

A Religious Facility

**PORTION OF 770, 784 & 788 EASTERN
PARKWAY & 302-304 KINGSTON
AVENUE
BROOKLYN, NEW YORK 11213**



Fair Market Rent Appraisal Report

ADDRESSED TO

Chabad Lubavitch
c/o Mendel Sharfstein
Director of Operations
770 Eastern Parkway
Brooklyn, NY 11213

AARON
VALUATION





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June 16, 2020

Chabad Lubavitch
c/o Mendel Sharfstein
Director of Operations
770 Eastern Parkway
Brooklyn, NY 11213

Re: A Fair Market Rent Analysis
A Religious Facility
Portion of 770, 784 & 788 Eastern Parkway & 302-304 Kingston Avenue
Brooklyn, New York 11213

Per your request, we have completed an appraisal report for the purpose of estimating the annual fair market rental value for the property, as of June 14, 2020.

The subject property consists of portions of five contiguous, interconnected properties operating as a religious facility. The subject's aggregate leasable area totals approximately 23,559 square feet according to the data provided, and includes a lobby area, two synagogue sanctuaries, offices, bathrooms, utility rooms and storage space, 6,882 square feet of which is located below grade (29% of total leasable area). The subject space also contains an additional 2,295 square foot outdoor plaza area. The larger improvements contain 2-5 stories and an aggregate gross building area of 45,484 square feet above-grade.

The site is situated on the southwest corner of Eastern Parkway and Kingston Avenue in the Crown Height section of the Borough of Brooklyn, City and State of New York. The subject is zoned R6 Residential with C1-3 Commercial Overlay and is identified on tax maps of Kings County as Block 1271, Lots 31, 35, 38, 40 & 41. The property's street address is Portion of 770, 784 & 788 Eastern Parkway & 302-304 Kingston Avenue.



Fair Market Rent

The market rent conclusion for the subject property is based on an analysis of comparable rentals as of the effective date of valuation. After carefully considering all available information concerning the subject property and all apparent factors affecting value, our opinion of fair market rental value for the subject property, as of June 14, 2020, is as follows.

Type of Lease	Effective Date	Annual Fair Market Rent
Gross Lease Terms	June 14, 2020	\$950,000

Our conclusion of \$950,000 annually represents market rent subject to gross lease terms on a typical 5-year to 10-year lease.

Extraordinary Assumption

This appraisal is subject to the following extraordinary assumption, the use of which may have affected assignment results:

Property Interior: We performed a personal inspection of the property's exterior, and we were provided with measurements and recent photos of the property's interior to aid in our understanding of the property's configuration and condition. This report is subject to the extraordinary assumption that the provided measurements are accurate and that the photos provide an accurate representation of the property configuration and interior condition, and any significant variance from the provided photos may materially impact the values presented herein.

This report has been prepared in accordance with the Standards of Professional Practice and Code of Professional Ethics of the Appraisal Institute, and the Uniform Standard of Professional Appraisal Practice (USPAP).

The opinions of value expressed are subject to the certification, assumptions and conditions described in the following written appraisal report.

Sincerely,



Amanda Aaron, MAI

NYS Certified General RE Appraiser #46-49784

CHIRAG PATEL
ELECTRONIC NOTARY PUBLIC
COMMONWEALTH OF VIRGINIA
REGISTRATION # 7679556
COMMISSION EXP JUNE 30, 2024

Notary Stamp Placed at 2020/06/16 17:46:25 EST

z14ll

Please see attached
All Purpose
Acknowledgement form
for additional
Notary Events

Document Notarized using a Live Audio-Video Connection



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Subject Property Photos

SUBJECT PROPERTY EXTERIORS



784-788 Eastern Parkway



770 Eastern Parkway



302-304 Kingston Avenue



SUBJECT PROPERTY EXTERIORS



784-788 Eastern Parkway Entrance Ramp



784-788 Eastern Parkway Entrance



784-788 Eastern Parkway Entrance



SUBJECT PROPERTY EXTERIORS



770 Eastern Parkway Entrance



770 Eastern Parkway



302-304 Kingston Avenue



STREET VIEWS



View on Eastern Parkway



View on Eastern Parkway



View on Kingston Avenue



View on Kingston Avenue



INTERIOR PHOTOS PROVIDED BY CLIENT



Interior



Interior



INTERIOR PHOTOS PROVIDED BY CLIENT



Interior



Interior



Interior



Lobby



Assumptions and Conditions

All analyses and conclusions in this appraisal are based on the following assumptions and limiting conditions and definitions and concepts. Recognizing the premises of the appraisal is vital to this appraisal assignment and to the analyses and conclusions that grow out of these premises.

LIMITING CONDITIONS

This appraisal is expressly subject to the following:

- We assume no responsibility for the legal description provided or for matters pertaining to legal or title considerations. We assume that title to the property is good and marketable unless otherwise stated.
- We appraised the property free and clear of any and all liens or encumbrances unless otherwise stated.
- All mortgages, liens, encumbrances, leases and servitudes have been disregarded unless so specified within this appraisal report. We assume responsible ownership and competent property management.
- We believe that information furnished by others is reliable, but we give no warranty for its accuracy.
- We assume that all engineering studies are correct. The plot plans and illustrative material in this report are included only to help the reader to visualize the property.
- We assume that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. We assume no responsibility for such conditions or for obtaining the engineering studies that may be required to discover them.
- In this appraisal assignment, unless otherwise stated in the report, we did not observe any potentially hazardous material used in the construction or maintenance of the building and/or the presence of toxic waste. We do not have any knowledge of the existence of such materials on or in the property. However, we are not qualified to detect such substances. The existence of any potentially hazardous material may have an effect on the value of the property. We urge the client to retain an expert in this field if the client believes it is necessary or appropriate. If such hazardous material is present, the value of the property may be adversely affected and re-appraisal at additional cost may be necessary.
- We assume that the property is in full compliance with all applicable federal, state and local environmental regulations and laws unless the lack of compliance is stated, described and analyzed in the appraisal report.
- We assume that all licenses, certificates of occupancy, consents and other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value opinion contained in this report is based.
- Possession of an original or copy of this report does not carry with it the right of publication or reproduction, nor may an original or a copy of the report be used for any purposes whatsoever by anyone except the client without the previous written consent of the appraiser and the client. Out-of-context quoting from and partial reprinting of this appraisal report are expressly prohibited. The omission or change of any part of this appraisal report without my written authorization invalidates the entire appraisal.



- No part of this report (especially any opinion of value or any reference to the Appraisal Institute or to any of its designations) shall be disseminated to the news media, sales media or any other public means of communication without my prior written consent and approval.
- We are not required to give testimony or appear in court in connection with this appraisal unless arrangements have been previously made.
- Neither all nor any part of the contents of this report (especially my opinion of value, my identity, or the firm with which we are connected) shall be disseminated to the public through advertising, public relations, news, sales or other media without my prior written consent and approval.
- We assume that the use of the land and improvements is confined within the boundaries of the property described and that there is no encroachment or trespass unless noted in the report.
- Any allocation of the total value opinion in this report between the land and the improvements applies only under the stated program of use. The separate values allocated to the land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. Any value opinion provided in the report applies to the entire property, and any proration or division of the total into fractional interests will invalidate the value opinion unless such proration or division of interests has been stated in the report.
- The American with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of the ADA in developing an opinion of the value of the property.
- Acceptance and/or use of this appraisal report by the client or any third party constitutes acceptance of the stated Limiting Conditions. Liability extends only to the stated client, not to subsequent parties or users of the report.



EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is "an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions... Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis."¹

This appraisal is subject to the following extraordinary assumption, the use of which may have affected assignment results:

Property Interior: We performed a personal inspection of the property's exterior, and we were provided with measurements and recent photos of the property's interior to aid in our understanding of the property's configuration and condition. This report is subject to the extraordinary assumption that the provided measurements are accurate and that the photos provide an accurate representation of the property configuration and interior condition, and any significant variance from the provided photos may materially impact the values presented herein.

HYPOTHETICAL CONDITIONS

A hypothetical condition is "a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."²

This analysis is subject to no hypothetical conditions.

¹ 2018-19 eUSPAP, p. 4.

² Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), p. 113.



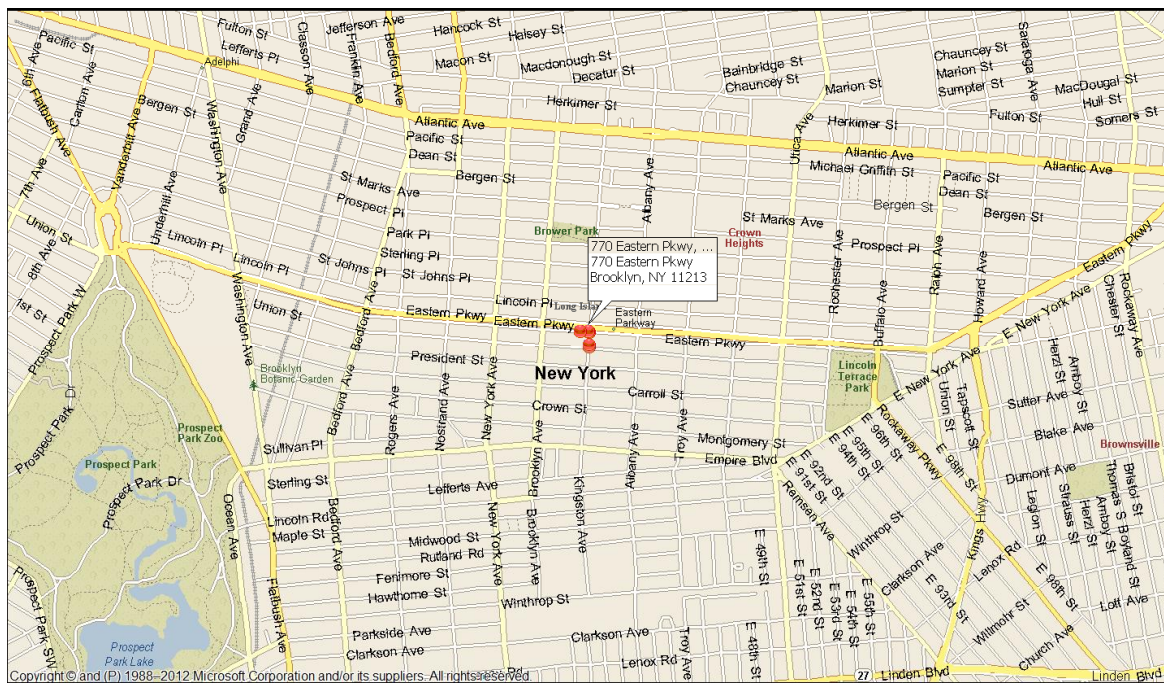
Definitions and Concepts

IDENTIFICATION OF THE SUBJECT PROPERTY

The subject property consists of portions of five contiguous, interconnected properties operating as a religious facility. The subject's aggregate leasable area totals approximately 23,559 square feet according to the data provided, and includes a lobby area, two synagogue sanctuaries, offices, bathrooms, utility rooms and storage space, 6,882 square feet of which is located below grade (29% of total leasable area). The subject space also contains an additional 2,295 square foot outdoor plaza area. The larger improvements contain 2-5 stories and an aggregate gross building area of 45,484 square feet above-grade.

The site is situated on the southwest corner of Eastern Parkway and Kingston Avenue in the Crown Height section of the Borough of Brooklyn, City and State of New York. The subject is zoned R6 Residential with C1-3 Commercial Overlay and is identified on tax maps of Kings County as Block 1271, Lots 31, 35, 38, 40 & 41. The property's street address is Portion of 770, 784 & 788 Eastern Parkway & 302-304 Kingston Avenue.

MAP OF THE SUBJECT PROPERTIES



IDENTIFICATION OF THE CLIENT AND INTENDED USER

The client and intended user of this appraisal report is the Chabad Lubavitch.

INTENDED USE

The intended use of this analysis is valuation in association with a legal proceeding. No other use is intended or authorized by the appraiser. The scope of this assignment is subject to the specific identified intended use.

PURPOSE OF THE ANALYSIS

The purpose of the analysis is to estimate the fair market rental value of the subject property, as of June 14, 2020.

TYPE AND DEFINITION OF VALUE

This analysis provides an opinion of the fair market rental value of the property as of the effective date of value. Market rental value, as used in this report, is defined as follows:

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the specified lease agreement including term, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations; the lessee and lessor each acting prudently and knowledgeably, and assuming consummation of a lease contract as of a specified date and the passing of the leasehold from lessor to lessee under conditions whereby:

- Lessee and lessor are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- The rent payment is made in terms of cash in United States dollars, and is expressed as an amount per time period consistent with the payment schedule of the lease contract;
- The rental amount represents the normal consideration for the property leased unaffected by special fees or concessions granted by anyone associated with the transaction.

EFFECTIVE DATE OF VALUE OPINION

The effective date of the report is defined as the date at which the analyses, opinions, and advice in an appraisal, review, or consulting service apply. The date of the fair market rental valuation is June 14, 2020, the date the subject property's exterior was inspected by Amanda Aaron, MAI.



COMPETENCY

Amanda Aaron, MAI, has specific knowledge of appraisal methods and practices to complete the assignment competently and has experience performing free market rental analyses for similar properties in the area.

Scope of Work

Within the course of this appraisal process, the following scope of work was completed:

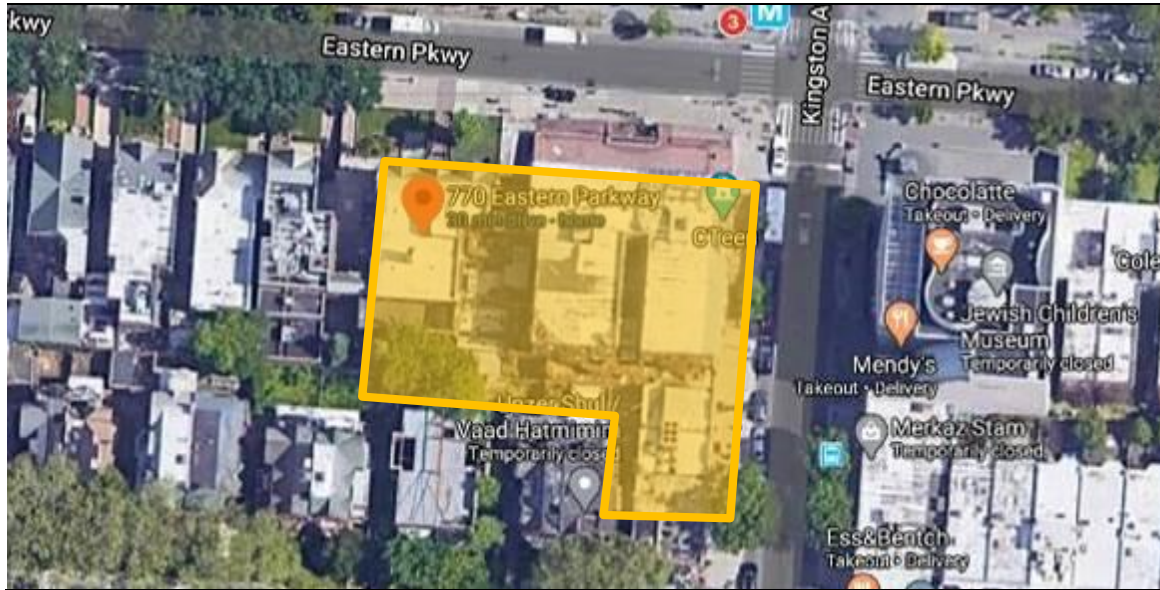
- Performed an exterior inspection of the property, supplemented by interior photos provided by client.
- Researched the subject's location in terms of economic activity, development patterns, and future trends to relate their impact on the property's potential productivity.
- Analyzed the income generating capacity of the subject in terms of physical and economic characteristics.
- Conducted a market survey of rent levels for similar property types. Market survey included research through online listing services and interviews with property owners.
- Made adjustments to rental comparables for factors such as market conditions, least terms, location, size, utility and condition.
- Estimated the fair market rental value for the subject property, as of June 14, 2020.

Information in this analysis was collected from the following data sources:

- Formal field inspection, June 14, 2020
- Information provided by the client
- Data services provided by CoStar, Loopnet, esri, and PropertyShark
- Interviews with owners and other market participants



Property Description



LEASABLE AREA BREAKDOWN

Location(s)	Floor(s)	Space Use	Area (SF)
770-788 Eastern Pkwy	GF	Main Synagogue	8,590
770-788 Eastern Pkwy & 302-304 Kingston Ave	GF	Women's Synagogue	6,737
784-788 Eastern Pkwy	GF/LL	Lobby Area	1,350
784-788 Eastern Pkwy	LL	Offices/Restrooms/Utility Rooms	5,632
302-304 Kingston Ave	LL	Storage	1,250
Total			23,559

Access: All five buildings are interconnected at the interior

Utility Features: Outdoor plaza (2,295 square feet) at 784-788 Eastern Parkway

Location: The subject site, is situated on the southwest corner of Eastern Parkway and Kingston Avenue in the Crown Height section of the Borough of Brooklyn, City and State of New York.

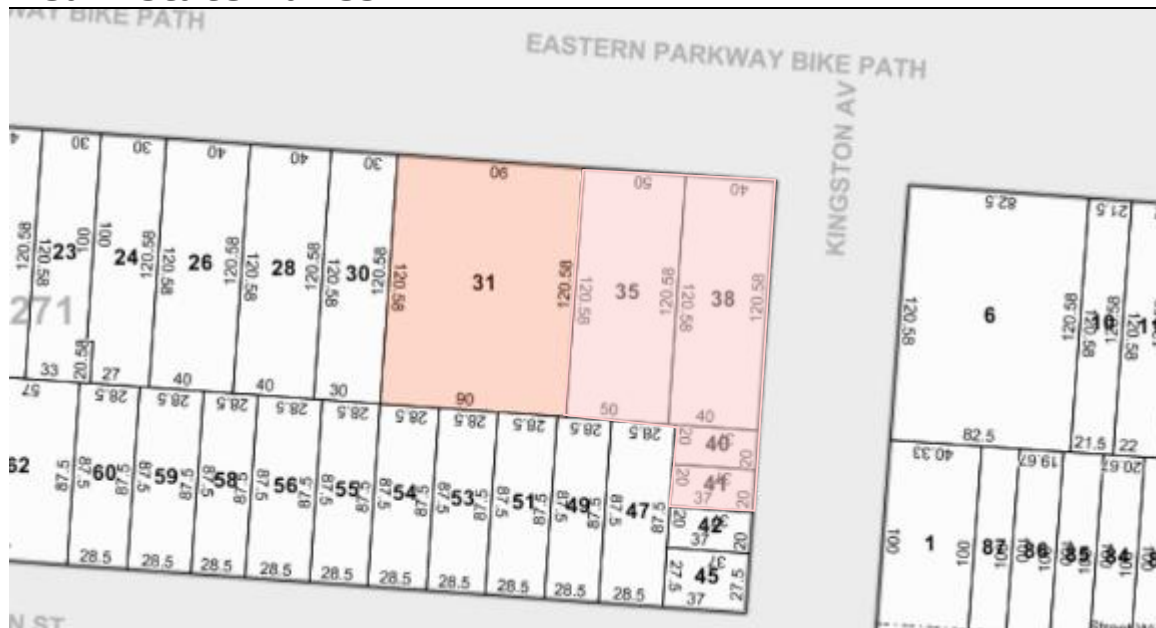
Legal Identification: Block 1271, Lots 31, 35, 38, 40 & 41 on Kings County tax maps



Site Area:	23,132 square feet (aggregate)												
Shape:	All lots are rectangular												
Topography:	Generally level at street grade												
Drainage:	Appears adequate												
Paving:	Concrete sidewalk paving. Public roads paved with asphalt.												
Street Lighting:	Street lighting consists of standard lighting fixtures which are 400-watt, sodium vapor fixtures and controlled by photo cells. The lighting fixtures are post mounted as per New York City requirements.												
Utilities + Services:	<table><tr><td>Water Supply:</td><td>Water is supplied by the municipality.</td></tr><tr><td>Gas Service:</td><td>National Grid</td></tr><tr><td>Telephone:</td><td>Provided by Verizon or competitive carriers.</td></tr><tr><td>Electrical:</td><td>Consolidated Edison</td></tr><tr><td>Refuse, Fire</td><td>City of New York</td></tr><tr><td>Protection, Police:</td><td></td></tr></table>	Water Supply:	Water is supplied by the municipality.	Gas Service:	National Grid	Telephone:	Provided by Verizon or competitive carriers.	Electrical:	Consolidated Edison	Refuse, Fire	City of New York	Protection, Police:	
Water Supply:	Water is supplied by the municipality.												
Gas Service:	National Grid												
Telephone:	Provided by Verizon or competitive carriers.												
Electrical:	Consolidated Edison												
Refuse, Fire	City of New York												
Protection, Police:													
Hazardous Substances:	No evidence of toxic or hazardous substances was observed during the appraisal inspection of the site. However, appraisers are not trained to perform technical environmental inspections and recommend the services of a professional engineer for this purpose.												
Flood Hazard Status:	The property is situated within a Zone X, an area of minimal flooding per FEMA Flood Insurance Rate Map 360497-0212F.												
Land Use Restrictions:	No title report was available for review. A search of public documents did not reveal any easements, encroachments, or restrictions that would adversely affect the site's use.												
Site Conclusion:	The site is large in size for the area and has good access and frontage. No functional or external factors are noted.												



Real Estate Taxes



Assessments

The subject property is identified on the tax maps of the City of New York, Borough of Brooklyn, as Block 1271, Lots 31, 35, 38, 40 & 41.

2020/2021 FINAL ASSESSED VALUES

Lot	Actual AV	Transitional AV	Taxable AV	Tax Rate	Tax Liability
31	\$720,900	\$665,550	\$665,550	10.537%	\$70,129
35	\$595,800	\$550,080	\$550,080	10.537%	\$57,962
38	\$466,200	\$430,380	\$430,380	10.537%	\$45,349
40	\$176,850	\$163,170	\$163,170	10.537%	\$17,193
41	\$176,850	\$163,170	\$163,170	10.537%	\$17,193
Total	\$2,136,600	\$1,972,350	\$1,972,350	10.537%	\$207,827
Total Tax Exemption:			-\$1,972,350		
Taxable After Exemption:			\$0	10.537%	\$0

NYC Actual vs. Transitional Assessments: The New York City Department of Finance phases in increases or decreases in assessed value for commercial properties over a five-year "transitional" assessment period. The actual assessment represents the current assessed value as calculated by the Department of Finance based on its income formulas and based on its 45% equalization ratio. The transitional assessment takes into consideration assessed value changes that are being phased in from the prior five-year period. In any given year, taxes are due based upon the lower number.



Tax Rates

The Class 4 tax rate for the 2019/2020 tax year is \$10.537 per \$100 of assessed value. Rates for subsequent years have not yet been announced. The following is the Class 4 tax history:

HISTORICAL CLASS 4 TAX RATES, NYC

Year	Class 4	Rate of Change
2008/2009	\$10.241	
2009/2010	\$10.426	1.81%
2010/2011	\$10.312	-1.09%
2011/2012	\$10.152	-1.55%
2012/2013	\$10.288	1.34%
2013/2014	\$10.323	0.34%
2014/2015	\$10.684	3.50%
2015/2016	\$10.656	-0.26%
2016/2017	\$10.574	-0.77%
2017/2018	\$10.514	-0.57%
2018/2019	\$10.514	0.00%
2019/2020	\$10.537	0.22%
Cumulative Change	\$0.296	2.89%
Average Annual Change		0.27%
Compound Annual Change		0.26%

Source: New York City Department of Finance

The Class 4 tax rate has remained fairly stable since 2008/2009, the exception being a large increase in 2014/2015. The compound annual rate of change since 2008/2009 is 0.26%.

TAX LIABILITY CALCULATION

Lot	Actual AV	Transitional AV	Taxable AV	Tax Rate	Tax Liability	SF	Taxes/SF	Actual Taxes/SF
31	\$720,900	\$665,550	\$665,550	10.537%	\$70,129	14,531	\$4.83	\$5.23
35	\$595,800	\$550,080	\$550,080	10.537%	\$57,962	15,500	\$3.74	\$4.05
38	\$466,200	\$430,380	\$430,380	10.537%	\$45,349	12,893	\$3.52	\$3.81
40	\$176,850	\$163,170	\$163,170	10.537%	\$17,193	1,280	\$13.43	\$14.56
41	\$176,850	\$163,170	\$163,170	10.537%	\$17,193	1,280	\$13.43	\$14.56
Total	\$2,136,600	\$1,972,350	\$1,972,350	10.537%	\$207,827	45,484	\$4.57	\$4.95

The subject property consists of leasable area within larger improvements. The taxes summarized herein are attributed to the entire improvements at each site, and do not represent the subject's portion.



TAX EXEMPTIONS

The subject properties are all currently receiving Religious Exemptions which result in a \$0 tax burden for all five tax lots. Based on the configuration and build out of the subject properties, it is assumed that demand for the space would come entirely from religious entities, indicating that the property would remain fully tax exempt in perpetuity as a religious facility.



Regional Overview: Brooklyn, New York³



Geographic Description

Brooklyn is one of the five boroughs of New York City, located southwest of the borough of Queens and occupying the western tip of Long Island. Brooklyn is geographically equivalent to Kings County, one of the 62 counties of New York State. The borough is surrounded by water on three sides, with Upper New York Bay and Lower New York Bay on its western and southern sides, Jamaica Bay to the east, and the East River to the west, separating the borough from Manhattan.

According to the U.S. Census Bureau, the county has a total area of 96.9 square miles, of which 70.61 square miles is land and 26.29 square miles (27.1%) is water. Brooklyn is divided into almost 80 neighborhoods, each with a unique identity and character. However, these neighborhood identities continue to change and develop over the years.

History

Brooklyn was originally settled by the Dutch in 1624, and became subject to British control in 1683. Brooklyn was originally one of six towns in Kings County, which was one of the original twelve British counties of New York. The town became an important base for the British through the American Revolutionary War, and the area grew as a result of the influx of

³ Sources of data include New York State Department of Labor and US Census data provided by Esri (communityanalyst.esri.com)



colonists loyal to the British. Brooklyn continued to grow throughout the first half of the 19th century because of its prime economic location next to the East River.

In 1854, Brooklyn annexed the city of Williamsburg, and by 1896, it had also annexed all of the surrounding villages and towns, expanding it to its current boundaries of Kings County. The Brooklyn Bridge was completed in 1883, connecting the city to Manhattan, and in 1894, Brooklyn voted to join on to Manhattan. In 1898, it became one of the five boroughs of New York City, along with the Bronx, Queens, and Staten Island (then Richmond).

Population

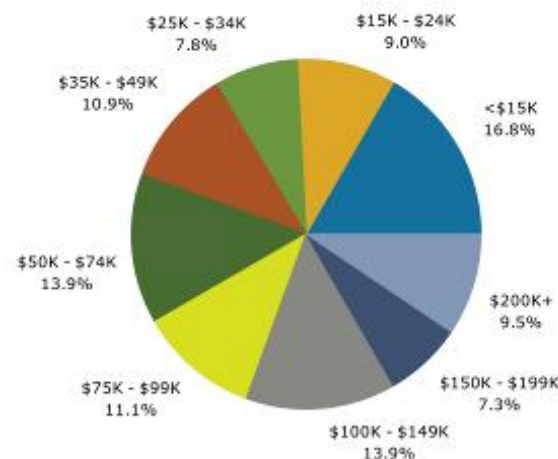
As of 2019, the population was 2,674,116 with 973,213 households, making Brooklyn the most populous borough in New York City, although it is the second largest in area, following Queens. It is also the second most densely populated county in the United States, following New York County. The population of New York City as a whole in 2019 was 8,627,852.

Summary	2019
Population	2,674,116
Households	973,213
Families	600,019
Average Household Size	2.71
Owner Occupied Housing Units	264,472
Renter Occupied Housing Units	708,741
Median Age	35.6

Income

Households by Income	2019	
	Number	Percent
<\$15,000	163,236	16.8%
\$15,000 - \$24,999	87,540	9.0%
\$25,000 - \$34,999	75,632	7.8%
\$35,000 - \$49,999	105,601	10.9%
\$50,000 - \$74,999	135,589	13.9%
\$75,000 - \$99,999	107,601	11.1%
\$100,000 - \$149,999	134,871	13.9%
\$150,000 - \$199,999	71,158	7.3%
\$200,000+	91,967	9.5%
Median Household Income	\$58,062	
Average Household Income	\$90,483	
Per Capita Income	\$33,026	

2019 Household Income



As of 2019, Kings County's median household income was \$58,062. New York City's estimated 2019 median household income was \$62,062.

According to the 2019 data, the greatest distributional range of median household income was below \$15,000, with 16.8% of households reporting income in this range. 13.9% of households reported an income of between \$50,000 and \$74,999, and 13.9% reported incomes between \$100,000 and \$149,999.

AARON

VALUATION



Education

New York City is served by the largest public-school system in the world, overseen by the New York City Department of Education. In this system, over 1.1 million students are taught in more than 1,700 public schools. The department oversees education in all five boroughs, including Brooklyn.

Among these public schools are several selective and specialized schools like Hunter College High School, the public school that sends the largest percentage of graduates to Ivy League colleges in the United States, and Stuyvesant High School, the public school with the lowest acceptance rate in the U.S., both of which are in Manhattan. Brooklyn has several public high schools of note as well, including Brooklyn Technical High School, located in Fort Greene, which is the largest high school specializing in technology, math, engineering, and science in the country. Brooklyn Tech has a number of famous alumni, including two Nobel Laureates. Brooklyn also has a number of private and parochial schools in addition to its public schools. There are about 594,000 university students in New York City, attending over 110 colleges and universities. The city enrolls more university students than any other city in the country. New York City is home to some of the most important institutions of higher education in the country, including Columbia University, Cooper Union, and the Juilliard School of Music. All of these universities are located in Manhattan. It is also served by a public university system called the City University of New York (CUNY), which has 23 institutions across the five boroughs and enrolls over 450,000 students.

Several of the CUNY campuses are located in Brooklyn, including Brooklyn College and the New York City College of Technology. Brooklyn College, located in Midwood, was the first public co-educational liberal arts college in New York City, and was ranked as one of America's Top Fifty Best Value Public Colleges by the Princeton Review in 2009. Brooklyn houses the SUNY Downstate Medical Center, a branch of the State University of New York system of public colleges, which is the oldest hospital-based medical center in the country. Brooklyn is also home to a number of private universities, including the Pratt Institute, in Clinton Hill, which is one of the leading art, design, and architecture schools in the country, and offers both graduate and undergraduate degrees.

Culture and Recreation

New York City is one of the cultural centers of the world, and is a hub of music, theater, film, and the visual arts. New York City's Broadway district, located near Times Square, is one of the world's centers of English language theater. Alternative and experimental theater groups have found a home in New York, making the city a center of innovative theater as well. Musical institutions are also vital to New York culture, and Lincoln Center for the Performing



Arts, the largest arts institution in the world, is located on Manhattan's Upper West Side. New York has permanent professional companies in all of the major performing arts disciplines: the New York City Opera, the New York Philharmonic, the New York City Ballet, and the Public Theater. There are many world-renowned visual art museums in New York City, including the Museum of Modern Art and the Metropolitan Museum of Art.

Brooklyn contains many noted centers of art as well. The Brooklyn Academy of Music (BAM), located in Downtown Brooklyn, is a major venue for performing arts, known for its focus on avant garde performance. BAM, with its 2,109-seat opera house and its 874-seat theater, boasts a typical visitor count of over 500,000 people every year, and just celebrated its 150th anniversary. Another center of artistic innovation is the Brooklyn Philharmonic, an orchestra formed in 1857 that is now famous for its support of modern composers and its progressive performances. The Brooklyn Museum, located in Central Brooklyn, is the second largest public art museum in New York City. The museum, funded in part by the City of New York, is visited by over 500,000 people per year. The Brooklyn Children's Museum, located in Crown Heights, was the first museum in the country to be dedicated specifically to children, having opened in 1899.

Beyond institutions of art and music, Brooklyn is also known for its outdoor spaces. Prospect Park, a public park designed by the creators of Central Park in Manhattan, occupies 585 acres of Central Brooklyn. The Brooklyn Botanic Gardens is adjacent to Prospect Park and is visited by approximately 900,000 people every year. Coney Island, an amusement park and beach located at the southern tip of Brooklyn, is a vital piece of Brooklyn's history and culture. For decades known as one of the most popular summer recreation destinations in New York City, Coney Island's popularity began to decline in the later part of the 20th century, but is currently undergoing revitalization, with a new amusement park having opened there in 2010.

Brooklyn Bridge Park, an 85-acre sustainable waterfront park stretching 1.3 miles along Brooklyn's East River shoreline, has undergone recent development. The park includes a waterfront promenade, lawns, a playground and volleyball courts. Moreover, mixed use properties on the park include over 400 residential units and 80,000 square feet of retail space.

There are several projects dedicated to Brooklyn's development and economic growth that have been proposed over recent years. The largest is the multi-billion Pacific Park project (formerly called Atlantic Yards), a mixed-use commercial and residential development project located in Prospect Heights. The first phase of this project was the development of the



Barclays Center, which opened in 2012. The Barclays Center is a multi-purpose arena that hosts the NBA's Brooklyn Nets, along with concerts, conventions, and other sporting events.

Transportation and Linkages

The New York City mass transit system is the most extensive in North America, and its subway system is the busiest in the Western Hemisphere. New York has public transportation systems covering underground rail, aboveground rail, bus, and ferry systems. New York City is also served by three major airports, including John F. Kennedy Airport and LaGuardia Airport in Queens, and has the busiest airspace in the country.

The Long Island Rail Road, a rail system owned by the Metropolitan Transportation Authority, operates three stations in Brooklyn on its Atlantic Branch train line, connecting it with Queens and Long Island. The stations are Atlantic Terminal, the East New York station, and the Nostrand Avenue station. The Atlantic Branch train runs to Jamaica Station, which is a hub station at which all the Long Island Railroad lines but one meet.

Brooklyn is also served by the New York City subway system, connecting it to the other New York City boroughs. There are eighteen subway lines that operate in Brooklyn: A, E, N, Q, R, D, F, M, J, Z, 2, 3, 4, 5, G, and S train. There is a system of MTA bus routes that operate within Brooklyn, as well as express bus routes that run to Manhattan.

Brooklyn has a number of highways and parkways, mostly located in western and southern Brooklyn. Major north-south highways include the Brooklyn-Queens Expressway, running between Downtown Brooklyn and Queens, and the Jackie Robinson Parkway, which runs between the East New York neighborhood of Brooklyn and the Kew Gardens neighborhood of Queens. Brooklyn also contains several major east-west highways, including the Belt Parkway, connecting Brooklyn and Queens, and New York State Route 27, which runs from Brooklyn to the eastern tip of Long Island.

Conclusion

Brooklyn, as one of the five boroughs of New York City, benefits as part of one of the most impressive municipal systems in the country. It, along with the rest of New York City, has an extensive and much-used transportation system, along with easy access to some of the busiest metropolitan areas in the country.

Brooklyn's economy and housing market has boomed in recent years. Brooklyn continues to grow and develop, ranked as the most populous New York City borough, as well as a major historical and cultural center of the city.



Neighborhood Overview: Crown Heights, Brooklyn⁴



The subject property is located in the neighborhood of Crown Heights within the borough of Brooklyn. Crown Heights is summarized as follows:

Neighborhood Summary⁵

Crown Heights is a mixed-income, largely residential community located in the center of Brooklyn. The area was originally called Crow Hill due to its hilly geography, but this was changed when Crown Street was completed in 1916. Before World War II, Crown Heights saw much development along Eastern Parkway, including the construction of a host of characteristic brownstone buildings.

⁴ Data sources include US Census Department (reported through ESRI Community Analyst) and New York City Department of City Planning's Community District Profile for Brooklyn Community District 8 (<http://www.nyc.gov/html/dcp/html/lucds/cdstart.shtml>)



Surrounding Neighborhoods

North: Bedford Stuyvesant

South: Wingate and Prospect Lefferts Garden

East: Ocean Hill

West: Prospect Heights

Street Boundaries

Northern: Atlantic Avenue

Southern: East New York Avenue and Empire Boulevard

Eastern: Ralph Avenue

Western: Washington Avenue and Classon Avenue

Local Community District

The subject property is included within Brooklyn Community District 8 (Crown Heights, Prospect Heights, Weeksville).

Land Use Category	# Lots	% Lot Area
1 & 2 Family Bldgs	2,732	19%
Multifamily Walk-up	3,149	32%
Multifamily Elevator	188	13%
Mixed Use	1,028	9%
Commercial	111	2%
Industrial	109	3%
Transportation/Utility	41	1%
Public/Institutional	212	10%
Open Space	15	5%
Parking	170	3%
Vacant	260	2%
Other	50	0%

Community District 8 has 1.6 square miles.

The district is predominantly improved with residential properties (64%). The district also has a significant amount of institutions (10%), mixed use properties (9%), and open space uses (5%).

Source: NYC Dept. of Planning



Population and Household Overview

Summary	Census 2010	2019	2024
Population	122,600	129,231	132,149
Households	47,237	49,560	50,560
Families	27,608	28,673	29,190
Average Household Size	2.55	2.57	2.57
Owner Occupied Housing Units	6,202	6,435	6,618
Renter Occupied Housing Units	41,035	43,125	43,941
Median Age	33.2	35.1	36.9

As of 2019, there were 129,231 people and 49,560 households in Crown Heights. The average household size was 2.57 and the median age was 35.1. Moderate household growth is expected by 2024.

Household Income

The median household income in Crown Heights was \$45,492 in 2019 with average household income of \$66,788. The area is low income, with 40% earning \$35,000 or less.

About 21% of the community district's population have incomes below the poverty level, compared to New York City at 20%.

HOUSEHOLDS BY INCOME - 2019

Income Range	Percent
<\$15,000	20.7%
\$15,000 - \$24,999	10.2%
\$25,000 - \$34,999	9.2%
\$35,000 - \$49,999	13.1%
\$50,000 - \$74,999	16.0%
\$75,000 - \$99,999	10.8%
\$100,000 - \$149,999	11.1%
\$150,000 - \$199,999	4.6%
\$200,000+	4.3%
Median Household Income	\$45,492
Average Household Income	\$66,788
Per Capita Income	\$25,704

Employment

59,925 Crown Heights residents were employed in 2019. Services was the largest sector, employing 62.6% of the population. The second largest sector was Retail Trade (7.7%) followed by Retail Trade (7.7%).

2019 EMPLOYED POPULATION 16+ BY INDUSTRY

Total	59,925
Agriculture/Mining	0.0%
Construction	3.5%
Manufacturing	1.9%
Wholesale Trade	1.4%
Retail Trade	7.7%
Transportation/Utilities	7.7%
Information	4.4%
Finance/Insurance/Real Estate	7.0%
Services	62.6%
Public Administration	3.9%



Businesses and Retail Establishments

The neighborhood's primary retail and commercial corridors are Franklin Avenue, Nostrand Avenue, Fulton Street and Kingston Avenue. The primary vehicular corridors are Atlantic Avenue and Eastern Parkway. Crown Heights has 3,078 total businesses with 18,632 total employees in 2019, according to ESRI.

RETAIL ESTABLISHMENT BREAKDOWN

Retail Trade Summary	Establishments	% Total	Employees
Home Improvement	14	2%	123
General Merchandise Stores	41	5%	771
Food Stores	154	19%	70
Auto Dealers, Gas Stations, Auto Aftermarket	18	2%	164
Apparel & Accessory Stores	63	8%	69
Furniture & Home Furnishings	22	3%	1,315
Eating & Drinking Places	314	40%	593
Miscellaneous Retail	164	21%	0
Total Retail Establishments	790	100%	3,105

Of those businesses, 790 are retail establishments with 3,105 retail employees. 40% of the local retail establishments are Eating & Drinking Places, 21% are Miscellaneous Retail and 19% are Food Stores.

Consumer Spending Category	Total \$ Spent	Average Spent	% of Total
Apparel and Services	\$89,743,018	\$1,811	2%
Computer	\$8,144,797	\$164	0%
Entertainment & Recreation	\$120,592,622	\$2,433	2%
Food	\$342,853,512	\$6,918	6%
Financial	\$3,966,794,349	\$80,040	69%
Health	\$19,181,289	\$387	0%
Home	\$550,690,150	\$11,112	10%
Household Furnishings and Equipment	\$46,943,416	\$947	1%
Household Operations	\$63,413,782	\$1,280	1%
Insurance	\$265,270,993	\$5,353	5%
Transportation	\$185,390,686	\$3,741	3%
Travel	\$62,576,201	\$1,263	1%
Total	\$5,721,594,815		

Of the spent in Crown Heights in 2019 on consumer goods, the largest spending category was Financial, with \$3,967 million (69%) spent, followed by shelter at \$551 million (10%).



Housing

Crown Heights is a dense neighborhood with 46% of all buildings containing 20 or more units. 17.1% of units are in single-family or two-family homes.

HOUSING UNITS PER STRUCTURE

Total	54,816	Percentage
1, detached	753	1.4%
1, attached	2,478	4.5%
2	6,155	11.2%
3 or 4	7,206	13.1%
5 to 9	6,063	11.1%
10 to 19	7,153	13.0%
20 to 49	12,034	22.0%
50 or more	12,872	23.5%

The building stock within the neighborhood was primarily built before 1960 (80%) with only 8% of all housing constructed after 1980. The estimated median year built for housing in the neighborhood is 1939.

HOUSING UNITS BY YEAR BUILT

Year Built	54,816	Percentage
Built 2014 or later	91	0.2%
Built 2010 to 2013	427	0.8%
Built 2000 to 2009	1,492	2.7%
Built 1990 to 1999	1,145	2.1%
Built 1980 to 1989	1,448	2.6%
Built 1970 to 1979	2,472	4.5%
Built 1960 to 1969	3,793	6.9%
Built 1950 to 1959	3,820	7.0%
Built 1940 to 1949	3,346	6.1%
Built 1939 or earlier	36,783	67.1%
Median Year Built		1939

In 2019, 12% of the housing units were owner occupied and 81% were renter occupied. The area owner occupancy level is below that of New York City in general, as on average, the percentage of owner occupied housing units within New York City approaches 30%, while 70% are renter occupied. The Census Bureau estimates that the median home value is \$815,410 within Crown Heights.

2019 Housing Units	53,537
Owner Occupied Housing Units	12%
Renter Occupied Housing Units	81%
Median home Value	
2019	\$815,410
2024	\$874,227



Transportation and Linkages

Crown Heights is serviced by MTA Subway A and C trains. The MTA Subway Number 3 train also services the area.

Crown Heights has access to Eastern Parkway, Atlantic Avenue and Fulton Street, which connect to the regional highway network leading to the New York City boroughs and Long Island.

The majority of the population (70.6%) uses public transportation to get to work. 14.1% drive or carpool and walk.

WORKERS AGE 16+ YEARS BY MEANS OF TRANSPORTATION

Total:	100%
Drove alone	11.8%
Carpooled	2.3%
Public transportation (excluding taxicab)	70.6%
Bus or trolley bus	9.2%
Streetcar or trolley car	0.2%
Subway or elevated	59.9%
Railroad	1.2%
Ferryboat	0.1%
Taxicab	0.7%
Motorcycle	0.1%



Highest and Best Use

Highest and best use is defined as follows:

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.

The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future.⁶

A highest and best use analysis follows a specific procedure:

- Determine the highest and best use of the site as if vacant.
- Consider the ideal improvement for the site's development.
- Compare the ideal improvement to existing improvements and determine whether modification or maintenance of the existing improvements is appropriate.

Highest and Best Use as though Vacant

As the subject is a portion of a larger improvement, the highest and best use as vacant is not applicable.

Highest and Best Use as Improved

The subject's current use as a religious community facility is both legally permissible and physically possible. This assignment is based upon current use and we have not considered alternatives.

⁶ Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), p.109.

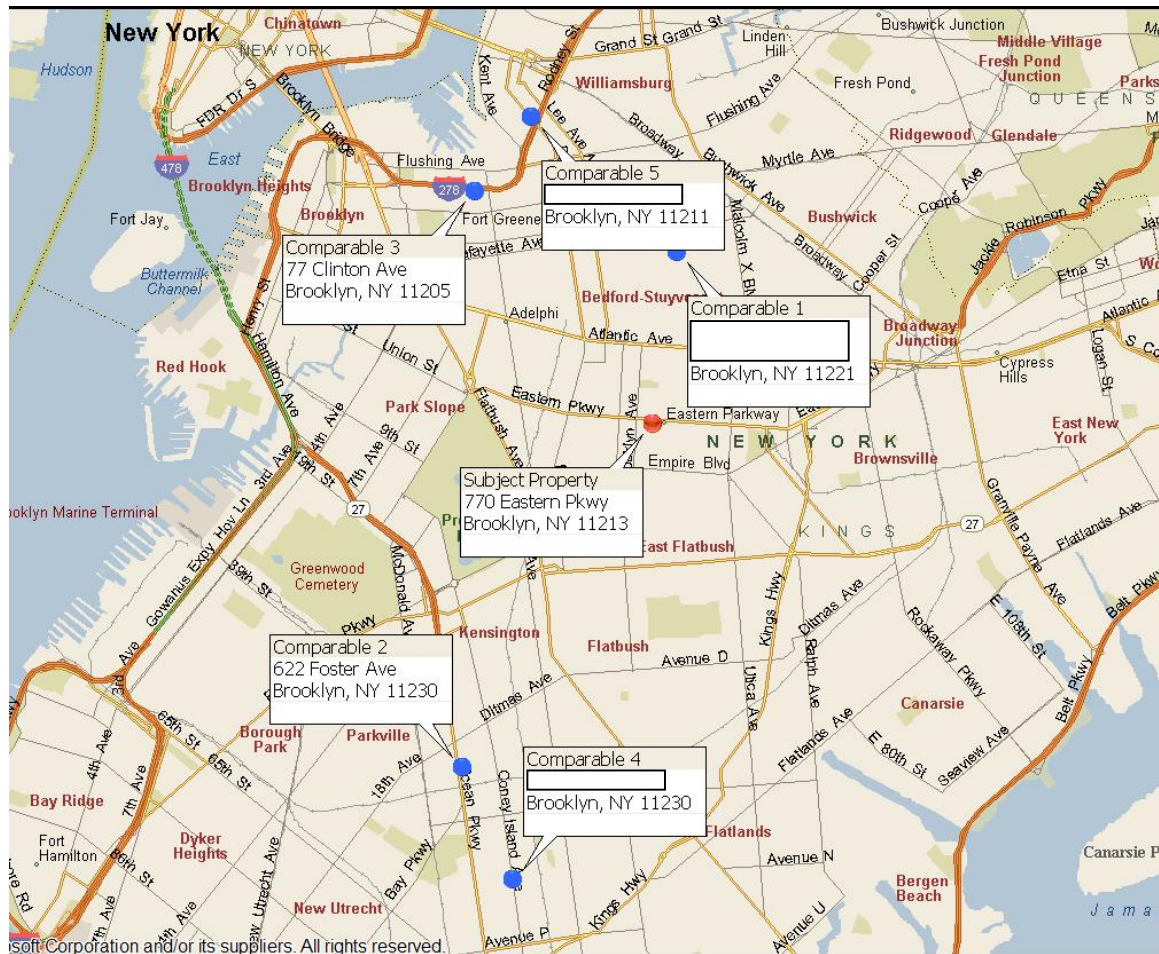


Fair Market Rent Analysis

We have researched comparable religious/school rentals in the subject's immediate market in order to determine the fair market rental value of the subject as of the effective date of valuation.

Our comparable rental analysis is presented on the pages below, followed by a discussion of adjustments for fair market rental value.

MAP OF COMPARABLES



Comparable 1

Marcus Garvey Blvd (Bedford-Stuyvesant)

Photo:



Tenant: Religious School (Confidential)

Lease Sign Date: Jul-19

Lease Term: 10 years

Area: 18,600 square feet above grade (2-story building)

Base Rent: \$706,800 per annum

\$58,900 per month

\$38.00 per square foot

Lease Terms: Triple Net: Tenant pays all utilities and property taxes. Property receiving no tax benefits.

Comments/Adjustments: The property is leased on a "triple net" basis which means the tenant is fully responsible for all real estate taxes and other operating expenses including utilities, insurance, payroll, repairs and management. This is a greater expense burden in addition to base rent than the appraised lease terms (gross); therefore, the cost of those expenses will be accounted for as an adjustment.

The property has superior utility as the tenant leases a full building as opposed to a portion of a building. The property is also fully above grade, which is superior to partially below-grade.

Source of Data/Verification: AVI Appraisal Files

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Comparable 2

622 Foster Avenue

Photo:



Tenant: Religious School

Lease Sign Date: Aug-19

Lease Term: 5 years

Area: 10,000 square feet (single story; entire unit is partially below grade)

Base Rent: \$300,000 per annum
 \$25,000 per month
 \$30.00 per square foot

Lease Terms: Modified gross: Tenant pays utilities and pro rata share of real estate tax increases over a base year amount. Condo unit has ICIP partial tax exemption.

Comments/Adjustments: The property is leased on a "modified gross" basis which means the tenant pays utilities and pro rata share of real estate tax increases over a base year amount. This is a greater expense burden in addition to base rent than the appraised lease terms (gross); therefore, the cost of those expenses will be accounted for as an adjustment.

The property has inferior utility as the full unit is partially below-grade, with no above-grade area. The property was built in 2006 and is in superior condition to the subject, which is not newly built.

Source of Data/Verification: CoStar Listing #: 167975691



Comparable 3

77 Clinton Avenue

Photo:



Tenant:	Benjamin Banneker Academy (School)
Lease Sign Date:	Aug-19
Lease Term:	10 years
Area:	115,000 square feet above grade (6-story building)
Base Rent:	\$3,392,500 per annum \$282,708 per month \$29.50 per square foot
Lease Terms:	Triple Net: Tenant pays all utilities and property taxes. Property receiving no tax benefits.
Comments/Adjustments:	The property is leased on a "triple net" basis which means the tenant is fully responsible for all real estate taxes and other operating expenses including utilities, insurance, payroll, repairs and management. This is a greater expense burden in addition to base rent than the appraised lease terms (gross); therefore, the cost of those expenses will be accounted for as an adjustment. The property has superior utility as the tenant leases a full building as opposed to a portion of a building. The property is also fully above grade, which is superior to partially below-grade.
Source of Data/Verification:	CoStar Listing #: 170432691



Comparable 4

Avenue M (Midwood)

Photo:



Tenant: Religious School ((Confidential))

Lease Sign Date: Sep-18

Lease Term: 10 years

Area: 19,193 square feet (44% below grade on finished basement level;
building is single-story plus finished basement)

Base Rent: \$614,176 per annum
\$51,181 per month
\$32.00 per square foot

Lease Terms: Triple Net: Tenant pays all utilities and property taxes. Property receiving no tax benefits.
Tenant Improvements: \$900,000 in Landlord Paid Gut Renovation (\$4.69 psf for 10-year lease)

Comments/Adjustments: The property is leased on a "triple net" basis which means the tenant is fully responsible for all real estate taxes and other operating expenses including utilities, insurance, payroll, repairs and management. This is a greater expense burden in addition to base rent than the appraised lease terms (gross); therefore, the cost of those expenses will be accounted for as an adjustment.

The property underwent a full landlord paid gut renovation in 2019 and is therefore in superior condition to the subject property.

Source of Data/Verification: AVI Appraisal Files



Comparable 5

Bedford Avenue (Williamsburg)

Photo:



Tenant:	Religious School (Confidential)
Lease Sign Date:	Jun-18
Lease Term:	5 years
Area:	30,000 square feet (27% below grade on finished basement level; 3.5-story building plus finished basement)
Base Rent:	\$840,000 per annum \$70,000 per month \$28.00 per square foot
Lease Terms:	Triple Net: Tenant pays all utilities and property taxes. Property receiving full tax exemption as religious entity at time of lease signing.
Comments/Adjustments:	<p>The property is leased on a "triple net" basis which means the tenant is fully responsible for all real estate taxes and other operating expenses including utilities, insurance, payroll, repairs and management. This is a greater expense burden in addition to base rent than the appraised lease terms (gross); therefore, the cost of those expenses will be accounted for as an adjustment.</p> <p>The property has superior utility as the tenant leases a full building as opposed to a portion of a building. The property is in inferior condition as compared to the subject.</p>
Source of Data/Verification:	AVI Appraisal Files



SUMMARY OF RENTAL COMPARABLES

No.	Address / Tenant	Lease Sign Date	Term	Area (SF)	Annual Base Rent PSF	Comments
1	Marcus Garvey Blvd Religious School (address & tenant confidential)	Jul-19	10 years	18,600	\$38.00	Triple net lease of entire 2-story (fully above grade) building in Bedford-Stuyvesant. Property contains no elevator, no onsite parking and no outdoor space. Leased to a single school tenant. Property is receiving no tax benefits.
2	622 Foster Avenue Religious School	Aug-19	5 years	10,000	\$30.00	Modified gross lease of lower level office condo unit in multi-family condo building in Midwood. Unit is partially below grade with windows at street level and individual street entrance. Unit has elevator access, no onsite parking and no outdoor space. Built in 2006. Leased to a single school tenant. Unit is receiving a partial ICIP tax exemption.
3	77 Clinton Avenue Benjamin Banneker Academy	Aug-19	10 years	115,000	\$29.50	Triple net lease of entire 6-story (fully above grade) building in Clinton Hill. Property contains no elevator, no onsite parking and no outdoor space. Leased to a single school tenant. Property is receiving no tax benefits.
4	Avenue M Religious School (address & tenant confidential)	Sep-18	10 years	19,193	\$32.00	Triple net lease of entire single-story plus finished basement building in Midwood. Underwent recent landlord paid gut renovation (2019). Property contains no elevator, no onsite parking and no outdoor space. Leased to a single school tenant. Property is receiving no tax benefits.
5	Bedford Avenue Religious School (address & tenant confidential)	Jun-18	5 years	30,000	\$28.00	Triple net lease of entire 3.5-story plus finished basement building in Williamsburg. Property contains no elevator and no onsite parking, and has a rooftop play area. Leased to a single school tenant. Property was fully tax exempt as a religious entity at time of lease signing.



EXPLANATION OF RENTAL ADJUSTMENTS

Tenant Improvements

Rental 4 received \$900,000 in tenant improvements for a 19,193 square foot property which was undergoing landlord-paid gut renovations at time of lease signing. Based on their lease term of 10 years, this amounts to \$4.69 per square foot in additional value beyond the base rent per year, and we have added this amount to Rental 4 to reflect superior lease terms.

Taxes

We are assuming gross-equivalent rental terms for the subject as it consists of space within a larger improvement. With regard to tax responsibility, this assumes that the property owner will be responsible for the real estate tax payment and that the tenant's contribution towards real estate taxes is included in the base rent. We note that the subject is currently fully tax exempt as a religious entity. Given the subject's configuration as a religious facility, it is likely that any lessee would be a religious organization, and the property is anticipated to remain tax exempt in perpetuity.

All of the comparables were leased with tenant responsibility for real estate tax reimbursements. The additional tax reimbursement amounts for the comparables have been added as a base rent adjustment in our grid to reflect the gross equivalent rent for these leases. Rental 2 was signed under modified gross lease terms, and as such no reimbursement would be due in Year 1 of their lease. We note that Rental 5 was fully exempt as a religious school entity at the time of the lease signing, and no tax reimbursement amount has been added to base rent for this comparable.

Market Conditions

New York City was recently under a shelter-in-place order which banned large gatherings due to the COVID-19 pandemic; however, this ban has begun to be lifted in phases. While the ability to congregate is still limited, religious organizations are still committed to in-person congregation to the extent that it is permitted and safe. Demand for religious space may be increased as an impact of the pandemic, since social distance requirements call for congregants to be spread out over a greater amount of building area. We see no transactional evidence of a discount applied to this specific type of space for COVID-related market changes since the signing of the comparables. The leases were signed between August 2018 and November 2019, a time of stable market conditions for religious entities. No market conditions adjustments have been applied.



Location

The subject property is located in Crown Heights. Demand for this type of space comes entirely from religious users. The subject property is located in the heart of one of the primary religious centers in Brooklyn (Crown Heights, South Williamsburg and Borough Park/Midwood) and would be an extremely desirable location for the typical user of this type of space. As such, rentals which are not located in similarly desirable locations within the primary religious centers in the borough have been adjusted upward to varying degrees based on their proximity to these centers.

Other Lease Terms

The fair market rental analysis concludes to a gross annual rent inclusive of all base rent and expenses typically paid by tenants. Therefore, the base rent conclusion for the subject must include operating costs typical of this property type.

For spaces leased on a triple net basis, the tenant pays expenses such as real estate taxes, property insurance, electric and heating costs, water charges, and repairs and maintenance costs in addition to base rent. We have adjusted each comparable for the cost of real estate taxes separately above. To account for the typical cost of these additional expenses (between \$3.00 and \$4.00 per square foot), we have adjusted rentals which were signed under triple net lease terms upwards by 10%.

The rental which was signed under modified gross lease terms is responsible for a similar non-tax expense burden as the triple net taxes. This comparable has also been adjusted upward by 10% to account for the cost of other operating expenses.

Size

This adjustment accounts for the difference in size between each of the comparables and the subject property. Smaller properties tend to rent for higher prices on a per square foot basis than larger properties due to economies of scale.

The subject's leasable area totals 23,559 square feet. The comparables range from 10,000 to 115,000 square feet. Rental 3, which contains greater than 100,000 square feet, was adjusted upward for its larger size. The remaining comparables are within a size range that does not warrant an adjustment.



Utility

This adjustment accounts for factors such as onsite parking, elevator service, outdoor space, and the existence of below grade area (lower level, or "LL"), as well as whether the rental consists of space within a larger building or the entire building. For this property type, rental of an entire building is superior to space within a larger building.

The utility features of the subject property and the comparables are summarized in the table below.

UTILITY SUMMARY TABLE

	Location (Floors)	Elevator	Parking	Outdoor Space	% Below Grade Area	Entire Building
Subject Property	LL-1	no	no	yes	29%	no
Comparable 1	1-2	no	no	no	0%	yes
Comparable 2	LL	yes	no	no	100%	no
Comparable 3	1-6	no	no	no	0%	yes
Comparable 4	LL-1	no	no	no	44%	yes
Comparable 5	LL-3.5	no	no	yes	27%	yes

Based on the differences in utility presented above, adjustments to the comparables are made in the following table:

UTILITY ADJUSTMENTS

Property	Elevator	Parking	Outdoor Space	% Below Grade Area	Entire Building	Total Adjustment
Comparable 1	0%	0%	5%	-10%	-5%	-10%
Comparable 2	-5%	0%	5%	10%	0%	10%
Comparable 3	0%	0%	5%	-10%	-5%	-10%
Comparable 4	0%	0%	5%	0%	-5%	0%
Comparable 5	0%	0%	0%	0%	-5%	-5%

Condition

The subject property is in average condition based on the interior photos provided and is currently undergoing some minor repairs. Rental 2 is located in a fairly recently built property and was adjusted downward slightly for superior age/condition. Rental 4 underwent a gut renovation in 2019 and was also adjusted downward slightly for superior condition. Rental 5 was in below average condition at the time of lease signing and has been adjusted upward for inferior condition.

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RENTAL ADJUSTMENT GRID

No.	Address	Unadjusted Rent	TIs	Taxes	Adjusted PSF	Market Cond.	Location	Lease Terms	Size	Utility	Condition	Total Adj.	Adjusted Rent PSF
1	Marcus Garvey Blvd Religious School	\$38.00	\$0	\$3.90	\$41.90	0%	0%	10%	0%	-10%	0%	0%	\$41.90
2	622 Foster Avenue Religious School	\$30.00	\$0	\$0.00	\$30.00	0%	10%	10%	0%	10%	-5%	25%	\$37.50
3	77 Clinton Avenue Benjamin Banneker Academy	\$29.50	\$0	\$3.17	\$32.67	0%	5%	10%	10%	-10%	0%	15%	\$37.57
4	Avenue M Religious School	\$32.00	\$4.69	\$3.93	\$35.93	0%	10%	10%	0%	0%	-5%	15%	\$41.32
5	Bedford Avenue Religious School	\$28.00	\$0	\$0.00	\$28.00	0%	0%	10%	0%	-5%	15%	20%	\$33.60
		MIN \$28.00			MIN \$28.00								MIN \$33.60
		MAX \$38.00			MAX \$41.90								MAX \$41.90
		AVG \$31.50			AVG \$33.70								AVG \$38.38
		MED \$30.00			MED \$32.67								MED \$37.57



RENTAL VALUE CONCLUSION

Prior to adjustments, the rentals range from \$28.00 to \$38.00 per square foot, with an average of \$31.50 and a median of \$30.00 per square foot. Following adjustments, the range narrows and increases, exhibiting rents from \$33.60 to \$41.90 per square foot with an average of \$38.38 and a median of \$37.57 per square foot.

Comparables 1, 4 and 5 are most similar to the subject, and these comparables exhibit an adjusted average of \$38.94 per square foot and a median of \$41.32 per square foot. With emphasis on Comparable 1 as the most recent rental in a similar location, we have concluded to a market rent of \$40.00 per square foot. Our concluded market rent represents rent subject to gross lease terms on a typical 5-year or 10-year lease.

The preceding rent comparison and adjustment analysis provided the appraisers with a market-derived basis for determining a current fair annual market rent for the subject property. Transactions from the local leasing market have provided sufficient data to make a reasonable fair market rent determination for the subject space.

In summary, it is the opinion of the appraisers that the annual fair market rent for the subject space is as follows.

FAIR MARKET RENT CALCULATION

Market Rent PSF		\$40.00
Leasable Area	x	23,559
Annual Fair Market Rental Value Conclusion		\$942,360
Rounded		\$950,000

Our opinion of market rent assumes a typical 5-year or 10-year lease under gross lease terms, or \$950,000 annually.

Extraordinary Assumption

This appraisal is subject to the following extraordinary assumption, the use of which may have affected assignment results:

Property Interior: We performed a personal inspection of the property's exterior, and we were provided with measurements and recent photos of the property's interior to aid in our understanding of the property's configuration and condition. This report is subject to the extraordinary assumption that the provided measurements are accurate and that the photos provide an accurate representation of the property configuration and interior condition, and



any significant variance from the provided photos may materially impact the values presented herein.



ADDENDA

- CERTIFICATION
- QUALIFICATIONS



CERTIFICATION

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- The appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I meet the Competency provision of USPAP as described on Page 13 of this report.
I made a personal exterior-only inspection of the property that is the subject of this report.
- Ryan Lavich provided significant real property appraisal assistance to the appraisers signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the continuing education requirements for Designated members of the Appraisal Institute.



Amanda Aaron, MAI

NYS Certified General RE Appraiser #46-49784



QUALIFICATIONS: AMANDA AARON, MAI

Principal, Aaron Valuation Inc.

Education

Columbia University, (New York, New York), B.A.

New York University Graduate School of Arts and Science, M.A.

Appraisal Institute – MAI designation and continuing education requirements

Experience

Amanda Aaron has appraised commercial real estate since 1998 and has been the President and CEO of Aaron Valuation, Inc. since 2010. Aaron Valuation provides the full range of real estate valuation services for properties in the New York City metropolitan area. Clients of Aaron Valuation include lending institutions as well as attorneys, CPAs, property owners and developers.

Commercial property experience includes valuation of apartment buildings, condominiums and cooperative buildings, retail properties, industrial buildings, mixed-use properties, affordable housing, office buildings, hotels, senior housing facilities, proposed construction and vacant land. Competencies include market analysis and feasibility determination, property tax analysis, cash equivalency valuation of favorable financing terms and LIHTC valuation for affordable housing developments, ground-lease valuation and fractional interest valuation.

Ms. Aaron supervises both experienced and junior appraisers, performs peer appraisal review for a range of properties and regularly teaches courses for the New York Metropolitan Chapter of the Appraisal Institute. Courses include a state licensing course (Using the HP12C Calculator) and an Appraisal Institute Qualifying Education Course (General Appraiser Sales Comparison Approach).

Professional Affiliations

- MAI Designated Member of the Appraisal Institute
- New York City and New York State Certified Woman-Owned Business Enterprise (WBE)
- Metro New York Chapter of the Appraisal Institute –Chapter President 2020, Board of Directors 2013-2020, Education Chair 2013-2018, Regional Representative 2013-2015
- New York State Certified General Real Estate Appraiser #46-49784
- New York State Approved Supervisory Appraiser
- New York State Course Instructor and Appraisal Institute Course Instructor



UNIQUE ID NUMBER 46000049784	State of New York Department of State DIVISION OF LICENSING SERVICES	FOR OFFICE USE ONLY Control No. 108496
PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R. E. APPRAISERS.		EFFECTIVE DATE MO. DAY YR. 08 09 18
AARON AMANDA G C/O AARON VALUATION ONE HANSON PLACE OFFICE SUITE 201 BROOKLYN, NY 11243		EXPIRATION DATE MO. DAY YR. 08 08 20
HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R. E. GENERAL APPRAISER		In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed. ROSSANA ROSADO SECRETARY OF STATE
DOS-1098 (Rev. 3/01)		



CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF Virginia }

COUNTY OF Arlington }

On 06/16/2020 before me Chirag Patel Notary Public,
Date (here insert name and title of the officer)

personally appeared Amanda Aaron

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of my notary public commission state that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature: _____

CHIRAG PATEL
ELECTRONIC NOTARY PUBLIC
COMMONWEALTH OF VIRGINIA
REGISTRATION # 7679556
COMMISSION EXP JUNE 30, 2024

Notary Stamp Placed at 2020/06/16 17:46:25 EST

ogdgw

(Seal)

_____ OPTIONAL _____

Description of Attached Document

4927 770-788 Eastern Parkway fair market rent appraisal.pdf

Title or Type of Document: _____ Number of Pages: 51

Document Date: 06/16/2020 Other: _____

