APPRAISERS AND PLANNERS INC
9 EAST 40TH STREET NEW YORK, NY 10016
(212) 683-1122 FAX (212) 213-6120
www.appraisersandplanners.com

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SHARON LOCATELL, MAI, MRICS
ROBERT LAMAR STACK, MAI, FRICS
CHRISTIN L. PHILLIPS, MAI

EDWARD LEVY, ASA (1907-2004)
RUTH A. AGNESE, MAI, MRICS (1962-2013)

April 29, 2016

Hudson River Park Trust
c/o Judith M. Gallent, Esq.
Bryan Cave LLP
1290 Avenue of the Americas
New York, New York 10104

**Re: 200,000 Square Feet of Air Rights
Generated by Hudson River Park Pier 40
Block 656, Lot 1
New York, New York**

**For Use by 550 Washington Street
Block 596, Lot 1
New York, New York**

Dear Ms. Gallent:

In accordance with your request, we have prepared an appraisal report of the above captioned 200,000 square feet of air rights, henceforth referred to as the "subject property air rights." This report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice and Code of Ethics of the Appraisal Institute.

The air rights that are the subject of this report are those air rights generated by Pier 40, legally identified as Block 656 Lot 1 on the NYC Assessor's map, and available to be transferred to those eligible properties located along West Street including 550 Washington Street. The client of this report, the Hudson River Park Trust (HRPT), may enter into negotiations to transfer air rights from Pier 40 to 550 Washington Street. Based on our review of the eligible receiving sites under the Hudson River Park Act, as later detailed within this appraisal, only 550 Washington Street would be eligible to receive a transfer of air rights. Therefore, this appraisal considers an analysis whereby the air rights generated by Pier 40 are sold to 550 Washington Street for use in enhancing the proposed development.

The receiving site at 550 Washington Street, legally identified as Block 596, Lot 1, and located in Hudson Square, Manhattan, New York can legally be improved with approximately 1.51 million square feet of zoning floor area based solely on a proposed rezoning map change and certain other approvals. However, plans call for development with approximately 1.71 million square feet of zoning floor area, consisting of residential condominiums, market rate residential rentals, affordable housing, affordable senior housing, commercial/retail and a hotel.

There will be a shortfall of 200,000 square feet on the zoning lot which is to be provided to the site via transfer of air rights from Pier 40 in conjunction with a proposed amendment to the text of the zoning resolution and approval of a special permit. Moreover, we have been informed that the proposed rezoning map change, approval of a special permit, and certain other actions, will be treated together as a single set of approvals, and that these approvals may not proceed without the purchase of the Pier 40 air rights.

The rezoning and special permit will require that the proposed development include both a senior affordable component and a low-income affordable housing component. There will be no other requirements as to what is developed with respect to residential and/or commercial uses. Therefore our value of the fee development rights considers the pro rata share of the required affordable components only, with the remaining development rights valued as per their highest and best use. We have valued the remainder of the development rights based on their highest and best use, which we have determined to be residential condominium. As a result, the highest and best use of the market rate residential space is different than from what is planned with respect to condominium development vs market rate rental development.

It is noted that the developer's planned development, inclusive of a rental component was designed to take advantage of the now-expired 421-a Partial-Tax Abatement Program ("421-a"). A rental component is not a requirement under the project's ULURP application, and it has been determined from the analyses contained in this report that without 421-a, the highest and best use of the market rate components of the development are solely for condominium development.

Valuation Methodology

The appraisal of the subject property air rights considers the blended residential uses proposed for the receiving site's fee development rights, solely giving weight to residential uses located on the North and Center locations, to be rezoned C6-4 and C6-3, respectively. The South location is to be rezoned an M1-5 zone, and no residential will be permitted. Because the project site (including North, Center and South) comprises a single zoning lot, ZFA can be shifted among uses and locations, and the air rights can likewise be applied to any location and use within the zoning lot. The residential zoning floor area and space type generated by the North and Center sites is as follows:

Use	Total SF	% of Total SF
Market Rate Residential (Condo)	960,300	74.50%
Senior Affordable	110,000	8.53%
Affordable	218,700	16.97%
Total Residential	**1,289,000**	**100%**

The value of air rights to be transferred is based upon two factors: (1) the value of the underlying fee interest of the proposed development receiving site at 550 Washington Street, after considering the highest and best use of the planned uses subject to the affordable requirements for the proposed development, and (2) the ratio between the sales prices of air rights and the underlying fee interest for comparable air rights transactions that we have observed in the market. The applicable ratio for air rights transfers in NYC is generally less than 1.00 both because the market for unused air rights is typically constrained, often to a single purchaser, and because the air rights do not include any additional land to enlarge the development footprint and thereby allow greater flexibility in configuring the built space. The value of air rights is therefore generally less than fee value.

The addenda to this report contains a valuation based on a hypothetical condition in which the now-expired 421-a program is in place as of the appraisal date. The hypothetical valuation also considers the proposed development with respect to a market rate rental component, rather than all condominiums.

Market value is defined as the most probable price as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms for which the specified property rights should sell after a reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest and assuming neither is under undue duress.

The intended user of this appraisal is the client, The Hudson River Park Trust c/o Judith M. Gallent, Esq. The intended use of the appraisal is to provide information in connection with a potential disposition of air rights generated by Pier 40 of the Hudson River Park. The interest appraised is the fee simple interest, and the effective date of the appraisal is April 1, 2016.

Given the nature of this assignment, a hypothetical condition and a series of extraordinary assumptions, described below, are necessary to develop credible assignment results. The hypothetical condition employed in this valuation is that the proposed rezoning and special permit have been granted through a successful ULURP as of the effective date of value of this appraisal with the receiving site incorporating the air rights purchased from HRPT into the development. Therefore, our analysis proceeds in two parts: first consideration of the development rights as part of the fee parcel, and second the market relationship, expressed as a ratio, between the value of the air rights and the value of the underlying fee parcel. The market value of subject property air rights equals the value of the allocable portion of the fee interest multiplied by this ratio.

A hypothetical condition is defined as, "That which is contrary to what exists, but is supposed for the purpose of the analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends, or about the integrity of data used in an analysis." [1] The hypothetical condition is necessary to produce credible assignment results.

An extraordinary assumption is defined as, "An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal,

[1] Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th Ed., (Illinois: Appraisal Institute, 2010), page 97

or economic characteristics of the subject property; or about condition external to the property such as market conditions or trends; or about the integrity of data used in an analysis."[2]

The extraordinary assumptions made in this appraisal are summarized as follows:

1. That the outline of North and Center of the planned development will be generally comprised of the following Zoning Floor Area (ZFA):
   - 960,300 square feet of market rate residential development
   - 110,000 square feet of affordable senior housing rentals
   - 218,700 square feet of affordable residential rentals
2. That, as per the client based on information provided by NYCDCP, the affordable components will not be eligible to generate off-site Inclusionary Housing bonuses to be sold to qualifying sites, which departs from prior programs for affordable housing development in New York City.
3. That the developer will elect to utilize 60% Area Median Income (AMI) for the Senior Affordable Rental Apartment (SARA) program, in order for this component of the project to be eligible for 4% Low Income Housing Tax Credits (LIHTC). It was reported by HPD that 80% AMI is the maximum AMI requirement for the SARA component.

If any of the extraordinary assumptions are found to be materially different than what is assumed for this assignment, the appraisal may require revision.

The following report sets forth all available data and methodology utilized in arriving at our value conclusion and should be read in its entirety. The appraisal is subject to the Underlying Assumptions and Contingent Conditions set forth on the following pages.

After an analysis of all relevant data and based upon conclusions and the documentation presented within the following report, it is our opinion that the market value of the fee simple interest in the blended-use development rights generated by Block 656, Lot 1; known as the Pier 40 of the Hudson River Park and to be transferred to 550 Washington Street, as of April 1, 2016, was:

Use	Total SF	% of Total SF	Market Value $/ PSF	Component PSF[1]
Market Rate Residential (Condo)	960,300	74.50%	$825	$615
Senior Affordable	110,000	8.53%	-$58	-$5
Affordable	218,700	16.97%	-$208	-$35
Total Residential	**1,289,000**	**100%**	**Total PSF**	**$574**
Value of 200,000 Fee Development Rights				$114,892,866
Rounded				**$114,900,000**

[1]Percentage of total square foot multiplied by market value PSF foot equals component value PSF

[2] Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th Ed., (Illinois: Appraisal Institute, 2010), page 73

The senior affordable and the low-income affordable components produce negative values, indicating that development of these components costs more to develop than their appraised value indicates. As part of the ULURP process NYCDCP has made it a requirement that these components be constructed, as opposed to donating the land, which is sometimes observed for mixed-rate components in NYC. As a result, the development of these components, or the developer's requirement to cause these components to be developed, is reflected in the blended value.

In addition, after an analysis of all relevant data and based upon the conclusions and documentation presented within the following report, considering the limited market of both granting and eligible parcels for Pier 40 air rights, that yields an applicable ratio of 65%, it is our opinion that the market value of the 200,000 square feet of subject air rights as of April 1, 2016, was:

Fee Development Value PSF	$574
Air Rights as % of Land	65.0%
Air Rights Value	$373
Sq. Ft. of Air Rights	200,000
Value of 200,000 Air Rights	$74,676,629
Rounded	**$74,700,000**

SEVENTY FOUR MILLION SEVEN HUNDRED THOUSAND DOLLARS ($74,700,000)

The following report sets forth all available data and methodology utilized in arriving at our value conclusion and should be read in its entirety. The appraisal is subject to the Underlying Assumptions and Contingent Conditions set forth on the following pages.

Respectfully submitted,

Sharon Y. Locatell, MAI, CRE, MRICS
State of New York Certified General Appraiser
I.D. #46000007350

Adam L. Wald, MAI
State of New York Certified General Appraiser
I.D. # 46000050707

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