	\$53,533	1.10	\$58,887	1.10	0.90	0.95	0.95	0.89	\$52,409
8	AVALON BAY GARDEN CITY S/S Stewart Ave, W/O Endo Blvd. Garden City (Nassau County)	5/3/2011	160	\$78,750	1.10	\$86,625	0.90	0.90	1.00	0.90	0.73	\$63,236



**BULK RESIDENTIAL LAND SALES VALUE CONCLUSION**

The comparable bulk land sales for multi-family residential development were analyzed on the basis of sale price per buildable unit, which is the unit of measurement most commonly used by market participants for vacant tracts of residentially zoned land. The properties sold between February 2011 and September 2012, plus one contracts of sale, an offering and a current listing. The unadjusted sale prices ranged from \$51,405.00 to \$78,750.00 per unit. After adjustments, the sale prices narrowed to a range of \$49,937.00 to \$78,884.00 per unit, with a mean of \$60,710.00 and a median of \$58,549.00 per unit.

Based on the analysis presented above, the subject property has been estimated at \$60,000.00 per unit, which resulted in the following land value estimate under the sales comparison approach, assuming that the village Board of Trustees will approve a multi-family development containing 54 units on the site:

**ESTIMATED LAND VALUE — APPROVED FOR MULTI-FAMILY RESIDENTIAL USE**

Estimated Number of Residential Units	54
Estimated Market Value/Residential Unit	x \$ 60,000.00
<b>Estimated Land Value As if Approved for Multi-family Development</b>	<b>\$3,240,000.00*</b>
<b>Less Cost to Demolish Existing Improvements (at \$12.00/sq. ft.)</b>	<b>\$ 250,000.00</b>
<b>Residential Land Value Via Sales Comparison Approach</b>	<b>\$2,990,000.00*</b>
<b>(Rounded)</b>	<b>\$3,000,000.00*</b>

\*Predicated upon the extraordinary assumptions and limiting conditions as defined within the body of this report, and assuming the projected 54 apartment unit yield would be permitted on the subject site.

This estimate of value does not include any deduction for the time and expense that would be required for the subject property to be approved for multi-family residential development, which is assumed to be incidental, and would run concurrent with the current use.

**COMPARABLE BULK RESIDENTIAL LAND SALES LOCATION MAP**



Copyright © and (P) 1988–2010 Microsoft Corporation and/or its suppliers. All rights reserved.

1	<b>Cypress Way Townhomes, Islip Terrace</b>
2	<b>1200 Stewart Avenue, East Garden City</b>
3	<b>The Winston @ Mineola, Mineola</b>
4	<b>Water Works Apartments, Freeport</b>
5	<b>Westhampton Beach Townhomes, Westhampton</b>
6	<b>Avalon Bay Garden City, East Garden City</b>
7	<b>The Alexan on Main, Hempstead</b>
8	<b>The Alexan @ West Hempstead Station, West Hempstead</b>

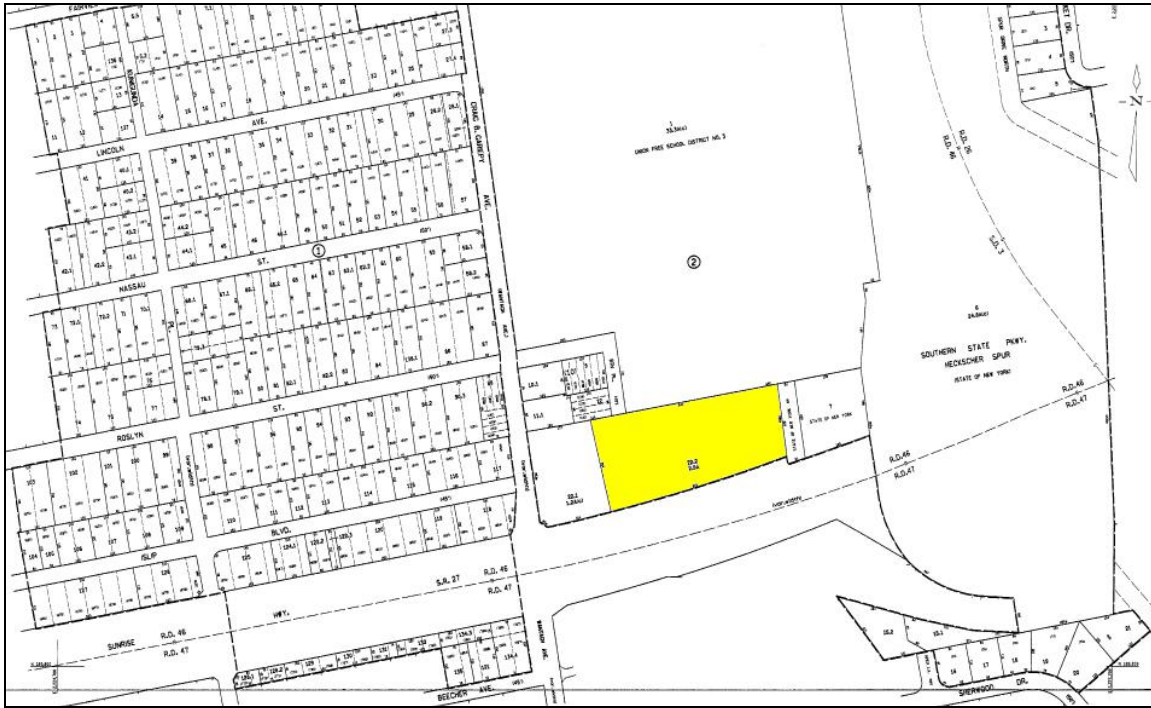
**LIST OF COMPARABLE BULK RESIDENTIAL LAND SALES**

<b>Bulk Residential Land Sale #1</b> <i>District 500, Section 297, Block 2, Lot 22.2</i> <i>(Current Listing)</i>	<b>CYPRESS WAY TOWNHOMES</b> <b>3025 Sunrise Highway</b> <b>Islip Terrace, Suffolk County, New York</b>
---	---



<b>Grantor</b>	3025 Sunrise Highway LLC
<b>Date of Sale</b>	Available as of 7/12
<b>Description</b>	This site is currently vacant and unimproved. The seller currently has approvals to construct a 26-unit, residential condominium complex for seniors (55+). The improvements are proposed to contain four buildings, with individual unit sizes of 1,200± square feet (including decks). All architectural and application fees have been paid for and the site is fully permitted with the Attorney Generals HOA approval.
<b>Zoning</b>	B1 - Town of Islip (Planned Unit Development)
<b>Land Area</b>	2.89± acres (125,888± sq. ft.)
<b>No. of Buildable Units</b>	26
<b>Density</b>	9.00± units per acre
<b>Asking Sale Price</b>	\$1,999,000.00
<b>Sale Price/Unit</b>	\$76,885.00

**TAX MAP – BULK RESIDENTIAL LAND SALE #1**



DRAFT



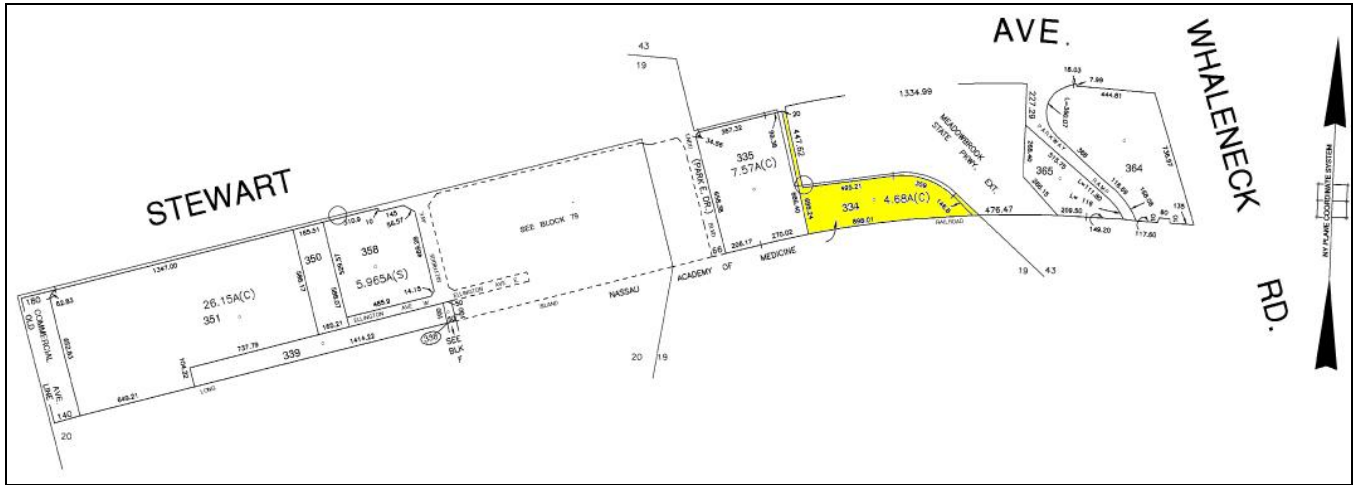
**Bulk Residential Land Sale #2**  
**Section 42, Block M-1, Lot 322**  
**(Offer for Property)**

**1200 Stewart Avenue**  
**East Garden City, Nassau County, New York**



<b>Grantor</b>	Nassau Academy of Medicine
<b>Date of Sale</b>	N/A
<b>Description</b>	The property is comprised of a flag-shaped parcel of land containing 4.62± acres (201,240± square feet) located in a quasi-industrial area. This site is currently improved with a 15,369± single-tenant office building constructed in 1957 and expended in 1964. An offer has been made to purchase the property based on approval for 94 residential units.
<b>Zoning</b>	CA Residence from Residence B – Town of Hempstead (assumed)
<b>Land Area</b>	4.62± acres (201,240± sq. ft.)
<b>No. of Buildable Units</b>	94 (based on developer's offer)
<b>Density</b>	20.35± units per acre
<b>Offer</b>	\$5,250,000.00
<b>Sale Price/Unit</b>	\$55,851.00

**TAX MAP – BULK RESIDENTIAL LAND SALE #2**



DRAFT

**Bulk Residential Land Sale #3**  
 Section 9, Block 430, Lots 10, 65, 212, 411,  
 415 and 418-419  
 (Contract of Sale)

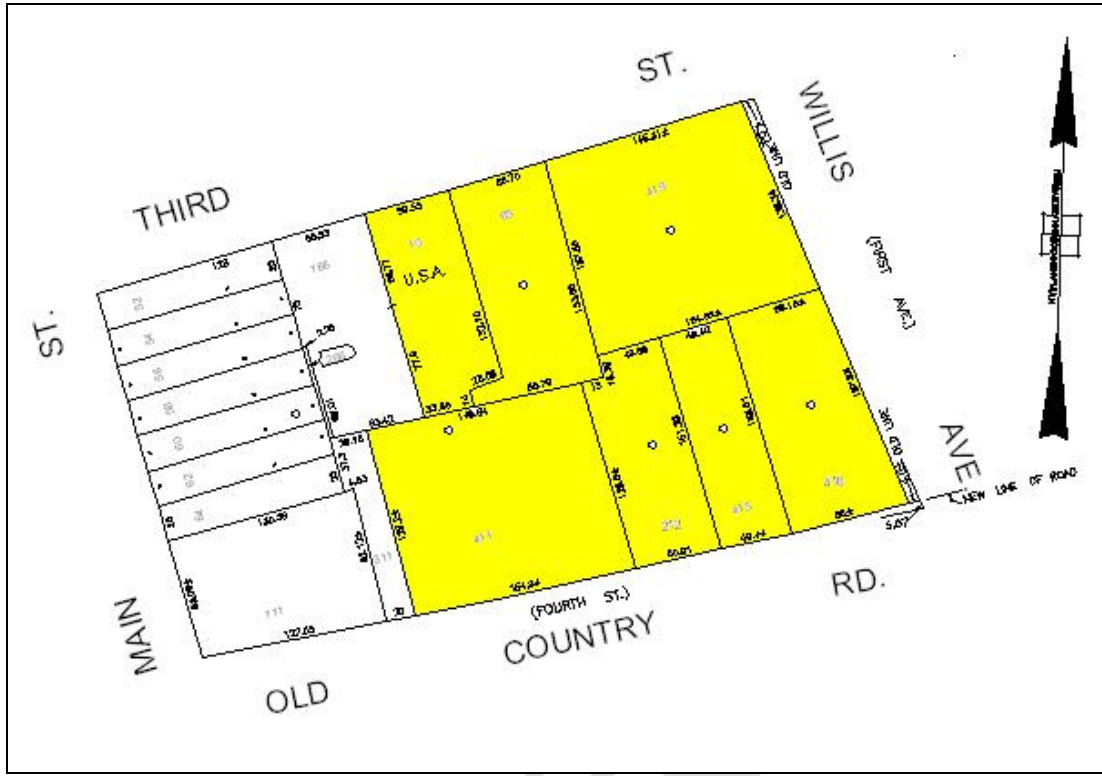
**THE WINSTON @ MINEOLA**  
 140, 146, 150 & 160 Old Country Road  
 Mineola, Nassau County, New York



<b>Grantor/Grantee</b>	140 OCR LLC, 146 OCR LLC, 150 OCR LLC, 160 OCR LLC and OCR/WILLIS LLC/ Mill Creek Residential Trust Northeast LLC
<b>Date of Contract</b>	3/8/11 (Closed, but not yet recorded.)
<b>Description</b>	The site is proposed to be developed with a six-story, plus a lower level parking garage, elevator-serviced, 275-unit luxury apartment complex. The proposed complex will contain two levels of structured parking, with the five remaining upper levels containing studio to two-bedroom luxury apartment units. The project will include 6,500± square feet of administrative and amenity space, which includes a clubhouse with fitness center and cathedral ceilings, a game room, a business center, and WiFi resident coffee lounge, and two landscaped courtyards with an outdoor pool, sundeck, gas fireplace and fountains. The proposed subject improvements will contain 277,530± square feet of GBA, with a GRA of 255,060± square feet. The building will also include 44,940± square feet of ground floor and lower level parking garage space. The buyer obtained all necessary approvals to apply for building permits. The seller obtained a special zoning permit from the Village of Mineola to construct the proposed residential units, plus parking. In addition, the Nassau County IDA has approved an inducement for a 20-year PILOT program, which is projected to commence upon start of construction. In addition, the developer is currently in the process of obtaining Leadership in Energy & Economic Design Gold (LEED Gold) certification, a “green building” rating system. The existing improvements are scheduled to be demolished at a cost of \$800,000.00. Demolition commenced in mid-2013.
<b>Zoning</b>	Business 3 – Village of Mineola
<b>Land Area</b>	2.02± acres (87,835± sq. ft.)
<b>No. of Buildable Units</b>	275
<b>Density</b>	136.14± units per acre
<b>Contract Sale Price</b>	\$20,150,000.00
<b>Plus: Demolition</b>	\$ 800,000.00
<b>Adjusted Sales Price</b>	\$20,950,000.00
<b>Sale Price/Unit</b>	\$73,273.00



**TAX MAP – BULK RESIDENTIAL LAND SALE #3**



DRAFT

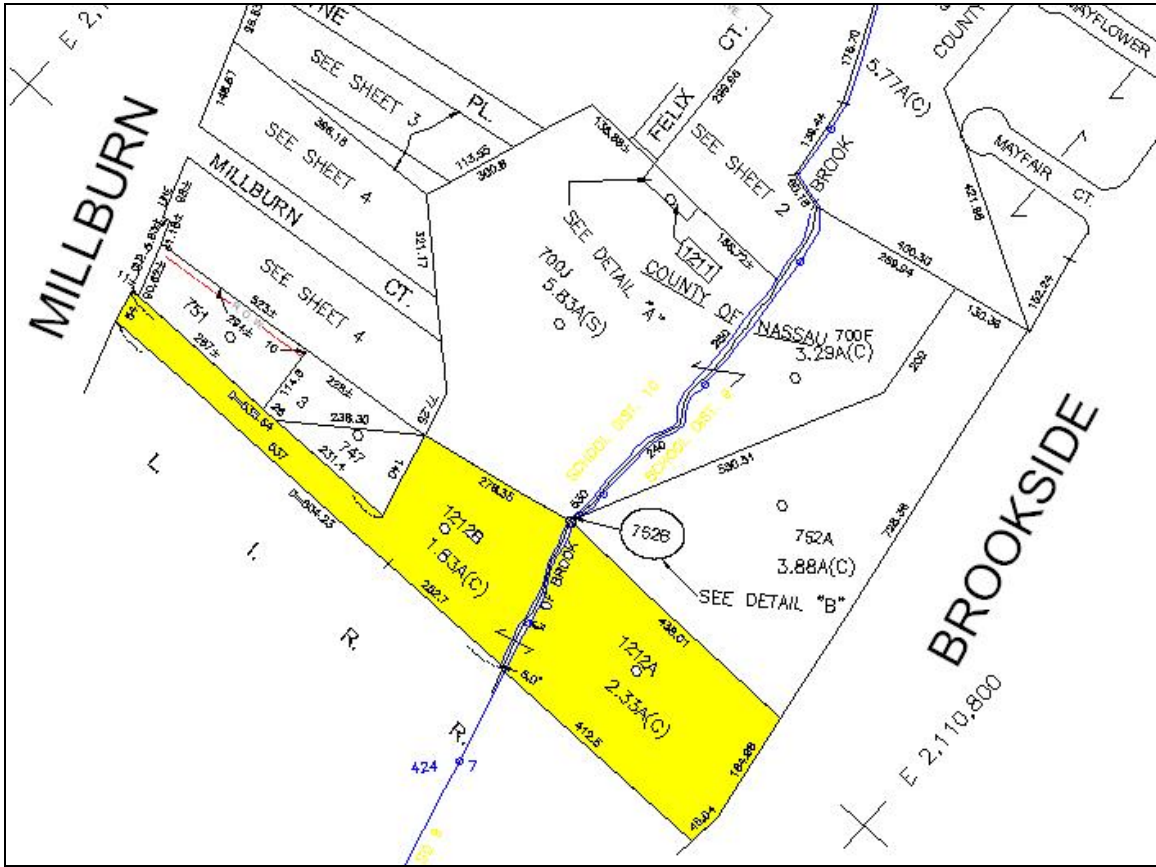
**Bulk Residential Land Sale #4**  
**Section 54, Block B, Lot 1212A & 1212B**

**THE WATER WORKS APARTMENTS**  
**W/S Brookside Avenue**  
**Freeport, Nassau County, New York**



<b>Grantor/Grantee</b>	Water Works Realty & Gary Melius/County of Nassau
<b>Date of Sale (Recorded)</b>	9/28/12 (11/8/12)
<b>Liber/Page</b>	12885/522
<b>Description</b>	The property is comprised of a flag-shaped parcel of land containing 4.20± acres (182,952± square feet) adjacent to the Brookside Preserve. The Milburn Creek roughly bisects the two subject tax lots. The subject property is the former site of the Brooklyn Water Works pumping station, the remains of which were demolished in 2010. The seller planned to develop the site with the Water Works Apartments, to be comprised of a four- and part five-story residential rental apartment building, above an on-grade parking garage containing 136,865± square feet of GBA, divided between 121 residential apartments units. A Resolution passed on June 18, 2012 authorizes the County Executive to execute a contract of sale between Water Works Realty Corp. (grantor) and County of Nassau, (grantee) in order to acquire the property for open space. According to a published report in <i>Newsday</i> , dated May 7, 2012, the purchase price is \$6.22 million, based on an independent appraisal of the property.
<b>Zoning</b>	Residence B – Town of Hempstead (Village of Freeport Historical Preservation District)
<b>Land Area</b>	4.20± acres (182,952± sq. ft.)
<b>No. of Buildable Units</b>	121
<b>Density</b>	28.81± units per acre
<b>Agreed Sale Price</b>	\$6,220,000.00
<b>Sale Price/Unit</b>	\$51,405.00

**TAX MAP – BULK RESIDENTIAL LAND SALE #4**



**Bulk Residential Land Sale #5**  
 District 905, Section 4, Block 1, Lot 6 &  
 Section 2, Block 1, Lots 14 to 18

**WESTHAMPTON BEACH TOWNHOMES**  
 63-77 Old Riverhead Road  
 Westhampton Beach, Suffolk County, New York



<b>Grantor/Grantee</b>	Westhampton Beach Association/Timber Ridge
<b>Date of Sale</b>	May 1, 2012
<b>Description</b>	Six contiguous parcels of land comprising a regular shaped site located on the west side of Old Riverhead Road between the LIRR and Montauk Highway. The site is fully approved to build a 39-unit market rate, nonage-restricted condo development. According to the broker/owner the property sold and the grantee assumed payment of a fee to the Village of Westhampton in the amount of \$776,000.00.
<b>Zoning</b>	HD Hotel District – Village of Westhampton Beach
<b>Land Area</b>	6.60± acres (287,496± sq. ft.)
<b>No. of Buildable Units</b>	39
<b>Density</b>	5.91± units per acre
<b>Indicated Sale Price</b>	\$2,230,000.00
<b>Plus: Village Fee</b>	\$ 776,000.00
<b>Adj. Sale Price</b>	\$3,006,000.00
<b>Sale Price/Unit</b>	\$77,077





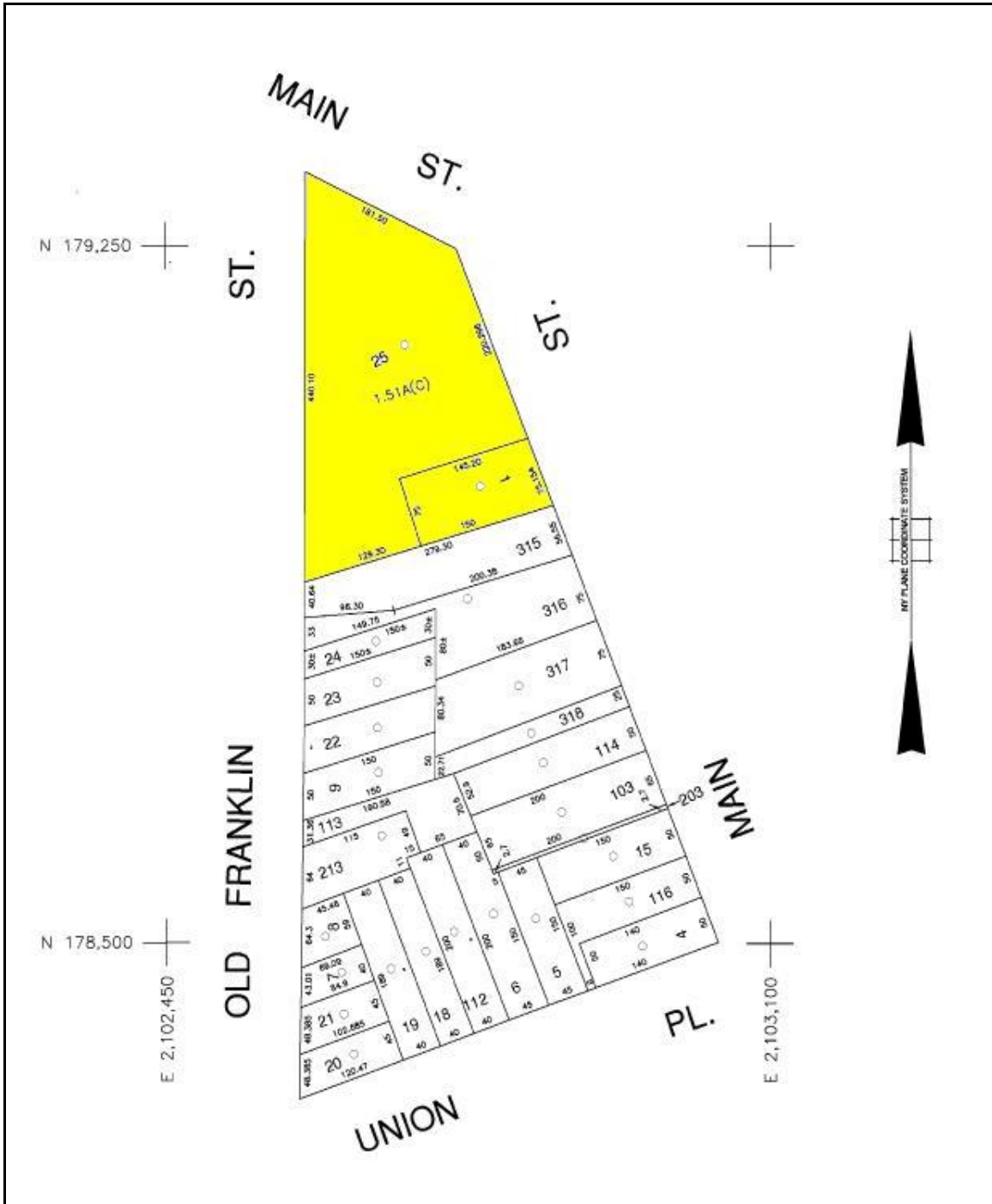
**Bulk Residential Land Sale #6**  
**Section 34, Block 191, Lots 1 & 25**

**ALEXAN ON MAIN**  
**287 & 303 Main Street**  
**Hempstead, Nassau County, New York**



<b>Grantor</b>	Lot 1 – 287 Main Street Group LLC Lot 25 – Philbor Realty Corp.
<b>Grantee</b>	TCR Northeast Land Acquisition LP
<b>Date of Sale (Recorded)</b>	Lot 1 – 4/20/11 (5/9/11) Lot 25 – 4/26/11 (5/9/11)
<b>Liber/Page</b>	Lot 1 – 12718-492 Lot 25 – 12718-484
<b>Description</b>	This property is comprised of two contiguous, irregular-shaped parcels of Residence E-zoned land containing 76,837± square feet (1.763± acres). The site was previously improved with an automobile dealership building and a warehouse building, which were demolished at an estimated cost of \$300,000.00 and the site is being redeveloped with a five-story, inclusive of grade and lower level parking, elevator-serviced, 166-unit luxury apartment complex. The proposed improvements will contain an estimated GBA of 209,156± square feet, with a gross rentable area of 179,114± square feet.
<b>Zoning</b>	Residence E – Village of Hempstead
<b>Land Area</b>	1.763± acres (76,837± sq. ft.)
<b>No. of Buildable Units</b>	166
<b>Density</b>	94.16± units per acre
<b>Indicated Sale Price</b>	\$ 8,812,066.00
<b>Plus: Estimated Demolition Cost</b>	\$ 300,000.00
<b>Total Sale Price</b>	\$ 9,112,066.00
<b>Sale Price/Unit</b>	\$54,892.00

**TAX MAP – BULK RESIDENTIAL LAND SALE #6**





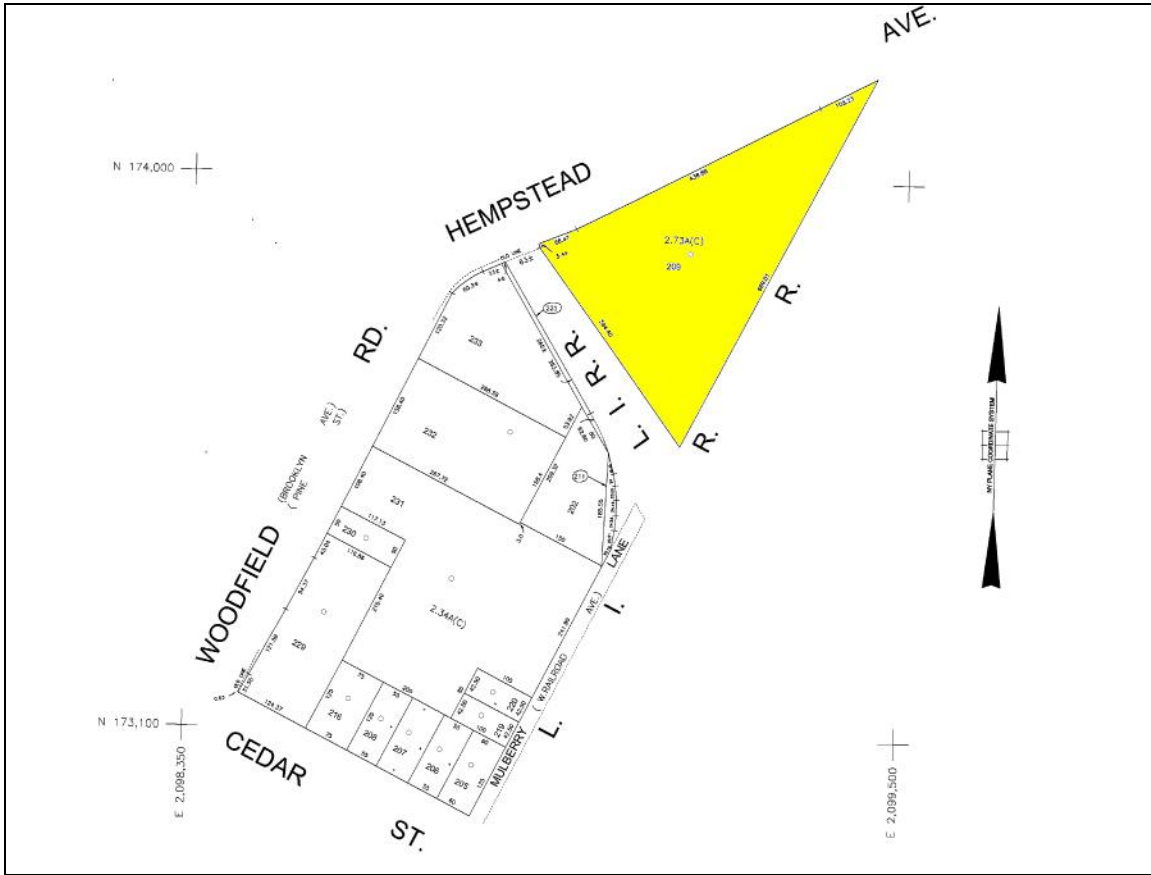
**Bulk Residential Land Sale #7**  
**Section 35, Block 386, Lot 209**

**THE ALEXAN @ WEST HEMPSTEAD STATION**  
**130 Hempstead Avenue**  
**West Hempstead, Nassau County, New York**



<b>Grantor/Grantee</b>	140 Equities Corp./West Hempstead Station, LLC
<b>Date of Sale (Recorded)</b>	2/10/11 (2/11/11)
<b>Liber/Page</b>	12693/401-403
<b>Description</b>	This site was previously improved with a four-story, 102-room motel building known as the Courtesy Hotel, constructed circa 1963, containing a gross building area (GBA) of 44,218± square feet. Subsequent to the sale, the motel was demolished and the site was improved with a four-story (plus lower level parking), elevator-serviced, 150-unit luxury apartment complex. The complex contains two levels of structured parking (below grade), with the four upper levels containing one- to three-bedroom luxury apartment units. On-site amenities include a clubhouse with fitness center and cathedral ceilings, a game room, a business center, and a WiFi resident coffee lounge, and a landscaped courtyard with an outdoor pool and sundeck.
<b>Zoning</b>	CA-S Residence – Town of Hempstead
<b>Land Area</b>	2.718± acres (118,386± sq. ft.)
<b>No. of Buildable Units</b>	150
<b>Density</b>	55.19± units per acre
<b>Indicated Sale Price</b>	\$7,530,000.00
<b>Plus: Estimated Demolition Cost</b>	\$ 500,000.00
<b>Total Sale Price</b>	\$8,030,000.00
<b>Sale Price/Unit</b>	\$53,533.00

**TAX MAP – BULK RESIDENTIAL LAND SALE #7**



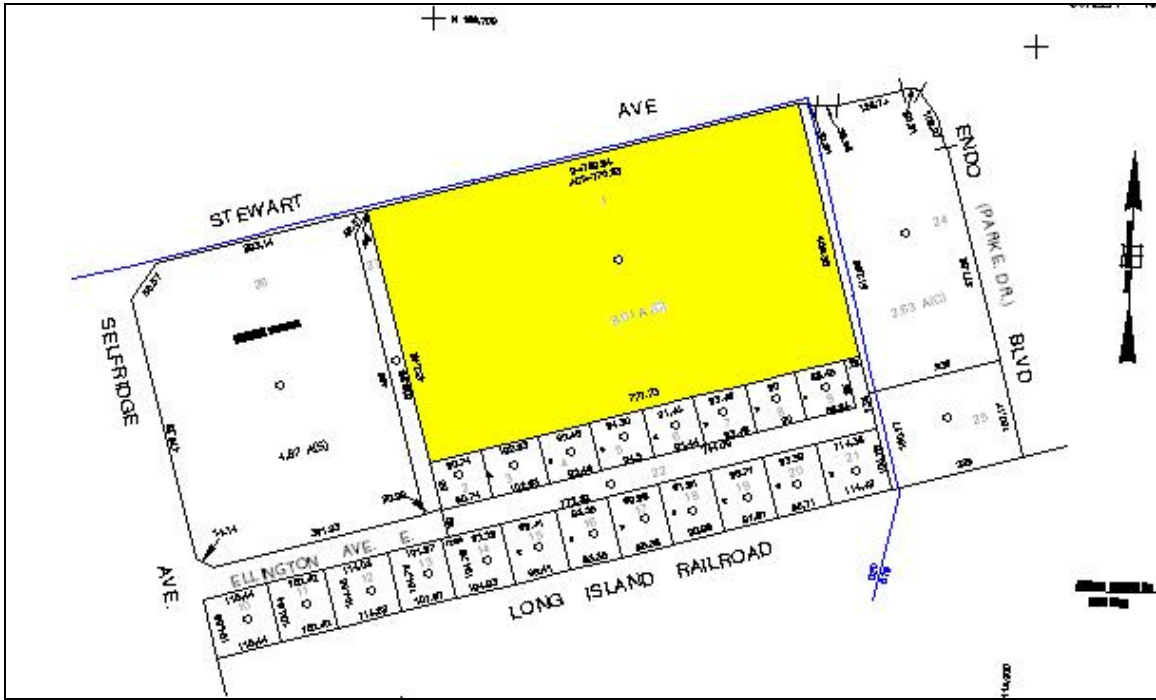
**Bulk Residential Land Sale #8**  
**Section 44, Block 79, Lot 1**

**AVALON GARDEN CITY**  
**S/S Stewart Avenue, W/O Endo Boulevard**  
**Garden City (Uniondale Post Office)**  
**Nassau County, New York**



<b>Grantor/Grantee</b>	Northeast Housing, LLC/Garden City Apartments LLC
<b>Date of Sale (Recorded)</b>	5/3/10 (5/28/10)
<b>Liber/Page</b>	12616/133
<b>Description</b>	Rectangular parcel of land that was improved with five government/military housing units that were rented. The site contained a 6th unit that was vacant due to a fire. In January 2011 the housing units were vacated and demolished in April 2011. The cost to demolish the existing improvements is estimated at \$100,000.00, which appears to be reasonable due to the size of this parcel. The purchaser is constructing 160 rental apartment units. Rezoning approvals of the site were received prior to the commencement of construction.
<b>Zoning</b>	CA Residence from Residence B – Town of Hempstead
<b>Land Area</b>	8.01± acres (348,916± sq. ft.)
<b>No. of Buildable Units</b>	160
<b>Density</b>	19.98± units per acre
<b>Indicated Sale Price</b>	\$12,500,000.00
<b>Plus: Est. Demolition Cost</b>	\$ 100,000.00
<b>Total Sale Price</b>	\$12,600,000.00
<b>Sale Price/Unit</b>	\$78,750,000.00

**TAX MAP – BULK RESIDENTIAL LAND SALE #8**



DRAFT

**SALES COMPARISON APPROACH--  
AS REZONED COMMERCIAL VALUATION**

DRAFT

## ANALYSIS OF COMPARABLE COMMERCIAL LAND SALES

In addition to the analyses provided in the preceding sections, we have been asked to consider the value of the subject property as if it were rezoned to its highest and best use. The subject property consists of a 79,410±-square foot parcel of land situated within two zoning districts: the Sunrise Highway frontage of the property is zoned Commercial and the larger, rear portion of the property is zoned Residence C. In this section, the subject property is analyzed as if it were entirely zoned Commercial, or a variance had been obtained permitting use of the Residence C portion of the subject property for commercial use. The subject site is an irregular shaped corner parcel with frontage on Sunrise Highway, a heavily travelled east/west commercial thoroughfare, and Peninsula Boulevard, a heavily travelled secondary traffic artery. Sunrise Highway in the immediate vicinity of the subject property is characterized by automobile dealerships, retail properties and office buildings. The property that is located immediately to the west of the subject property, which was formerly part of the subject property, is improved with an assisted living facility. Based on the current commercial use of the entire subject property, the heavy traffic at that intersection, and adjacent land uses, permitting a commercial use of the entire subject property seems reasonable. However, obtaining village approval to rezone the property to Commercial or grant a zoning variance is uncertain. This scenario is therefore considered hypothetical.

In estimating the value of the subject property, we uncovered a number of comparable vacant land sales within the surrounding areas that were purchased for development or redevelopment. We utilized several sales of sites with a similar location or zoning/use characteristics, the most comparable of which have been excerpted and analyzed on the following pages of this report. All of the properties are located in areas where land was available and new construction projects were likely to be profitable ventures that could obtain financing. The unit of comparison used herein is the sale price per square foot of land area.

The table on the following page presents a summary of the comparable land sales:

**SUMMARY OF COMPARABLE COMMERCIAL LAND SALES**

<b><u>Sale No.</u></b>	<b><u>Location</u></b>	<b><u>Date of Sale</u></b>	<b><u>Land Area</u></b>	<b><u>Zoning</u></b>	<b><u>Sale Price</u></b>	<b><u>Sale Price/ Sq. Ft.</u></b>
1	201 Sunrise Highway Bellmore	Asking	24,000	Bus	\$2,055,000*	\$ 85.63
2	290-300 Franklin Avenue Franklin Square	Asking	21,000	Bus	\$1,724,000*	\$ 82.10
3	90 Northern Boulevard Great Neck	10/12/12	10,772	Bus A	\$1,310,640	\$121.67
4	666 Jerusalem Avenue Uniondale	4/30/12	52,085	Bus & Res	\$3,648,140	\$ 70.04
5	187-89 N. Franklin Street Hempstead	10/6/11	11,199	Bus B	\$ 845,500	\$ 75.50
6	443-449 Sunrise Highway Lynbrook	6/30/10	41,696	Com	\$2,335,000*	\$ 56.00

\* Includes estimated cost of demolition of the improvements at time of sale.

The comparable sales occurred between June 2010 and October 2012 plus two current offerings. The sites ranged in size from 10,772± to 52,085± square feet of gross land area. The unadjusted sale prices ranged from \$56.00 to \$121.67 per square foot of land area.

**DISCUSSION OF LAND SALES ADJUSTMENTS**

Prior to estimating the subject's land value, we considered the presented land sales and the difference between the comparables as they relate to the subject. On this basis, we applied quantitative adjustments to each of the prices per square foot of land area to reflect these differences and refine the indicated range. An upward adjustment indicates that the comparable is inferior to the subject, while a downward adjustment indicates the comparable to be superior.

Since each of the comparable land sales was transferred for cash or its equivalent, financing adjustments were not necessary.



### Market Conditions (Time/Negotiability)

We first considered an adjustment for market conditions. The sale dates ranged from October 2011 and October 2012 plus two current offerings. Based on available market data, we have considered that market conditions for vacant land properties had stabilized during 1<sup>st</sup> quarter 2010. Recently, interest in vacant land has again begun to increase. Sales #3 and #4 occurred under similar market conditions as the present and did not warrant adjustments. Sales #5 and #6 are considered to have occurred under inferior market conditions, and were adjusted upward. Sales #1 and #2 are current offerings and, as such, warranted downward adjustments to account for the typical negotiation process between market participants.

### Location

The subject property is located on the southwest corner of Sunrise Highway and Peninsula Boulevard in Lynbrook, Nassau County. Neighboring uses primarily automobile dealerships, retail properties and office buildings, with residences on side streets. Sale #3 is located in a superior retail location as compared to the subject and warranted a downward adjustment. The remaining sales are located in inferior retail locations as compared to the subject and warranted upward adjustments. .

### Size

The subject property consists of 79,410± square feet (1.82± acres) of gross land area. Based on the economy of scale, buyers of larger sites attain lower prices per square foot of land area as a result of their “bulk” purchase. This is attributed to the increased number of market participants able to afford smaller properties, thereby raising the demand for and price of smaller properties on a price per square foot of land area basis. All of the comparable sales are smaller than the subject property size, and warranted downward adjustments.

### Site Utility

An additional adjustment considered was for utility, which evaluates the usefulness of each site in terms of street frontage, site configuration, access and suitability for development

as compared to the subject. The subject consists of an irregular-shaped, corner parcel of land with good street frontage along Sunrise Highway and Peninsula Boulevard. The subject site is below street grade and contains some site impediments, which will vary as to their impact depending on the proposed use of the site. In fact, an automobile dealership may consider the existing underground gasoline storage tanks as a benefit. The comparable sales are all corner locations with good street frontage, and, with the exception of Sale #6, are similar to the subject in terms of overall utility and did not warrant adjustments. Sale #6 has limited street frontage, and is irregular in shape, warranting an upward adjustment. Downward adjustments were also made to the comparables to account for the development constraints made by the existing and proposed easements on the subject property.

#### Zoning

The subject property is currently located in both the Commercial and Residence C zoning districts, as designated by the Village of Lynbrook. We have assumed that the property has been entirely rezoned to Commercial or has received a zoning variance for commercial use on the rear portion of the property. The permitted uses for Commercial district are retail, office and other commercial uses. The comparable sales are located in zoning districts that are relatively similar to the subject zoning district, and did not warrant adjustments. Downward adjustments were made to the comparable sales to reflect the estimated expense to rezone the subject property to Commercial or obtain a zoning variance, which would include any related carrying expenses.

The table on the following page summarizes the aforementioned adjustments made to the comparable land sales:

**ADJUSTMENTS TO THE COMPARABLE COMMERCIAL LAND SALES**

Sale No.	Location	Date of Sale	Land Area	Sale Price/ Sq. Ft.	x	Time/ Neg.	=	Time-Adj. Sale Price/ Sq. Ft.	x	Adjustments				=	Total Adj.	=	SP/ Sq. Ft.
										Loc.	Size	Utility	Zoning				
1	201 Sunrise Hwy. Bellmore	Asking	24,000	\$ 85.63		0.90		\$ 77.06		1.20	0.90	0.90	0.90		0.87		\$67.04
2	290-300 Franklin Ave. Franklin Square	Asking	21,000	\$ 82.10		0.90		\$ 73.89		1.25	0.90	0.90	0.90		0.91		\$67.24
3	90 Northern Blvd. Great Neck	10/12/12	10,772	\$121.67		1.00		\$121.67		0.80	0.80	0.90	0.90		0.52		\$63.27
4	666 Jerusalem Ave. Uniondale	4/30/12	52,085	\$ 70.04		1.00		\$ 70.04		1.10	0.95	0.90	0.90		0.85		\$59.53
5	187-89 N. Franklin St. Hempstead	10/6/11	11,199	\$ 75.50		1.05		\$ 79.27		1.15	0.80	0.90	0.90		0.75		\$59.45
6	443-449 Sunrise Hwy Lynbrook	6/30/10	41,696	\$ 56.00		1.10		\$ 61.60		1.10	0.95	1.05	0.90		0.99		\$60.98

**COMMERCIAL LAND VALUE CONCLUSION – SALES COMPARISON APPROACH**

Prior to adjustments, the comparable land sales indicated a range of prices from \$56.00 to \$121.67 per square foot of land area. After adjustments, this evolved to a range of \$59.45 to \$67.24 per square foot of land area with a mean indicator of \$62.92 per square foot and a median of \$62.13 per square foot of land area.

Based on all of the above, the value of the subject property as if rezoned commercial and available for redevelopment is estimated at \$62.50 per square foot of land area, which resulted in the following value indication.

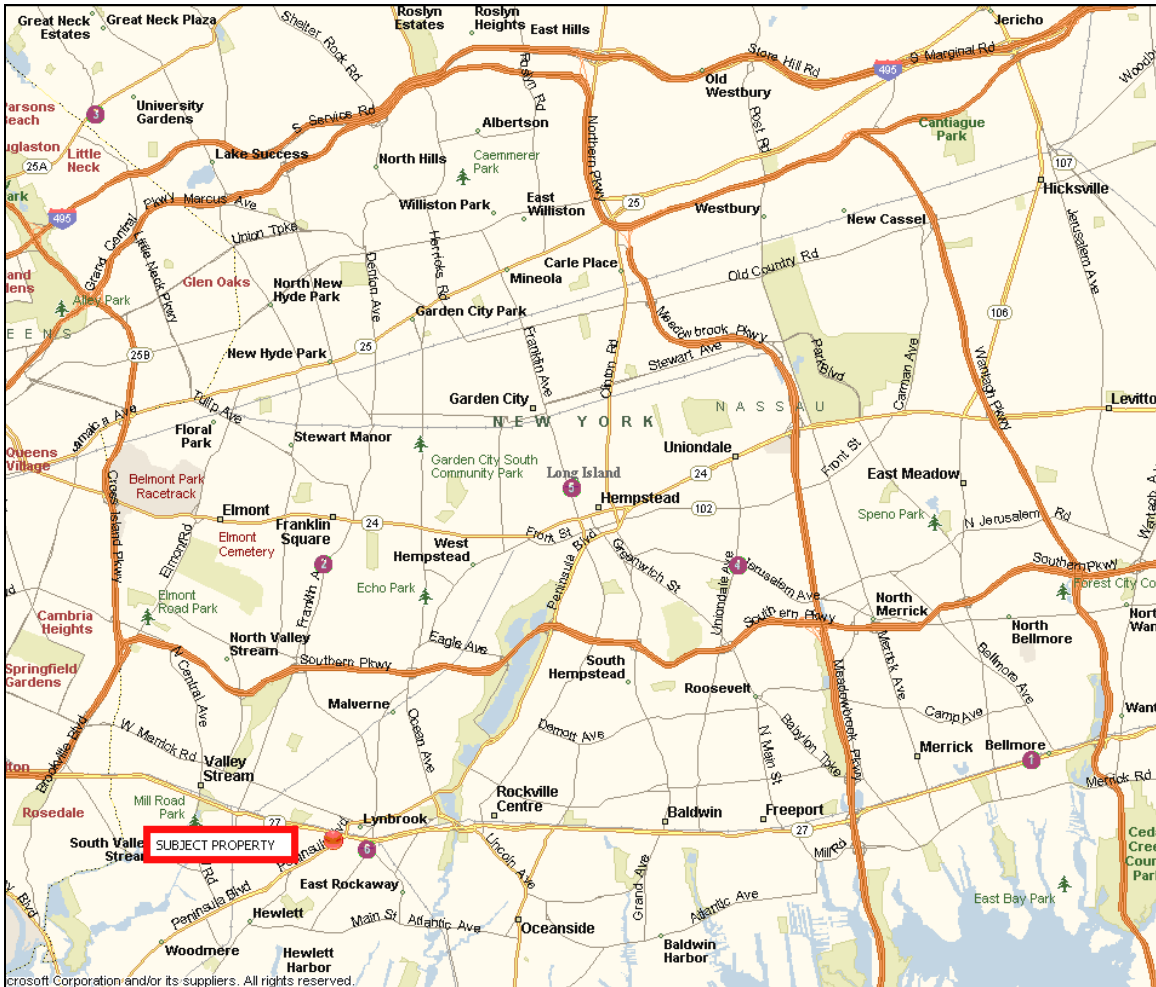
**VALUE CONCLUSION – SALES COMPARISON APPROACH—AS REZONED COMMERCIAL**

Land Area (Sq. Ft. ±)	79,410
Value/Sq. Ft. of Land Area	x \$ <u>62.50</u>
<b>Land Value As if Rezoned Commercial</b>	<b>\$4,963,125.00</b>
<b>Less Cost to Demolish Existing Improvements (at \$12.00/sq. ft.)</b>	<b>\$ <u>250,000.00</u></b>
<b>Residential Land Value Via Sales Comparison Approach</b>	<b><u>\$4,713,125.00*</u></b>
<b>(Rounded)</b>	<b><u>\$4,725,000.00*</u></b>

\* *Predicated upon the underlying assumptions and limiting and qualifying conditions as defined within the body of this report.*

This estimate of value includes a deduction for the time and expense that would be required for the subject property to be rezoned to Commercial or to obtain a zoning variance to use the Residence C portion of the property for commercial use.

## COMPARABLE COMMERCIAL LAND SALES LOCATION MAP



<b>1</b>	<b>201 Sunrise Highway, Bellmore</b>
<b>2</b>	<b>290-300 Franklin Avenue, Franklin Square</b>
<b>3</b>	<b>90 Northern Boulevard, Great Neck</b>
<b>4</b>	<b>666 Jerusalem Avenue, Uniondale</b>
<b>5</b>	<b>187-89 N. Franklin Street, Hempstead</b>
<b>6</b>	<b>443-449 Sunrise Highway, Lynbrook</b>

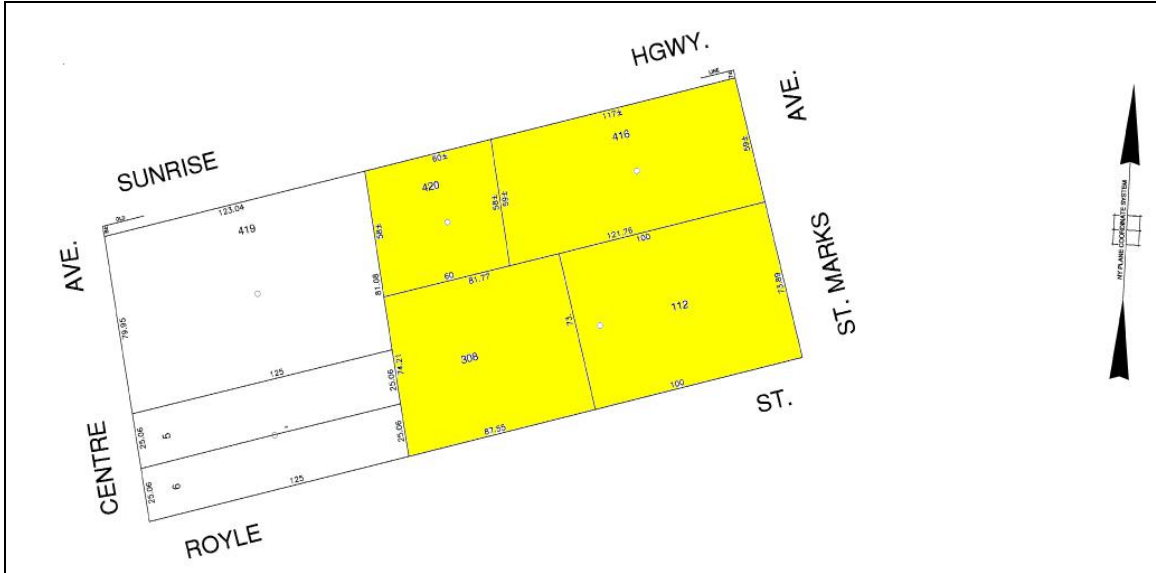
**LIST OF COMPARABLE COMMERCIAL LAND SALES**

<b>Land Sale #1</b> <i>Section 56, Block 327, Lots 112, 308, 416, 420</i> <i>(Current Offering)</i>	<b>201 Sunrise Highway</b> <b>Bellmore, Nassau County, New York</b>
---	--



<b>Grantor</b>	Listing
<b>Date of Sale (Recorded)</b>	Available as of 4/25 (N/A)
<b>Liber/Page</b>	N/A
<b>Description</b>	A regular shaped corner parcel located on the south side of Sunrise Highway situated between a Valero gas station and an Applebee's restaurant, and across Sunrise Highway from the Bellmore LIRR station. This property is currently improved with two small retail buildings on Sunrise Highway and two residences in the rear, totaling 5,924± sq. ft. Demolition cost is estimated at \$10.00/sq. ft. The property is advertised as having six tenants with no leases beyond two years, and is being offered for redevelopment. Development along Sunrise Highway in the immediate area is primarily small, local retail establishments, with the exception of P.C. Richard & Sons.
<b>Zoning</b>	Business (Town of Hempstead)
<b>Land Area</b>	24,000± sq. ft. (0.55± acres)
<b>Asking Sale Price</b>	\$1,995,000.00
<b>Asking Sale Price Plus: Demolition Costs</b>	\$1,995,000.00
<b>Adj. Sale Price</b>	\$ 60,000.00
<b>Sale Price/Sq. Ft. of Land</b>	\$2,055,000.00
	\$85.63

**TAX MAP – LAND SALE #1**



DRAFT



<p><b>Land Sale #2</b>                  Section 35, Block 26, Lots 359-363                  (Current Offering)</p>	<p><b>290-300 Franklin Avenue</b>                  Franklin Square, Nassau County, New York</p>
--	---



<b>Grantor</b>	Listing
<b>Date of Sale (Recorded)</b>	Available as of 4/25 (N/A)
<b>Liber/Page</b>	N/A
<b>Description</b>	A regular shaped corner parcel located on the west side of Franklin Avenue situated several blocks north of the main retail stretch of Franklin Avenue, in a semi-industrial area. This property is currently improved with a 1,251± square foot three-story office building and a 1,256± square foot two-story residence. The property is being offered for sale for redevelopment for medical/professional offices, bank, automotive and warehouse uses. Due to the small size of the improvements, we have estimated a demolition cost of \$10.00 per square foot of GBA.
<b>Zoning</b>	Business (Town of Hempstead)
<b>Land Area</b>	21,000± sq. ft. (0.48± acres)
<b>Asking Sale Price</b>	\$1,699,000.00
<b>Plus: Demolition Costs</b>	\$ 25,000.00
<b>Adj. Sale Price</b>	\$1,724,000.00
<b>Sale Price/Sq. Ft. of Land</b>	\$82.10

**TAX MAP – LAND SALE #2**



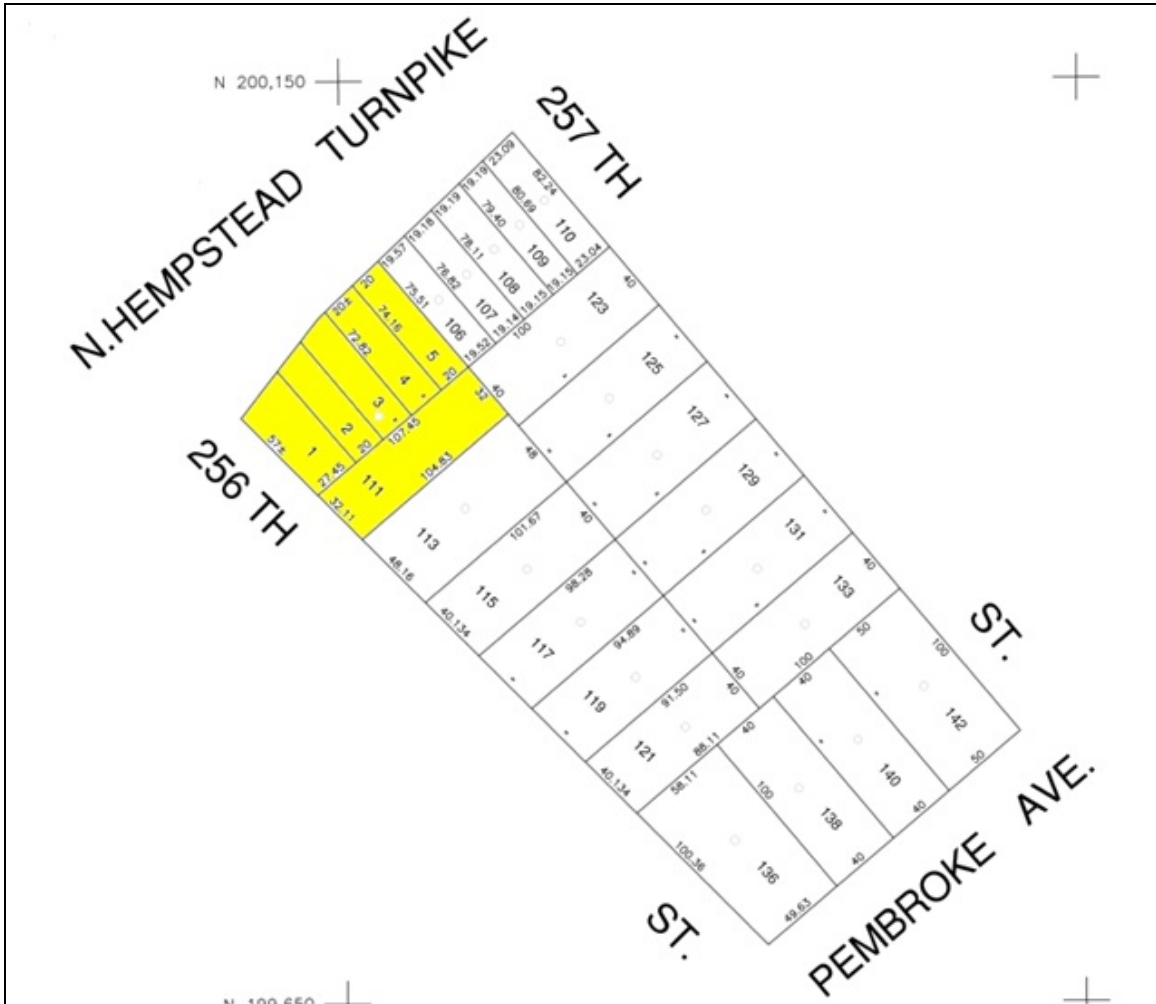
**Land Sale #3**  
**Section 2, Block 68, Lots 1-5 & 111**

**90 Northern Boulevard**  
**Great Neck, Nassau County, New York**



<b>Grantor/Grantee</b>	Zeus of New York LLC / Northern 90 Realty LLC
<b>Date of Sale (Recorded)</b>	10/12/12 (10/22/12)
<b>Liber/Page</b>	12881/370
<b>Description</b>	A slightly irregular shaped parcel located at the southeast corner of Northern Boulevard (Route 25A) and Buttonwood Road. This property is currently improved with a vacant, one-story commercial building containing 1,064± square feet constructed circa 1965 in fair overall condition. The current improvements will need to be razed to make way for new construction. Due to the small size of the improvements, we have estimated a demolition cost of \$10.00 per square foot of GBA.
<b>Zoning</b>	Business A (Town of North Hempstead)
<b>Land Area</b>	10,772± sq. ft. (0.25± acres)
<b>Indicated Sale Price</b>	\$1,300,000.00
<b>Plus: Demolition Costs</b>	\$ 10,640.00
<b>Adj. Sale Price</b>	\$1,310,640.00
<b>Sale Price/Sq. Ft. of Land</b>	\$121.67

**TAX MAP – LAND SALE #3**





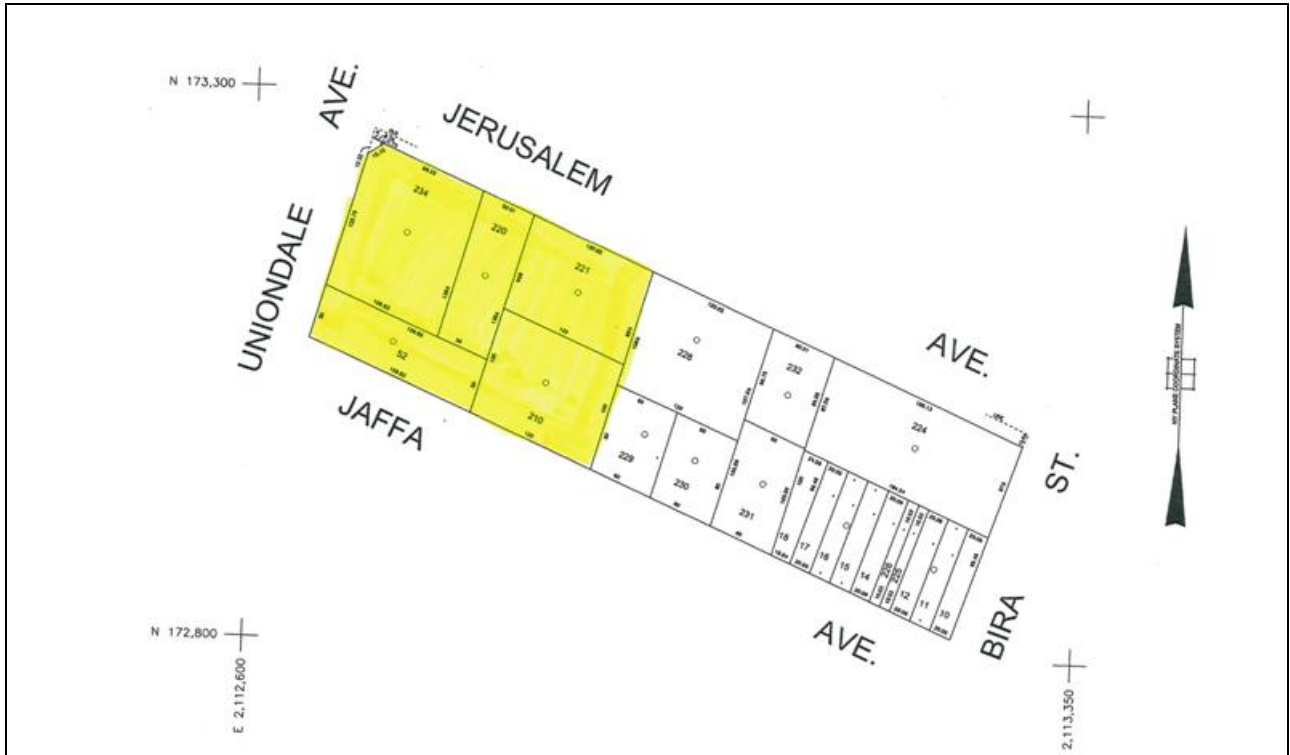
**Land Sale #4**  
**Section 50, Block 306, Lots 52, 210, 220, 221 & 234**

**666 Jerusalem Avenue**  
**Uniondale, Nassau County, New York**



<b>Grantors:</b>	Lot 52– Sharon Frank; Lot 210– Patrick & Jacqueline Josephs; Lot 220– Francisco & Sonia Diaz; Lot 221– W-3 Management Corp.; Lot 234– Joan Doyle (Principal)
<b>Grantee:</b>	Basser Kaufman Development Co., Inc.
<b>Date of Sale (Recorded)</b>	4/30/12 (5/29/12)
<b>Liber/Page</b>	12831/792, 804, 812, 819, 826
<b>Description</b>	A corner parcel located at the southeast corner of Uniondale and Jerusalem Avenues. This sale represents the assemblage of five individual parcels, and is being purchased for redevelopment with a Walgreen's Retail Pharmacy. At the time of sale, the property was improved with 4 buildings containing an aggregate 6,314± sq. ft. of GBA that was razed to make way for new construction. As a result, we have applied a demolition cost of \$10.00 per square foot of GBA.
<b>Zoning</b>	Split Zoned Business & Residence B – Town of Hempstead
<b>Land Area</b>	52,085± sq. ft. (1.20± acres)
<b>Indicated Sale Price</b>	\$3,585,000.00
<b>Plus: Demolition Costs</b>	\$ 63,140.00
<b>Adj. Sale Price</b>	\$3,648,140.00
<b>Sale Price/Sq. Ft.</b>	\$70.04

**TAX MAP – LAND SALE #4**



DRAFT

**Land Sale #5**  
**Section 34, Block 290, Lot 257**

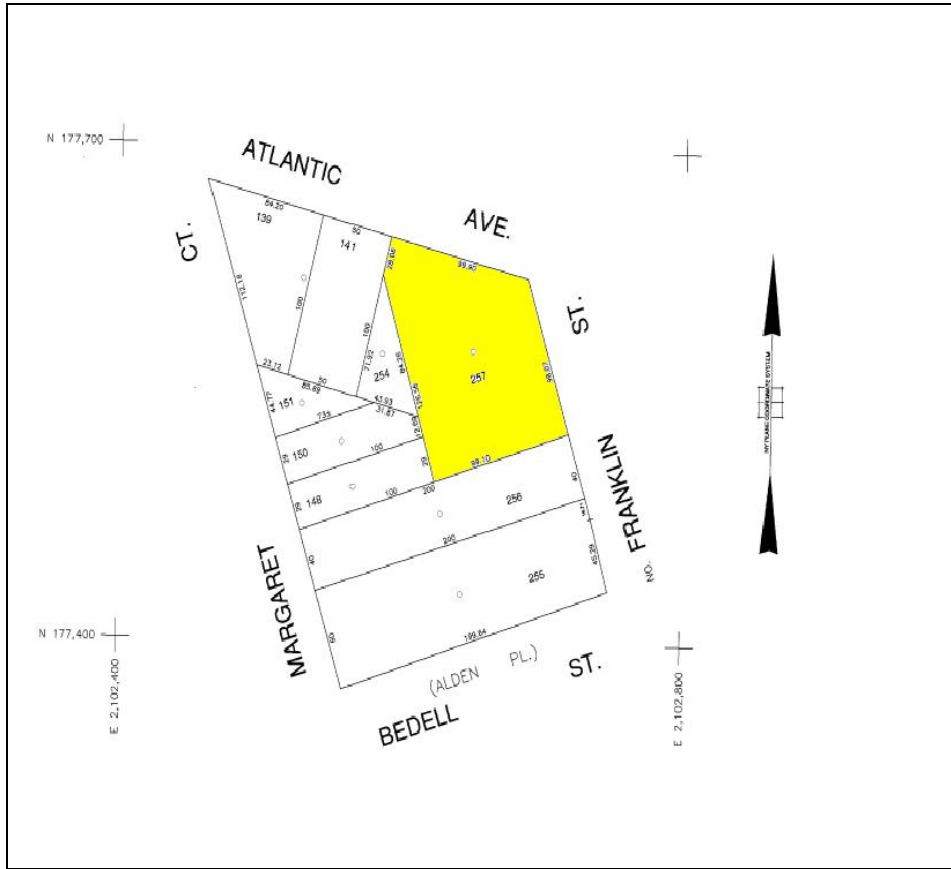
**187-189 N. Franklin Street,**  
**Hempstead, Nassau County, New York**



<b>Grantor/Grantee</b>	187 North Franklin Street Corp./287 Main Street Group LLC
<b>Date of Sale (Recorded)</b>	10/06/11 (10/13/11)
<b>Liber/Page</b>	12766/558
<b>Description</b>	A slightly irregular shaped vacant parcel of land located on the southwest corner of Franklin Street and Atlantic Avenue. The site is currently supporting vehicle storage as an interim use. Uses in the area are largely automobile dealerships.
<b>Zoning</b>	Business B – Village of Hempstead
<b>Land Area</b>	11,199± sq. ft.
<b>Indicated Sale Price</b>	\$845,500.00
<b>Sale Price/Sq. Ft. of Land Area</b>	\$75.50



**TAX MAP – LAND SALE #5**



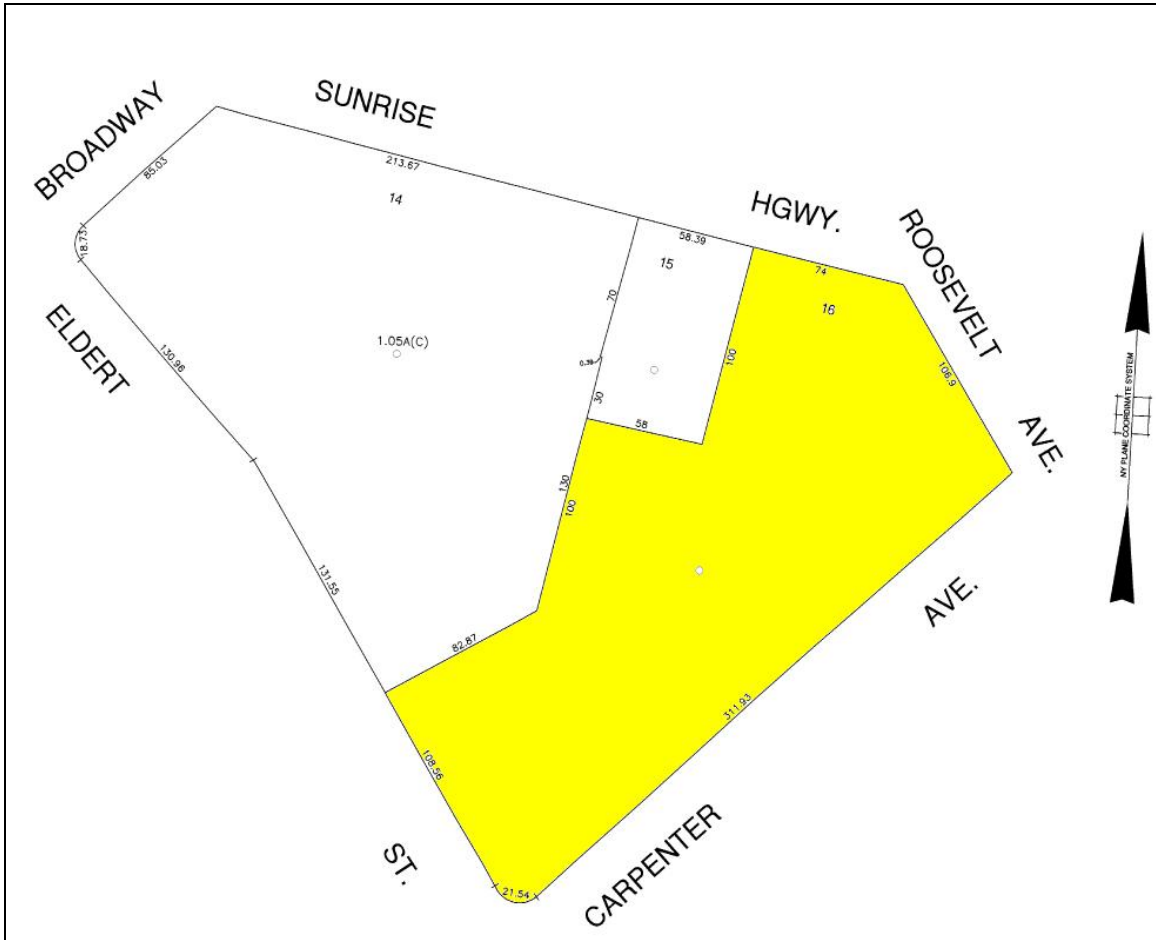
**Land Sale #6**  
**Section 42, Block 136, Lot 167**

**443-449 Sunrise Highway**  
**Lynbrook, Nassau County, New York**



<b>Grantor/Grantee</b>	Dicklou Co./SMLZ Realty LLC
<b>Date of Sale (Recorded)</b>	6/30/10 (8/17/10)
<b>Liber/Page</b>	12641/222
<b>Description</b>	An irregular shaped parcel of land located on the southwest corner of Sunrise Highway and Roosevelt Street a few blocks east of the subject property. The site was formerly improved with a 2,974± square foot restaurant building (originally Burger King and then a Chinese restaurant) that was subsequently demolished. In November 2012, the owner of the property along with the prospective tenant, Zwanger & Perisi Radiology Group, LLP, received village approval of an IDA transfer and financing pertaining to the construction of an 8,000± square foot radiology center on the site. The building is currently under construction.
<b>Zoning</b>	Commercial – Village of Lynbrook
<b>Land Area</b>	41,696± sq. ft.
<b>Indicated Sale Price</b>	\$2,300,000.00
<b>Plus Estimated Demolition Cost</b>	\$ 35,000.00
<b>Adjusted Sale Price</b>	\$2,335,000.00
<b>Sale Price/Sq. Ft. of Land Area</b>	\$56.00

**TAX MAP – LAND SALE #6**



DRAFT

## **QUALIFICATIONS**

The firm of Goodman-Marks Associates, Inc., with offices located at 170 Old Country Road, Westbury, New York, and 420 Lexington Avenue, New York, New York, is a licensed real estate broker in the State of New York. Members of the firm are licensed real estate appraisers in the States of New York, New Jersey and Connecticut.

The firm has furnished real estate appraisals to financial institutions for mortgage and sale purposes, and many of these valuation assignments have been performed throughout the country.

The types of assignments that we typically handle encompass all facets of the real estate appraisal/consultation spectrum. These have included office buildings (both urban and suburban), shopping centers (strip, neighborhood and regional mall), freestanding department stores, fast-food buildings, gas stations, apartment houses (both urban and suburban; high-rise and garden type), cooperative and condominium residential housing (to be developed as well as to be converted), mixed-use development, hotels and motels, industrial and warehouse facilities and vacant land. Special types have included banks, auto showrooms, theaters, schools, bowling alleys, golf courses, nursing homes, etc.

Members of the firm have testified as to the value of land and buildings before the Supreme Court of the State of New York, the Court of Claims of New York State and the United States Federal Court.

The above history, the additional personal experience, affiliations, numerous similar properties appraised and education of the appraisers, as outlined on this and the following pages, qualify them as competent to complete this assignment.

**MATTHEW J. GUZOWSKI, MAI, MRICS, PRINCIPAL  
GOODMAN-MARKS ASSOCIATES, INC.**

**GENERAL EXPERIENCE**

Over 30 years as a commercial real estate appraiser and consultant

Testified as an expert witness – New York State Supreme Court, New York County  
New York State Supreme Court, Queens County  
New York State Supreme Court, Kings County  
New York State Supreme Court, Nassau County  
New York State Supreme Court, Suffolk County  
U. S. Bankruptcy Court, Kings County  
Civil Court of the City of New York, Kings County  
Zoning and Arbitration Testimony, Nassau County

**EMPLOYMENT**

4/91 to Date: *Goodman-Marks Associates, Inc.*  
Principal preparing narrative appraisal reports of income-producing and other properties to determine market valuations. These reports are used for mortgage purposes, settlement of estates, real estate tax certiorari actions and condemnation cases.

1/83 to 4/91: *New York City Economic Development Corporation*  
161 William Street  
New York, New York  
Vice President of appraisal services preparing narrative appraisal reports and reviewing fee appraisals to determine the market value of real estate for disposition, development and lease.

**EDUCATION**

**College:** St. John's University  
Degree: MBA – Finance  
December, 1989  
Queens College, C.U.N.Y.  
Degree: BA – English  
January, 1981

**Professional:** Appraisal Institute  
Courses successfully completed:  
1A1 - Real Estate Appraisal Principles  
1A2 - Basic Valuation Procedures  
SPP - Standards of Professional Practice  
1BA - Capitalization Theory & Techniques - Part A  
1BB - Capitalization Theory & Techniques - Part B  
2-1 Case Studies in Real Estate Valuation  
2-2 Report Writing and Valuation Analysis  
Seminars attended:  
Arbitration in Real Estate  
Real Estate Financial Statement Analysis

***MATTHEW J. GUZOWSKI, MAI, MRICS, PRINCIPAL  
GOODMAN-MARKS ASSOCIATES, INC. (continued)***

**PROFESSIONAL MEMBERSHIP**

Appraisal Institute - MAI Designation #10114  
Long Island, New York Chapter  
Chairman – Admissions Committee, Long Island Chapter, 2000-2006  
Chairman – Budget & Finance Committee, Long Island Chapter, 2007  
Treasurer – Long Island Chapter, 2007  
Secretary – Long Island Chapter, 2008  
Vice President – Long Island Chapter, 2009  
Senior Vice President – Long Island Chapter, 2010  
President – Long Island Chapter, 2011

The Royal Institution of Chartered Surveyors I.D. #6404964

REBNY – Membership I.D. #49202

Community Bankers Mortgage Forum

**GUEST LECTURER** New York University – Real Estate Institute

**LICENSES**  
Certified General Real Estate Appraiser  
State of New York Certificate #468986  
State of New Jersey Certificate #RG01461  
State of Connecticut Certificate #RCG0001210  
State of New Hampshire Certificate #NHCG-792  
New York State Salesperson License #10401205644

**CLIFF HOLTERMANN, VICE PRESIDENT**  
**GOODMAN-MARKS ASSOCIATES, INC.**

**EMPLOYMENT**

1997 to Date: *Goodman-Marks Associates, Inc.*  
Vice President preparing narrative appraisal reports of income-producing and other properties to determine market valuations. These reports are used for mortgage purposes, settlement of estates, real estate tax certiorari actions and condemnation cases.

1990 to 1997: *New York City Economic Development Corporation (EDC)*  
110 William Street  
New York, New York 10038  
  
Assistant Vice President within Real Estate Development Division - responsible for managing and reviewing all fee appraisal reports relating to the sale and leasing of city-owned properties by the division.

1982 to 1990: *New York City Public Development Corporation (PDC)*  
161 William Street  
New York, New York 10038  
  
Project Manager within Real Estate Sales Division

**EDUCATION**

Post Graduate: Pratt Institute, Brooklyn, New York  
Degree: Masters, City and Regional Planning

College: State University of New York at Stony Brook, Long Island, NY  
Degree: BS, Environmental Studies

**PROFESSIONAL AFFILIATION**

Appraisal Institute – Practicing Affiliate Member  
Long Island, New York Chapter

**LICENSE**

Certified General Real Estate Appraiser:  
N.Y. Certificate #4648080