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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:	Chapter 11
SECOND PHOENIX HOLDING LLC, et al.,	
	Case No. 18-10009 (MG)
Debtors,	Case No. 18-10010 (MG)
	Case No. 18-10011 (MG)
	(Jointly Administered)
--x	

DISCLOSURE STATEMENT

Dated March 15, 2018

Of

PHOENIX HOLDING LLC, HARLEM PHOENIX REALTY CORP., AND KSHEL REALTY CORP.

ON JANUARY 3, 2018, PHOENIX HOLDING LLC, HARLEM PHOENIX REALTY CORP., AND KSHEL REALTY CORP. ("DEBTORS") FILED VOLUNTARY PETITIONS UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE. THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE. DEBTORS WILL FILE AN APPLICATION SEEKING AN ORDER OF THE BANKRUPTCY COURT (i) APPROVING (a) THIS DISCLOSURE STATEMENT AS CONTAINING ADEQUATE INFORMATION; (b) AUTHORIZING THE SOLICITATION OF VOTES IN COMPLIANCE WITH SECTION 1126(b) OF THE BANKRUPTCY CODE; AND (c) CONFIRMING THE JOINT REORGANIZATION PLAN (THE "PLAN") DESCRIBED HEREIN.

I. INTRODUCTION

This is the disclosure statement (the "Disclosure Statement") in the chapter 11 cases of Second Phoenix Holding LLC ("SP"), Harlem Phoenix Realty Corp. ("HP") and Kshel Realty Corp. ("KR") (individually "Debtor" and collectively "Debtors"). This Disclosure Statement contains information about the Debtors and describes the Joint Plan of Reorganization of SP, HP and KR, dated March 15, 2018 (the "Plan") filed by Debtors on March 15, 2018. A full copy of the Plan is attached to this Disclosure Statement as Exhibit A. ***Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

The proposed distributions under the Plan are discussed at pages 6-12 of this Disclosure Statement.

All creditors will receive a distribution of 100 % of their allowed claims, with interest, to be paid on the Effective Date.

A. Purpose of This Document

This Disclosure Statement describes:

- Debtors and significant events during the bankruptcy cases.
- How the Plan proposes to treat claims or equity interests of the type you hold (*i.e.*, what you will receive on your claim or equity interest if the plan is confirmed).
- Who can vote on or object to the Plan.
- What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan.
- Why Debtors believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation.
- The effect of Confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

Deadline for Voting to Accept or Reject the Plan

If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to Marc Stuart Goldberg, Esq., Marc Stuart Goldberg, LLC, 670 White Plains Road, Suite 121, Scarsdale, New York 10583. See section IV.A. below for a discussion of voting eligibility requirements.

Your ballot must be received by Month Day, 2018 or it will not be counted.

Deadline for Objecting to Confirmation of the Plan

Objections to Confirmation of the Plan must be filed with the Court and served upon Marc Stuart Goldberg, LLC, 670 White Plains Road, Suite 121, Scarsdale, New York 10583 and The Office of the United States Trustee, Attn: Brian S. Masumoto, Esq., U.S. Federal Office Building 201 Varick Street, Suite 1006, New York, New York 10014 by Month Day, 2018.

Identity of Person to Contact for More Information

If you want additional information about the Plan, you should contact Marc Stuart Goldberg, LLC, 670 White Plains Road, Suite 121, Scarsdale, New York 10583, electronic mail address, mgoldberg@msglegal.com.

C. **Disclaimer**

NO STATEMENTS, INFORMATION OR REPRESENTATIONS CONCERNING DEBTORS ARE AUTHORIZED BY DEBTORS OTHER THAN AS SET FORTH IN THIS STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE WHICH ARE OTHER THAN AS CONTAINED IN THIS STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION AND SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR DEBTORS, WHO IN TURN SHALL DELIVER SUCH INFORMATION TO THE COURT FOR SUCH ACTION AS THE COURT MAY DEEM APPROPRIATE. THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. DEBTORS ARE UNABLE TO WARRANT AND REPRESENT THE ACCURACY OF THE INFORMATION CONTAINED HEREIN, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO INSURE ITS ACCURACY.

THIS STATEMENT HAS BEEN APPROVED BY AN ORDER OF THE COURT DATED MONTH DAY, 2018, AFTER NOTICE AND A HEARING PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE. THE COURT FOUND THAT THE INFORMATION CONTAINED HEREIN IS OF THE KIND, AND IS OF SUFFICIENT DETAIL, TO ENABLE A HYPOTHETICAL, REASONABLE INVESTOR TYPICAL OF THE CLASS BEING SOLICITED, TO MAKE AN INFORMED JUDGMENT WHETHER TO VOTE TO ACCEPT OR TO REJECT THE PLAN. THE COURT HAS NOT RULED UPON THE PLAN, AND NEITHER THIS STATEMENT NOR THE ORDER APPROVING IT IS TO BE CONSTRUED AS APPROVAL OR ENDORSEMENT AS TO THE FAIRNESS OR MERITS OF THE PLAN BY THE COURT.

II. BACKGROUND

A. Description and History of Debtors' Businesses

SP was formed in 2016 for the purpose of entering into a secured lending arrangement with SKW. HP was formed in 1997, and KR was formed in 1992. HP and KR own one hundred (100%) percent of SP. Evan Blum is sole shareholder of HP and KR. SP is engaged in the business of owning real estate. One parcel, at 216 East 125th Street, New York, NY 10035 ("East 125th Street", is improved, and one parcel, at 14 Second Avenue, New York, NY 10003 ("Second Avenue"), is unimproved land (collectively the "Real Property"). Debtors are of the opinion that the Real Property is worth in excess of $24,000,000.00. Annexed hereto as Exhibit B is the appraisal done at SKW's request in 2016. Debtors believe the value of the Real Property presently exceeds that amount.

B. Insiders of Debtors

At the time of the commencement of Debtors' Bankruptcy Cases, Evan Blum was Manager of SP and President and sole Stockholder of both HP and KR. Mr. Blum has taken loans from Debtors during the two years prior to the commencement of Debtors' Bankruptcy Cases but has not taken salary or other compensation.

C. Management of Debtor Before and During the Bankruptcy

During the two years prior to the date on which the bankruptcy petitions were filed, and during the pendency of the chapter 11 cases, the officers, directors, managers or other persons in control of Debtors (collectively the "Managers"), was Mr. Blum.

After the Effective Date of the order confirming the Plan, the officers, directors, managers or other persons in control of Debtors of Debtors (the "Post Confirmation Manager"), will be Evan Blum. Mr. Blum will be responsible for all management decisions of Reorganized Debtors. Mr. Blum will not be compensated for his work.

D. Events Leading to Chapter 11 Filing

SP voluntarily filed its chapter 11 petition as SKW, a lender that asserts a claim of in excess of twelve million ($12,000,000.00) dollars secured by the Real Property, and the equity of SP's equity holders, HP and KR, entities that simultaneously filed Chapter 11 cases in this Court, sought to take control of the Real Property by foreclosing against HP and KR, under Article 9 of the Uniform Commercial Code. Debtors assert that SKW violated its contractual obligations with Debtors and that as a result of SKW's breaches, Debtors were compelled to file the Chapter 11 cases.

E. Significant Events During the Case

At the inception of its Bankruptcy Case, Debtors retained, with Bankruptcy Court approval, as its counsel, Marc Stuart Goldberg, LLC.

Also, with Bankruptcy Court approval, Debtors retained Avison Young - New York ("AYNY"), to market and sell Second Avenue and to refinance East 12th Street and/or to refinance both Second Avenue and East 125th Street.

Funding for the Plan shall be from the proceeds realized from the sale of Second Avenue and/or the sale of 2nd Avenue and East 125th Street and/or the Exit Financing.

F. Projected Recovery of Avoidable Transfers

Debtors do not intend to pursue preference, fraudulent conveyance, or other avoidance actions.

G. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, Debtors reserve the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

H. Current and Historical Financial Conditions

It is AYNY's opinion that the combined value of the Real Property is in excess of $24,000,000.00.

Debtors' most recent, corrected balance sheets are cumulatively set forth as Exhibit C.

The most recent post-petition operating report filed since the commencement of Debtors' Bankruptcy Cases are set forth at Exhibit D. Exhibit D is a summary of Debtors' periodic operating reports filed since the commencement of Debtors' Bankruptcy Cases.

III**. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS**

A. What is the Purpose of the Plan of Reorganization?

As required by the Bankruptcy Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

B. Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Bankruptcy Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Bankruptcy Code. As such, the Plan Proponent has not placed the following claims in any class:

1. *Administrative Expenses*

Administrative expenses are costs or expenses of administering Debtors' chapter 11 cases which are allowed under § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to Debtors in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Bankruptcy Code requires that all administrative expenses be paid on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists SP's estimated administrative expenses and their proposed treatment under the Plan:

Type	Estimated Amount Owed	Proposed Treatment
Expenses Arising in the Ordinary Course of Business After the Petition Date	$0.00	Paid in full on the Effective Date of the Plan, or according to terms of obligation if later
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date	$0.00	Paid in full on the Effective Date of the Plan, or according to terms of obligation if later
Professional Fees, as approved by the Court.	$200,000.00	Paid in full on the Effective Date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the Effective Date of the Plan
Clerk's Office Fees	$	Paid in full on the Effective Date of the Plan
Other administrative expenses	$	Paid in full on the Effective Date of the Plan or according to separate written agreement
Office of the U.S. Trustee Fees	$5,000.00	Paid in full on the Effective Date of the Plan
TOTAL	$205,000.00	

The following chart lists HP's estimated administrative expenses and their proposed treatment under the Plan:

Type	Estimated Amount Owed	Proposed Treatment
Expenses Arising in the Ordinary Course of Business After the Petition Date	$0.00	Paid in full on the Effective Date of the Plan, or according to terms of obligation if later
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date	$0.00	Paid in full on the Effective Date of the Plan, or according to terms of obligation if later
Professional Fees, as approved by the Court.	$200,000.00	Paid in full on the Effective Date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the Effective Date of the Plan
Clerk's Office Fees	$	Paid in full on the Effective Date of the Plan
Other administrative expenses	$	Paid in full on the Effective Date of the Plan or according to separate written agreement
Office of the U.S. Trustee Fees	$5,000.00	Paid in full on the Effective Date of the Plan
TOTAL	$205,000.00	

The following chart lists KR's estimated administrative expenses and their proposed treatment under the Plan:

Type	Estimated Amount Owed	Proposed Treatment
Expenses Arising in the Ordinary Course of Business After the Petition Date	$0.00	Paid in full on the Effective Date of the Plan, or according to terms of obligation if later
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date	$0.00	Paid in full on the Effective Date of the Plan, or according to terms of obligation if later

Professional Fees, as approved by the Court.	$200,000.00	Paid in full on the Effective Date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the Effective Date of the Plan
Clerk's Office Fees	$	Paid in full on the Effective Date of the Plan
Other administrative expenses	$	Paid in full on the Effective Date of the Plan or according to separate written agreement
Office of the U.S. Trustee Fees	$5,000.00	Paid in full on the Effective Date of the Plan
TOTAL	$205,000.00	

2. *Priority Tax Claims*

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Bankruptcy Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief.

The following chart lists SP's estimated § 507(a)(8) priority tax claims and their proposed treatment under the Plan:

Description (name and type of tax)	**Estimated Amount Owed**	**Date of Assessment**	**Treatment**
None			

The following chart lists HP's estimated § 507(a)(8) priority tax claims and their proposed treatment under the Plan:

Description (name and type of tax)	**Estimated Amount Owed**	**Date of Assessment**	**Treatment**
IRS-Corp-Inc	$3,136.82	None	Paid in full on the Effective Date of the

The following chart lists KR's estimated § 507(a)(8) priority tax claims and their proposed treatment under the Plan:

Description (name and type of tax)	**Estimated Amount Owed**	**Date of Assessment**	**Treatment**
None			

C. **Classes of Claims and Equity Interests**

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

1. *Classes of Priority Unsecured Claims*

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Bankruptcy Code are required to be placed in classes. The Bankruptcy Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

The following chart lists all classes in SP's Bankruptcy Case containing claims under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Code and their proposed treatment under the Plan:

Description	Estimated Amount Owed	Impairment	Treatment
None			

The following chart lists all classes in HP's Bankruptcy Case containing claims under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Code and their proposed treatment under the Plan:

Description	Estimated Amount Owed	Impairment	Treatment
None			

The following chart lists all classes in KR's Bankruptcy Case containing claims under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Code and their proposed treatment under the Plan:

Description	Estimated Amount Owed	Impairment	Treatment
None			

2. *Classes of Secured Claims*

SKW is a disputed secured creditor of Debtors. SKW asserts a secured claim in the amount of in excess of twelve million five hundred thousand ($12,500,000.00) dollars secured by the Real Property and the equity interests in HP and KR.

The following chart identifies the Plan's proposed treatment of Class 2, which contain general unsecured claims against all Debtors:

Description	Estimated Amount Owed	Impairment	Treatment
Disputed Secured Claim of SKW	$12,500,000.00, disputed and subject to offsets	No	Payment of Allowed Claim in Full on the Effective Date

The following chart identifies the Plan's proposed treatment of Class 2, which contain general unsecured claims against HP only.

Description	Estimated Amount Owed	Impairment	Treatment
NYS Dept. Taxation	$669.67	No	Payment of Allowed Claim in Full on the Effective Date

3. *Class of General Unsecured Claims*

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code.

The following chart identifies the Plan's proposed treatment of Class 3, which contain the cumulative general unsecured claims against Debtors:

Description	Impairment	Treatment
General Unsecured Creditors	No	Payment of Allowed Claims in Full on the Effective Date

4. *Classes of Equity Interest Holders*

Equity interest holders are parties who hold an ownership interest (i.e., equity interest) in Debtors.

The following chart sets forth the Plan's proposed treatment of the classes of equity interest holders:

Description	Impairment	Treatment
Equity Security Interests of Evan Blum in HP and KR	No	Evan Blum shall retain his equity security interests in HP and KR

D. **Means of Implementing the Plan**

1. Source of Payments

Funding for the Plan shall be from the proceeds realized from the sale of Second Avenue and/or the sale of 2nd Avenue and East 125th Street and/or the Exit Financing.

2. Post-Confirmation Management

The Post-Confirmation Managers of Debtors shall be Evan Blum. Mr. Blum will not be compensated by Debtors for his efforts.

E. **Risk Factors**

The proposed Plan has the following risks:

From Debtors' perspective, the Plan's only risk is Debtors' inability to sell Second Avenue and/or refinance the Real Property.

F. Executory Contracts and Unexpired Leases

The Plan, at Article VII, sets forth all executory contracts and unexpired leases that Debtor will reject under the Plan. Rejection means that Debtor has elected to terminate the contracts and the obligations under such contracts and unexpired leases.

All executory contracts and unexpired leases that are not listed in Section 6.01 will be assumed under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

If you object to the assumption of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the Confirmation of the Plan.

The Deadline for Filing a Proof of Claim Based on a Claim Arising from the Rejection of a Lease or Contract thirty (30) days after the date of the order confirming this Plan. Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Court orders otherwise.

G. Tax Consequences of Plan

Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, and/or Advisors.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for Confirmation.

A. Who May Vote or Object

Any party in interest may object to the Confirmation of the Plan if the party believes that the requirements for Confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that no classes of claims or interests are impaired. Therefore, no class of creditors or interest holders are to vote to accept or reject the Plan.

1. What Is an Allowed Claim or an Allowed Equity Interest?

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) Debtor has scheduled the claim on Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a proof of claim in this case was April 6, 2018. The deadline for filing an objection to a proof of claim is ninety (90) days after the Confirmation Date (unless extended by an order of the Court); provided, however, that nothing contained herein shall limit the right of Debtor and/or the Reorganized Debtor to object to Claims, if any, filed or amended more than thirty (30) days after the Confirmation Date. In that case, Debtor and/or the Reorganized Debtor shall have ninety (90) days after the filing of such Claim(s) or amendment(s) to object.

2. What Is an Impaired Claim or Impaired Equity Interest?

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is impaired under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

*3. Who is **Not** Entitled to Vote*

The holders of the following six types of claims and equity interests are not entitled to vote:

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not "allowed claims" or "allowed equity interests" (as discussed above), unless they have been "allowed" for voting purposes.

- holders of claims or equity interests in unimpaired classes; holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and
- holders of claims or equity interests in classes that do not receive or retain any value under the Plan;
- holders of claims and equity interests that are not impaired under the Plan
- administrative expenses.

Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan and to the Adequacy of the Disclosure Statement.

4. *Who Can Vote in More Than One Class*

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity and should cast one ballot for each claim.

B. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cram down" on non-accepting classes, as discussed later in Section [B.2.].

1. Votes Necessary for a Class to Accept the Plan

A class of impaired claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of impaired equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. Treatment of Nonaccepting Classes

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a "cram down" plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual Confirmation except the voting requirements of § 1129(a)(8) of the Code, does not "discriminate unfairly," and is "fair and equitable" toward each impaired class that has not voted to accept the Plan.

C. Liquidation Analysis

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. A liquidation analysis is attached to this Disclosure Statement as Exhibit E.

D. Feasibility

The Court must find that Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of Debtor or any successor to Debtor, unless such liquidation or reorganization is proposed in the Plan.

1. Ability to Initially Fund Plan

The Plan Proponent believes that Debtors will have enough cash on hand on the Effective Date of the Plan to pay all the claims and expenses that are entitled to be paid on that date.

2. Ability to Make Future Plan Payments and Operate Without Further Reorganization

The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments. Payments to all claimants will be made in full, with interest, on the Effective Date.

You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.

V. EFFECT OF CONFIRMATION OF PLAN

A. DISCHARGE OF DEBTOR

Discharge. On the Effective Date of the Plan, Debtors shall be discharged from any debt that arose before Confirmation of the Plan, subject to the occurrence of the Effective Date, to the extent specified in § 1141(d)(1)(A) of the Bankruptcy Code, except that Debtors shall not be discharged of any debt (i) imposed by the Plan, (ii) of a kind specified in § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure, or (iii) of a kind specified in § 1141(d)(6)(B). After the Effective Date of the Plan your claims against Debtors will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

B. Modification of Plan

The Plan Proponent may modify the Plan at any time before Confirmation of the Plan. However, the Court may require a new disclosure statement and/or re-voting on the Plan. The Plan Proponent may also seek to modify the Plan at any time after Confirmation only if (1) the Plan has not been substantially consummated and (2) the Court authorizes the proposed modifications after notice and a hearing.

C. Final Decree

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

Dated: Scarsdale, New York
March 15, 2018

Second Phoenix Holding LLC

By: ______________________
Evan Blum, Manager

Harlem Phoenix Realty Corp.

By: ______________________
Evan Blum, President and Sole Shareholder

Kshel Realty Corp.

By: ______________________
Evan Blum, President and Sole Shareholder

Marc Stuart Goldberg, LLC
Attorneys for Debtors
By: ______________________
Marc Stuart Goldberg
670 White Plains Road
Suite 121
Scarsdale, New York 10583
(914) 725-8200

EXHIBIT A

Marc Stuart Goldberg, LLC
Counsel to Debtors
670 White Plains Road, Suite 121
Scarsdale, New York 10583
(914) 725-8200

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:	Chapter 11
SECOND PHOENIX HOLDING LLC, et al.,	
	Case No. 18-10009 (MG)
Debtors,	Case No. 18-10010 (MG)
	Case No. 18-10011 (MG)
	(Jointly Administered)
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JOINT REORGANIZATION PLAN OF SECOND PHOENIX HOLDING LLC, HARLEM PHOENIX REALTY CORP., AND KSHEL REALTY CORP., DATED MARCH 15, 2018

INTRODUCTION

Second Phoenix Holding LLC ("SP"), Harlem Phoenix Realty Corp. ("HP") and Kshel Realty Corp. ("KR") (individually "Debtor" and collectively "Debtors"), hereby propose the following joint reorganization plan (the "Plan") for the resolution of Debtors' outstanding Creditor Claims and Interests. Reference is made to the Disclosure Statement, distributed contemporaneously herewith, for a discussion of Debtors' history, businesses, properties, results of operations, risk factors, a summary and analysis of the Plan, and certain related matters, which is a central feature of the Plan.

Debtors are the proponents of this Plan within the meaning of Section 1129 of the Bankruptcy Code.

All holders of Claims and all holders of Interests are encouraged to read this Plan and the Disclosure Statement in their entirety before voting to accept or reject this Plan. Subject to certain restrictions and requirements set forth in Section 1127 of the Bankruptcy Code and Fed. R. Bankr. P. 3019 and those restrictions on modifications set forth in Article X of this Plan, Debtors reserve the right to alter, amend, modify, revoke, or withdraw this Plan prior to its substantial consummation.

I. DEFINITIONS, RULES OF INTERPRETATION AND COMPUTATION OF TIME

A. Scope of Definitions; Rules of Construction

For purposes of this Plan, except as expressly provided or unless the context otherwise requires, all capitalized terms not otherwise defined shall have the meanings ascribed to them in Article I of this Plan. Any term used in this Plan that is not defined herein but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules. Whenever the context requires, such terms shall include the plural as well as the singular number, the masculine gender shall include the feminine, and the feminine gender shall include the masculine.

B. Definitions

1.1 "Administrative Bar Date" shall mean, in respect of Administrative Claims, the date(s), if any, designated by the Court as the last dates for filing Administrative proofs of Claim against Debtor(s).

1.2 "Administrative Claim" shall mean a claim for any cost or expense of administration of this Chapter 11 case, made under Section 503(b) of the Bankruptcy Code, including, without limitation, any actual and necessary costs and expenses of preserving Debtor(s)' Estate(s), of operating Debtor(s)' Estate(s) and business and all allowances of compensation for legal or other professional services or reimbursement of costs and expenses to the extent allowed by the Court in accordance with Section 330, 331 and/or 503 of the Bankruptcy Code.

1.3 "Allowed" shall mean, when used in reference to a Claim or Interest within a particular Class, an Allowed Claim or Allowed Interest of the type described in such Class.

1.4 "Allowed Administrative Claim" shall mean all or that portion of any Administrative Claim which is an Allowed Claim

1.5 "Allowed Claim" shall mean a Claim or any portion thereof (a) as to which no objection to allowance or request for estimation has been interposed on or before the Consummation Date or the expiration of such other applicable period of limitation as may be fixed by the Bankruptcy Code, the Bankruptcy Rules, the Court, or the Plan, (b) as to which any objection to its allowance has been settled, waived through payment, or withdrawn, or has been denied by a Final Order, (c) that has been allowed by a Final Order, (d) as to which the liability of Debtor(s) and the amount thereof are determined by final order of a court of competent jurisdiction other than the Court, or (e) that is expressly allowed in a liquidated amount in the Plan; *provided howeve*r, that with respect to an Administrative Claim, that nothing herein shall be deemed to require holders of Administrative Claims incurred by Debtor(s) in the ordinary course of business, including the actual, necessary costs and expenses of operating the business of Debtor(s), to make a request for payment of such Administrative Claim pursuant to Section 503(a) of the Bankruptcy Code.

1.6 "Allowed Priority Claim" shall mean all or that portion of an Allowed Claim, other than an Allowed Priority Tax Claim, which is a Priority Claim.

1.7 "Allowed Secured Claim" shall mean that portion of an Allowed Claim that is a Secured Claim.

1.8 "Allowed Priority Tax Claim" shall mean that portion of an Allowed Claim entitled to priority under Section 507(a) (8) of the Bankruptcy Code.

1.9 "Allowed Unsecured Claim" shall mean any Allowed Claim that is an Unsecured Claim.

1.10 "Bankruptcy Code" shall mean Title 11, United States Code (Title I of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, Pub. L. No. 109-08, 119 Stat. 2.3, as amended).

1.11 "Bankruptcy Court" or "Court" shall mean the United States Bankruptcy Court for the Southern District of New York or such other court, as may have jurisdiction over these jointly administered Chapter 11 cases.

1.12 "Bankruptcy Rules" shall mean, collectively, the Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as amended, the Federal Rules of Civil Procedure, as amended, as applicable to these jointly administered Chapter 11 cases or proceedings therein, and the Local Rules of the Court, as applicable to these jointly administered Chapter 11 cases or proceedings therein, as the case may be.

1.13 "Bar Date(s)" shall mean the date(s), if any, designated by the Court as the last dates for filing proofs of Claims against Debtor(s).

1.14 "Business Day" shall mean any day other than a Saturday, Sunday, or legal holiday as defined in Rule 9006(a) of the Federal Rules of Bankruptcy Procedure.

1.15 "Cash" shall mean legal tender of the United States or equivalents thereof.

1.16 "Chapter 11" shall mean chapter 11 of the Bankruptcy Code.

1.17 "Chapter 7" shall mean chapter 7 of the Bankruptcy Code.

1.18 "Claim" shall mean a claim against Debtor(s) as defined in Section 101(5) of the Bankruptcy Code, to wit: (a) right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or (b) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

1.19 "Claimant" or "Creditor" shall mean the holder of an Allowed Claim.

1.20 "Class" shall mean a class of holders of Allowed Claims described in Article II of this Plan.

1.21 "Collateral" shall mean any property or interest in property of Debtor(s) Estate(s) subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law.

1.22 "Confirmation" shall mean entry of an Order of the Court confirming this Plan.

1.23 "Confirmation Date" shall mean the date upon which the Court enters the Confirmation Order.

1.24 "Confirmation Hearing" shall mean the hearing to consider confirmation of the Plan under Section 1128 of the Bankruptcy Code.

1.25 "Confirmation Order" shall mean the Order of the Court confirming the Plan pursuant to Section 1129 of the Bankruptcy Code.

1.26 "Consummation Date" shall mean the Effective Date.

1.27 "Court" shall mean the United States Bankruptcy Court for the Southern District of New York.

1.28 "Cure" shall mean the distribution of Cash, or such other property as may be agreed upon by the parties or ordered by the Bankruptcy Court, with respect to the assumption of an executory contract or unexpired lease, pursuant to Section 365(b) of the Bankruptcy Code, in an amount equal to all unpaid monetary obligations, without interest, or such other amount as may be agreed upon by the parties, under such executory contract or unexpired lease, to the extent such obligations are enforceable under the Bankruptcy Code and applicable non-bankruptcy law.

1.29 "Debtor" or "Debtors" shall mean SP, HP and/or KR, as applicable, as debtor(s)-in-possession, prior to the Confirmation Date.

1.30 "Disallowed Claim" shall mean any claim or portion thereof that has been disallowed by a Final Order.

1.31 "Disallowed Interest" shall mean any Stock Interest or portion thereof that has been disallowed by a Final Order.

1.32 "Disbursing Agent" shall mean the Debtors.

1.33 "Disclosure Statement" shall mean the written disclosure statement that relates to the Plan, dated March 15, 2018, as may be amended, supplemented, or modified from time to time, and that is prepared and distributed in accordance with Sections 1125 and 1126(b) of the Bankruptcy Code and Fed. R. Bankr. P. 3018.

1.34 "Disputed Claim" shall mean (a) any claim or portion of a claim (other than an Allowed Claim), which has been filed pursuant to Section 501(a) of the Bankruptcy Code as unliquidated or contingent, or (b) a claim which has been filed pursuant to Section 501(a) of the Bankruptcy Code as to which an objection to the allowance thereof has been interposed within the time limitation fixed by the Bankruptcy Code, by an order of the Court, or by this Plan, which objection has not been determined in whole or in part, by a Final Order.

1.35 "Disputed Interest" shall mean (a) any Equity Interest (other than an Allowed Equity Interest), which is scheduled by Debtor(s) as disputed, contingent or unliquidated, or (b) an Equity Interest which has been filed pursuant to Section 501(a) of the Bankruptcy Code as unliquidated or contingent, or (c) an Equity Interest which has been filed pursuant to Section 501(a) of the Bankruptcy Code and as to which an objection to the allowance thereof has been interposed within the time limitation fixed by the Bankruptcy Code, by an order of the Court, or by this Plan, which objection has not been determined, in whole or in part, by a Final Order.

1.36 "Distribution Date" means the Effective Date.

1.37 "Distribution Reserve" means that amount of Cash reserve from the Cash to be distributed under the Plan as to any Disputed Claim.

1.38 "East 125th Street" shall mean SP's real property located at 212, 214 and 216 East 125th Street, New York, New York 10035.

1.39 "Effective Date" shall mean the date the Confirmation Order becomes a Final Order.

1.40 "Entity" shall have the meaning provided by Section 101(15) of the Bankruptcy Code.

1.41 "Equity Security" shall have the meaning provided by Section 101(16) of the Bankruptcy Code.

1.42 "Equity Security Holder" shall have the meaning provided by Section 101(17) of the Bankruptcy Code.

1.43 "Estate(s)" shall mean the estate(s) of Debtor(s) created in the Reorganization Cases by Section 541 of the Bankruptcy Code.

1.44 "Evan Blum" shall mean Evan Blum, President and Sole Shareholder of HP and KR and Manager of SP.

1.45 "Exit Financing" shall mean the proceeds realized from the Loan on or before the Effective Date.

1.46 "Federal Rules of Bankruptcy Procedure" shall mean the Bankruptcy Rules, As amended Mar. 30, 1987, eff. Aug. 1, 1987; Apr. 30, 1991, eff. Aug. 1, 1991, as the same shall from time to time be amended.

1.47 "Filing Date" shall mean January 3, 2018, the date of the commencement of the Reorganization Case(s) as voluntary Chapter 11 case(s) under the Bankruptcy Code.

1.48 "Final Order" shall mean an order of judgment of the Court which has not been reversed, stayed, modified or amended and as to which the time to seek reargument, appeal or seek certiorari or review has expired and as to which no appeal or petition for certiorari or review is pending or as to which any right to appeal or to seek certiorari or review has been waived.

1.49 "General Unsecured Claim" shall mean a Claim against Debtor(s) that is not an Administrative Claim, Priority Tax Claim, Other Priority Claim or Secured Claim.

1.50 "HP" shall mean Harlem Phoenix Realty Corp.

1.51 "HP Assets" shall mean all of the assets of HP.

1.52 "Impaired" shall mean, when used with reference to a Claim or Interest, a Claim or Interest that is impaired within the meaning of Section 1124 of the Bankruptcy Code.

1.53 "Insiders" shall have the meaning provided by Section 101(31) of the Bankruptcy Code.

1.54 "Interest" shall mean the interest of an Equity Security Holder.

1.55 "KR" shall mean Kshel Realty Corp.

1.56 "KR Assets" shall mean all of the assets of KR.

1.57 "Lender" shall mean that entity providing the Loan.

1.58 "Lien" shall have the meaning provided by Section 101(37) of the Bankruptcy Code.

1.59 "Loan" shall mean the proceeds to be realized by Debtor(s) in accordance with the refinancing of SP Assets, HR Assets and/or KR Assets.

1.60 "Persons" shall have the meaning provided by Section 101(41) of the Bankruptcy Code.

1. 61 "Plan" shall mean this Plan of Reorganization dated March 15, 2018 and any exhibits thereto and any documents delivered in connection therewith, as the same may, from time to time, be amended by any duly authorized amendment or modification to the extent permitted therein or by the Bankruptcy Code or Federal Rules of Bankruptcy Procedure.

1.62 "Priority Claim" shall mean a Claim which qualifies as such under Section 507(a) (3), (4) and (6) of the Bankruptcy Code.

1.63 "Priority Tax Claim" shall mean a Claim which qualifies as such under Section 507(a) (8) of the Bankruptcy Code.

1.64"Professionals" shall mean those persons retained pursuant to an order of the Court in accordance with Sections 327 and 1102 of the Bankruptcy Code.

1.65 "Property" shall have the meaning provided by Section 541 of the Bankruptcy Code.

1.66 "Pro-Rata" shall mean, as to intraclass calculations, the ratio of an Allowed Claim in a particular class to the amount of all Claims of that Class.

1.67 "Reinstated" or "Reinstatement" shall mean (a) leaving unaltered the legal, equitable, and contractual rights to which a Claim entitles the holder of such Claim so as to leave such Claim unimpaired in accordance with Section 1124 of the Bankruptcy Code or (b) notwithstanding any contractual provision or applicable law that entitles the holder of such Claim to demand or receive accelerated payment of such Claim after the occurrence of a default (i) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in Section 365(b)(2) of the Bankruptcy Code; (ii) reinstating the maturity of such Claim as such maturity existed before such default; (iii) compensating the holder of such Claim for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; and (iv) not otherwise altering the legal, equitable, or contractual rights to which such Claim entitles the holder of such Claim.

1.68 "Reorganization Case(s)" shall mean the jointly administered case of Debtors under case number 18-B 10009 (MG).

1.69 "Reorganized Debtor(s)" shall mean Debtor(s), on and after the Effective Date.

1.70 "Schedules" shall mean the schedules of assets and liabilities and the statements of financial affairs, if any, filed in the Bankruptcy Court by Debtor(s) as such schedules or statements may be amended or supplemented from time to time in accordance with Fed. R. Bankr. P. 1009 or orders of the Bankruptcy Court.

1.71 "Second Avenue" shall mean SP's real property located at 14 2nd Avenue, New York, New York 10003.

1.72 "Secured Claim" shall mean a Claim that is secured by a Lien upon property, or the proceeds of the sale of such property, in which Debtor(s) has an interest, to the extent of the value, as of the Consummation Date or such later date as is established by the Bankruptcy Court, of such Lien as determined by a Final Order of the Bankruptcy Court pursuant to Section 506 of the Bankruptcy Code or as otherwise agreed upon in writing by the Debtor(s) and/or the Reorganized Debtor(s), as the case may be, and the holder of such Claim.

1.73 "Secured Creditor" shall mean the holder of an Allowed Secured Claim.

1.74 "SKW" shall mean SKW EAST VH LLC, Debtors' disputed senior secured creditor.

1.75 "SP" shall mean Second Phoenix Holding LLC.

1.76 "SP Assets" shall mean all of the assets of SP.

1.77 "Substantial Consummation" shall mean the date that the first distribution is made under the Plan.

1.78 "Trustee Claim" shall mean all fees and charges assessed against the Debtor(s)' Estate(s) pursuant to Section 1930 of Title 28, United States Code.

1.79 "Unimpaired Claim" shall mean a Claim that is not an Impaired Claim.

1.80 "Unimpaired Interest" shall mean an Interest that is not an Impaired Interest.

1.81 "Unsecured Claim" shall mean a Claim that is not an Administrative Claim, a Priority Claim, a Priority Tax Claim, a Secured Claim or an Interest.

C. Rules of Interpretation

For purposes of the Plan (a) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document's being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions, (b) any reference in the Plan to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified, or supplemented, (c) unless otherwise specified, all references in the Plan to Sections, Articles, Schedules, and Exhibits are references to Sections, Articles, Schedules, and Exhibits of or to the Plan, (d) the words "herein" and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan, (e) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan, and (f) the rules of construction set forth in Section 102 of the Bankruptcy Code and in the Bankruptcy Rules shall apply.

D. Computation of Time

In computing any period of time prescribed or allowed by the Plan, the provisions of Fed. R. Bankr. P. 9006(a) shall apply.

II. CLASSIFICATION OF CLAIMS AND INTERESTS

A. Introduction

All Claims and Interests, except Administrative Claims, and Priority Tax Claims, are placed in the Classes set forth below. In accordance with Section 1123(a) (1) of the Bankruptcy Code, Administrative Claims, and Priority Tax Claims, as described below, have not been classified. A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class, and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes. A Claim is also placed in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, released, or otherwise settled prior to the Consummation Date.

B. Unclassified Claims (Not Entitled to Vote on the Plan)

1. Administrative Claims

2. Priority Tax Claims

3. Trustee Claims

C. Unimpaired Classes of Claims Against Debtor(s) (Not Entitled to Vote on the Plan)

1. Class 1: Other Allowed Priority Claims

Class 1 consists of all Allowed Priority Claims against Debtor(s).

2. Class 2: Allowed Secured Claims

Class 2 consists of all Allowed Secured Claims against Debtor(s).

Class 3: General Unsecured Claims

Class 3 consists of all Allowed General Unsecured Claims against Debtor(s).

D. Unimpaired Class of Interests in Debtor(s) (Not Entitled to Vote on the Plan)

1. Class 4: Interests of Evan Blum in Debtor(s)

Class 4 consists of the Interests of Evan Blum

III. TREATMENT OF CLAIMS AND INTERESTS

A. Unclassified Claims

1. Administrative Claims

Except as otherwise provided for herein on, or as soon as reasonably practicable after, the latest of (i) the Distribution Date, (ii) the date such Administrative Claim becomes an Allowed Administrative Claim, or (iii) the date such Administrative Claim becomes payable pursuant to any agreement between Reorganized Debtor(s) and the holder of such Administrative Claim, each holder of an Allowed Administrative Claim shall receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Administrative Claim (a) Cash equal to the unpaid portion of such Allowed Administrative Claim or (b) such other treatment as to which Reorganized Debtor(s) and such holder shall have agreed upon in writing; *provided* *howeve*r, that Allowed Administrative Claims with respect to liabilities incurred by Debtor(s) in the ordinary course of business during the Chapter 11 Case(s) shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto.

2. Priority Tax Claims

On, or as soon as reasonably practicable after, the later of (i) the Distribution Date or (ii) the date such Priority Tax Claim becomes an Allowed Priority Tax Claim, each holder of an Allowed Priority Tax Claim shall receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Tax Claim (a) Cash equal to the unpaid portion of such Allowed Priority Tax Claim or (b) such other treatment as to which Reorganized Debtor(s) and such holder shall have agreed upon in writing. No holder of an Allowed Priority Tax Claim shall be entitled to any payments on account of any pre-Consummation Date interest accrued on or penalty arising after the Petition Date with respect to or in connection with such Allowed Priority Tax Claim.

3. Trustee Claims

On or before the Effective Date, to the extent not paid theretofore, the United States Trustee will receive a cash payment in the full amount of the Trustee Claim. The Disbursing Agent will pay all expenses owing to the United States Trustee in accordance with Section 1930 of Title 28, United States Code, until such time as the Chapter 11 Case is closed. The Disbursing Agent will file monthly financial reports until a final decree is entered or the case is converted or dismissed with the Court and serve the same on the United States Trustee.

<u>B. Unimpaired Classes of Claims and Interests Against Debtor(s)</u>

1. Class 1: Other Allowed Priority Claims

On, or as soon as reasonably practicable after, the latest of (i) the Distribution Date, (ii) the date such Class 1 Other Priority Claim becomes an Allowed Class 1 Other Priority Claim or (iii) the date such Class 1 Other Priority Claim becomes payable pursuant to any agreement between Reorganized Debtor(s) and the holder of such Class 1 Other Priority Claim, each holder of an Allowed Class 1 Other Priority Claim shall receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Class 1 Other Priority Claim, in the sole discretion of Debtor(s) and/or Reorganized Debtor(s), as the case may be, (a) Cash equal to the unpaid portion of such Allowed Class 1 Other Priority Claim or (b) such other treatment as to which Reorganized Debtor(s) and such holder shall have agreed upon in writing.

2. Class 2: Allowed Secured Claims

Each holder of an Allowed Class 2 Secured Claim shall be treated as a separate class for all purposes under this Plan. Each holder of an Allowed Class 2 Claim shall, at the sole election of Reorganized Debtor(s), either retain the Property in which the Allowed Class 2 Secured Claimant enjoys a collateral security interest or, receive a cash distribution equal in amount to the aggregate value of such Allowed Secured Claimant's liens on such collateral. To the extent, if any, that the value of the collateral securing a Class 2 Secured Claim is less than the total amount of such Claim, the difference shall be treated as a Class 3 General Unsecured Claim. Reorganized Debtor(s) specifically reserves all rights to challenge the validity, nature and perfection of, and to avoid pursuant to the provisions of the Bankruptcy Code and other applicable law, any purported Liens.

3. Class 3: General Unsecured Claims

Allowed Class 3 Claimants will receive one hundred (100%) per cent of their Allowed Class 3 Claims, with interest, on the Effective Date.

4. Class 4: Interests in Debtor(s)

The Interests of Evan Blum in HP and KR will be retained by EB.

D. Special Provision Regarding Claims

Except as otherwise provided in the Plan, nothing shall affect Debtor(s)' or Reorganized Debtor(s)' rights and defenses, both legal and equitable, with respect to any claims, including, but not limited to, all rights with respect to legal and equitable defenses to setoffs or recoupments against Claims.

IV. MEANS FOR IMPLEMENTATION OF THE PLAN

A. Continued Company Existence

Debtor(s) shall continue to exist after the Confirmation Date in accordance with applicable law in the jurisdiction in which it is organized. From the proceeds realized from the Exit Financing and the income realized by Debtor(s) from the operation of its business, Debtor(s) shall satisfy the Class 1, 2 and 3 Claims and pay the expenses to be owing to the United States Trustee in accordance with section 1930 of title 28, United States Code, until such time as the Chapter 11 Case is closed.

No one other than Debtor(s) and/or Reorganized Debtor(s), as the case may be, their successors and/or assigns, shall be empowered to realize on or pursue Property of the Estate(s). Debtor(s) and/or the Reorganized Debtor(s), as the case may be, shall be responsible for (a) marshalling Debtor(s)' Property under chapter 5 of the Bankruptcy Code, (b) selling or disposing of non-cash Property, (c) reviewing, objecting to and/or resolving disputed claims against the Estate(s), and (d) acting as disbursing agent with respect to all distributions to be made under the Plan. Debtor(s) and/or Reorganized Debtor(s), as the case may be, shall have the power to sue or be sued, and may retain counsel and may employ or contract with other Entities to assist it in making distributions. Debtor(s) and/or Reorganized Debtor(s), as the case may be, and those employed or contracted with by them, will be compensated as agreed to by Debtor(s) and/or Reorganized Debtor(s), as the case may be, together with reasonable out of pocket expenses. The funds to be made available for such purpose shall be reserved from the Estate(s).

B. Exit Financing

At or prior to the Effective Date, Debtor(s) will have closed on the sale of Second Avenue and secured the Exit Financing in a cumulative amount equal to or greater to than will be required to satisfy all Claims, including, but not limited to Administrative, Priority, Secured, Unsecured and the Claims of the United States Trustee. Lender will extend the Loan to Debtor(s). Confirmation of the Plan shall be authority in Debtor(s) to enter into the Exit Financing and to provide the Exit Lender with a first security interest in all of Debtor(s)' Assets.

C. Revesting of Assets

Any property of Debtor(s) that is not distributed to Allowed Claimants in accordance with this Plan and that is not specifically disposed of pursuant to the Plan shall revest in Reorganized Debtor(s) as of the date of entry of a final decree in this case.

D. Preservation of Rights of Action

Except as otherwise provided in this Plan or the Confirmation Order, or in any contract, instrument, release, indenture, or other agreement entered into in connection with the Plan, in accordance with Section 1123(b) of the Bankruptcy Code, Debtor(s) and/or Reorganized Debtor(s), as the case may be, shall exclusively retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all claims, rights or causes of action, suits, and proceedings, whether in law or in equity, whether known or unknown, that Debtor(s) or its Estate(s) may hold against any Person or entity. Debtor(s) and/or Reorganized Debtor(s), as the case may be, or their successor(s) may pursue such retained claims, rights or causes of action, suits, or proceedings as appropriate, in accordance with the best interests of Debtor(s) and/or Reorganized Debtor(s), as the case may be, or their successor(s) who hold such rights.

E. Effectuating Documents; Further Transactions

Debtor(s) and/or Reorganized Debtor(s), as the case may be, shall be authorized and is directed to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

F. Exemption From Certain Transfer Taxes

Pursuant to Section 1146(c) of the Bankruptcy Code, any transfers from Debtor(s) to any Person or entity pursuant to the Plan or pursuant to an Order of the Court that contemplates that the proceeds of all or part of such transfer(s) shall be distributed in accordance with this Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, or other similar tax or governmental assessment, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

G. Plan Implementation

This Plan is to be implemented in a manner consistent with Section 1142 of the Bankruptcy Code. In the event of any inconsistency between the Bankruptcy Code and the Plan, first the Bankruptcy Code will control and thereafter the Plan.

H. Funding of the Plan

Funding for the Plan shall be from the proceeds realized from the sale of Second Avenue and/or the sale of 2^{nd} Avenue and East 125^{th} Street and/or the Exit Financing.

V. ACCEPTANCE OR REJECTION OF THE PLAN

A. Classes Entitled to Vote

No Class is entitled to vote as no Class is Impaired under the Plan. Each Unimpaired Class of Claims and Interests is deemed to have accepted the Plan and, therefore, is not entitled to vote to accept or reject the Plan.

VI. PROVISIONS GOVERNING DISTRIBUTIONS

A. Distributions for Claims Allowed as of the Consummation Date

Except as otherwise provided herein or as ordered by the Court, distributions to on account of Allowed Class 1, Class 2 and Class 3 Claims and Class 4 Interests, shall be made on the Effective Date. Distributions on account of Class 1, Class 2 and Class 3 Claims and/or Class 4 Interests that first become Allowed Claims after the Consummation Date, shall be made as otherwise set forth in this Plan.

B. Means of Cash Payment

Cash payments made pursuant to this Plan shall be in U.S. funds, by check or wire transfer, or in such commercially reasonable manner, as the Disbursing Agent shall determine in its sole discretion.

C. Delivery of Distributions

Subject to Order(s) of the Court to the contrary, distributions to holders of Allowed Claims shall be made by the Disbursing Agent (a) at the addresses set forth on the proofs of Claim filed by such holders (or at the last known addresses of such holders if no proof of Claim is filed or if the Disbursing Agent shall not have been notified of a change of address), (b) at the addresses set forth in any written notices of address changes delivered to the Disbursing Agent after the date of any related proof of Claim, (c) at the addresses reflected in the Schedules if no proof of Claim has been filed and the Disbursing Agent has not received a written notice of a change of address.

If any holder's distribution is returned as undeliverable, no further distributions to such holder shall be made unless the disbursing Agent is properly notified within 90 days following such return, of such holder's address change. Amounts in respect of undeliverable distributions made through the Disbursing Agent shall be utilized in satisfaction of remaining Allowed Claims. All claims for undeliverable distributions must be made on or before the 90 day anniversary of the Consummation Date.

D. Withholding and Reporting Requirements

In connection with this Plan and all distributions hereunder, the Disbursing Agent shall, to the extent applicable, comply with all tax withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority, and all distributions hereunder shall be subject to any such withholding and reporting requirements. The Disbursing Agent shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements.

E. Setoffs

The Disbursing Agent may, but shall not be required to, set off against any Claim, and the payments or other distributions to be made pursuant to the Plan in respect of such Claim, claims of any nature whatsoever that Debtor(s) may have against the holder of such Claim; provided however, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Disbursing Agent of any such claim that Debtor(s) may have against such holder.

F. Exemption from Certain Transfer Taxes

Pursuant to Section 1146(c) of the Bankruptcy Code, any transfers prior to Confirmation of this Plan or in accordance herewith from the Disbursing Agent to any Person or entity shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, or other similar tax or governmental assessment. The Court's Order authorizing such a sale and/or the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

VII. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumed and Rejected Contracts and Leases

Except as otherwise provided in the Plan or earlier order(s) of the Court, all executory contracts and unexpired leases to which Debtor(s) is a party, will be rejected; *provided, however*, that pursuant to Section 365(d) (2) of the Bankruptcy Code, Debtor(s) reserves the right, at any time prior to the Confirmation Date, to modify the Plan to provide for the assumption of any executory contract or unexpired lease to which Debtor(s) is a party.

If the rejection, pursuant to this Plan, or otherwise, of an executory contract or unexpired lease results in a Claim, then such Claim will be forever barred and unenforceable against Debtor(s) Estate(s) or its Properties, unless a proof of Claim is filed with the clerk of the Court and served on counsel for the Company within thirty (30) days after service of the earlier of (i) notice of entry of the Confirmation Order or (ii) other notice that the executory contract or unexpired lease has been rejected.

Except as otherwise provided in the Plan, or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with this Plan, as of the date immediately preceding the Filing Date, the Plan will be deemed to have rejected each executory contract and unexpired lease to which Debtor(s) is a party, unless such contract or lease (i) was previously assumed, (ii) previously expired or terminated pursuant to its own terms, or (iii) is the subject of a motion to assume filed on or before the Confirmation Date. The Confirmation Order will constitute an order of the Court under Section 365 of the Bankruptcy Code approving the contract and lease rejections described above, as of the date immediately preceding the Filing Date.

B. Bar to Rejection Damages

If the rejection by this Plan or otherwise, of an executory contract or unexpired lease results in a Claim that is not theretofore evidenced by a timely filed proof of Claim or a proof of Claim that is deemed to be timely filed under applicable law, then such Claim shall be forever barred and shall not be enforceable against Debtor(s)' Estate(s), or its Properties, unless a proof of Claim is filed with the Clerk of the Bankruptcy Court and served on counsel for Debtor(s)s within thirty (30) days after service of the earlier of (i) notice of entry of the Confirmation Order or (ii) other notice that the executory contract or unexpired lease has been rejected.

C. Compensation and Benefit Plans

Except and to the extent previously assumed by an order of the Court, on or before the Confirmation Date, and except as set forth herein, all employee compensation and Benefit Plans of Debtor(s), including programs subject to Sections 1114 and 1129(a)(13) of the Bankruptcy Code, and all employment agreements, entered into before the Petition Date and not since terminated, shall be deemed to be, and shall be treated as though they are, executory contracts that are rejected under Article VII.A of the Plan (to the extent such rejection does not violate Sections 1114 and 1129(a)(13) of the Bankruptcy Code), except for (i) executory contracts or Benefit Plans specifically assumed and (ii) executory contracts or Benefit Plans as have previously been rejected, are the subject of a motion to reject, or have been specifically waived by the beneficiaries of any Benefit Plans or contracts; *provided*, *howeve*r, that Debtor(s)' obligations, if any, to pay all "retiree benefits" as defined in Section 1114(a) of the Bankruptcy Code shall continue.

VIII. PROCEDURES FOR RESOLVING DISPUTED, CONTINGENT AND UNLIQUIDATED CLAIMS AND INTERESTS

A. Objection Deadline; Prosecution of Objections

Any party in interest may object to any Claim prior to the Confirmation Date. Except as provided in Article VII B. above, as soon as practicable, but in no event later than ninety (90) days after the Confirmation Date (unless extended by an order of the Court), Debtor(s) and/or Reorganized Debtor(s), as the case may be, may file objections to Claims (including any Administrative Claim, Priority Tax Claim, Other Priority Claim, Secured Claim, and Unsecured Claim) with the Court and serve such objections upon the holders of each of the Claims to which objections are made. Nothing contained herein, however, shall limit Debtor(s) and/or Reorganized Debtor(s)', as the case may be, right to object subsequent to ninety (90) days after the Confirmation Date to Claims, if any, filed or amended more than thirty (30) days after the Confirmation Date.

B. No Distributions Pending Allowance

Notwithstanding any other provision of the Plan, no payments or distributions shall be made with respect to any portion of a Disputed Claim or Interest unless and until the objection to such portion of the Disputed Claim or Interest have been settled or withdrawn or have been determined by Final Order. That portion of the Claim to which there is no dispute shall be paid as otherwise provided for under the Bankruptcy Code or in this Plan.

C. Distribution Reserve

1. The Disbursing Agent shall withhold the Distribution Reserve from the Cash to be distributed under the Plan. As to any Disputed Claim or Interest, upon a request for estimation by Debtor(s) and/or Reorganized Debtor(s), as the case may be, the Court shall determine what amount is sufficient to withhold as the Distribution Reserve. Debtor(s) and/or Reorganized Debtor(s), as the case may be, may request estimation for every Disputed Claim or Interest that is unliquidated and the Disbursing Agent shall withhold the Distribution Reserve based upon the estimated amount of such Claim or Interest as set forth in a Final Order. If Debtor(s) and/or Reorganized Debtor(s), as the case may be, elects not to request such estimation from the Court with respect to a Disputed Claim or Interest that is liquidated, except as provided in Article III D. above, the Disbursing Agent shall withhold the Distribution Reserve based upon the face amount of such Claim or Interest.

2. If practicable, the Disbursing Agent shall invest any Cash that is withheld as the Distribution Reserve in a manner that shall yield a reasonable net return, taking into account the safety of the investment.

D. Distributions After Allowance

The Disbursing Agent shall make payments and distributions from the Distribution Reserve to each holder of a Disputed Claim or Interest that has become an Allowed Claim or Interest in accordance with the provisions of the Plan governing the class of Claims or Interests to which such holder belongs. On the next succeeding interim distribution date after the date that the order or judgment of the Court allowing all or part of such Claim or Interest becomes a Final Order, the Disbursing Agent shall distribute to the holder of such Claim or Interest any Cash that would have been distributed on the Distribution Date had such Allowed Claim or Interest been allowed on the Distribution Date. After a Final Order has been entered, or other final resolution has been reached, with respect to each Disputed Claim or Interest, any Cash or other Property remaining in the Distribution Reserve shall become Property of Debtor(s)' Estate(s), to be utilized in accordance with the provisions of this Plan. All distributions made under this Article VIII.D of this Plan on account of an Allowed Claim or Interest shall be made together with any dividends, payments or other distributions made on account of, as well as any obligations arising from, the distributed Property, as if such Allowed Claim or Interest had been an Allowed Claim or Interest on the Distribution Date.

IX.CONDITIONS PRECEDENT TO CONSUMMATION OF THE PLAN

A. Conditions to Consummation

The following are conditions precedent to the occurrence of the Consummation Date, each of which must be (i) satisfied or (ii) waived by Debtor(s) in accordance with Article IX.C below: The Confirmation Order must have become a Final Order and must, among other things, provide that: (a) Debtor(s) and/or Reorganized Debtor(s), as the case may be, is authorized and directed to take all actions necessary or appropriate in connection with this Plan; (b) the provisions of the Confirmation Order are nonseverable and mutually dependent; (c) the transfers of Property by Debtor(s) to the Disbursing Agent (i) are or will be legal, valid and effective transfers of Property, (ii) vest or will vest the Disbursing Agent with good title to such Property free and clear of all liens, charges, Claims, encumbrances or interests, except as expressly provided in the Plan or Confirmation Order, (iii) do not and will not constitute avoidable transfers under the Bankruptcy Code or under applicable bankruptcy or nonbankruptcy law and (iv) do not and will not subject the Disbursing Agent or its professionals to any liability by reason of such transfer under the Bankruptcy Code or under applicable nonbankruptcy law, including, without limitation, any laws affecting successor or transferee liability.

1. The sale of Second Avenue will have closed and Debtor(s) will have secured the Exit Financing.

2. All authorizations, consents and regulatory approvals required, if any, in connection with the consummation of the Plan shall have been obtained.

3. All other actions, documents and agreements necessary to implement the Plan shall have been effected or executed.

B. Waiver of Conditions

Each of the conditions set forth in Articles IX.A above may be waived in whole or in part by Debtor(s) in its sole and absolute discretion without any notice to parties in interest or the Court and without a hearing. The failure to satisfy or waive any condition to the Consummation Date may be asserted by Debtor(s) regardless of the circumstances giving rise to the failure of such condition to be satisfied. The failure of Debtor(s) to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.

X. MODIFICATIONS AND AMENDMENTS

Debtor(s) may alter, amend or modify this Plan or any Exhibits thereto under Section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date. After the Confirmation Date and prior to substantial consummation of the Plan, as defined in Section 1101(2) of the Bankruptcy Code, Reorganized Debtor(s) may institute, under Section 1127(b) of the Bankruptcy Code, proceedings in the Court to remedy any defect or omission or reconcile any inconsistencies in this Plan, the Disclosure Statement or the Confirmation Order, and such matters as may be necessary to carry out the purposes and effects of this Plan so long as such proceedings do not materially adversely affect the treatment of holders of Claims under the Plan; provided however, that prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or order of the Court.

XI. RETENTION OF JURISDICTION

Under Sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding entry of the Confirmation Order and occurrence of the Consummation Date, the Court shall retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Case and this Plan to the fullest extent permitted by law, including, among other things, jurisdiction to: (a) allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any objections to the allowance or priority of Claims; (b) hear and determine all applications for compensation and reimbursement of expenses of Professionals under the Plan or under Sections 330 and 331 of the Bankruptcy Code; *provided*, *howeve*r, that from and after the Consummation Date, the payment of the fees and expenses of the retained professionals of Reorganized Debtor(s) shall be made in the ordinary course of business of Reorganized Debtor(s) in effectuating this Plan and shall not be subject to the approval of the Court; (c) hear and determine all matters with respect to the assumption or rejection of any executory contract or unexpired lease to which Debtor(s) is a party or with respect to which Debtor(s) may be liable, including, if necessary, the nature or amount of any required Cure or the liquidation or allowance of any Claims arising therefrom; (d) effectuate performance of and payments under the provisions of this Plan through Substantial Consummation; (e) hear and determine any and all adversary proceedings, motions, applications and contested or litigated matters arising out of, under, or related to, the Chapter 11 Case; (f) enter such orders as may be necessary or appropriate to execute, implement or consummate the provisions of this Plan and all contracts, instruments, releases, other agreements or documents created in connection with this Plan, the Disclosure Statement or the Confirmation Order; (g) hear and determine disputes arising in connection with the interpretation, implementation, consummation or enforcement of this Plan and all other agreements, documents or instruments executed in connection with this Plan; (h) consider any modifications of this Plan, cure any defect or omission or reconcile any inconsistency in any order of the Court, including, without limitation, the Confirmation Order; (i) issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any entity with implementation, consummation or enforcement of this Plan or the Confirmation Order; (j) enter and implement such orders as may be necessary or appropriate if the Confirmation Order is for any reason reversed, stayed, revoked, modified or vacated; (k) hear and determine any matters arising in connection with or relating to this Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, other agreement or document created in connection with this Plan, the Disclosure Statement, or the Confirmation Order; (l) enforce all orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Chapter 11 Case; (m) recover all assets of Debtor(s) and Property of Debtor(s)' Estate(s), wherever located; (n) hear and determine matters concerning state, local, and federal taxes in accordance with Sections 346, 505, and 1146 of the Bankruptcy Code; (o) hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under, or not inconsistent with, provisions of the Bankruptcy Code; and (p) enter a final decree closing the Chapter 11 Case.

XII. COMPROMISES AND SETTLEMENTS

Pursuant to Fed. R. Bankr. P. 9019(a), Debtor(s) and/or Reorganized Debtor(s), as the case may be, shall have the exclusive right and may compromise and settle Claims against Debtor(s)' Estate(s) and/or claims that Debtor(s)' Estate(s) may have against other Persons. Debtor(s) and/or Reorganized Debtor(s), as the case may be, expressly reserve their rights (without Bankruptcy Court approval, following appropriate notice and opportunity for a hearing) to compromise and settle Claims against Debtor(s)' Estate(s) and claims that Debtor(s)' Estate(s) may have against other Persons.

XIII. MISCELLANEOUS PROVISIONS

A. Bar Dates for Certain Claims

All final requests for compensation or reimbursement of Professional Fees pursuant to Sections 327, 328, 330 and 331 of the Bankruptcy Code for services rendered in connection with this Chapter 11 Case prior to the Consummation Date must be timely filed no later than on the Consummation Date, unless otherwise ordered by the Court.

B. Payment of Statutory Fees

All fees payable pursuant to Section 1930 of Title 28 of the United States Code not paid prior to Confirmation shall be paid as determined by the Court at the Confirmation Hearing, on or before the Effective Date.

C. Severability of Plan Provisions

If, prior to Confirmation, any term or provision of this Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of Debtor(s) and/or Reorganized Debtor(s), as the case may be, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

D. Successors and Assigns

The rights, benefits and obligations of any entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such entity.

E. Exculpation and Limitation of Liability

Neither Debtor(s) and/or Reorganized Debtor(s), as the case may be, their respective current or former members, officers, employees, advisors, attorneys, accountants, or agents, shall have or incur any liability to any holder of a Claim, or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, affiliates or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of the solicitation of acceptances of this Plan, the pursuit of confirmation of this Plan, the consummation of this Plan, or the administration of this Plan or the Property to be distributed under this Plan, except for their willful misconduct and gross negligence, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under this Plan. The foregoing exculpation and limitation on liability shall not, however, limit, abridge or otherwise affect the rights, if any, of Debtor(s) and/or Reorganized Debtor(s), as the case may be, to enforce, sue on, settle or compromise the “Rights of Action” retained pursuant to Article IV D. hereof.

F. Binding Effect

This Plan shall be binding upon and inure to the benefit of all present and former holders of Claims against Debtor(s), their respective successors and assigns, and all other parties in interest in this Chapter 11 Case.

G. Revocation, Withdrawal, or Non-Consummation

Debtor(s) reserves its right to revoke or withdraw this Plan at any time prior to the Confirmation Date and to file other plans of reorganization. If Debtor(s) revokes or withdraws this Plan, or if Confirmation or Consummation does not occur, then (i) this Plan shall be null and void in all respects, (ii) any other settlement or compromise embodied in this Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), assumption or rejection of executory contracts or leases effected by this Plan, and any document or agreement executed pursuant to this Plan shall be deemed null and void and (iii) nothing contained in this Plan, and no acts taken in preparation for consummation of this Plan, shall (a) constitute or be deemed to constitute a waiver or release of any Claims by or against Debtor(s) or any other Person, (b) prejudice in any manner the rights of Debtor(s) or any Person in any further proceedings involving Debtor(s) or (c) constitute an admission of any sort by Debtor(s) or any other Person.

H. Notices

Any notice, request or demand required, permitted to be made or provided to or upon Debtor(s) and/or Reorganized Debtor(s), as the case may be, under the Plan shall be (i) in writing, (ii) served by (a) certified mail, return receipt requested, (b) hand delivery, (c) overnight delivery service, (d) first class mail or (e) facsimile transmission and (iii) deemed to have been duly given or made when actually delivered or, in the case of notice by electronic mail, when received, and addressed as follows:

Debtors
c/o Evan Blum
216 East 125th Street
New York, New York 10035

with a copy to:

Marc Stuart Goldberg, LLC
Attn: Marc Stuart Goldberg, Esq.
670 White Plains Road
Suite 121
Scarsdale, New York 10583

I. Term of Injunctions or Stays

Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays provided for in the Chapter 11 Case under Sections 105 or 362 of the Bankruptcy Code or otherwise, and in existence on the Confirmation Date (excluding any injunctions or stays contained in this Plan or the Confirmation Order), shall remain in full force and effect until the Consummation Date.

J. Governing Law

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), the laws of the State of New York shall govern the construction and implementation of this Plan and any agreements, documents, and instruments executed in connection with this Plan and the principles of conflicts of law, if any.

Dated: Scarsdale, New York
March 15, 2018

Second Phoenix Holding LLC

By: ______________________
Evan Blum, Manager

Harlem Phoenix Realty Corp.

By: ______________________
Evan Blum, President and Sole Shareholder

Kshel Realty Corp.

By: ______________________
Evan Blum, President and Sole Shareholder

Marc Stuart Goldberg, LLC
Attorneys for Debtors
By: ______________________
Marc Stuart Goldberg
670 White Plains Road
Suite 121
Scarsdale, New York 10583
(914) 725-8200

EXHIBIT B

APPRAISAL REPORT

Development Site
214-216 East 125th Street
New York, NY 10035

REQUESTED BY

Mr. Jack Mullen
Summer Street Advisors, LLC
15 Ketchum Street, 1st Floor
Westport, CT 06880

PREPARED BY

BBG, Inc.
79 Madison Avenue, 8th Floor
New York, NY 10016

DATE OF VALUE

February 17, 2016

BBG

February 23, 2016

Mr. Jack Mullen
Summer Street Advisors, LLC
15 Ketchum Street, 1st Floor
Westport, CT 06880

Re: Appraisal File No. 0116000973
Development Site
214-216 East 125th Street
New York, NY 10035

Dear Mr. Mullen:

In accordance with your request, we have completed an appraisal of property noted above for the purpose of advancing an opinion of the market value of the fee simple interest in the property "As Is."

The subject is a development site. At the time of sale, it was improved with a four-story owner-occupied commercial building with a gross building area of approximately 17,651 square feet. The structure needs to be demolished prior to re-development. It is situated between Third Avenue and Second Avenue on East 125th Street in New York, NY. There is approximately 75 feet of frontage on East 125th Street. The parcel is 7,569± square feet and is in an C4-4D zoning district. The maximum Floor Area Ratio is 5.40, permitting a total bulk development of 40,873± square feet. The subject is identified on New York County tax maps as Block 1789, Lot(s) 43 & 45.

The highest and best use of the subject property is mixed-use development. This conclusion is based upon the physical characteristics of the subject property, the nature of the subject's location, the current zoning and general trends affecting the property.

Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformance with the Standards of Professional Practice and Code of Professional Ethics of the Appraisal Institute, the Uniform Standard of Professional Appraisal Practice (USPAP), and Title

Mr. Jack Mullen
Page 2
February 23, 2016

XI (with amendments) of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA).

This appraisal is prepared in compliance with Summer Street Advisors, LLC's appraisal guidelines as well as the Interagency Appraisal and Evaluation Guidelines dated December 2, 2010.

After carefully considering all available information and factors affecting value, our opinion is:

Value	Date	Conclusion
Market Value "As Is"	February 17, 2016	$11,800,000

The opinions of value expressed herein are subject to the certification, assumptions and limiting conditions, and all other information contained in the following written appraisal report.

Thank you for the opportunity to serve you.

Sincerely,

Joel Leitner

Joel Leitner, MAI, CRE, FRICS
Managing Director
State Certified General Appraiser #46-3011

Helen J. Peng

Helen Peng, MAI, MRICS
Director
State Certified General Appraiser #45000008916

Natalia Pelcer

Natalia Pelcer
Appraiser
(212)286-9173
npelcer@bbgres.com

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Subject Property:
Development Site
214-216 East 125th Street
New York, NY 10035

Description:
The subject is a development site. At the time of sale, it was improved with a four-story owner-occupied commercial building with a gross building area of approximately 17,651 square feet. The structure needs to be demolished prior to re-development. The parcel is 7,569± square feet and is in an C4-4D zoning district. The maximum Floor Area Ratio is 5.40, permitting bulk development of 40,873± square feet.

Location:
The subject is situated between Third Avenue and Second Avenue on East 125th Street in New York, NY. There is approximately 75 feet of frontage on East 125th Street.

Block/Lot: Block 1789, Lot(s) 43 & 45

Site Area: 7,569± square feet

Zoning: C4-4D

Flood Hazard Status: Zone X, an area per Flood Insurance Rate Map #3604970091F, effective September 5, 2007.

Marketing Time: Between six months and one year.

Exposure Time: Between six months and one year.

Property Rights Appraised: Fee Simple

Date of Inspection: February 17, 2016

Market Value Conclusion:

Value	Date	Conclusion
Market Value "As Is"	February 17, 2016	$11,800,000

TABLE OF CONTENTS

INTRODUCTION

PROPERTY IDENTIFICATION

The subject is a development site. At the time of sale, it was improved with a four-story owner-occupied commercial building with a gross building area of approximately 17,651 square feet. The structure needs to be demolished prior to re-development. The parcel is 7,569± square feet and is in an C4-4D zoning district. The maximum Floor Area Ratio is 5.40, permitting bulk development of 40,873± square feet.

214-216 East 125th Street is situated between Third Avenue and Second Avenue on East 125th Street in New York, NY. There is approximately 75 feet of frontage on East 125th Street. The subject is identified on New York County tax maps as Block 1789, Lot(s) 43 & 45.

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to develop an opinion of the value of the fee simple interest in the site "as is."

COMPETENCY

We have experience appraising similar properties, and possess the knowledge and competency to produce a credible value opinion.

IDENTIFICATION OF THE CLIENT

Summer Street Advisors, LLC has engaged us and is our client for this assignment.

INTENDED USER / USE

The intended user is Summer Street Advisors, LLC. Centennial Bank was indicated as an additional intended user. The Intended Use is for loan collateral valuation and/or loan underwriting.

PROPERTY RIGHTS APPRAISED

A fee simple estate can be defined as: "an absolute fee; a fee without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. An inheritable estate."

DATES OF VALUE OPINION

The date of our "as is" valuation is February 17, 2016. Natalia Pelcer and Helen Peng, MAI inspected the asset and its environs on February 17, 2016.

PROPERTY HISTORY

The subject is currently owned by Second Phoenix Holding LLC. There was a deed transfer between related parties in 2015:

TRANSACTION SUMMARY

Address	Block/Lot	Sale Date	Sale Price	Grantor	Grantee
214-216 East 125th Street	1789 / 43 & 45	February-15	$0	Harlem Phoenix Realty Corporation	Second Phoenix Holding LLC

The subject is currently entirely owner occupied and it is utilized as retail / storage / display space. The owner is an antique dealer recovering attractive pieces from buildings to-be-demolished, who also owns several warehouses in Connecticut.

We were provided with a purchase offer received by the owner from HAP Investments in June 2015 with a price of $11,000,000. The offer is included in the addenda to the report. This was an unsolicited offer and the property was not widely marketed. The owner decided not to sell and intends to pursue a joint venture and redevelop the subject site in the future. One option being consider is the development of a unique hotel which will be constructed using pieces recovered by the antique store.

We are unaware of any additional bids, offers, options, or contracts of sale.

EXPOSURE TIME

Exposure time has been defined, as the estimated length of time the real property interest appraised would have been offered in the market prior to the hypothetical consummation of a sale at market value on the effective date of appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.

Exposure time is always presumed to precede the effective date of appraisal. It is our opinion that a normal exposure time for the subject property is between six months and one year. This conclusion is predicated on interviews with brokers and other real estate industry sources and on information obtained in the verification process. The value reported herein presumes such an exposure time.

ESTIMATE OF REASONABLE MARKETING TIME

Given the location, development potential and the marketing times for similar property in the submarket, we estimate the marketing time to be between six months and one year.

GENERAL ASSUMPTION

Information, estimates and opinions furnished to us and contained in the report were obtained from sources considered reliable and believed to be accurate. While we have attempted to verify information when possible; however, no responsibility for the accuracy of items obtained from secondary sources can be assumed. Any opinions of value stated herein are based on the assumption that project has the appropriate governmental approvals, licenses, and is free of encumbrances, liens, or other factors that could adversely affect value (see Limiting Conditions in the Addenda).

EXTRAORDINARY ASSUMPTIONS

According to The Dictionary of Real Estate Appraisal (4th Edition), an Extraordinary Assumption is "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, 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." In the development of our opinions of value, we have applied the following extraordinary assumptions: *None*.

HYPOTHETICAL CONDITION

According to The Dictionary of Real Estate Appraisal (4th Edition), a Hypothetical Condition is "that which is contrary to what exists but is supposed for the purpose of 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." In the development of our opinions of value, we have applied the following Hypothetical Condition: *None*.

DEFINITION OF MARKET VALUE[1]

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 condition whereby:

Buyer and seller are typically motivated;

Both parties are well informed or well advised, and acting in what they consider their own best interests;

A reasonable time is allowed for exposure in the open market;

Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

[1] *The Appraisal of Real Estate, Appraisal Institute, Eleventh Edition 2000, page 23*

DEFINITION OF REAL ESTATE-RELATED FINANCIAL TRANSACTION[2]

Any transaction involving:

The sale, lease, purchase, investment in or exchange of real property, including interests in property, or the financing thereof; or
The refinancing of real property or interests in real property; or

The use of real property or interests in property as security for a loan or investment, including mortgage-backed securities.

SCOPE OF THE APPRAISAL

BBG, Inc. has been retained by Summer Street Advisors, LLC to prepare a market valuation of the subject property. Within the course of this assignment, we have:

Researched and investigated the subject's location in terms of its economic activity, development patterns, and future trends and related their impact on the subject's residential and commercial market.

Determined the Highest and Best Use of the subject property based on an analysis of all relevant factors.

Researched sales of vacant land or improved development sites to derive an opinion of the market value of the subject's site "as is" as of February 17, 2016.

DATA SOURCES

The data contained within this appraisal was compiled from market analysis utilizing the following sources (unless otherwise noted): NYC Department of Finance, NYC Department of Buildings, NYC Department of Planning Zoning & Land Use, Claritas, CoStar, Genesis GenPAD, Federal Reserve, FEMA, and Reis. When possible, we have confirmed the reported data with parties to the transactions or those who are intimately familiar with their critical details.

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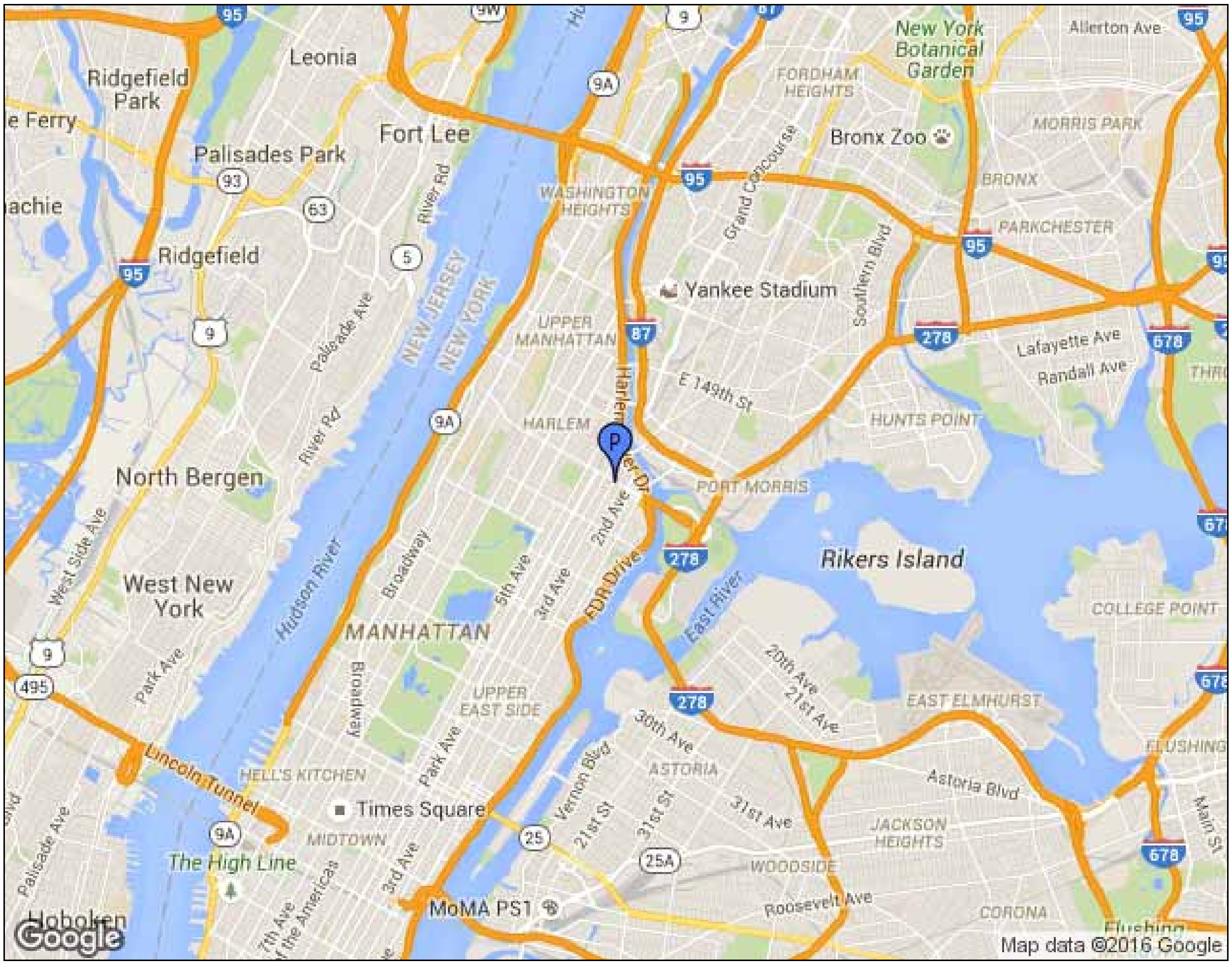
[2] *12 U.S.C. 3350(5) (FIRREA section 1121(5)*

AREA MAP


Leonia
Ridgefield Park
Fort Lee
Palisades Park
Ridgefield
New York Botanical Garden
Bronx Zoo
Allerton Ave
FORDHAM HEIGHTS
MORRIS PARK
BRONX
PARKCHESTER
WASHINGTON HEIGHTS
Grand Concourse
Yankee Stadium
Southern Blvd
UPPER MANHATTAN
Lafayette Ave
Randall Ave
E 149th St
HARLEM
HUNTS POINT
North Bergen
PORT MORRIS
Rikers Island
West New York
MANHATTAN
COLLEGE POINT
UPPER EAST SIDE
EAST ELMHURST
ASTORIA
Astoria Blvd
Lincoln Tunnel
HELL'S KITCHEN
Times Square
MIDTOWN
The High Line
JACKSON HEIGHTS
WOODSIDE
MoMA PS1
Roosevelt Ave
CORONA
Map data ©2016 Google

CURRENT ECONOMIC CONDITIONS

ECONOMIC OVERVIEW

With only modest growth projected for 2015, the U.S. economy has endured the longest period of subpar growth in the post-war period. However, the performance of many key aspects of the economy has been encouraging. The U.S. labor market continues to show strength as job growth accelerated in 2015 to the fastest pace since the tech boom. The trend was partly supported by federal employment, which appears to have turned the corner in 2015 after 4 years of contraction. Meager wage growth continues to be problematic but, with the unemployment rate now at 5% and tracking lower next year, wages are expected to strengthen. The housing market has bounded back from a slump in 2014 with robust activity in housing starts and new home sales. Moreover, low energy prices have pushed auto sales to an all-time high. All of these factors have supported steady consumption spending, which has been the backbone of the recovery so far.

The recent budget deal in Washington will mitigate a source of economic drag by relaxing spending caps and reducing fiscal policy uncertainty over the next 2 years. The recently signed bills raise the debt ceiling and fund the federal government through 2017. This should help encourage business spending, which has been a perennial soft spot in the recovery. Year to date through November 2015, orders for core capital goods shrank due, mainly, to weakness in energy and export oriented industries. It is expected that these pressures will weaken as the dollar's appreciation ends in 2015 and energy prices start to climb.

Equity markets ended 2015 down for the year, and the high-yield bond market suffered losses due to the frail energy sector. Despite these difficulties, there were also positive signs in financial markets. After contracting for 5 years, trading volume on the NYSE bottomed out in 2014 and grew robustly in 2015. Bond markets also saw increases of trading volumes and new bond issuance following multi-year slumps. Third quarter 2015 profits on Wall Street were up almost 8% year over year, but the performance was due to tighter controls on expenses in the face of slow revenue growth. Most banks reported difficulty in their fixed income, currency, and commodities business, which has led to job cuts at a number of banks.

The New York City economy continues to expand at a strong pace. Job growth is expected to exceed the 2% threshold for a fifth consecutive year with an expected addition of 99,000 jobs in 2015. The labor market is expected to cool slightly relative to the past 5 years and grow at a moderate pace in the near term. Strong employment gains and a tighter labor market are expected to translate into solid wage growth through the forecast period, especially in non-finance industries.

Employment growth has also been a contributing factor to the robust performance in the commercial and residential real estate markets. The gains in 2015 resulted in year-end office vacancy rates of 9.2% and asking rents up 4.2%. Vacancy rates and rents are projected to maintain their current paths through 2016; however, additions to inventory beginning in 2017 are expected to reverse the contraction in vacancy rates and growth in rents. Residential transactions have remained elevated through the first 3 quarters of 2015, and prices have continued to climb.

Uncertainty over 421-a legislation led to a jump in permit issuance in 2015. If the bulk of these permits results in completion, as expected, the new inventory in the pipeline should help alleviate supply constraints in the market starting in 2017.

TAX FORECAST SUMMARY

New York City is expected to collect $53.4 billion in tax revenue in fiscal year 2016, growth of 2.7% over 2015. Property taxes are forecast to increase 5.8%, and non-property taxes exhibit growth of 1.1%. The economic recovery is expected to continue in 2017 as total tax revenue is forecast to grow 3.2%, resulting in total revenues of $55.1 billion. Property tax revenue in 2017 is forecast to increase 5.8%, and non-property tax revenue is expected to increase 2.2%.

Property tax revenue is forecast to grow 5.8% in 2016 and 5.8% in 2017. Personal tax revenue is forecast at $22.6 billion in 2016 and $23.9 billion in 2017. The steady growth in property tax is supported by growth of 8.1% in taxable billable assessed value, an increase of $15.8 billion on the 2017 tentative roll. The tentative roll is projected to be reduced by $2.7 billion on the final roll after Tax Commission actions, Department of Finance changes by notice, and the completion of exemption processing. On the tentative roll, Class 1 market values saw a steady increase of 12.3% with an increase in billable assessed value of 3.8%. Small Class 2 properties saw market value growth of 7.3% while large Class 2 properties saw market value growth of 11.8%. Overall, Class 2 market value increased 10.7% and billable assessed value grew by 10.8%. Class 3 properties remain stable in both market and billable assessed values. Class 4 properties grew in market value by 8.7% with an increase in billable assessed value of 8.1%.

Non-property tax revenue is expected to grow 1.1% in 2016 and 2.2% in 2017. Personal income tax revenue totals $11 billion in 2016, an increase of 3.8%. Robust employment and wage gains result in withholding revenue growth of nearly 5% while non-wage income remains at high levels due to strong real estate markets, prior year equity market gains, and business income growth. Personal income tax revenue is forecast to grow 0.4% in 2017.

Business tax revenue, which includes the general corporation and unincorporated business taxes, is forecast to decrease 1.2% in 2016 and is followed by an increase of 4.2% in 2017, resulting in $6 billion and $6.2 billion, respectively. In 2016, as the new corporate tax reform sets in, general corporation tax revenue is forecast to decrease 2.8%, stemming from challenges in the financial sector and limited growth in the non-financial sector. Unincorporated business tax gross collections are forecast to grow 2.3%, reflecting weak growth in the finance sector offset by moderate growth in non-finance sectors.

Sales tax and hotel tax revenue growth remains stable. Sales tax revenue is expected to reach $7.1 billion in 2016 and $7.4 billion in 2017, an average growth of 4.4%, reflecting healthy local economic growth and steady tourism activity. Hotel tax revenue is forecast to decrease 1.5% to $548 million in 2016 and is expected to remain stable from 2017 through 2020. The forecast reflects continued strength in the tourism industry, although the stronger dollar and a market flooded with inventory are expected to limit growth.

After 5 consecutive years of double-digit growth, transaction tax revenue (mortgage recording tax and real property transfer tax) is expected to decline 11.1% to $2.6 billion in 2016 and grow 2.5% in 2017. The decline in transaction taxes is due to a mild correction in the commercial market from the record pace of the last 5 years. Growth averages 2.4% for the remaining plan period (from 2018 through 2020) as residential activity continues to expand gradually while the commercial market remains flat.

In summary, revenues from non-property taxes will stabilize at $29.8 billion in 2016. There is a risk that taxes sensitive to the financial sector will remain restrained due to the tightening of monetary policy and recent global economic uncertainty. Assuming the moderate recovery of the City economy continues through the plan period, non-property tax revenue is forecast to grow 2.2% in 2017 and average annual growth of 3.4% from 2018 through 2020. Total tax revenue will grow at just over 3% in 2017 before stabilizing at an annual average growth rate of 4.1% from 2018 through 2020.

THE U.S. ECONOMY

The last time the Fed raised interest rates, the new chairperson, Ben Bernanke, did not envision that the U.S. economy would face such trouble in the subsequent decade. GDP has grown at less than 3% annually from 2006 through 2014, the longest stretch of subpar growth in the post-war period. The most recent data does not offer much to alter the picture. The year started with only 0.6% growth (annualized rate) in the first quarter, followed by 3.9% and 2% in the second and third quarters, respectively. The Blue Chip consensus for the full year is only 2.5%, making 2015 the tenth consecutive year of subdued growth. Looking forward, challenges include further appreciation of the dollar, higher interest rates, and slowing global activity. These factors will restrain U.S. growth to 2.7% and 2.9% in 2016 and 2017, respectively.

Despite the hazy outlook, there have been several rays of sunshine. The U.S. labor market continues to show resilience with signs of strengthening wages following a half decade of lackluster growth, the housing market has bounced back from a weak 2014, and energy prices have fallen to lows previously seen in the last recession. All of these factors have helped support steady consumption spending, which has been the backbone of the recovery so far.

Since 2011, annual U.S. non-farm employment growth has averaged 1.7% (or 2.3 million new jobs per year), a much faster pace than the 1.4% seen in the last expansion. In addition, job growth has accelerated; in 2015, payrolls expanded by 2.1%. One sector that aided this trend is federal payrolls, which finally began to recover in 2015 after contracting over 5% from 2011 through 2014. Correspondingly, the unemployment rate declined steadily to 5% by December 2015, down from 5.6% a year earlier. Another positive indicator is the number of unemployed per job opening, which continues to plummet. While this measure peaked at nearly 7 job seekers per job opening at the end of the recession, it has been dropping at double-digit rates (year over year) since 2013. In September 2015, it fell to a near record low of 1.4, near the trough of the housing boom.

Despite these promising signs, not all labor market indicators are so optimistic. After nearly 8 years, the number of workers holding full-time positions passed pre-recession levels in August

2015. In addition, wage growth during this recovery so far has been meager with average hourly earnings growth at only 2% per year from 2010 through 2014. Nonetheless, with a tightening labor market, there are emerging signs that wage growth is picking up. Hourly earnings grew at a slightly stronger 2.2% pace in 2015. The unemployment cost index tracking wages and salaries has accelerated from 1.9% in 2014 to 2.3% through the first 3 quarters of 2015, and the Atlanta Fed's wage growth tracker has shown median wage growth above 3% for most of 2015, the strongest showing since 2009.

The housing market rebound from a sluggish 2014 was another positive highlight. The annual growth of housing starts weakened from 18.5% to only 8.5% in 2014. Through November 2015, the pace has strengthened with year to date starts growing 11.1% compared to the same period last year. Nevertheless, this corresponds to 1.1 million new homes, still only half of the 2.1 million peak set during the housing boom. New home sales have likewise bounced back. Year to date through November 2015, transactions for new single-family houses have grown by 13.4%, up from only 2.3% the year prior. The broader measure of residential fixed investment (which includes single- and multi-family structures as well as home improvements) reflects these patterns, plummeting to only 1.8% growth in 2014, down from 9.5% in 2013. It is projected to have recovered to 8.4% in 2015 and strengthen to 8.9% in 2016.

The recent performance notwithstanding, the near term prospects for rapid housing growth are unclear due to a confluence of factors on the demand side. Homeownership rates have been trending downward since 2004, well before the housing crisis, and recently dropped to levels last seen in the mid-1980's. The factors driving this decline are complex. Demographically, as the age of marriage and childbearing in the U.S. rises, household formation is occurring later in the life cycle. Likewise, minorities have traditionally been more likely to rent and are becoming a larger share of the population. In addition, the younger cohorts who comprise first-time buyers are more impacted by slow wage growth and rising student debt loads, making it more difficult for them to secure mortgages, which are almost certainly about to get more expensive due to the recent shift in monetary policy.

The halving of energy prices in the second half of 2014 was expected to provide a boost to the economy. However, oil prices made a U-turn, climbing over 30% to $60.00 per barrel by mid-2015. It appears that this turnaround convinced consumers that the windfall was temporary and much of the dividend was saved or used to pay down debt. The saving rate jumped almost a full percentage point from 4.6% in November 2014 to 5.5% in November 2015, corresponding to an additional $70 billion of savings over the period. Since estimates of the annual benefit from lower energy prices were in the $100 to $150 billion range, this implies that only a fraction was recycled into new spending. In the second half of 2015, energy prices have again plummeted with the West Texas Intermediate benchmark dropping to $36.00 per barrel by the end of the year. Oil prices are expected to recover in 2016 to an average of $51.00 and continue growing to $61.00 in 2017.

Whether this second tumble translates into additional spending hinges on how consumers adjust their expectations. If they start to believe that low energy costs will persist, they will likely spend more freely. One sector that has been an unambiguous boost has been the auto industry. Sales in 2015 reached an all-time record of 17.84 million cars and light trucks (including SUVs, vans, and pickups), just surpassing the previous full-year sales record of 17.81 million vehicles set in 2000. Cheaper gasoline is clearly affecting the consumer mix toward less fuel efficient vehicles. In 2015, growth of truck sales rose 12.7% while car sales fell by 2.1%. Total miles driven in the United States has also accelerated, jumping from 0.6% in 2013 to 1.8% in 2014. Through October 2015, this measure increased by 3.4% compared to the same 10-month period in 2014.

The boost provided by the labor market, housing, and, to a lesser extent, cheap energy helped support steady but unspectacular consumption spending. Real personal consumption expenditures grew at an annualized rate of 3% in the third quarter of 2015. With weak investment and net exports, consumption was responsible for nearly all of the 2% quarterly growth in real GDP, continuing the pattern from 2014 when consumption contributed 1.8 percentage points of the 2.4% annual growth rate. Other more timely measures of spending have been weaker, signaling a marginally slower growth rate in the fourth quarter. According to the Bureau of Economic Analysis, consumption spending grew by 2.9% in November (year over year), down from the 3.4% average in the third quarter (the flip side to the higher saving rate). Through the holiday season, retail sales data was mixed. November's monthly increase of 0.4% was the largest in 4 months, but December levels dropped by 0.1%. Nonetheless, consumer confidence remains high. In the fourth quarter of 2015, the Conference Board's index was at 96, near cyclical highs. Likewise, the Reuters/University of Michigan's index, despite a mid-summer slump due, partly, to the financial market turmoil, has recovered some ground in the final months of 2015.

One major impediment that is finally dissipating is the fiscal policy drag that has dogged the national economy since 2010 when the Republicans took control of the House of Representatives. While federal spending normally provides a boost to growth, from 2011 through 2014 it subtracted an average of 0.26 percentage points from annual GDP growth. This was due primarily to the onerous spending caps implemented in 2013 after Congress failed to reach an agreement on deficit reduction. However, Washington finally addressed the constraints with the enactment of the Bipartisan Budget Act of 2015 in November and the passage of spending and appropriations bills in December. This legislation raises the debt ceiling until March 2017 and funds the federal government through September 2017. The spending caps will be lifted by $50 billion in 2016 and $30 billion in 2017, evenly divided between defense and domestic programs. While the anticipated effect of the new spending is a small boost to growth in 2016 and 2017, the most important impact is in the reduction of policy uncertainty over the next 2 years.

The more stable fiscal path should help to spur business spending, which has been a perennial soft spot in the recovery. Non-residential fixed investment in the third quarter grew only 2.2% (year over year), the slowest pace in over 2 years, dragged down by slumping spending in the energy and manufacturing sectors. The Institute of Supply Management's manufacturing index declined every month in the second half of 2015, dropping below the 50 mark in November, indicating a contraction. The export component of the index has been in contractionary territory for most of the year, highlighting the challenges of the strengthening dollar which appreciated 16% in 2015 against major currencies. Durable goods have likewise slumped. Over the first 11 months of 2015, core capital goods (non-defense orders, ex., aircraft) are down 3.6% compared to the same period in 2014—a stark reversal from the 6.5% annual jump in 2014. Only 26% of the small firms responding to the National Federation of Independent Business survey in

December expect to make a capital expenditure in the near future, down from 29% last year. Nevertheless, despite the gloom, there are a number of reasons to expect that business investment will rebound in 2016. Plummeting oil prices are projected to finally recover bringing relief to the energy sector. Furthermore, the dollar's climb is forecast to peak in 2016 and retreat modestly in 2017. This will help domestic firms currently suffering from increased price pressure from abroad and slumping international demand.

At the Federal Open Market Committee ("FOMC") December meeting, the Fed lifted the federal funds rate target range by a quarter percentage point to 0.25 to 0.05%. It was the first increase since July 2006, ending the era of near zero interest rates that has persisted for more than 7 years. After shuttering its bond buying program (quantitative easing) in the fall of 2014, the interest rate hike was the next logical step toward normalizing monetary policy. However, it took the Fed over a year of deliberation before it finally implemented this long-awaited action. The delay was caused by a number of global and domestic concerns including weakness in China and other emerging markets and a surprise currency depreciation announced by China's central bank in August. Domestically, inflation levels continued to run below the 2% long-run objective, suppressed by the low prices of energy and other imported goods. Ultimately, the Fed decided that the positive factors—including the solid housing market recovery, ongoing job gains, and declining unemployment—outweighed the negatives. However, the FOMC expressed that the future policy path will depend on the upcoming economic outlook and emphasized that further increases would likely occur at a gradual pace. The forecast calls for the federal funds rate to advance by approximately 25 basis points every quarter through the end of 2018.

Lifting the federal funds rate target range highlights the divergence of policy paths between the U.S. Fed and other major central banks; the U.S. is tightening while Europe, China, and Japan are easing. From 2014 to 2015, the ECB cuts its refinancing rate by 10 basis points to 0.05% and, toward the end of 2015, the European deposit facility rate fell into negative territory. In addition, the ECB extended its asset-purchase program, a version of quantitative easing that is injecting €60 billion ($65.2 billion) into the market every month. Also in 2015, the People's Bank of China cut its benchmark one-year lending rate 5 times, lowering rates to 4.35% from 5.60%. The Bank of Japan announced the expansion of an asset-purchase program that could scale up to as high as ¥88 trillion ($745 billion) per annum in an attempt to stimulate a lethargic economy. One consequence of the decoupling of monetary policy has been a dollar appreciation of over 20% since 2014 against a trade-weighted basket of currencies. The increasing strength of the dollar will add further deflationary pressure on import prices and this may, in turn, affect the Fed's future federal funds rate path.

Given the historical significance of the Fed's liftoff, financial markets took the change in monetary regime in stride—a sign that the Fed's efforts to communicate the policy shift to financial markets was effective. However, that is not to say that markets were well mannered. The S&P 500 index finished 2015 down 0.7% while the Dow lost 2.2%, the first full-year declines since 2011 (S&P) and 2008 (Dow). Markets moved sideways until August 19th when the S&P suddenly plunged 10% over the next 4 days in reaction to a global sell-off originating in Shanghai. The dip proved transitory, however. By November, stock prices had clawed back the losses only to fade again through December. The Chicago Board Options Exchange volatility index ("VIX"), a gauge of investors' expectations of volatility in the S&P 500, mirrored the declines. After moving in a tight range around 15 through mid-August, the VIX soared to over 40 as turmoil hit markets around the world. By November, this "fear index" had settled back to 15, only to bounce back to a fourth quarter high of 24 in mid-December, reflecting the uncertainty surrounding the Fed rate hike.

The volume of trading on the NYSE appears to be rebounding after suffering through 5 years of contraction triggered by the housing and financial crash. Trading bottomed out in 2013 at a level 60% lower than the peak in 2008. After a marginal increase of 0.5% in 2014, the number of shares traded grew by a robust 14% in 2015. Surprisingly, the strongest quarter was the third with an increase of 34%, perhaps a consequence of broad-based portfolio rebalancing in the face of market turmoil during that period.

Activity in bond markets has also seen an uptick. After contracting from 2011 through 2014, average daily trading volumes of fixed income securities started to grow again in 2015. Monthly average volumes in 2015 strengthened by 0.6% over 2014. Interestingly, this aggregate trend is being driven primarily by only 2 categories: agency mortgage-backed securities and corporate debt. All of the other categories of fixed income securities have seen declines in average monthly trading volumes in 2015.

New bond issuance has also seen a turnaround after declining from 2012 through 2014. However, in 2015, the aggregate value of new bonds sold is up 8.3%. The largest gainers in percentage and dollar terms were federal agency debt (largely Freddie Mac and Fannie Mae) and mortgage-related debt. Corporate debt set new issuance records from 2012 through 2014 as firms locked in historically low rates. This trend continued into 2015 as issuance grew by 3.3%. The spree, however, may come to an end in 2016 if rates increase quickly in reaction to tighter monetary policy.

Along with the turmoil in global equities, the high yield (junk) bond market proved troublesome. Not surprisingly, the instability can be traced back to the weakened energy sector which accounts for about a quarter of all junk bond issuance. As energy prices resumed falling in the second half of 2015, the number of distressed firms multiplied. The Dallas Fed estimated that at least 10 U.S. oil and gas companies with $2 billion of debt filed for bankruptcy in the fourth quarter.

While it is unlikely that the turbulence is the precursor of a credit crunch, the stress on financial markets is likely to result in more risk-averse investors and will potentially show up as weaker performance in the securities industry. Wall Street profits in the third quarter were strong at $3.2 billion, due mainly to tighter controls on costs and compensation in the face of slow revenue growth. Third quarter revenue grew just 0.6% (year over year) while total expenses were flat. The biggest component of costs—compensation—actually fell 2.2%. Nearly all of the large firms reported third quarter difficulty in the fixed income, currency, and commodities ("FICC") sector, which resulted in a 62% (year over year) drop in third quarter trading revenue across all member firms. Of the large banks, Morgan Stanley reported the largest decline (down 42%) in FICC. This weak performance is one reason why Morgan Stanley subsequently announced that it would eliminate about 1,200 jobs from its FICC unit. Other banks, primarily European, have also announced job cuts, including Deutsche Bank, Credit Suisse, Standard Chartered, and Barclays.

Through the first 3 quarters of 2015, NYSE member firms earned profits of $14.5 billion. The forecast projects fourth quarter profits of $2.1 billion, resulting in full-year Wall Street profits of $16.5 billion, up from $16 billion in 2014. Challenged by weak energy and commodities prices, slow global growth, increasing regulation, and fee equity markets, profits are expected to fall to $12.4 billion in 2016.

NEW YORK CITY ECONOMY

In spite of the turmoil seen in the national and global economies, New York City continued to extend its strong record of economic growth and opportunity. Job creation in 2015 has slowed only marginally from last year's record pace. Strength in the labor market, combined with other market factors, has stimulated growth in the commercial and residential real estate sectors. Despite headwinds in their respective industries, finance and tourism continued to exhibit solid performance. The outlook is for the City's growth to normalize to a more moderate pace consistent with recent history.

In 2015, the City is estimated to have expanded employment by 99,000 jobs, an increase of 2.4%. This would mark the fifth consecutive year of employment growth exceeding 2%, surpassing the next longest (4-year) span during the dot-com boom. Employment gains across this period have greatly diminished the slack in the labor market. As of November 2015, the unemployment rate has fallen to 4.8%, its lowest point since 2007. With increasing hiring competition due to reduced slack, average wages jumped 5.4% in 2014 driven by strong bonuses in the financial sector. However, compensation in finance has fallen, offsetting the strength from the non-finance sector. As a result, overall wages through the first half of the year have grown only 0.5% and are expected to have finished 1.4% higher than 2014. Looking ahead, employment growth is expected to slow to a more moderate pace, and overall wages are forecast to grow at approximately 3%, driven by non-finance industries.

Uncertainty in international markets, a slowdown in global growth, low oil prices, and the appreciation of the dollar were all contributing factors to the down year in financial markets. Financial firms are expected to proceed cautiously regarding hiring and pay decisions in the near term as the profit outlook dims. Confidence in the sector was high in early 2015, following 3 years of double-digit returns in the market. This translated to a brisk pace of hiring through the first half of 2015, but prospects soured in the second half and firms slowed their rate of hiring. Growth has been driven by the securities subsector which has added 8,900 positions year to date, and Morgan Stanley filed Worker Adjustment and Retraining Notifications ("WARN") with the New York State Department of Labor for job cuts at their New York City operations. Following an addition of 8,000 positions in 2014 and an estimated 8,000 in 2015, job gains are forecast to slow to 5,000 and 2,000 in 2016 and 2017, respectively.

Finance and insurance wages grew by nearly 11% in 2014 but were down approximately 1% through the first half of 2015 from the same prior year period. For the year, wages are estimated to have fallen 0.7%. The expected contraction in wages was a result of a 3% decline in the first quarter when most bonuses are typically paid out. Looking ahead, the path of wages is projected to grow modestly in the near term as firms are expected to exercise more control over compensation to counter declining revenue.

Although the outlook in the financial industry is growing less optimistic, other areas of the economy continue to drive overall growth. Diversification toward non-finance industries will help create a stronger and less volatile base for the City. With the number of unemployed per job openings falling to a near record low in 2015 at the national level, hiring competition between firms has begun to increase which should lead to higher wage offers. As a result, non-finance wages are estimated to grow by over 3.5% beginning in 2015 and remain above that level through the end of the forecast period. One key non-finance industry, the professional & business services sector, has consistently been an engine for high-wage employment growth in the current expansion. From 2011 to 2014, the industry averaged an annual increase of 23,000 positions per year; however, the expansion is expected to have slowed in 2015 with an estimated gain of 20,000. This pace is projected to decelerate to 11,000 and 12,000 new jobs in 2016 and 2017, respectively.

Office using employment, which encompasses professional & business services, financial activities, and information, serves as an integral component of the City's job market. In 2014, office using employment expanded by 41,000, accounting for about 34% of private sector job growth, up from 27% in 2013. Due to this growth, the office market continues to exhibit diminishing vacancy rates and rising asking rents. Office using employment is projected to have expanded by approximately 31,000 positions in 2015. The increase in demand for office space drove 2015 asking rents 4.1% higher ($76.75) than last year. Likewise, vacancy rates fell by more than one percentage point to 9.2%. The current path of vacancy rates and rents is expected to continue into 2016 even as office using employment growth decelerates. However, increases to asking rents are expected to slow to a snail's pace—1.2% in 2017—and vacancy rates are projected to reverse direction due to a glut of new inventory expected in 2017. Further inventory increases in the out years will continue to constrain asking rents.

The residential housing market is being supported by consistent job and wage growth citywide and strong demand from abroad. This, in turn, has spurred sales activity and price growth in a recovering residential real estate market. In 2014, the average price for the overall market grew 12.4% to $889,000, surpassing the prior peak set in 2008 by 9%. While the condo market saw astounding price growth of 18.2%, prices in the co-op and 1- to 3-family home markets also recorded double-digit increases. The total average price growth is forecast to have fallen to a more modest rate of 3.6% in 2015 and is expected to edge up to 4.3% in 2016.

Total sales volume changed marginally in 2014 when 50,515 transactions were recorded, a growth of 0.8%. The composition of the sales, however, varied significantly. The volume of transactions in the condo market fell 5.8% in 2014 but grew 5.2% in 1- to 3-family homes and 0.7% in c-ops. The trend of disproportionate growth across the 3 categories has continued through the first 3 quarters of 2015. The volume of transactions in the 1- to 3-family homes market grew 3.9% from the same 3-quarter period in 2014 but fell 2.8% in co-ops and 0.8% in condos. Additionally, there is disparity across boroughs; year over year transaction growth through the first 3 quarters fell by 3.2% in Manhattan but grew 2.2% in the outer boroughs.

Sales volume is projected to have grown 0.8% in 2015 but will fall 1.7% in 2016 as mortgage rates rise due to higher interest rates. The dearth of inventory affordable to lower and middle income families continues to be a problem, but the boom in residential development may help to alleviate this issue in upcoming years. Year to date through November 2015 permits for over 48,000 residential units were filed, a new record for the City. While the rush to file was due primarily to uncertainty regarding the renewal of the 421-a tax exemption, the forecast anticipates that approximately 60% of the developments will hit the market in 2017. Sales volume is estimated to show moderate growth of 4.3%. To accommodate for increased labor needs, the construction industry is expected to add a total of 11,000 jobs from 2015 through 2017.

Three other key sectors of job creation are health & social services, leisure & hospitality, and retail trade. Health services added 25,000 jobs in 2014 and is on pace to have added more than that in 2015. The sector is forecast to decelerate to more modest gains of 12,000 in 2016 and 8,000 in 2017. After adding over 20,000 for the last 4 years, leisure & hospitality slowed slightly, adding 15,000 through November 2015. Gains are expected to average 9,000 per year over the next 2 years. Job growth in retail trade continues to be stable, expanding by 10,000 positions in 2014. The industry is expected to have added 11,000 jobs in 2015 and will increase payrolls by 9,000 and 8,000 in 2016 and 2017, respectively.

Expansion in the leisure & hospitality and retail trade sectors can also be attributed to the robust performance of the tourism industry. With its plethora of dining and shopping options, New York City continues to be a top destination for visitors from every corner of the world. The City received 56.5 million visitors in 2014 and is poised to break that record in 2015. Through the year, the hotel industry reported metrics that matched the strength seen in 2014. Approximately 34 million hotel room nights were sold in 2015, up 4.4% from the prior year. Global weakness and dollar appreciation, however, are likely to impact future travel plans into the City and slow visitor spending. The hotel occupancy rate finished 2015 at 89% but will fall to 82% between 2016 and 2017. Despite the challenges, NYC & Co anticipates that international visits to the City will accelerate from a growth of 2.5% in 2015 to 4.3% by 2018. With its historical charm, eclectic culture, and boundless opportunities, New York will remain an attractive world destination for travelers and entrepreneurs from all walks of life.

Risks to the Forecast

Risks to the U.S. forecast include a prolonged slump in global growth, the strong dollar, and the plunge in commodity and energy prices. China, Japan, Brazil, and Russia as well as the European Union are all suffering from slowing growth. The resulting divergence in monetary policy between the U.S. and other central banks has boosted the dollar’s relative value. Further appreciation of the dollar and drop in international demand could continue to impair U.S. export and manufacturing industries. Furthermore, although the Fed successfully raised rate last December without much turmoil, it will have to move carefully in the future since overly aggressive tightening runs the risk of derailing the recovery and upsetting fragile financial markets. While it is unlikely that something like the recent turmoil in the junk bond markets could trigger a financial crisis, any decline in activity would affect the City through lower profits and wage earnings on Wall Street. Likewise, the strong dollar and weaker global incomes could slow tourism and business travel to New York City and reduce the pace of international investment in local real estate.

MANHATTAN REGIONAL ANALYSIS

The New York Metropolitan Statistical Area (MSA) consists of the City of New York's five counties and the counties of Westchester and Rockland. The subject property is located in the City of New York, New York County (Manhattan). New York City's five boroughs cover 309 square miles. New York City is the nation's center for finance, the arts, media, fashion, and telecommunications.

The borough of Manhattan, or New York County, forms the central political, financial, and cultural core of the City and is the economic growth engine for the Greater New York region. Seventy-five percent of the City's employees work in Manhattan, which is home to the Midtown and Downtown business districts. The City's other boroughs are the Bronx, Brooklyn, Queens, and Staten Island (otherwise known as Bronx, Kings, Queens, and Richmond Counties). They also have stronger, albeit significantly smaller, economies than Manhattan. Brooklyn and Queens have the largest behind Manhattan.

POPULATION

	1980	1990	2000	2010	2015 Est	2020 Est
Overall	7,071,639	7,322,564	8,008,278	8,175,133	8,503,442	8,802,567
% Change		3.55%	9.36%	2.08%	4.02%	3.52%
Bronx	1,168,972	1,203,789	1,332,648	1,385,108	1,434,729	1,482,683
% Change		2.98%	10.70%	3.94%	3.58%	3.34%
Brooklyn	2,230,936	2,300,664	2,465,259	2,504,508	2,629,623	2,739,171
% Change		3.13%	7.15%	1.59%	5.00%	4.17%
Manhattan	**1,428,285**	**1,487,536**	**1,529,252**	**1,577,414**	**1,639,155**	**1,686,435**
% Change		**4.15%**	**2.80%**	**3.15%**	**3.91%**	**2.88%**
Queens	1,891,325	1,951,598	2,229,379	2,230,722	2,325,508	2,412,233
% Change		3.19%	14.23%	0.06%	4.25%	3.73%
Staten Island	352,121	378,977	443,728	468,730	474,427	482,045
% Change		7.63%	17.09%	5.63%	1.22%	1.61%

Source: 1980-2010, US Census; Claritas Inc.

New York City is home to more than 8 million people in over 3 million households. Brooklyn is the most populous borough with 31% of the City's population. Manhattan's 1.64 million residents, at 48,500 residents per square mile, make it one the most densely populated residential area in the nation. While the 1980's and 1990's saw the continuing trend of migration of city residents to neighboring suburbs, due primarily to high housing costs and density of living, the total population was bolstered by the large number of immigrants arriving in the city each year.

The 9.36% increase in the City's census population from 1990 to 2000 can be attributed to the increasing appeal of the City, as young professionals and empty nesters have been attracted to the amenities of dense, urban neighborhoods; the course of the long, economic expansion; and the increasing immigrant population. Despite the impacts of the 9/11 tragedy, New York City was one of the nation's few major cities to experience an increase in its population during the past decade. The City's population now totals 42% of the state's total population. Except for Staten Island, each of New York City's five boroughs has a population greater than 1,400,000. The city's population is expected to continue growth over the next 5 years.

MANHATTAN POPULATION TRENDS, 2000-2020

Description	2010 Census	2015 Estimate	% Change 2010-2015	2020 Projection	% Change 2015-2020
Population	1,585,873	1,639,155	3.36%	1,686,435	2.88%
Households	763,846	792,293	3.72%	817,432	3.17%
Families	308,828	319,973	3.61%	329,756	3.06%
Housing Units	847,090	880,088	3.90%	908,503	3.23%
Average Household Size	-	1.98	-	-	

Source: Claritas

Claritas estimates the 2015 population for Manhattan at 1,639,155 and projects a small increase by 2020. The number of households in Manhattan is also projected to increase slightly between 2015 and 2020 from 792,293 to 817,432. These statistics are reflective of a stable, mature market.

New York City Historical Economic Overview

In the late 1990's, New York City experienced its strongest economic boom of the past half century, both in absolute terms and relative to the United States. Between 1996 and 2000, private sector employment grew at a 2.6% average annual pace. Not only did this growth represent the strongest four-year run in more than four decades, it represented the first time, aside from the 1982-83 national recession, that the City's job growth exceeded that of the nation.

The city's boom was equally strong on the income side. Wage and salary earnings in the private sector expanded at a 9.6% average annual pace between 1996 and 2000 compared with 7.6% nationally. In inflation-adjusted terms, this growth represents a 7% pace—also about 2 points above the adjusted national rate—as well as the strongest four-year performance in more than three decades.

Much of the income growth was driven by dramatic increases in Wall Street earnings, reflecting the bull market at the time. Significantly, the earnings upsurge on Wall Street began even before 1996: wages and salaries in the securities industry, adjusted for inflation, expanded at a 16% average annual pace form 1994 to 1996 and maintained that pace through 2000. This earnings growth is consistent with the finding that the securities industry tends to lead the New York City economy (Bram and Orr, 1999).

The securities industry boom was also a national phenomenon. However, New York City's economy benefited disproportionately because the industry's local shares of employment and income are eight times its national shares. Moreover, the City's boom was not limited to the financial sector--advertising, motion pictures, publishing, media, tourism, and business and computer services all experienced steady growth in the late 1990's. Presumably, this expansion was not attributable entirely to multiplier effects from Wall Street.

As 2000 drew to a close, however, the boom ended and New York City's economy slipped into a recession. Beginning in 2001, New York City experienced an economic downturn that was the result of a national recession and the impact of September 11th.

Between 2003 and 2007, New York City's economy rebounded. During the most recent expansion, job growth was widespread, with professional and financial industries exhibiting particular strength. Beginning in the fourth quarter of 2007, however, the national credit crisis spawned by the subprime mortgage crisis started to have an impact on the local New York City economy, with Wall Street's setbacks rippling through the rest of the local economy.

The following economic overview of New York City was provided by the ***Employment in New York State Newsletter*** (September 2014) prepared by the New York State Department of Labor:

> *New York City's travel and tourism sector is booming according to a recent report from NYC & Co., the City's official tourism marketing organization. In 2013, New York City hosted a record 54 million visitors. This figure includes 9,579,000 international visitors, making NYC the country's top international travel destination. All of these visitors had a tremendous impact on the City's economy, estimated at a record $55.3 billion. Here, we take a look at the City's growing hotel industry--ranging from the smallest boutiques to the largest international brands--and at recent developments in the City's trendiest borough in hotel development--Queens.*
>
> ***New York City Industry Trends***
>
> *New York City's hospitality industry is sensitive to economic fluctuations. During the last recession, the local industry lost relatively few jobs. This was due in part to technological advances in room pricing, which allowed hoteliers to quickly adjust room rates in order to reduce the inventory of unused rooms and maximize revenues. The post-recession return of the business traveler, in combination with a successful marketing campaign by the City, has meant that local growth in this sector outpaced the nation as a whole. Between 2009 and 2013, hotel jobs in New York City rose by more than 17%, about three times the comparable U.S. rate. While two-thirds of local hotel rooms and almost90% of hospitality jobs are in Manhattan, other neighborhoods are seeing hotel development. In fact, one-third of all projects under construction are outside Manhattan. In particular, Queens is benefitting from new hotel development. Of the 148 hotels that either opened or are currently under construction in the past two years, 21 are in Queens. From 2003 to 2013, the number of hotels in the borough more than doubled, from 55 to 118.*
>
> ***Growth in Queens***
>
> *Some recent hotel openings in Queens include:*
>
> - *Paper Factory, set in a renovated paper factory and warehouse, featuring 120 rooms, a restaurant, outdoor beer garden, and a spa;*
> - *Home2 Suites by Hilton, a 10-story, 115-suite hotel featuring views of Manhattan, a media room, a combined laundry and fitness area, and Oasis lobby area; and*

- *The Estate by Ravel, the first luxury hotel in Long Island City, featuring a garden, a swimming pool/ice rink, and ballroom.*

The flurry of construction activity is spurred by the borough's hottest neighborhood, Long Island City. This area profits from its close proximity to Midtown Manhattan and has become a magnet for nearly every hotel brand of distinction. According to an industry report, this trendy neighborhood has added 15 of its 27 hotels in the past six years and is on track to see at least another eight open by the end of 2017.

Multiplier Effect at Work

Growth in hotel and motel jobs in Queens also leads to indirect job growth in other sectors throughout the local area due to the effects of the economic multiplier. For example, hotels and motels in Queens gained 300 jobs between2012 and 2013. Estimates indicate that for every additional 100 jobs in this industry, the local economy gains 48 "spin-off" positions in a variety of industries. Professional and business services is the biggest gainer with 14 additional jobs, followed by the hospitality sector which adds 8 more jobs. Looking at occupational groups, one-third of the new spin-off jobs are in building and grounds maintenance, one-sixth are at restaurants, and one-tenth are office and administrative support jobs.

Industry Wages and Outlook

At the end of 2013, New York City's traveler accommodation sector was comprised of 629 firms employing more than 46,600 people. Their average salary was $56,400 per year. This overall average, however, masks a wide variation in wages between the different boroughs. Manhattan hotels, which tend to be larger and more unionized, pay an average of $59,600 per year. In contrast, hotel employees outside Manhattan, where limited-service properties are the norm and which are less unionized, earn significantly less. For example, the annual average wage in the traveler accommodation sector in Queens was $32,800 in 2013, which is about 45% lower than the comparable figure for Manhattan. Analysts expect, however, that the difference in wages between hotel workers in Manhattan and the outer boroughs will eventually narrow. This is because the international hotel brands that are currently expanding in the outer boroughs tend to be unionized, which results in higher average wages. Projections from the New York State Department of Labor show that accommodation industry jobs in New York City are expected to grow somewhat faster (+12.8%) than overall employment there (+10.4%) between 2010 and 2020. The three most common job titles in the traveler accommodation sector include maids and housekeeping cleaners, waiters and waitresses, and hotel, motel, and resort desk clerks. Combined employment for these three occupations is expected to grow by more than 10,000 between 2010 and 2020, with more than 4,600 openings each year over this time frame.

Summing Up

New York City's hotel market has reason to be optimistic. Six years after the start of the U.S. recession, the sector's employment is now at a record level. Employment gains have been buoyed by an unprecedented number of visitors to the City and increasingly widespread hotel development. Looking ahead, New York City's high profile tourism marketing campaign and expanded accommodation options for every budget should help boost hiring in the hotel industry for years to come.

Employment

As of September 2015, Manhattan's unemployment rate was 4.2%, outperforming the country as a whole. These statistics indicate a decrease in unemployment since 2011 as a result of the moderate recovery from the recession. Unemployment in New York City increased between 2000 and 2015 overall.

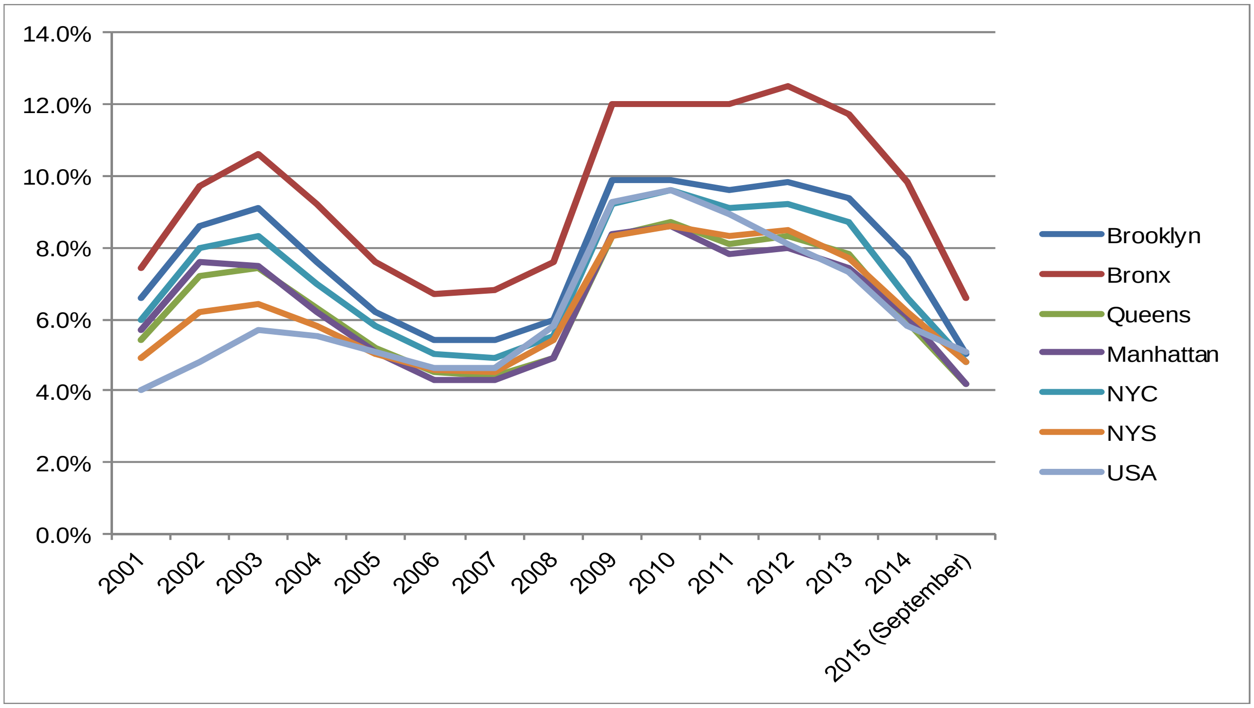
The recession has led to significant job losses within the financial sector with companies such as Bear Stearns and Lehman Brothers no longer in operations and a number of other institutions, including Citigroup and JPMorgan Chase, laying off thousands of employees. The following table illustrates historical and current unemployment rates:

UNEMPLOYMENT RATES

Year	Brooklyn	Bronx	Queens	Manhattan	NYC	NYS	USA
2001	6.6%	7.4%	5.4%	5.7%	6.0%	4.9%	4.0%
2002	8.6%	9.7%	7.2%	7.6%	8.0%	6.2%	4.8%
2003	9.1%	10.6%	7.4%	7.5%	8.3%	6.4%	5.7%
2004	7.6%	9.2%	6.3%	6.2%	7.0%	5.8%	5.5%
2005	6.2%	7.6%	5.2%	5.1%	5.8%	5.0%	5.1%
2006	5.4%	6.7%	4.5%	4.3%	5.0%	4.6%	4.6%
2007	5.4%	6.8%	4.4%	4.3%	4.9%	4.5%	4.6%
2008	6.0%	7.6%	4.9%	4.9%	5.5%	5.4%	5.8%
2009	9.9%	12.0%	8.3%	8.4%	9.2%	8.3%	9.3%
2010	9.9%	12.0%	8.7%	8.6%	9.6%	8.6%	9.6%
2011	9.6%	12.0%	8.1%	7.8%	9.1%	8.3%	8.9%
2012	9.8%	12.5%	8.3%	8.0%	9.2%	8.5%	8.1%
2013	9.4%	11.7%	7.8%	7.4%	8.7%	7.7%	7.3%
2014	7.7%	9.8%	5.9%	6.1%	6.6%	6.2%	5.8%
2015 (September)	5.0%	6.6%	4.2%	4.2%	4.8%	4.8%	5.1%

Source: NYS Department of Labor, Bureau of Labor Statistics

UNEMPLOYMENT TRENDS



New York City's employment base has historically enjoyed the distinction as an international center of business, commerce, tourism, and culture. The FIRE (finance, insurance, and real estate) and services (including the professions of legal, engineering services, consulting, tourism, recreation, health care, computers and data processing) segments are considered the primary sources of "white collar," or office prone, employment in the region.

TOP NON-GOVERNMENT EMPLOYERS NEW YORK CITY (EMPLOYEES)

Employer	# of Employees
New York City Health and Hospitals Corp.	35,044
Mount Sinai Health System	31,490
JPMorgan Chase & Co.	29,000
North Shore-Long Island Jewish Health System	23,195
New York-Presbyterian Hospital	21,802
NYU Langone Medical Center	17,879
Citigroup Inc.	17,552
Macy's Inc.	17,000
New York University	16,021
Columbia University	15,420

Source: Crain's Book of Lists

New York City is also the center of media (journalism and publishing), arts, fashion, and design. Businesses in New York City can capitalize on the synergy created from the presence of more than 200,000 companies, the access to investment capital and consumers, and the City's attractive quality of life. Companies in New York City include headquarters and regional offices of leading world companies including 39 Fortune 500 firms - the highest of any city in the United States—making New York the nation's headquarters capital

NYC EMPLOYMENT BY INDUSTRY (000'S)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Sep-15
Construction	111.8	115.7	118.5	119.7	124.4	118.1	107.4	104.4	120.8	124.6	135.4
Manufacturing	113.6	107.1	101.0	89.1	81.8	79.9	73.3	74.2	76.0	76.5	73.9
Trade, Transportation, and Utils	534.3	550.7	576.6	562.5	578.8	556.8	584.5	584.1	593.7	608.3	630.9
Information	161.2	163.1	165.9	160.1	168.8	159.3	160.6	174.8	178.6	178.6	183.2
Financial Activities	443.5	453.5	467.9	430.4	456.7	434.2	434.9	444.6	434.0	436.7	458.9
Professional and Business Svs	549.0	564.5	591.4	578.7	600.9	583.5	606.1	639.3	639.4	651.6	686.5
Education and Health Services	665.3	701.0	707.0	756.4	738.5	764.1	781.9	763.9	819.9	841.5	866.1
Leisure and Hospitality	281.1	281.7	297.0	310.8	307.0	320.5	339.3	365.9	379.6	384.5	426.8
Other Services	152.5	153.3	158.1	162.3	164.0	167.0	157.5	171.1	174.1	177.1	187.2
Government	561.9	554.7	559.2	557.1	564.6	538.2	544.4	585.0	545.5	543.0	542.6
Total	3,574.2	3,645.3	3,742.6	3,717.6	3,792.8	3,721.6	3,789.9	3,874.3	3,961.6	4,022.4	4,191.5

Source: New York State Department of Labor

From 2005 to September 2015, decreases in private employment in the city were seen in only a few of the sectors. There were increases in most sectors, which include Education and Health Services, Leisure and Hospitality, Professional and Business Svs, and Trade, Transportation, and Utils. Manufacturing, Government, and Financial Activities have been hit the hardest by the financial crisis and recession. The remaining sectors of employment have remained relatively stable.

Office-using employment amounts to approximately 30% of total New York City employment, reflective of the financial and services orientation of the local economy. New York City's prime office inventory is concentrated in Manhattan south of Central Park within the two major submarkets of Downtown and Midtown. Brooklyn's central business district in Downtown Brooklyn is anchored by Brooklyn Borough Hall and MetroTech Center, a 16-acre urban corporate campus. Long Island City in Queens is located across the East River from Midtown Manhattan and has long been a center of manufacturing, distribution, and industrial services

Manhattan Economy and Employment

The economy of New York City is the biggest regional economy in the United States and is home to the New York Stock Exchange and NASDAQ, the world's largest stock exchanges by market capitalization and trading activity. New York is distinctive for its high concentrations of advanced service sector firms in fields such as law, accountancy, banking and management consultancy.

Over the years, manufacturing has accounted for a significant share of employment. Garments, chemicals, metal products, processed foods, and furniture are some of the principal products. The food processing industry is the most stable major manufacturing sector in the city.

Likewise, creative industries such as new media, advertising, fashion, design, and architecture account for a growing share of employment, with New York City possessing a strong competitive advantage in these industries. The following table summarizes the labor force statistics of Manhattan compared to the other boroughs of New York City.

SEPTEMBER 2015 LABOR FORCE DATA

	Labor Force (000's)	Employed (000's)	Unemployed (000's)	Unemployment Rate
Bronx County (Bronx)	605.7	565.7	40.0	6.6%
Kings County (Brooklyn)	1,228.0	1,166.4	61.7	5.0%
New York County (Manhattan)	**926.8**	**888.3**	**38.5**	**4.2%**
Queens County (Queens)	1,169.2	1,120.0	49.2	4.2%
Richmond County (Staten Island)	224.7	213.9	10.8	4.8%
New York City	4,154.4	3,954.3	200.2	4.8%

Source: NYS Department of Labor

New York City Personal Income

Average household income in New York City increased by 13.8% between 2000 and 2015 from $71,555 to $81,401. This is lower than the 37.9% increase experienced by New York State.

NYC & STATE HOUSEHOLD INCOME

	New York City 2000 Census	2015 Estimate	New York State 2000 Census	2015 Estimate
Average Household Income	$71,555	$81,401	$61,489	$84,769
Median Household Income	$50,889	$52,906	$44,138	$59,568

Source: Claritas Inc.

Manhattan is the most affluent borough in New York City with a 2015 estimated average household income level of $123,183. The next highest borough in terms of average household income is Staten Island at $88,894. The following table illustrates per capita income figures for New York City and the various boroughs.

NYC HOUSEHOLD INCOME

	Average Household Income 2000	Average Household Income 2015 (est)	% Change 2000-2015
Bronx	$50,892	$48,216	-5.26%
Brooklyn	$60,470	$68,494	13.27%
Manhattan	**$115,158**	**$123,183**	**6.97%**
Queens	$70,706	$75,039	6.13%
Staten Island	$87,451	$88,894	1.65%
New York City	$76,935	$80,765	4.98%

Source: Claritas Inc., U.S. Census

As evident, Manhattan exhibits the highest average income among the New York City boroughs and is nearly twice the level of the United States overall.

Manhattan accounts for nearly 20% of New York State's total income. The borough is home to nine of the wealthiest big city neighborhoods in the nation, testifying to its affluence. Nearly all of Manhattan's zip codes below 96th Street have median household incomes well above the national median. The most affluent concentrations of households border Central Park on Manhattan's West Side between 77th and 91st Streets and on the East Side along Fifth, Park, and Madison Avenues between 60th and 96th Streets. Other affluent pockets include the southern tip of Manhattan at Battery Park City and the communities surrounding Lower Manhattan's

Financial District such as TriBeCa. In contrast, the area north of Central Park, as well as portions of the Lower East Side, is where residents with the lowest median household incomes reside.

Culture and Recreation

New York City offers an unsurpassed variety of cultural activities. New York is a world renowned center of culture, entertainment, and shopping. New York contains hundreds of museums, art galleries, theaters, restaurants, and retail stores.

The City is home to such musical institutions as the New York City Symphony, Carnegie Hall, Lincoln Center, Brooklyn Academy of Music, and Metropolitan Opera and, with its many Broadway and off-Broadway plays and musicals, is the performing arts capital of the world. Several world famous dance troupes are located in New York including the Alvin Ailey Company and Dance Theater of Harlem.

World class museums include the Metropolitan Museum of Art, Museum of Modern Art, The Guggenheim, and Museum of Natural History. Other attractions include the Statue of Liberty, New York Aquarium, Bronx Zoo, Brooklyn Botanical Gardens, Empire State Building, United Nations, New York Stock Exchange, and many others, which draw millions of visitors each year.

New York City has significant parkland including Central Park, an 843-acre oasis in Manhattan; Prospect Park in Brooklyn; and Jamaica Bay National Wildlife Refuge in Queens. New York City has teams in every major professional sport.

Educational and Professional Facilities

New York City has 173 schools of higher education including 21 two-year colleges, 45 four-year colleges, professional schools, law schools, and vocational schools. Manhattan is home to some of the most prominent educational institutions in the nation including Columbia University, New York University, The Juilliard School, and Manhattan School of Music. The CUNY (City University of New York) system offers an affordable education in its 6 community colleges and 11 campuses with 4-year and graduate programs across all 5 boroughs. Notable colleges and universities located outside Manhattan include Pratt Institute in Brooklyn—a well-recognized school of art and architecture; St. John's University and Queens College in Queens; and Fordham University in the Bronx. New York City also has two of the most highly regarded public high schools in the nation—Stuyvesant and Bronx Science. As in most urban areas, the City's public primary and secondary education system is considered only fair overall with a wide range in quality of education from district to district.

New York City has 75 short-term general hospitals, many of which are affiliated with local professional universities. World famous research hospitals include NYU-Cornell, Rockefeller, Columbia, and New York Hospital. Other highly ranked hospitals include Memorial Sloan-Kettering Cancer Center, Mount Sinai Hospital, New York Eye and Ear Infirmary, and New York Presbyterian Hospital.

Transportation

New York City is served by the most diverse transportation system in the United States. The region's transportation network links the area to the regional, national, and global commerce and trade. A brief synopsis of the area's transportation system follows:

RAIL NETWORK

As the densest urban area in the country, New York City is served by the biggest transit network, and is truly one of the only places where one does not need a car to get around. Rail systems include:

- ***NYC Subway System:*** The Metropolitan Transportation Authority (MTA) runs the 660-mile subway system servicing approximately 5 million passengers on an average weekday and approximately 1.6 billion passengers a year. NYC Transit operates approximately 6,485 cars 24 hours a day throughout Manhattan, Queens, Brooklyn, and the Bronx. The 26 subway routes are interconnected, and many lines feature express trains, across-the-platform transfers to local trains, and "skip-stop" express service. MTA capital projects include extending the 7 line beyond Times Square to Hudson Yards (the West Side) and the Second Avenue subway.

- ***Long Island Railroad (LIRR):*** The MTA runs this commuter railroad along 11 branch lines from the eastern tip of Long Island to Pennsylvania Station (Penn Station) in Manhattan and Atlantic Terminal in Brooklyn. The LIRR is the busiest commuter railroad in North America, carrying an average of 324,000 customers each week day on 728 daily trains. Annual ridership is approximately 81 million persons per year. The LIRR is current constructing the $8.2 billion East Side Access, which will provide a new terminal at Grand Central Station, reducing travel times to Midtown Manhattan for millions of commuters.

- ***Metro North:*** Based in the landmark Grand Central Terminal in Midtown Manhattan, the MTA Metro North Railroad is the second busiest commuter line in the United States, providing approximately 281,000 customer trips each weekday and some 80 million trips per year. With 384 route miles and 775 miles of track, Metro North goes to 120 stations distributed in seven counties in New York State--Dutchess, Putnam, Westchester, Bronx, New York (Manhattan), Rockland, and Orange--and two counties in the state of Connecticut--New Haven and Fairfield. Metro North is currently in discussions to extend service to Penn Station.

- ***New Jersey Transit (NJT):*** NJT runs 11 lines from its terminals in New York-Penn Station, Newark, and Hoboken. NJT is the fourth busiest commuter railroad in the United States, providing approximately 276,000 customer trips each weekday and 78 million trips per year. With 536 miles, NJT goes to 151 stations primarily in Northern New Jersey. From Penn Station, NJT offers direct service along the Northeast Corridor Line to Trenton, the North Jersey Coast Line to Bay Head, and Montclair-Boonton Line to Hackettstown. Riders can also transfer at Secaucus, Hoboken, and Newark for service into New York City.

- ***Amtrak:*** Amtrak serves New York as the national provider of intercity rail service. Amtrak's predominant service from Penn Station is its Northeast Corridor Line (the busiest line in the U.S.), including high-speed Acela service, which includes stops in the major cities of Boston, Philadelphia, Baltimore, and Washington D.C. Amtrak also provides daily service to upstate New York, New England, Chicago, Miami, and New Orleans. In 2010, there were 8.9 million boardings and alightings at Penn Station, by far the highest of any Amtrak station in the country.

- ***Port Authority Trans-Hudson (PATH):*** PATH carries 70% of all commuters entering New York City from New Jersey. Major station stops include Newark, Harrison, Hoboken, and Jersey City in New Jersey, and the World Trade Center and Penn Station in New York City. Approximately 259,000 commuters use the PATH each weekday. The annual passenger trips for 2010 were 73.9 million.

BUS NETWORK

- ***New York City Transit:*** MTA offers bus service in New York City's five boroughs, handling 2.4 million riders daily and 738 million annually. 208 local and 36 express bus routes operate in the five boroughs, covering 2,109 miles.

- ***Port Authority Bus Terminals:*** Regional bus lines serve approximately 57 million passengers a year, with most service to and from New Jersey. The Port Authority operates two bus terminals in New York, one at 42nd Street, and one at the George Washington Bridge. Both provide several transfers to New York City transit routes. Bus lines include New Jersey Transit, Bolt Bus, Greyhound, Peter Pan, and Coach USA.

AIRPORT NETWORK

The New York area is home to the busiest airport system in the United States and second biggest in the world. The three major airports that service New York City are:

- ***John F. Kennedy Airport (JFK)*** is located in the southeastern section of Queens County on Jamaica Bay and consists of 7 terminals and 151 aircraft gates. More than 90 airlines operate at JFK, and it is a major hub for JetBlue Airways, American Airlines, and Delta Air Lines. It is less than 15 miles by highway from Midtown Manhattan, and there is rail service via the AirTrain. In 2011, JFK handled the most international passenger air traffic in North America, and it also serves as a vital international freight gateway.

- ***Newark Liberty International Airport (EWR)*** is located in Essex and Union Counties between the New Jersey Turnpike (accessible from Exits 13A and 14), U.S. Routes 1 & 9, and Interstate 78. Rail service is also available from Penn Station via Amtrak and New Jersey Transit. The airport is about 16 miles from Midtown Manhattan and consists of about 2,027 acres. Newark is a hub for United Airlines, as well as FedEx. In the future, the Port Authority plans to rebuild Terminal B and build a new Terminal A.

- ***LaGuardia Airport (LGA)*** consists of 680 acres and 72 aircraft gates. A $830 million redevelopment program in 2000 included expanding and modernizing the Central Terminal Building, reconfiguring and widening roadways, improving runways and taxiways, constructing a passenger terminal in the east end, airline modernization of gate areas and passenger service areas, and other rehabilitation projects. The Port Authority plans to break ground on a new Central Terminal Building in 2014.

VEHICLE NETWORK

There are several bridges and tunnels that provide access for automobiles and trucks to and through the island of Manhattan.

- ***Hudson River Crossings*** include the Lincoln Tunnel (connecting Weehawken, NJ and Midtown Manhattan), the Holland Tunnel (connecting Jersey City and Downtown Manhattan), and the George Washington Bridge (Interstate 95 connecting Fort Lee, NJ, and Northern Manhattan).

- ***East River Crossings*** include the Brooklyn Battery Tunnel (connecting Brooklyn and the Financial District), the Queens Midtown Tunnel (connecting Queens and Midtown), the Brooklyn Bridge (connecting Brooklyn and Lower Manhattan), the Manhattan Bridge (connecting Brooklyn and Lower Manhattan), the Williamsburg Bridge (connecting Williamsburg and Lower Manhattan), the Queensboro Bridge (connecting Long Island City and Midtown Manhattan).

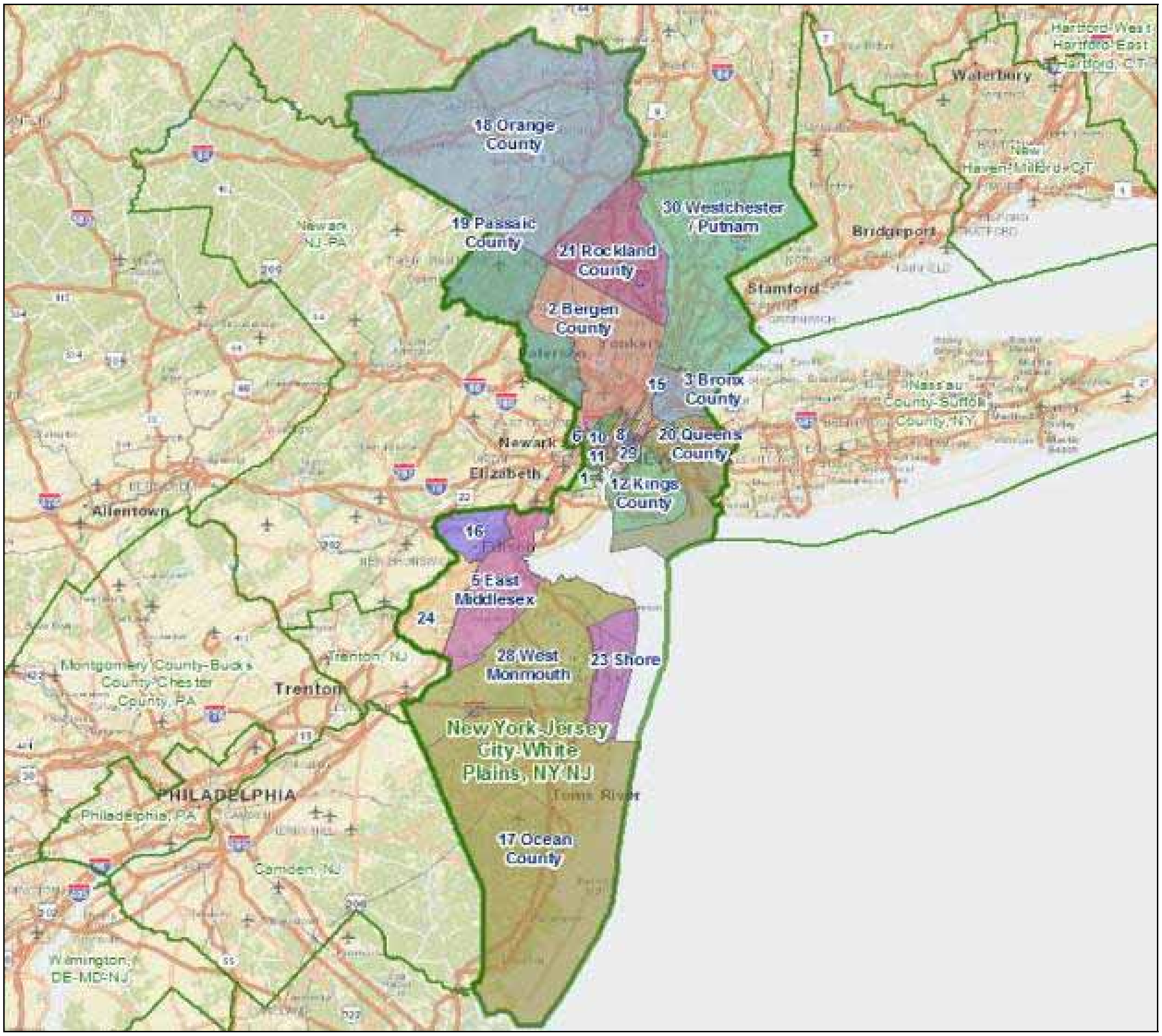
- ***Major Road and Highways*** linking Manhattan include Interstate 78 (via the Holland Tunnel from New Jersey), Interstate 95 (via the George Washington Bridge from New Jersey to the Cross Bronx Expressway and New England), the Henry Hudson Parkway (to the Bronx and points north), and Interstate 495 (via the Queens Midtown Tunnel from Long Island). The FDR Drive, Harlem River Drive, West Side Highway, and Henry Hudson Parkway also serve as major routes along Manhattan's coast.

Summary

While the recession affected New York like the rest of the country, its preeminence as the biggest city and economic center of the United States has allowed it to sustain growth. Despite the collapse of Lehman Brothers and Bear Stearns, and layoffs at several other large financial institutions, finance remains at the center of the New York City's economy. While some economists expressed caution that the city should prevent itself from becoming a "one-industry town" like Detroit and the automobile, it is clear that the service industries, as well as the creative economy continue to grow, albeit minimally in some cases, and provide opportunities for job and population growth.

Though there remain ongoing concerns among the financial and commercial markets which have negatively impacted New York City, the area has several key competitive advantages, including access to talent, customers, partners, and investors, which will drive long-term employment growth. Knowledge-based industries, such as finance, legal services, and consulting, benefit from the area's key strengths. It is yet to be known whether employment and vacancy rates will return to pre-recession levels, but New York is poised to continue to lead the country's economic recovery.

NEW YORK-JERSEY CITY-WHITE PLAINS RESIDENTIAL MARKET ANALYSIS



Market Data Source

The data related in this section is reported by Axiometrics, Inc., a well-recognized subscription service providing real-estate focused economic data specifically on apartments and student housing. It is our experience that Axiometrics is widely considered by market participants of all types, including investors, lenders, and analysts.

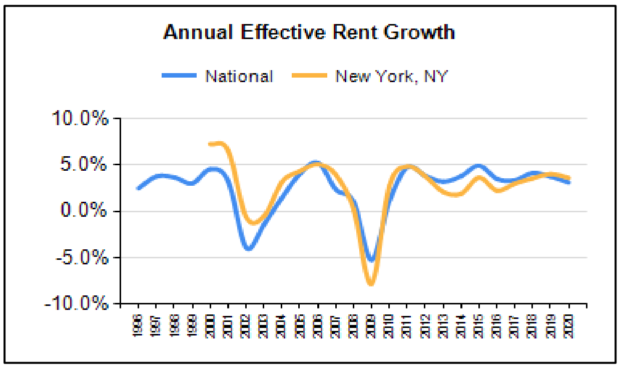
We note that this market summary reports feature performance profiles and supply and demand data for 120 markets and 790 submarkets. Like other statistical readings, this study is meant to be generally instructive regarding specific performance, but individual characteristics may lead to divergence. Overall, however, it is our experience that the broad tone of the Sub Market Trend Report is often consistent with performance at the property level. Thus, given the breadth of the availability and market reliance on his data, we feel this is not only a strong indication of current local conditions, but of the assumptions investors would apply in valuing a specific asset.

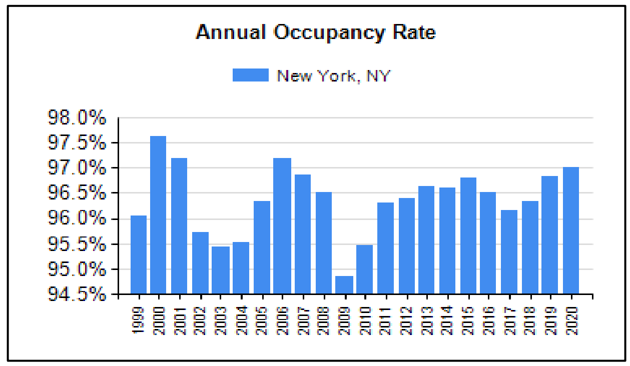
Apartment Performance

Effective rent decreased 1.9% from $3,019 in 3Q15 to $2,962 in 4Q15, which resulted in an annual growth rate of 2.6%. Annual effective rent growth is forecast to be 2.2% in 2016, and average 3.5% from 2017 to 2019. Annual effective rent growth has averaged 2.5% since 1Q00.

The market's annual rent growth rate was below the national average of 4.6%. Out of the 120 markets ranked by Axiometrics nationally, New York-Jersey City-White Plains, NY-NJ Metro Division was 101st for quarterly effective rent growth, and 83rd for annual effective rent growth for 4Q15.

The market's occupancy rate decreased from 97.0% in 3Q15 to 96.6% in 4Q15, and was down from 96.9% a year ago. The market's occupancy rate was above the national average of 94.9% in 4Q15. For the forecast period, the market's occupancy rate is expected to be 96.5% in 2016, and average 96.4% from 2017 to 2019. The market's occupancy rate has averaged 96.3% since 1Q99.





Identified Supply

As of January 24, 2016, Axiometrics has identified 6,373 apartment units scheduled for delivery in 2015, which all units have been delivered. As a comparison, there were 7,190 apartment units delivered in 2014. Properties delivered to the market in the last 12 months have achieved an average asking rent of $3,163 per unit, or $3.72 per square foot. Effective rent has averaged $3,031, or $3.56 per square foot, resulting in an average concession value of $-132.22. As a comparison, existing properties in the market had an average asking rent of $2,999 per unit. ($3.50 per square foot) and an average effective rent of $2,962 per unit, or $3.46 per square foot, in 4Q15. Concessions for existing properties averaged $-36.48.

Submarket Delivery Schedule

	Pipeline Delivery Schedule				Pipeline Lease Up Trend					
					Units Absorbed		Asking Rent		Effective Rent	
Top Submarkets	**2013**	**2014**	**2015**	**Total**	**Totals**	**PPM**	**Per Unit**	**PSF**	**Per Unit**	**PSF**
East Middlesex	236	363	673	1,272	81	8	$1,752	$1.92	$1,714	$1.88
Hudson Waterfront	194	698	767	1,659	334	25	$3,258	$3.35	$3,209	$3.30
Kings County	822	1,434	940	3,196	263	7	$3,888	$5.10	$3,699	$4.84
Midtown West	740	892	487	2,119	1,053	9	$3,075	$3.52	$2,939	$3.36
Queens County	930	1,391	629	2,950	**1,731**	**10**	**$3,163**	**$3.72**	**$3,031**	**$3.56**
Other	2,939	2,412	2,877	8,228	**Trend based on a trailing 12 month period*					
New York-Jersey City-White Plains, NY-NJ	**5,861**	**7,190**	**6,373**	**19,424**						

**Based on 2015 deliveries*

Top 10 Market Deliveries

Market	Pipeline Delivery Schedule 2013	2014	2015	Total	Pipeline Lease Up Trend: Units Absorbed Totals	PPM	Asking Rent Per Unit	Asking Rent Per Ft.	Effective Rent Per Unit	Effective Rent Per Ft.
Houston-The Woodlands-Sugar Land, TX	8,105	14,438	15,634	38,177	10,992	13	$1,837	$1.85	$1,714	$1.73
Dallas-Plano-Irving, TX	10,357	12,108	14,700	37,165	11,363	16	$1,505	$1.67	$1,431	$1.59
Washington-Arlington-Alexandria, DC-VA-MD-WV	7,446	11,344	10,271	29,061	8,808	13	$2,315	$2.78	$2,189	$2.63
Denver-Aurora-Lakewood, CO	4,224	6,097	9,584	19,905	6,251	13	$1,810	$2.05	$1,749	$1.98
Atlanta-Sandy Springs-Roswell, GA	4,158	5,714	9,030	18,902	6,068	15	$1,710	$1.84	$1,659	$1.78
Austin-Round Rock, TX	5,961	8,135	8,936	23,032	6,706	15	$1,611	$1.80	$1,531	$1.71
Seattle-Bellevue-Everett, WA	6,206	7,747	8,145	22,098	4,342	13	$2,009	$2.59	$1,934	$2.49
Phoenix-Mesa-Scottsdale, AZ	2,389	4,695	6,760	13,844	4,453	13	$1,502	$1.57	$1,418	$1.48
Los Angeles-Long Beach-Glendale, CA	3,298	6,549	6,642	16,489	4,239	14	$2,871	$3.28	$2,768	$3.15
New York-Jersey City-White Plains, NY-NJ	5,861	7,190	6,373	19,424	1,731	10	$3,163	$3.72	$3,031	$3.56
National	**155,968**	**205,448**	**235,726**	**597,142**	**160,532**	**13**	**$1,752**	**$1.91**	**$1,683**	**$1.84**

**Based on 2015 deliveries*

**Trend based on a trailing 12 month period*

Annual Submarket Rankings

Effective Rent Growth Ranking

Submarket	Rank	4Q15	LTA*	Forecast 2015	Forecast 2016-2019
Southwest Middlesex	1	4.7%	2.4%	2.2%	3.8%
Stuyvesant/Turtle Bay	2	4.4%	2.9%	4.9%	3.4%
Kings County	3	4.0%	4.4%	3.6%	5.5%
Northwest Middlesex	4	3.8%	3.2%	3.8%	4.0%
Shore	5	3.5%	2.9%	3.3%	3.9%
Downtown Jersey City	6	3.5%	3.5%	5.4%	3.1%
Hudson Waterfront	7	3.5%	1.5%	3.9%	2.5%
Ocean County	8	3.4%	2.4%	4.7%	3.8%
Bergen County	9	2.9%	1.7%	4.3%	3.4%
Westchester / Putnam	10	2.9%	2.4%	5.0%	3.4%
West Village/Downtown	11	2.9%	1.5%	2.0%	3.3%
Upper East Side	12	2.4%	2.7%	3.2%	3.3%
West Monmouth	13	2.4%	2.4%	2.6%	3.5%
East Middlesex	14	2.3%	2.5%	4.6%	4.2%
Hoboken	15	2.0%	2.4%	2.7%	3.9%
Queens County	16	1.9%	1.9%	5.3%	4.1%
Orange County	17	1.8%	3.1%	4.1%	3.0%
Passaic County	18	1.5%	2.7%	1.8%	4.1%
Midtown West	19	1.5%	1.8%	2.9%	3.7%
Morningside Heights/Washington	20	1.5%	4.2%	3.9%	3.0%
Upper West Side	21	0.0%	1.6%	3.6%	3.2%
Market Average		2.7%	2.6%	3.7%	3.6%

**LTA - Long term average 1996 (or available) to current*

Occupancy Ranking

Submarket	Rank	4Q15	LTA*	Forecast 2015	Forecast 2016-2019
Ocean County	1	98.7%	95.4%	98.1%	97.4%
Orange County	2	98.4%	95.4%	98.8%	96.7%
Hudson Waterfront	3	97.6%	96.9%	97.6%	97.1%
Midtown West	4	97.2%	96.4%	97.5%	97.0%
Passaic County	5	97.2%	96.8%	97.1%	97.0%
Upper West Side	6	97.1%	96.8%	97.0%	97.1%
West Village/Downtown	7	97.1%	95.6%	97.5%	97.8%
Morningside Heights/Washington	8	97.0%	97.0%	97.2%	97.1%
Upper East Side	9	96.8%	96.4%	96.3%	96.1%
Hoboken	10	96.6%	96.5%	97.0%	96.9%
Kings County	11	96.5%	96.1%	96.7%	96.5%
Downtown Jersey City	12	96.5%	96.6%	97.3%	96.9%
Shore	13	96.2%	94.9%	96.8%	97.2%
Stuyvesant/Turtle Bay	14	96.1%	97.1%	96.7%	97.2%
Northwest Middlesex	15	96.0%	94.5%	96.3%	96.6%
Bergen County	16	96.0%	96.1%	96.1%	96.4%
Southwest Middlesex	17	95.5%	95.2%	95.7%	96.4%
East Middlesex	18	95.5%	95.9%	95.0%	95.3%
West Monmouth	19	95.5%	96.3%	96.2%	95.9%
Queens County	20	95.3%	96.6%	96.1%	96.8%
Westchester / Putnam	21	95.2%	96.1%	96.3%	96.7%
Market Average		96.6%	96.1%	96.8%	96.8%

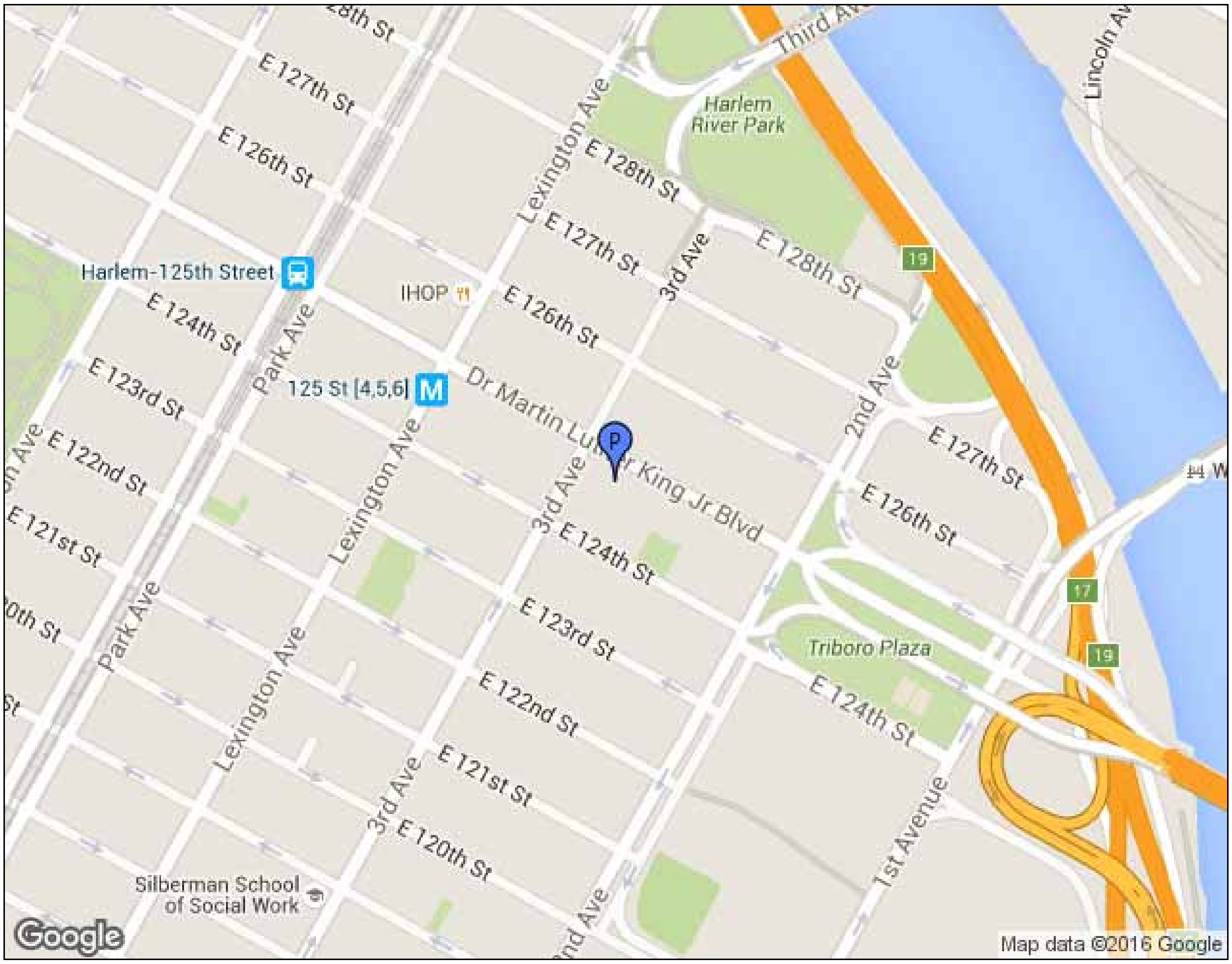
**LTA - Long term average 1996 (or available) to current*

Summary

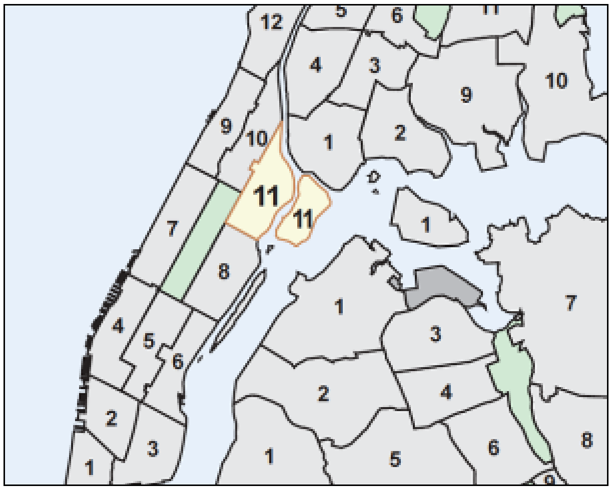
Overall, New York-New Jersey-White Plains residential market will ease into a slower rate of growth in 2016 while the cost of housing will remain high compare to other markets. There has been a slight decrease in number of apartment units delivered since 2014; however the effective rent growth forecast still remains high in most of the submarkets. Further, even though the market's occupancy rate has been decreased past quarters, it is expected to remain above the national average of 94.9%. The market has extremely low rental vacancy rates which may result in rent price growth in forecasted years.

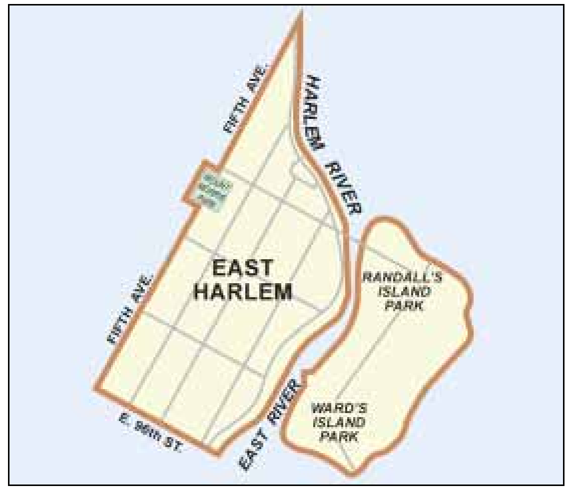
NEIGHBORHOOD DESCRIPTION

LOCATION IDENTIFICATION



The subject property is located in the section of the Manhattan known as East Harlem. East Harlem encompasses the area north of 96th Street and east of Fifth Avenue to the East and Harlem Rivers. The subject property is in community district 11.





RECENT DEVELOPMENT ACTIVITY

Several new residential or mixed use buildings have been constructed over the past few years or are currently in the planning / construction stages.

RECENT RESIDENTIAL DEVELOPMENT SUMMARY

Address	Name	Year Built	Units
2306 Third Avenue	2306 Third Avenue	Planned	233
94 East 11th Street	94 East 11th Street	Planned	44
109 East 115th Street	109 East 115th Street	Planned	32
69 East 125th Street	69 East 125th Street	Planned	75
75 East 125th Street	75 East 125th Street	2016	75
77 West 126th Street	77 West 126th Street	2015	19
145 West 123rd Street	145 West 123rd Street	2014	12
245 East 124th Street	Tapestry	2009	185

We are also aware of a mixed use development which will take place on the corner of Third Avenue and 121st Street, which was purchased by HAP Investment Management in 2014[3].

Additionally, retail conditions remain strong along 125th Street[4]. A new 200,000-square-foot retail building at 100 West 125th Street at Lenox Avenue is nearly finished, where Whole Foods, American Eagle, Burlington Coat Factory, Raymour & Flanigan and Olive Garden have reportedly signed leases.

DEMOGRAPHIC OVERVIEW

The following demographic profile, assembled by Claritas, Inc., a nationally recognized compiler of demographic data, reflects the subject's general neighborhood of East Harlem as compared to New York City. The submarket is projected to have a 2015 population of 36,088 in 13,710 household units with an average household size of 2.42 persons.

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3 http://therealdeal.com/2014/06/13/another-deal-in-harlem-as-hap-buys-lot-on-121st-street/

4 http://nypost.com/2015/12/29/the-changes-coming-to-harlems-125th-st-make-it-a-hot-spot/

UNIVERSE TOTALS

Description	East Harlem 2015 Estimate	East Harlem % Change 2010-2015	East Harlem % Change 2015-2020	New York City 2015 Estimate	New York City % Change 2010-2015	New York City % Change 2015-2020
Universe Totals						
Population	36,088	5.17%	4.26%	8,503,442	4.02%	3.52%
Households	13,710	6.57%	5.22%	3,245,412	4.36%	3.75%
Average Household Size	2.42			2.56		

The estimated average household income is $52,160, while the median income is $29,068. Approximately 46.5% of households have an income of less than $25,000, while 5.9% of the households earn over $150,000 per year.

HOUSEHOLD INCOME

Total Households by Income	East Harlem	% of Total	New York City	% of Total
2015 Est. Households by Household Income	13,710		3,245,412	
Income < $15,000	4,413	32.2%	543,142	16.7%
Income $15,000 - $24,999	1,964	14.3%	348,952	10.8%
Income $25,000 - $34,999	1,175	8.6%	292,079	9.0%
Income $35,000 - $49,999	1,531	11.2%	379,591	11.7%
Income $50,000 - $74,999	1,720	12.5%	507,099	15.6%
Income $75,000 - $99,999	965	7.0%	347,618	10.7%
Income $100,000 - $124,999	707	5.2%	250,459	7.7%
Income $125,000 - $149,999	425	3.1%	159,288	4.9%
Income $150,000 - $199,999	363	2.6%	176,487	5.4%
Income $200,000 - $249,999	162	1.2%	71,560	2.2%
Income $250,000 - $499,999	183	1.3%	97,623	3.0%
Income $500,000+	102	0.7%	71,514	2.2%
2015 Est. Average Household Income	$52,160		$81,401	
2015 Est. Median Household Income	$29,068		$52,906	

POPULATION CHARACTERISTICS

The neighborhood has an average age of 37 and a median age near 35. 21.9% of the area population is aged 54 and over, while 21.8% is younger than 18 years old.

AGE CHARACTERISTICS

2015 Est. Population by Age	East Harlem	% of Total	New York City	% of Total
Age 0-17	7,855	21.8%	1,831,164	21.5%
Age 18-34	10,335	28.6%	2,237,559	26.3%
Age 35-54	9,998	27.7%	2,318,631	27.3%
54 and above	7,900	21.9%	2,116,088	24.9%
2015 Est. Median Age	35		37	
2015 Est. Average Age	37		38	

In terms of household size, 38.4% of households are single persons, 25.3% have two persons, and 14.8% have 3 persons. Only 11.8% of households have five or more.

HOUSEHOLDS BY SIZE

2015 Households by Size	East Harlem	% of Total	New York City	% of Total
1-person	5,267	38.4%	1,046,462	32.2%
2-person	3,474	25.3%	891,753	27.5%
3-person	2,029	14.8%	520,562	16.0%
4-person	1,321	9.6%	388,916	12.0%
5-person	817	6.0%	206,552	6.4%
6-person	425	3.1%	99,472	3.1%
7-or-more-person	377	2.7%	91,695	2.8%

EDUCATIONAL ATTAINMENT

The population is relatively under educated. 35.0% have not earned a high school diploma in contrast to 14.1% with a bachelor's degree and 8.9% with advanced degrees.

Educational Attainment	East Harlem	% of Total	New York City	% of Total
2015 Est. Pop Age 25+ by Edu. Attainment	24,520		5,891,383	
Less than 9th grade	4,151	16.9%	607,617	10.3%
Some High School, no diploma	4,431	18.1%	586,212	10.0%
High School Graduate (or GED)	6,068	24.7%	1,442,038	24.5%
Some College, no degree	3,134	12.8%	866,860	14.7%
Associate Degree	1,100	4.5%	366,927	6.2%
Bachelor's Degree	3,456	14.1%	1,198,061	20.3%
Master's Degree	1,642	6.7%	568,935	9.7%
Professional School Degree	221	0.9%	175,258	3.0%
Doctorate Degree	317	1.3%	79,475	1.3%

EMPLOYMENT DYNAMICS

According to Claritas 10.5% of workers are characterized as "blue collar," while 56.7% are engaged in "white collar" activities. 32.8% of the employed population works in the service and farm sectors. Within these broad categories, the largest employment sectors in the city are Office/Admin. Support (12.4%), Sales/Related (11.0%), and Food Prep/Serving (10.9%).

OCCUPATION CLASSIFICATION

Occupation Classification	East Harlem	% of Total	New York City	% of Total
2015 Est. Pop 16+ by Occupation Classification	12,584		3,918,125	
Blue Collar	1,325	10.5%	587,998	15.0%
White Collar	7,135	56.7%	2,419,009	61.7%
Service	4,124	32.8%	911,118	23.3%

OCCUPATION BREAKDOWN

Occupation	East Harlem	% of Total	New York City	% of Total
2015 Est. Civ. Employed Pop 16+ by Occupation	12,584		3,918,125	
Architect/Engineer	99	0.8%	35,444	0.9%
Arts/Entertainment/Sports	454	3.6%	180,791	4.6%
Building Grounds Maintenance	723	5.7%	179,469	4.6%
Business/Financial Operations	335	2.7%	217,117	5.5%
Community/Social Services	554	4.4%	79,176	2.0%
Computer/Mathematical	264	2.1%	88,223	2.3%
Construction/Extraction	250	2.0%	166,458	4.2%
Education/Training/Library	794	6.3%	243,245	6.2%
Farming/Fishing/Forestry	13	0.1%	2,674	0.1%
Food Prep/Serving	1,371	10.9%	228,922	5.8%
Health Practitioner/Technician	316	2.5%	188,861	4.8%
Healthcare Support	544	4.3%	188,002	4.8%
Maintenance Repair	143	1.1%	72,417	1.8%
Legal	171	1.4%	83,018	2.1%
Life/Physical/Social Science	126	1.0%	31,868	0.8%
Management	1,082	8.6%	350,664	8.9%
Office/Admin. Support	1,559	12.4%	506,532	12.9%
Production	254	2.0%	119,037	3.0%
Protective Services	776	6.2%	116,384	3.0%
Sales/Related	1,381	11.0%	414,070	10.6%
Personal Care/Service	697	5.5%	195,667	5.0%
Transportation/Moving	678	5.4%	230,086	5.9%

TRANSIT DYNAMICS

There are good links to employment centers via public transport and the local highway network. Based on its urban location, roughly 6.3% of the employed drove alone to work. Given strong public transit service, 75.1% traveled by public transportation. The average travel time is roughly 40 minutes. Within this, roughly 8.8% of workers travel less than 15 minutes, while 29% live within 30 minutes of their jobs. The remaining workers travel in excess of a half hour. 14.9% work an hour or more away from home.

TRANSPORTATION TO WORK

	East Harlem	% of Total	New York City	% of Total
2015 Est. Workers Age 16+ by Transp. to Work	12,395		3,823,026	
Drove Alone	776	6.3%	866,069	22.7%
Car Pooled	307	2.5%	180,642	4.7%
Public Transportation	9,305	75.1%	2,135,481	55.9%
Walked	1,121	9.0%	385,950	10.1%
Bicycle	89	0.7%	35,346	0.9%
Other Means	132	1.1%	65,148	1.7%
Worked From Home	665	5.4%	154,390	4.0%

TRAVEL TIME TO WORK

	East Harlem	% of Total	New York City	% of Total
2015 Est. Workers Age 16+ by Travel Time to Work *	11,798		3,672,591	
Less than 15 Minutes	1,040	8.8%	386,266	10.5%
15 - 29 Minutes	2,374	20.1%	817,712	22.3%
30 - 44 Minutes	4,593	38.9%	1,012,993	27.6%
45 - 59 Minutes	2,033	17.2%	564,817	15.4%
60 or more Minutes	1,758	14.9%	890,803	24.3%
2015 Est. Avg. Travel Time to Work in Minutes	40		43	

HOUSING DYNAMICS

Housing units are mostly renter occupied (89.8%), with 10.2% owner occupied. Reflecting this dynamic, the distribution of housing units is skewed towards multi-family housing which makes up 86.5% of the total. 12.8% is single family and two- to four-family homes.

TENURE OF OCCUPIED HOUSING UNITS

	East Harlem	% of Total	New York City	% of Total
2015 Est. Occupied Housing Units by Tenure	13,710		3,245,412	
Owner Occupied	1,404	10.2%	998,791	30.8%
Renter Occupied	12,306	89.8%	2,246,621	69.2%

HOUSING BY UNITS IN STRUCTURE

	East Harlem	% of Total	New York City	% of Total
2015 Est. Housing Units by Units in Structure	14,902		3,516,873	
1 Unit Attached	79	0.5%	239,533	6.8%
1 Unit Detached	122	0.8%	324,496	9.2%
2 Units	426	2.9%	470,781	13.4%
3 or 4 Units	1,287	8.6%	362,685	10.3%
5 to 19 Units	3,151	21.1%	461,949	13.1%
20 to 49 Units	2,920	19.6%	544,466	15.5%
50 or More Units	6,816	45.7%	1,106,021	31.4%
Mobile Home or Trailer	32	0.2%	4,219	0.1%
Boat, RV, Van, etc.	69	0.5%	2,723	0.1%

New development in the neighborhood represents 6.4% of the total stock added in this period. Given the overwhelming presence of older housing stock, the median year built is 1966.

HOUSING BY YEAR STRUCTURE BUILT

	East Harlem	% of Total	New York City	% of Total
2015 Est. Housing Units by Year Structure Built	14,902		3,516,873	
Housing Units Built 2010 or later	956	6.4%	162,706	4.6%
Housing Units Built 2000 to 2009	2,333	15.7%	201,292	5.7%
Housing Units Built 1990 to 1999	1,235	8.3%	121,528	3.5%
Housing Units Built 1980 to 1989	731	4.9%	151,169	4.3%
Housing Units Built 1970 to 1979	1,580	10.6%	242,372	6.9%
Housing Units Built 1960 to 1969	1,449	9.7%	421,296	12.0%
Housing Units Built 1950 to 1959	2,329	15.6%	478,680	13.6%
Housing Units Built 1940 to 1949	873	5.9%	360,073	10.2%
Housing Unit Built 1939 or Earlier	3,416	22.9%	1,377,757	39.2%

The median owner-occupied home value is $457,277, with 78% of homes valued at $300,000 or more.

OWNER OCCUPIED HOUSING VALUES

	East Harlem	% of Total	New York City	% of Total
2015 Est. Owner-Occupied Housing Units by Value	1,404		998,791	
Value Less than $20,000	54	3.8%	9,469	0.9%
Value $20,000 - $39,999	8	0.6%	13,629	1.4%
Value $40,000 - $59,999	3	0.2%	9,382	0.9%
Value $60,000 - $79,999	1	0.1%	7,527	0.8%
Value $80,000 - $99,999	0	0.0%	7,307	0.7%
Value $100,000 - $149,999	35	2.5%	23,701	2.4%
Value $150,000 - $199,999	18	1.3%	30,564	3.1%
Value $200,000 - $299,999	192	13.7%	86,800	8.7%
Value $300,000 - $399,999	269	19.2%	137,894	13.8%
Value $400,000 - $499,999	213	15.2%	161,796	16.2%
Value $500,000 - $749,999	226	16.1%	272,593	27.3%
Value $750,000 - $999,999	188	13.4%	114,792	11.5%
Value Over $1,000,000	197	14.0%	123,337	12.3%
Median Home Value	$457,277		$510,388	

ZONING SUMMARY

ZONING MAP

The subject is within a C4-4D zoning district within the Special 125th Street District as well as an Inclusionary Housing Designated Area.

C4-4D ZONING DISTRICT

C4 districts are mapped in regional commercial centers, such as Flushing in Queens and the Hub in the Bronx, that are located outside of the central business districts. In these areas, specialty and department stores, theaters and other commercial and office uses serve a larger region and generate more traffic than neighborhood shopping areas. Use Groups 5, 6, 8, 9, 10 and 12, which include most retail establishments, are permitted in C4 districts. Uses that would interrupt the desired continuous retail frontage, such as home maintenance and repair service stores listed in Use Group 7, are not allowed.

C4 districts with an A, D or X suffix are contextual districts in which the commercial and residential bulk and density regulations can differ from corresponding non-contextual districts. Some districts have the same commercial and residential floor area ratios (FAR) as shown in the table, but may differ in parking requirements. Floor area may be increased with a public plaza or Inclusionary Housing Program bonus.

C4-1 districts are mapped in outlying areas, such as the Staten Island Mall, that require large amounts of parking. C4-2 through C4-5 districts are mapped in more densely built areas, such as Steinway Street in Astoria (C4-2A), Fordham Road (C4-4), and parts of Jamaica (C4-5X). C4-6 and C4-7 districts are mapped in densely built areas in Manhattan, including most of Broadway on the Upper West Side (C4-6A) and portions of central Harlem (C4-7).

C4 Commercial Districts

	C4-1	C4-2 C4-3	C4-2A C4-3A	C4-4 C4-5	C4-4A C4-4L C4-5A	C4-4D	C4-5D	C4-5X	C4-6	C4-6A	C4-7	C4-7A
Commercial FAR	1.0	3.4	3.0	3.4	4.0	3.4	4.2	4.0	3.4	3.4	10.0[5]	10.0
Residential FAR	1.25	0.78–2.43[1,4]	3.0[4]	0.87–3.44[3,4]	4.0[4]	6.02[4]	4.2[4]	5.0[4]	10.0[4,5]	10.0[4]	10.0[4,5]	10.0[4]
Residential District Equivalent	R5	R6	R6A	R7	R7A	R8A	R7D	R7X	R10	R10A	R10	R10A

1 *3.0 FAR permitted on wide streets outside the Manhattan Core under Quality Housing Program*
2 *7.2 FAR permitted on wide streets outside the Manhattan Core under Quality Housing Program*
3 *4.0 FAR permitted on wide streets outside the Manhattan Core under Quality Housing Program*
4 *Increase in FAR with Inclusionary Housing Program bonus*
5 *FAR bonus up to 20% for a public plaza*

SPECIAL 125TH STREET DISTRICT

The Special 125th Street District (125) is part of a city initiative to support and enhance 125th Street - Harlem's "Main Street" - as a major arts/entertainment destination and regional business district. The district includes 24 blocks in East, Central and West Harlem, within an area generally bounded by 124th Street, 126th Street, Broadway and Second Avenue. The aim of the district is to generate new mixed use development while protecting the scale of the 125th Street corridor's commercial and historic rowhouse areas by establishing street wall and height limits. To ensure active and diverse retail uses, special regulations restrict the amount of ground floor street frontage that may be occupied by banks, office and residential lobbies, and other non-active uses. Moreover, within the Core Subdistrict, the district requires the inclusion of arts and entertainment uses for developments over a certain size. The district establishes an innovative arts bonus - the first in the City - to provide an incentive for the creation of nonprofit visual or performing arts spaces. Opportunities for housing are expanded by increasing residential density in certain areas and offering affordable housing through the Inclusionary Housing designated areas Program

INCLUSIONARY HOUSING PROGRAM

The Inclusionary Housing Program (IHP) promotes economic integration in areas of the City undergoing substantial new residential development by offering an optional floor area bonus in exchange for the creation or preservation of affordable housing, on-site or off-site, principally for low-income households.

The Inclusionary Housing Program requires a percentage of the dwelling units within a building to be set aside, or new or rehabilitated affordable units be provided off-site within the same community district or within one-half mile of the bonused development. All affordable residential units created through the Inclusionary Housing Program must remain permanently affordable. Affordable apartments may be rental units or, under modifications made to the program in 2009, available in an ownership plan.

In the Special Hudson Yards District, the Special West Chelsea District and in designated areas mapped on First Avenue between East 35th and East 41st Streets in Manhattan, and along the Greenpoint-Williamsburg waterfront in Brooklyn, a percentage of units may be set aside for moderate- or middle-income households if a greater percentage of affordable units is provided. All bonus floor area must be accommodated within the height and setback provisions of the underlying zoning district.

There are now two programs eligible to achieve the IHP bonus: the Inclusionary Housing R10 Program and the Inclusionary Housing designated areas Program.

Building on the success of the R10 Program, the Inclusionary Housing designated areas Program was created in 2005 to encourage the creation and preservation of affordable housing throughout the City in designated areas mapped in medium- and high-density neighborhoods being rezoned to create new housing opportunities. Inclusionary Housing designated areas are mapped in specified areas of the Bronx, Brooklyn, Manhattan and Queens and are listed by borough and community district in Appendix F of the Zoning Resolution.

The base FAR for developments in Inclusionary Housing designated areas is, in most cases, lower than the base FAR allowed in the same zoning district located outside a designated area.
In general, within Inclusionary Housing designated areas, new developments, or enlargements constituting more than 50 percent of existing floor area, that allocate at least 20 percent of their residential floor area for affordable housing can receive a floor area bonus of 33 percent above the base floor area permitted. This floor area bonus, combined with a variety of housing subsidy programs provides an incentive for the development and preservation of affordable housing.

Designated areas are also mapped within some special districts, and their assigned FARs may differ from the table.

Zoning District	Base FAR in zoning districts that are not designated areas	IH designated areas	
		Base FAR	Maximum FAR with bonus
R6[1]	2.20	2.20	2.42
R6[2]	3.00	2.70	3.60
R6[2,3]	2.43	2.70	3.60
R6A	3.00	2.70	3.60
R6B	2.00	2.00	2.20
R7-2[1,3]	3.44	2.70	3.60
R7-2[2]	4.00	3.45	4.60
R7A	4.00	3.45	4.60
R7D	4.20	4.20	5.60
R7X	5.00	3.75	5.00
R8[1,3]	6.02	5.40	7.20
R8[2]	7.20	5.40	7.20
R8A	6.02	5.40	7.20
R9	7.52	6.00	8.00
R9A	7.52	6.50	8.50
R9D	9.00	7.50	10.00
R10	10.00	9.00	12.00

[1] *for zoning lots, or portions thereof, beyond 100 feet of a wide street*
[2] *for zoning lots, or portions thereof, within 100 feet of a wide street*
[3] *for all zoning lots within the Manhattan Core*

SUMMARY

The subject site contains 7,569 square feet. As the site is situated within an Inclusionary Housing Designated Area, the maximum allowable residential FAR is altered, as presented in the table above. Thus, based on the Floor Area Ratio of 5.40, the maximum buildable area is 40,873 square feet.

As is, the subject is improved with a building with a GBA of 17,651 square feet. As this is below the buildable area, the subject is of legal, complying bulk. Further, the property has approximately 23,222 square feet of excess development rights.

ASSESSED VALUE AND REAL ESTATE TAXES

TAX MAP

ASSESSMENTS

The property is designated on the tax maps of the City of New York, Borough of Manhattan, as Block 1789, Lot 43 & 45. The assessed values are:

ASSESSED VALUES

Block / Lot	Land	Actual Building	Total	Land	Transitional Building	Total	Taxable AV
1789 / 43	$79,650	$590,850	$670,500	$79,650	$469,372	$549,022	$549,022
1789 / 45	$49,050	$325,350	$374,400	$49,050	$269,274	$318,324	$318,324
							$867,346

TAX RATES

The City of New York has four tax categories for real property. The site is designated as a Class 4 property. The following is a historical analysis of New York City tax rates:

REAL ESTATE TAX RATES

Year	Class 1	Class 2	Class 3	Class 4
2006/2007	16.118	12.737	12.007	10.997
2007/2008	15.434	11.928	11.577	10.059
2008/2009	16.196	12.596	12.137	10.241
2009/2010	17.088	13.241	12.743	10.426
2010/2011	17.364	13.353	12.631	10.312
2011/2012	18.205	13.433	12.473	10.152
2012/2013	18.569	13.181	12.477	10.288
2013/2014	19.191	13.145	11.902	10.323
2014/2015	19.157	12.855	11.125	10.684
2015/2016	19.554	12.883	10.813	10.656

Source: New York City Department of Finance

The applicable rate is applied to the assessed values below. Upon redevelopment, the subject will be reassessed based on its new improvements.

TAX LIABILITY FORECAST

Taxable AV		Tax Rate		Liability
$867,346	x	10.656%	=	$92,424

SITE DESCRIPTION

The particulars of the site are summarized as follows:

Location: The subject is between Third Avenue and Second Avenue on East 125th Street in New York, NY. There is approximately 75 feet of frontage on East 125th Street.

Access to public transportation is very good, with the 125^{th} Street station serviced by the 4, 5 and 6 trains a block away. Additionally, the Harlem – 125^{th} Street station of the Metro North train is located two blocks away on Park Avenue. 125^{th} Street is the busiest retail corridor of the neighborhood. Finally, there are multiple entertainment options including restaurants, bars, and stores within walking distance.

Site Area: 7,569± square feet

Shape: Regular - rectangular

Frontage:

Street	Frontage
East 125th Street	75

Topography: Generally level at street grade

Existing Improvements: The subject is a development site. At the time of sale, it was improved with a four-story owner-occupied commercial building with a gross building area of approximately 17,651 square feet. The structure needs to be demolished prior to re-development.

Drainage: Assumed Adequate

Paving: All roads are paved with asphalt in accordance with New York City standards. All roads appeared to be in satisfactory condition.

Street Drainage: Street drainage is collected with the utilization of recessed catch basins. The catch basins empty by gravity into the New York City sewer storm system mains.

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: Sewer - New York City

Refuse – New York City

Fire Protection – New York City

Police - New York City

Water – New York City

Gas – National Grid

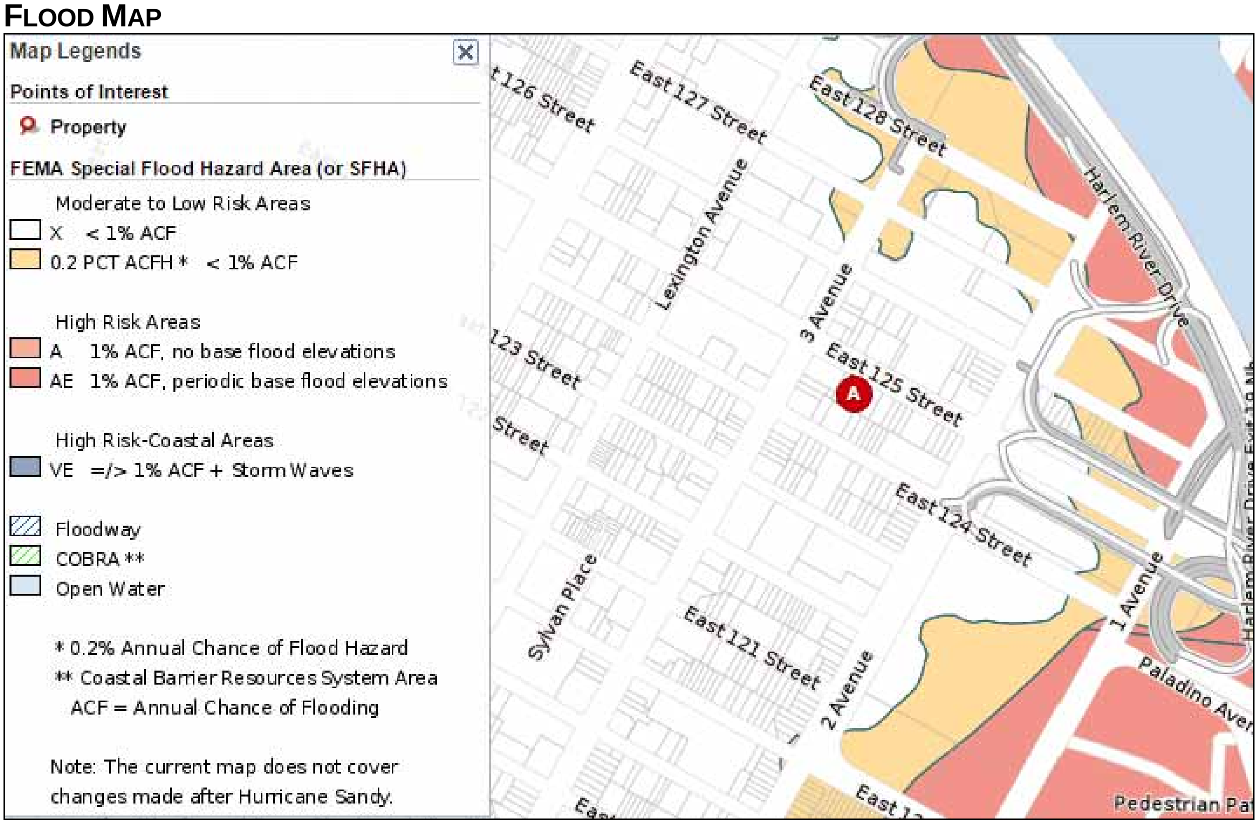
Electric - Consolidated Edison Company

Hazardous Substances: We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the services of a professional engineer for this purpose.

Flood Hazard Status: The subject property is located in "Zone X" on the National Flood Insurance Program Rate Map effective September 5, 2007, #3604970091F. Zone X is an area of moderate flooding. Flood insurance is not required for properties in this zone.

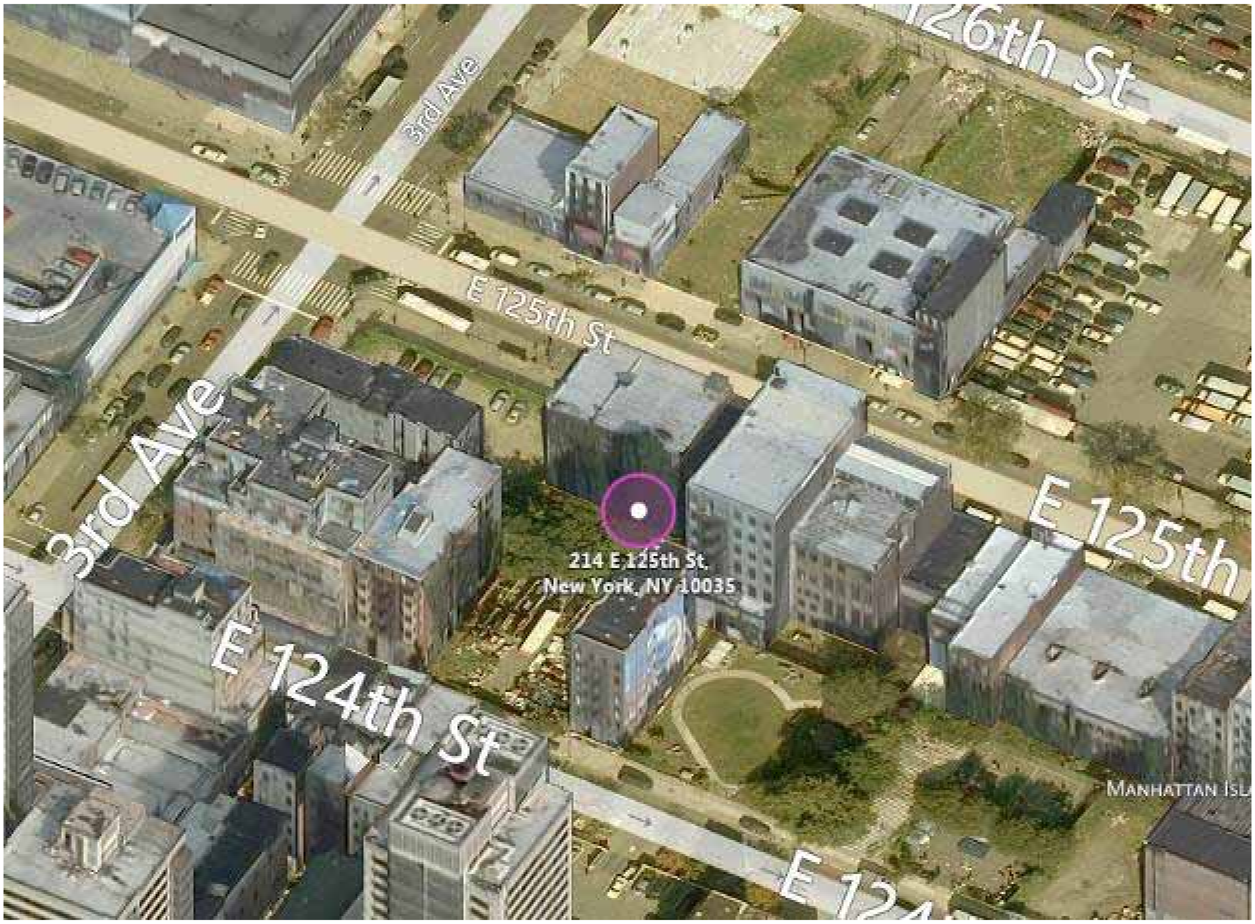
Conclusion: The site is similar to others in the vicinity, and there are no negative external factors. Based on its current use, it is functionally adequate.

FLOOD MAP



SUBJECT PHOTOS

AERIAL VIEW



STREET VIEW – EAST 125TH STREET

STREET VIEW – EAST 125TH STREET

SUBJECT SITE

SUBJECT SITE

SUBJECT PROPERTY – BASEMENT

SUBJECT PROPERTY – INTERIOR

SUBJECT PROPERTY – INTERIOR

SUBJECT PROPERTY – INTERIOR

SUBJECT PROPERTY – INTERIOR

SUBJECT PROPERTY – INTERIOR

SUBJECT PROPERTY – INTERIOR

SUBJECT PROPERTY – BACK YARD (TILL FENCE)

SUBJECT PROPERTY – ROOF

HIGHEST AND BEST USE

The following definition of Highest and Best Use is set forth in Real Estate Appraisal Terminology sponsored by the American Institute of Real Estate Appraisers. Highest and Best Use is:

"That reasonable and probable use that will support highest present value, as defined, as of the effective date of the appraisal.

Alternately, that use, from among reasonable, probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value."

In determining highest and best use, we have considered the following:

The current trends of supply and demand on the market.

Current zoning regulations and other possible restrictions.

Neighboring land uses.

It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

In estimating highest and best use, alternative uses are considered and tested for the subject site.

Possible Use - An analysis to determine those uses of the subject which can be deemed physically possible;

Permissible Use - An investigation into existing zoning regulations, lease terms, and deed restrictions on the site to determine which uses are legally permitted;

Feasibility - An analysis to determine which of those uses deemed possible and legal can provide a net return to the owner of the site;

Highest and Best Use - Among the feasible uses, which use will provide the highest net return or highest present worth.

AS VACANT

Legally Permissible

Located in a C4-4D zoning district, which allows residential, commercial and community facility uses as of right.

No known zoning change is currently being considered or anticipated. We are not aware of any public or private deed restrictions that preclude development on the site.

Our analysis of the market indicates that the subject location supports the current zoning. It is our opinion that the site, if vacant, could be developed for the above legally permitted (and assumed) uses.

Physically Possible

The site is of good size and has good street access. All necessary utilities are available, and there are no apparent easements or encroachments that would hinder or prevent development. Its size falls within the range of improved sites in the area and is not considered to restrict the utility of the subject in relation to competing sites. Any of the above legally permitted uses, therefore, are considered physically possible.

Financially Feasible

The subject is located within a mixed neighborhood in a community where there is a continuing demand for housing and there is virtually no vacancy. Market conditions are such that new mixed-use development is feasible as the value exceeds the cost.

Maximally Productive/ Highest and Best Use

All legally permissible, physically possible and financially feasible uses of the site, as vacant, have been presented and examined. In conclusion, it is our opinion that the highest and best use of the subject, as vacant, is mixed-use development.

As Is

Legally Permissible

The subject property is in a C4-4D zoning district, which allows residential, commercial and community facility uses as of right.

No known zoning change is currently being considered or anticipated. We are not aware of any private deed restrictions. The nature of the subject's location together with the forecasted trends in supply and demand, support the current and anticipated zoning.

Physically Possible

The subject site is of good size and has good street access. All necessary utilities are available, and there are no apparent easements or encroachments that would hinder development. We note that the site is currently improved with a commercial building in satisfactory condition.

Financially Feasible

The subject is located within a mixed neighborhood in a community where there is a continuing demand for housing and there is virtually no vacancy. It is currently owner-occupied and utilized as retail space on the ground floor and storage space on the upper levels. The subject also has 23,222 square feet of unused development rights.

Financially feasible uses include continued use as a commercial building and the demolishment of the existing structure and having the site ready for redevelopment.

As a commercial building, the subject contains ground floor retail space and three stories of storage space above. Based on the GBA of 17,651 square feet and an efficiency ratio of 85%, the net leasable area is estimated at 15,003 square feet. We allocate 3,751 square feet to retail and 11,253 square feet to storage space. Applying market rents of $140 PSF to retail and $20 PSF to the upper level space results in a total annual gross income of $750,168, or blended $43 per net SF. Assuming a vacancy rate of 5% and an expense ratio of 40% suggests a net operating income of $24 per gross SF. Utilizing a 5.00% capitalization rate yields a value of

$8,551,910, or $485 PSF.

As presented further in this report, the value as a development site is estimated as $11,800,000.

Maximally Productive/ Highest and Best Use

All legally permissible, physically possible and financially feasible uses of the site, as is, have been presented and examined. In conclusion, it is our opinion that the highest and best use of the subject, as is, is the demolishment of the existing structure and mixed-use development.

APPRAISAL VALUATION PROCESS

In arriving at the value of the fee simple interest of the subject, we have considered the three primary approaches to real estate valuation: the ***Cost Approach***, the ***Income Approach***, and the ***Sales Comparison Approach***.

Since we are valuing a development site, neither the ***Cost Approach*** nor the ***Income Approach*** has been used. We have not used the ***Income Approach***, since parcels such as the subject are rarely leased and purchased for their income producing capability.

For the ***Sales Comparison Approach***, we will advance an opinion of the market value of the subject site by analyzing sales of similar parcels with consistent highest and best uses. This approach is based on the principle of substitution, which states that a knowledgeable investor will pay no more for a property than the amount that would be paid for a comparable property. Since the subject and the comparables are locate within similar zoning districts, the appropriate unit of comparison is the price per FAR. Since it is our view that this is the most credible method of advancing an opinion of value, we have applied this method exclusively.

SALES COMPARISON APPROACH

We have used the Sales Comparison Approach to determine the subject's underlying site value. In the Sales Comparison Approach, market value is estimated by comparing the subject property to similar properties that have been sold recently or for which offers to purchase have been made. A major premise of the Sales Comparison Approach is that the market value of a property is directly related to the prices of comparable, competitive properties.

The Sales Comparison Approach is based on the principle of substitution. This implies that a knowledgeable investor will pay no more for a property than would be paid for a substitute property of similar utility and desirability. The procedure involved is to research the market for sales of improved properties similar to the subject, verify the information, select appropriate units of comparison, compare each sale to the subject property, adjust the sales to the subject, and reconcile the various value indicators into a single indication of value for the subject property.

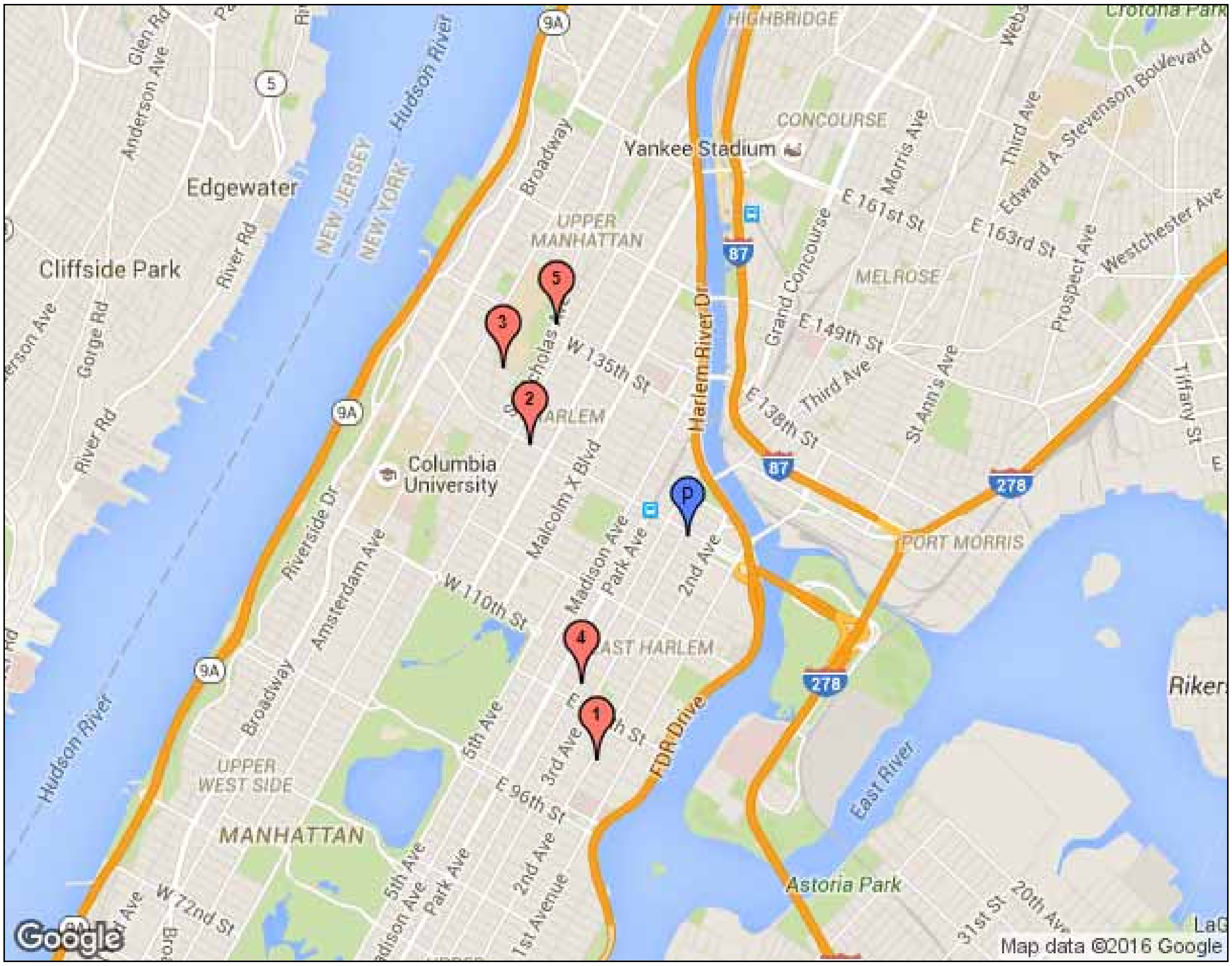
UNIT OF COMPARISON

In order to analyze the comparable sales, it is necessary to interpret the sale prices on an appropriate unit of comparison basis. The effect of this process is to make the sale prices more manageable as well as to adjust for differences among the sales. For this report, the comparable sales will be analyzed on the basis of sale price per square foot of FAR, which given differences in allowable bulk, is the best unit of comparison for land acquisition in this area.

The subject is 7,569± square feet in a C4-4D zoning district. The maximum Floor Area Ratio is 5.40 and thus 40,873± square feet of bulk development is permissible. In the final analysis, as previously discussed, we will determine the value "as is."

Our research revealed five sales of similar land parcels that have occurred in the market area over the past year. The sales are summarized as follows:

MAP OF COMPARABLE SITE SALES



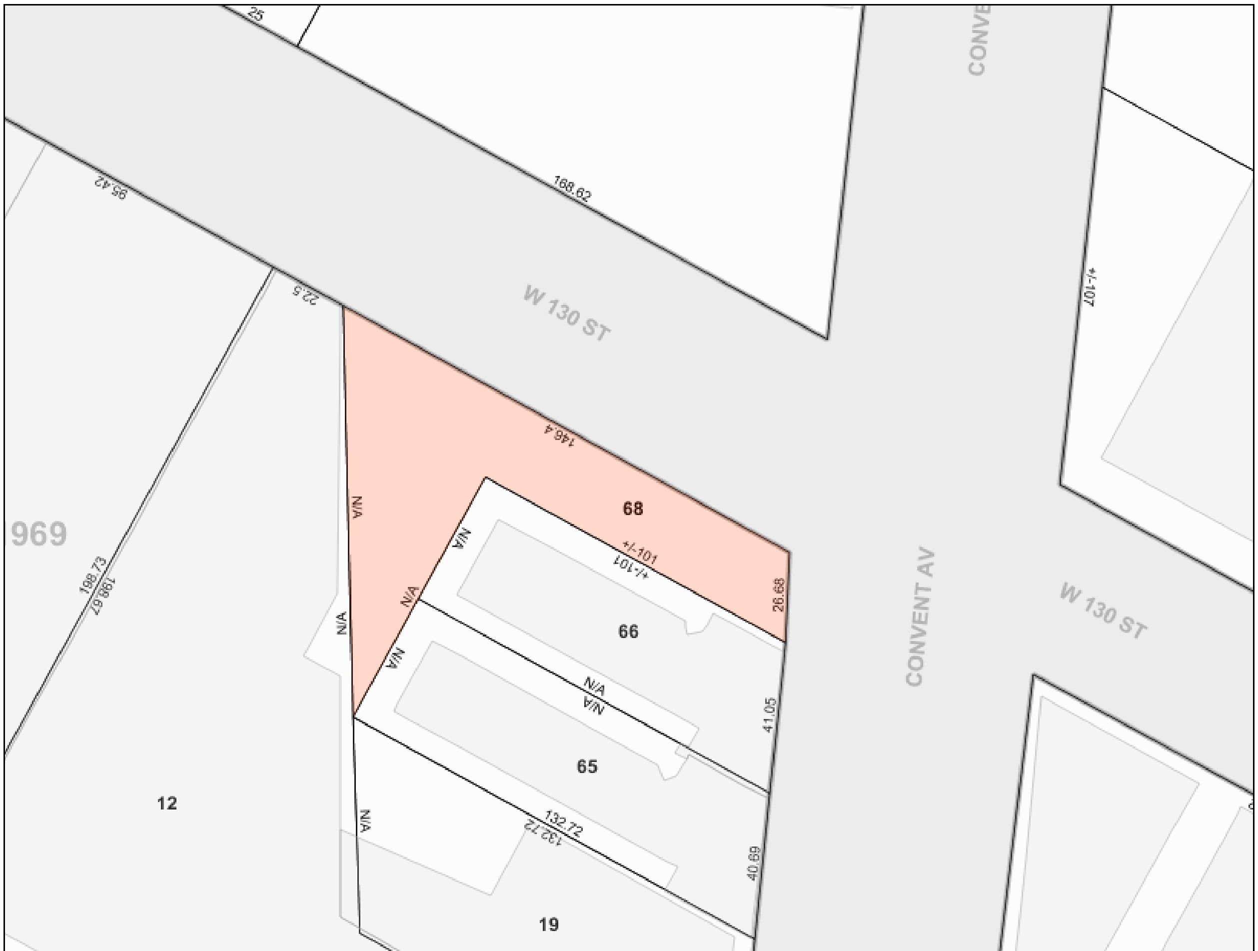
COMPARABLE SALE #1: 1986-1996 SECOND AVENUE

Comparable Sale 1	
Address:	1986-1996 Second Avenue New York, NY
Description:	This is the sale of five adjacent parcels in East Harlem that were vacant at the time of sale.
Block/Lot:	1674 / 3, 4, 50, 51, & 52
Grantor / Seller:	Ginamay Realty LLC
Grentee / Buyer:	1988 Second Avenue Holding LLC
Document Number:	2015000284426
Sale Date:	August 3, 2015
Site Area (SF):	11,875
Zoning:	R8A/C1-5
FAR:	6.02
Buildable Area (SF):	71,488
Sale Price:	$19,500,000
Sale Price Per FAR:	$273

COMPARABLE SALE #2: 246-248 WEST 125TH STREET

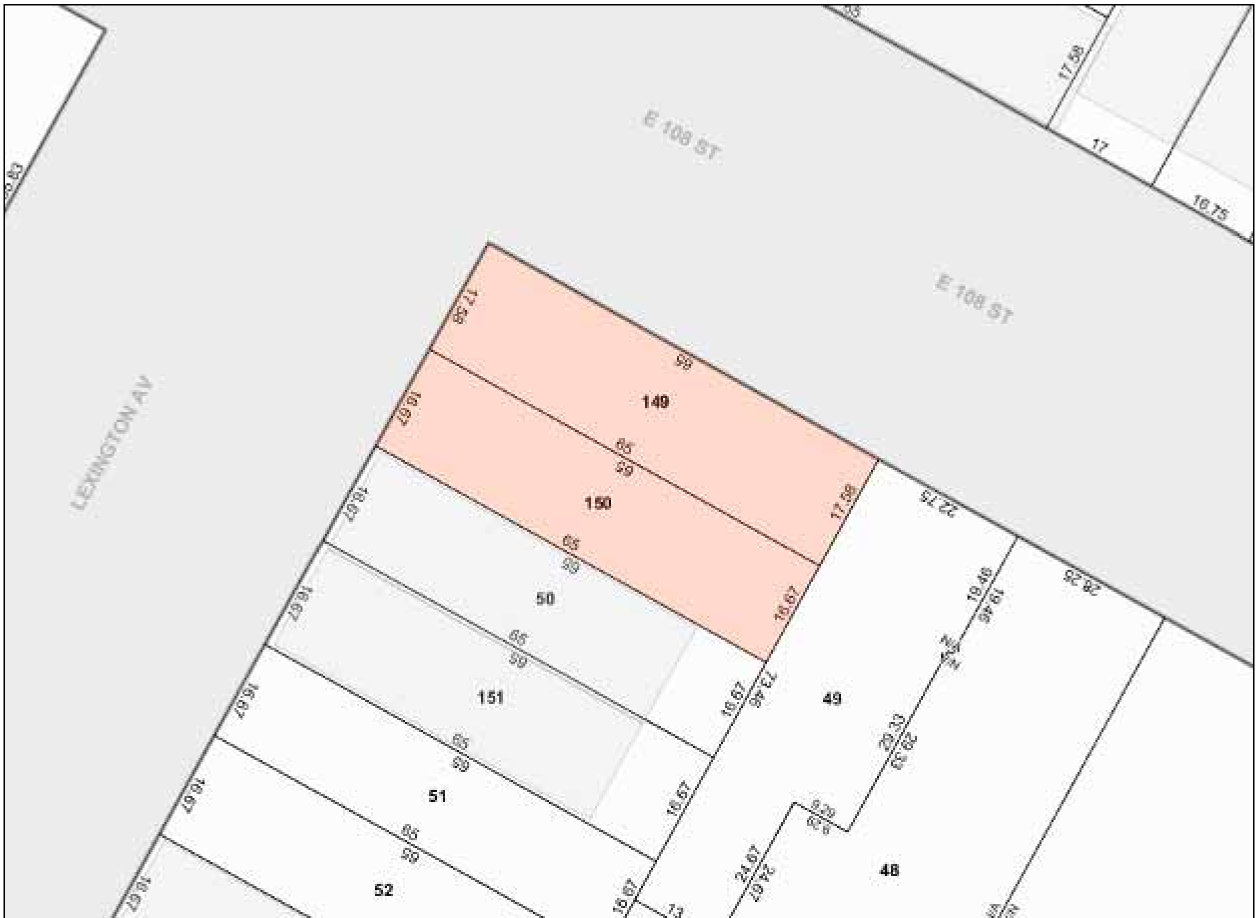
Comparable Sale 2	
Address:	246-248 West 125th Street New York, NY
Description:	This is the sale of a development site located in Harlem. At the time of sale, the property was leased to two retail tenants. However, the leases included early termination clauses which were exercised by the purchaser upon closing. The building's GBA was 6,545 SF. The site is situated within and Inclusionary Housing Designated Area.
Block/Lot:	1930 / 49
Grantor / Seller:	New York Holdings Equity, LLC
Grentee / Buyer:	LVC 125th, LLC
Document Number:	2015000295792
Sale Date:	June 26, 2015
Site Area (SF):	5,046
Zoning:	C6-3
FAR:	6.00
Buildable Area (SF):	30,276
Sale Price:	$16,500,000
Sale Price Per FAR:	$545

COMPARABLE SALE #3: 464 WEST 130TH STREET



Comparable Sale 3	
Address:	464 West 130th Street New York, NY
Description:	This is the sale of a corner parcel in Harlem that was vacant at the time of sale.
Block/Lot:	1969 / 68
Grantor / Seller:	Parkside, Inc.
Grentee / Buyer:	52 Convent LLC
Document Number:	20150000233906
Sale Date:	June 26, 2015
Site Area (SF):	5,141
Zoning:	R7A
FAR:	4.00
Buildable Area (SF):	20,564
Sale Price:	$5,460,000
Sale Price Per FAR:	$266

COMPARABLE SALE #4: 1731-1733 LEXINGTON AVENUE



Comparable Sale 4	
Address:	1731-1733 Lexington Avenue New York, NY
Description:	This is the sale of a corner parcel in East Harlem that was vacant at the time of sale.
Block/Lot:	1635 / 149 & 150
Grantor / Seller:	1731-33 Lexington LLC
Grentee / Buyer:	108 Lexington Operating LLC
Document Number:	
Sale Date:	June 22, 2015
Site Area (SF):	2,226
Zoning:	R7-2/C1-5
FAR:	4.00
Buildable Area (SF):	8,905
Sale Price:	$2,600,000
Sale Price Per FAR:	$292

COMPARABLE SALE #5: 164 WEST 136TH STREET

Comparable Sale 5	
Address:	164 West 136th Street New York, NY
Description:	This is the sale of a parcel in East Harlem. At the time of sale, it was improved with a 8,504 SF building which needed to be demolished.
Block/Lot:	1920 / 57, 58 & 158
Grantor / Seller:	Park (Administrator), Anthony S.
Grentee / Buyer:	164-168 West 136 LLC
Document Number:	2015000121625
Sale Date:	March 12, 2015
Site Area (SF):	3,942
Zoning:	R7-2
FAR:	3.00
Buildable Area (SF):	11,826
Sale Price:	$3,000,000
Sale Price Per FAR:	$254

COMPARABLE SALES SUMMARY CHART

	Address	Sale Date	Sale Price	Site Size (SF)	Zoning	FAR	Buildable Area (SF)	Price PSF
1	1986-1996 Second Avenue	8/3/2015	$19,500,000	11,875	R8A/C1-5	6.02	71,488	$273
2	246-248 West 125th Street	6/26/2015	$16,500,000	5,046	C6-3	6.00	30,276	$545
3	464 West 130th Street	6/26/2015	$5,460,000	5,141	R7A	4.00	20,564	$266
4	1731-1733 Lexington Avenue	6/22/2015	$2,600,000	2,226	R7-2/C1-5	4.00	8,905	$292
5	164 West 136th Street	3/12/2015	$3,000,000	3,942	R7-2	3.00	11,826	$254

Adjustments to the comparable sales have been considered based on comparison to the subject for property rights, financing terms, conditions of sale, market conditions (time), location, size, zoning and utility.

Property Rights Appraised

The purpose of this adjustment is to account for differences in the property rights which were transferred with the sale. The property rights being valued in this land analysis are fee simple interest for the subject. Since all of the comparable properties have fee simple ownership interests, no adjustments were required.

Financing

The purpose of adjusting for financing terms is to determine cash equivalent sale prices for the comparable sales in accordance with the definition of market value for this report. All of the sales were cash transactions or financed at market rates. No adjustments were required.

Conditions of Sale

Conditions of sale refer to the motivations of the buyer and seller involved in a particular transaction. All of the sales appear to be arm's length transactions. However, Comparables 2 and 5 sold with on-site improvements which needed to be demolished prior to development. Since in this analysis we are estimating the subject’s value as if vacant, upward adjustments were applied to these comparables to account for the demolition costs.

We note that Comparable 2 sold with 2 retail tenants in-place. Early termination options were exercised but the tenants continued to occupy the spaces for a few months and therefore rental income was generated. Thus, a negative adjustment was applied to Comparable 2.

Market Conditions (Time)

The purpose of this adjustment is to analyze the effect of changing market conditions on sale prices. The comparable sales sold since 3/12/2015. Land values have increased over this time period; an upward adjustment was applied to Comparable 5 as it is older.

Location

The subject is located in East Harlem, on East 125th Street, one of the most desirable retail locations in the submarket. Comparables 1 and 4 are located south of the subject which is a superior residential location but inferior retail locations. All the sites are zoned for mixed-use development; as retail would be a smaller portion of the development, small downward adjustments were applied.

Comparable 2 is located further west on 125th Street, in a superior location with more vehicular and pedestrian traffic and good access to the subway. A downward adjustment was applied.

Comparables 3 and 5 are situated northwest of the subject, in inferior locations. Upward adjustments were applied.

Zoning

The subject is zoned C4-4D where residential and commercial uses are permitted. Comparables 3 and 5 are in residential zoning districts. As retail rents exceed residential rents in the submarket, upward adjustments were applied.

Size

This adjustment accounts for the difference in size between each of the comparables and the subject property. The sales range in size from 8,905 to 71,488 square feet of buildable area. The subject site has a buildable area of 40,873± square feet. We note that smaller sites typically sell for higher per square foot prices. Comparables 4 and 5 are smaller than the subject and were adjusted downwards.

Utility

This adjustment accounts for the condition, shape, frontage, and layout of a particular site. Typically sites with multiple exposures tend to command higher values, as they afford greater design flexibility. The subject is an interior lot while Comparables 3 and 4 are corner parcels with additional frontage. Comparable 3 is also of an irregular shape which hampers its functionality; no net adjustment was applied. Comparable 4 was adjusted downwards for utility.

SITE SALES ADJUSTMENT GRID

Sale No.	1	2	3	4	5
Address:	1986-1996 Second Avenue	246-248 West 125th Street	464 West 130th Street	1731-1733 Lexington Avenue	164 West 136th Street
Sale Date:	8/3/2015	6/26/2015	6/26/2015	6/22/2015	3/12/2015
Buildable Area (SF)	71,488	30,276	20,564	8,905	11,826
Sale Price:	$19,500,000	$16,500,000	$5,460,000	$2,600,000	$3,000,000
Price per Buildable Foot	**$273**	**$545**	**$266**	**$292**	**$254**
Property Rights:	0%	0%	0%	0%	0%
Financing Terms:	0%	0%	0%	0%	0%
Conditions of Sale:	0%	-5%	0%	0%	3%
Market Conditions (Time):	0%	0%	0%	0%	3%
Trended Price per Buildable Foot	**$273**	**$518**	**$266**	**$292**	**$269**
Location:	-3%	-10%	5%	-3%	5%
Zoning:	0%	0%	5%	0%	5%
Size:	0%	0%	0%	-5%	-5%
Utility:	0%	0%	0%	-5%	0%
Total Adjustments:	**-3%**	**-10%**	**10%**	**-13%**	**5%**
Adjusted Price per Buildable Foot	**$265**	**$466**	**$292**	**$254**	**$282**

	UNADJUSTED		ADJUSTED
LOW	**$254**	**LOW**	**$254**
HIGH	**$545**	**HIGH**	**$466**
AVERAGE	**$326**	**AVERAGE**	**$312**
MEDIAN	**$273**	**MEDIAN**	**$282**

RECONCILIATION

All adjustments are percentages. A positive adjustment indicates an inferior characteristic to the subject; a negative adjustment indicates a superior characteristic to the subject.

The indicated unadjusted range of the comparable sales is from $254 to $545 per square foot of FAR, with an average of $326 and a median of $273 per square foot of FAR. After adjustments, the comparable sales exhibit a range from $254 to $466 per square foot of FAR, with an average of $312 and a median of $282 per square foot.

We note that Comparable 2 sold at a significantly higher per square foot value than the remaining comparables. This is due to its unique location on West 125th Street, a very attractive retail strip, with very good access to the subway. Additionally, as previously mentioned, the property sold with two retail tenants in-place which generated a generous income in the time period between the early termination option being exercised and the time the tenants had to move out. This provided the purchaser with rental revenue while development details were worked out. Nonetheless, despite these superior characteristics, we have included it in the comparable set as it is similar to the subject in terms of size and location on 125th Street. It is also similarly located within and Inclusionary Housing Designated Area.

Thus, considering the elements of comparison noted above, we conclude with a market value for the subject site "as is" of $300 per square foot of FAR, near the average and the median of the adjusted range. The value is calculated as follows:

SITE VALUE "AS IF VACANT"

Buildable Area		40,873
Price PSF of Buildable Area	×	$300
Site Value Conclusion, As if Vacant		$12,261,780
Rounded		**$12,250,000**

DEMOLITION COSTS

The site is currently improved with a 17,651-square-foot commercial building which will need to be demolished prior to redevelopment. We have estimated the demolition cost at $25 per square foot of GBA of the existing structure, calculated as follows:

DEMOLITION COST SUMMARY

Gross Building Area	17,651
Demolition Costs PSF	$25
Total Demolition Costs	$441,275

The indicated value "as is" is $11,800,000:

VALUE "AS IS"

Site Value Conclusion, As if Vacant	$12,261,780
Less Demolition Costs	-$441,275
Site Value "As Is"	$11,820,505
Rounded	**$11,800,000**

SALES COMPARISON APPROACH
"AS IS"
FEBRUARY 17, 2016
$11,800,000

RECONCILIATION AND FINAL VALUE OPINION

The ***Cost Approach*** is traditionally a good indicator of value when properties being appraised are new or close to new. The Cost Approach is useful in deriving value for new or proposed properties due to the lack of depreciation. Since the subject is a development site, this approach was not applied.

The ***Income Approach*** is considered to be a good indicator of value when market rents, stabilized expenses, capitalization rates, discount rates and vacancy rates are based on reliable market data. Since development sites are not typically valued based on their explicit income potential, this approach was not applied.

The ***Sales Comparison Approach*** is considered a reliable indicator of value when few differences exist between the comparable sales and the subject, and the sales data collected is considered to be reliable and accurate. Since there were adequate sales of development sites, this approach was applied to develop an opinion of the value of the site underlying the subject “as is.”

The final value of the subject property is:

Value	Date	Conclusion
Market Value "As Is"	February 17, 2016	$11,800,000

ADDENDA

LEGAL DESCRIPTION

INSURABLE VALUE

BROWNFIELD ACCEPTANCE LETTER

ENGAGEMENT LETTER

CONTINGENT AND LIMITING CONDITIONS

CERTIFICATION

QUALIFICATIONS

LICENSES

LEGAL DESCRIPTION

SCHEDULE "A"

ALL THAT CERTAIN PLOT, PIECE OR PARCEL OF LAND, SITUATE, LYING AND BEING IN THE BOROUGH OF MANHATTAN, CITY, COUNTY AND STATE OF NEW YORK BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHERLY SIDE OF EAST 125TH STREET DISTANT 130 FEET EASTERLY FROM THE CORNER FORMED BY THE INTERSECTION OF THE SOUTHERLY SIDE OF EAST 125TH STREET WITH THE EASTERLY SIDE OF THIRD AVENUE;

RUNNING THENCE EASTERLY ALONG THE SOUTHERLY SIDE OF EAST 125TH STREET, 75 FEET

THENCE SOUTHERLY PARALLEL WITH THE EASTERLY SIDE OF THIRD AVENUE AND PART OF THE DISTANCE THROUGH A PARTY WALL, 100 FEET 11 INCHES TO THE CENTER LINE OF THE BLOCK;

THENCE WESTERLY ALONG THE CENTER LINE OF THE BLOCK, 75 FEET;

THENCE NORTHERLY PARALLEL WITH THE EASTERLY SIDE OF THIRD AVENUE, 100 FEET 11 INCHES TO THE POINT OR PLACE OF BEGINNING.

THE policy to be issued under this report will insure the title to such buildings and improvements erected on the premises, which by law constitute real property.

FOR CONVEYANCING ONLY: TOGETHER with all the right, title and interest of the party of the first part, of in and to the land lying in the street in front of and adjoining said premises.

INSURABLE VALUE

Lofts - Section 14, Page 13, Class A-B Average, manual dated February 2014.

Base Unit Cost New PSF				$87.79
Add Sprinklers			+	$3.00
Adjusted Base Unit Cost New PSF				$90.79
Current Cost Multiplier		1.04		
Height Multiplier		1.00		
Local Multiplier	x	1.41		
Total Multiplier			x	1.47
Adjusted Replacement Cost New PSF				$133.13
Area			x	17,651
Replacement Cost New				$2,349,956

Basements - Section 14, Page 18, Class A-B Average Storage, manual dated February 2014.

Base Unit Cost New PSF				$45.70
Add Sprinklers			+	$3.00
Adjusted Base Unit Cost PSF				$48.70
Current Cost Multiplier		1.04		
Local Multiplier	x	1.41		
Total Multiplier			x	1.47
Adjusted Replacement Cost New PSF				$71.41
Area			x	4,413
Replacement Cost New				$315,131

Total Replacement Cost New		$2,665,087
Exclusions		
Excavation	0.00%	$0.00
Foundations	3.30%	$87,947.87
Site Work	0%	$0.00
Site Improvements	0%	$0.00
Architect's Fees	6.40%	$170,565.57
Underground Piping	0%	$0.00
TOTAL EXCLUSIONS	9.70%	$258,513
Indicated Insurable Value		$2,406,574
Rounded:		**$2,400,000**

PURCHASE OFFER

HAP®
INVESTMENT DEVELOPERS

HAP Investments LLC

June 23, 2015

Ms. Alicja Stankiewicz
Al Mason Team
30 Lincoln Plaza
New York, NY 10022

Re: 214 East 125th St. – New York, NY
Purchase Offer/Letter of Intent

Dear Israel:

HAP Investments LLC (the "Purchaser") is pleased to submit to ownership (the "Seller") the following offer for the purchase ("Purchase Offer") of the following real property listed below (the "Property"), the terms and conditions of which are outlined below:

1. **PROPERTY:** 214 East 125th Street, New York, NY 10035
2. **PRICE:** **$11,000,000** all cash
3. **DEPOSIT:** **$750,000** upon signing of the Purchase and Sale Agreement ("PSA") and becoming hard after the expiration of the Due Diligence period.
4. **DUE DILIGENCE:** Purchaser shall have twenty one (21) days to conduct its due diligence
5. **CLOSING:** One hundred and twenty (120) days from execution of the PSA
6. **FINANCING:** No financing contingencies
7. **CONTRACT:** Seller to provide written PSA to Purchaser within five (5) business days of execution of this LOI.
8. **CONTRACT NEGOTIATION:** Upon receipt of the PSA, Seller and Purchaser shall have fifteen (15) days to negotiate and execute the PSA (the "Contract Negotiation Period"). The Contract Negotiation Period may be extended by five (5) business days by written notice given by either party to the other party (the "Extended Contract Negotiation Period"). Written notice may be provided by email.

347 Fifth Avenue, Suite 906, New York, NY 10016 | +1.646.559.5732 | www.hap-ny.com

Ms. Alicja Stankiewicz
June 23, 2015
Page 2

9. NO SHOP: Upon the parties' execution of this LOI, Seller shall place the Property in a eighteen (18) day no shop, hold position with Purchaser, which shall remain in effect until the earlier of (i) the execution of the PSA; or (ii) the expiration of the Extended Contract Negotiation Period – no shop period to be extended for five (5) days if contract negotiation period is extended. During the no shop period, Seller agrees that neither Seller, nor its officer, directors, agents, employees or representatives, will directly or indirectly: (i) take any action to solicit, initiate, encourage or assist the submission of any proposal, negotiation or offer from any person or entity other than Purchaser relating to the sale and/or transfer of the Property, or any portion thereof; or (ii) enter into any discussions, negotiations or execute any agreements relating to any of the foregoing, and Seller shall notify Purchaser of any inquiries by any third parties in regard to the foregoing. Should the parties fail to execute the PSA upon expiration of the Contract Negotiation Period or, if applicable, the Extended Contract Negotiation Period, then Seller shall have no further obligations to Purchaser under the LOI.

10. CONFIDENTIALITY: This Purchase Offer and any and all related correspondence between Seller, Purchaser and their respective agents and representatives regarding this transaction are to be held in strict confidence and are not to be disclosed to any third party without express written consent of both Seller and Purchaser

11. NON BINDING: This Purchase Offer merely expresses the intent of the parties and except with respect to the no shop and confidentiality provisions above, nothing contained herein shall be deemed to legally bind the parties hereto. The parties shall not be bound herein until they mutually execute and deliver a Purchase and Sale Agreement.

12. EXPERIENCE: A comprehensive biography of on our experience is attached to this document. Additional information may also be found on our website, WWW.HAP-NY.COM .

HAP Investments is a real estate investment group that focuses on the acquisition and development of residential and commercial properties. The HAP team is comprised of a unique group of entrepreneurs and businesspeople who have broad experience in global real estate markets, property development, real

HAP® INVESTMENT DEVELOPERS

HAP Investments LLC

Ms. Alicja Stankiewicz
June 23, 2015
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estate finance and law. HAP Investments works with private investors to create profitable investment vehicles that have a steady, long term approach.

Currently, HAP Investments owns, completed and is in the processes of developing twelve properties, eleven of which are located in Manhattan, and one in Jersey City, NJ. HAP Investments is comprised of a group of confident, hardworking, and honest individuals who are dedicated to achieving excellence in all areas of HAP's business.

We are very interested in pursuing the purchase of this Property in accordance with the terms and conditions outlined above. We look forward to achieving a mutually successful conclusion to this transaction.

Please acknowledge your agreement with the foregoing by signing below where indicated

6/23/15

Sincerely,

Nathan D. Franco, on behalf of HAP Investments, LLC
Vice President, Acquisitions and Development

cc: Amir Hasid, CIO & Co-founder

AGREED AND ACCEPTED:

______________________, on behalf of Seller

Name (print): ________________

Title: ________________________

347 Fifth Avenue, Suite 906, New York, NY 10016 | +1.646.559.5732 | www.hap-ny.com

ENGAGEMENT LETTER

BBG
BUTLER BURGHER GROUP
FORMERLY LEITNER GROUP

February 11, 2016

Mr. Jack Mullen
Summer Street Advisors, LLC
15 Ketchum Street, 1st Floor
Westport, CT 06880
Jack.mullen@summerstreetre.com
203-293-4844

RE: 214 East 125th Street
New York, New York

Dear Mr. Mullen:

We are pleased to submit this proposal and our Terms and Conditions for the appraisal of the referenced real estate.

PROPOSAL SPECIFICATIONS

Purpose/Valuation Premise:	Form opinion of the as is market value.
Property Rights Appraised:	Leased Fee Interest
Intended Use:	Asset Valuation for proposed financing
Intended User:	Centennial Bank
Scope of Work/Report Type:	Sales Comparison, Income Approach (Direct Capitalization and Discounted Cash Flow), and Cost Approaches and Insurable value, as applicable
Appraisal Standards:	Uniform Standards of Professional Appraisal Practice (USPAP), Financial Institution Reform, Recovery, and Enforcement Act (FIRREA), and Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
Fee:	$4,500

Mr. Jack Mullen
Page 2
February 11, 2016

Payment Terms:	Full payment is due and payable upon delivery of the final report or within 30 days of your receipt of our draft report, whichever is sooner. If a draft report is requested, the fee is considered earned upon delivery of our draft report.
Report Copies:	PDF delivery of Draft and/or Final reports
Delivery Date:	Delivery of the appraisal conclusions and/or report(s) will be completed within one week from timely receipt of your written authorization to proceed and all necessary data.
Acceptance Date:	Date of Execution

The attached General Assumptions and Limiting and Conditions (Exhibit A) and Property Data Request (Exhibit B) are deemed part of this agreement as though set forth in full herein.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

Sincerely,

Butler Burgher Group, Inc.

Joel Leitner

Joel Leitner, MAI, CRE, FRICS
Managing Director

AGREED AND ACCEPTED

Jack Mullen 2/12/16

Jack Mullen
Summer Street Advisors, LLC

Date

CONTINGENT AND LIMITING CONDITIONS

1. Any legal description or plats reported herein are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. We have made no survey of the property and assume no responsibility in connection with such matters.
2. The appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the appraiser or the appraiser's staff or was obtained or taken from referenced sources and is considered reliable. No responsibility is assumed for the costs of preparation or for arranging geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
3. No responsibility is assumed for matters legal in nature. Title is assumed to be good and marketable and in fee simple unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated.
4. Unless otherwise stated herein, it is assumed there are no encroachments or violations of any zoning or other regulations affecting the subject property and the utilization of the land and improvements is within the boundaries or property lines of the property described and that there are no trespasses or encroachments.
5. BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
6. It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein.
7. It is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
8. Unless otherwise stated within the report, the depiction of the physical condition of the improvements described herein is based on visual inspection. No liability is assumed for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made. No responsibility is assumed for hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during our inspection.
9. If building improvements are present on the site, no significant evidence of termite damage or infestation was observed during our physical inspection, unless so stated in the report. No termite inspection report was available, unless so stated in the report. No responsibility is assumed for hidden damages or infestation.
10. Any proposed or incomplete improvements included in this report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.

11. No responsibility is assumed for hidden defects or for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.
12. Responsible ownership and competent property management are assumed.
13. The appraisers assume no responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
14. The value estimates reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value estimates, unless such proration or division of interests is set forth in the report.
15. Any division of the land and improvement values estimated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
16. Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment.
17. Unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered; unless otherwise stated. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
18. Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are our best estimate of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
19. Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
20. BBG, Inc. representatives are not experts in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such

substances. Appraisers are not qualified to detect such substances. The client is urged to retain an expert in this field.

21. We are not experts in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent endangered species impact studies, research, and investigation that may be provided.

22. No environmental impact studies were either requested or made in conjunction with this analysis. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, and investigation that may be provided.

23. The appraisal is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.

24. Neither all nor any part of the contents of this report or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media, without the prior written consent and approval of the appraisers. This limitation pertains to any valuation conclusions, the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof.

25. Although the appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the appraiser either by the client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or estimates of value.

26. If this report has been prepared in a so-called “public non-disclosure” state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a “non-disclosure” state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

27. The American Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative impact upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

28. This appraisal report has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any other party who is not the identified client within this report who uses or relies upon any information in this report does so at their own risk.

29. The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.

30. The right is reserved by the appraiser to make adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the appraiser or appraisers. The appraiser(s) shall have no responsibility for any unauthorized change(s) to the report.

31. If the client instructions to the appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.

32. The submission of this report constitutes completion of the services authorized. It is submitted on the condition the client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, and judicial or administrative proceedings. In the event the appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the client immediately. The client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the estimate of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.

33. Use of this appraisal report constitutes acknowledgement and acceptance of the general assumptions and limiting conditions, special assumptions (if any), extraordinary assumptions (if any), and hypothetical conditions (if any) on which this estimate of market value is based.

34. If provided, the estimated insurable value is included at the request of the client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The appraisers are not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The appraisers are not cost experts in cost estimating for insurance purposes.

CERTIFICATION

The appraisers certify that:

- Natalia Pelcer has personally inspected and prepared the analysis concerning the real estate that is the subject of this appraisal report.
- Helen Peng, MAI has personally inspected the property.
- Joel Leitner, MAI, CRE, FRICS has reviewed the analyses, opinions and conclusions concerning the real estate contained in this appraisal report and fully concurs with the final market value conclusion.
- No one provided significant professional assistance to the persons signing this appraisal report.
- The undersigned have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the 3-year period immediately preceding acceptance of this assignment.
- The statements of fact contained in this report are true and correct.
- The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions, and conclusions.
- The undersigned 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.
- The undersigned have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our analyses, opinions and conclusions were developed and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute, the Uniform Standard of Professional Appraisal Practice (USPAP), and Title XI (with amendments) of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA).
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a pre-determined 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.
- Joel Leitner, MAI, CRE, FRICS is currently certified under the continuing education program of the Appraisal Institute. He is also certified by the State of New York as a General Real Estate Appraiser.

- As of the date of this report, Joel Leitner has completed the continuing education program for Designated Members of the Appraisal Institute.

- As of the date of this report, Joel Leitner has completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.

Joel Leitner

Joel Leitner, MAI, CRE, FRICS
Managing Director
State Certified General Appraiser #46-3011

Helen J. Peng

Helen Peng, MAI, MRICS
Director
State Certified General Appraiser #45000008916

Natalia Pelcer

Natalia Pelcer
Appraiser
npelcer@bbgres.com

QUALIFICATIONS

BBG

Joel Leitner, MAI, CRE, FRICS
Managing Director
Work: 212.682.0400
jleitner@bbgres.com

PROFILE

Joel is a Managing Director at BBG. He has over 27 years of experience in real estate valuation, investment analysis, and consultation. Mr. Leitner's experience includes a diversified background in the valuation of real estate on a national basis for a wide range of applications including market value appraisals, property portfolio consulting and management, investment advisory service, valuations and consulting studies for securitization-equity based and mortgage-backed transactions, purchase price allocations, liquidation sale valuations, condemnation, tax reduction, estates, and expert witness testimony for litigation. These activities have been conducted on behalf of foreign and domestic investment firms including major industrial corporations, leading foreign and domestic financial institutions, individual investors, leading law firms, and government agencies.

Mr. Leitner's areas of specialization include preparation of market value appraisals for all types of real estate with a full range of valuation objectives; investment analysis via computer based lease to lease models and discounted cash flow projections before and after taxes; Ad valorem property appraisals; litigation support; consultation in the negotiations of equity investment acquisitions; market and economic feasibility studies for existing property or proposed development projects; and purchase price allocations.

Mr. Leitner's experience in real estate valuation and consulting has encompassed an extremely diverse range of real estate. This experience includes researching and analyzing various real estate markets within the Tristate area along with testifying as an expert witness in several local and federal courts. Mr. Leitner has recently been appointed to the panel of neutral arbitrators by the American Arbitration Association. Appraisal assignments include industrial facilities, shopping centers and malls, office and medical centers, hotel and motel facilities, and apartment complexes.

PROFESSIONAL AFFILIATIONS

MAI designation
CRE designation
Fellow Member of Royal Institute of Chartered Surveyors (FRICS)

New York University, Adjunct Professor, Masters of Real Estate
Executive Committee of the Board of Directors of the New York Chapter
2003 Person of the Year - Appraisal Institute
2008 President of the Metropolitan New York Chapter
Member, Real Estate Board of New York - Real Estate Appraisal Committee
Member, Counselors of Real Estate
Member, Mortgage Bankers Association of New York

General Certified Appraiser:
State of New York (License # 46-3011)
State of New Jersey (License # RG01545)
State of Connecticut (License # RCG0001050)
State of Pennsylvania (License # GA003488)
State of Maryland (License # 28730)

EDUCATION

Master Degree in Real Estate Investment, Finance and Valuation, New York University

BBG

Helen J. Peng, MAI, MRICS
Director
212-682-8375
hpeng@bbgres.com

PROFILE

Helen is a Director at BBG in New York City. She has over 28 years of experience in real estate valuation. The first five years of her career was spent at Chase Manhattan Bank with the remaining years Deutsche Bank.

Helen was a Director and Review Appraiser at Deutsche Bank, New York, NY where she handled consulting, due diligence and prescreening of deals for various areas of the bank. Responsibilities include assessment of the transaction, cash flow analysis (Argus), market research, site visits and review of structure and documentation. As a Review Appraiser she ordered and reviewed appraisals, provided market data as well as opine on values for all property types on national basis.

Helen has also evaluated and conducted due diligence on domestic and international portfolios. Portfolio comprised of distressed mortgages and real estate owned assets. Travels covered Japan, Taiwan, South Korea, Sweden, Italy, France, Canada, Mexico, Czech Republic and Germany.

During her tenure at Chase Manhattan Bank, Helen was a Second Vice President and Senior Staff Appraiser. Her experience involves writing and reviewing reports for various property types including commercial, industrial, residential and retail. Property located in Metropolitan and Suburban New York.

PROFESSIONAL AFFILIATIONS

Appraisal Institute – Member designation, General Review Specialist designation, Former Faculty Member

Steven L. Newman Real Estate Institute at CUNY Baruch – Former Faculty Member

Royal International Charter of Surveyors – Member

General Certified Appraiser:
State of New York (License # 45000008916)

EDUCATION

Masters of Science in Real Estate, Diploma in Real Estate Investment, New York University, New York, NY, 1992
Bachelor of Science in Business Administration, Diploma in Real Estate and Urban Economic Studies, University of Connecticut, Storrs, CT, 1987

APPRAISAL COURSEWORK (RECENT)

7-Hour National USPAP Update Course
Review Theory - General
Appraising the Appraisal: Appraisal Review-General
Mold, Pollution and the Appraiser
Business Practices and Ethics

BBG

Natalia Pelcer
Senior Appraiser
Work: 212.286.9173
npelcer@bbgres.com

PROFILE

Natalia is a Senior Appraiser at BBG in New York City (formerly Leitner Group). Prior to joining the Leitner Group, Natalia spent a summer working on the FX desk in the sales and trading division of HSBC in Sao Paulo, Brazil. She assisted FX derivatives traders with daily activities such as routine P&L checks, booking internal trades and providing fixings for all deals expiring on a given day. Natalia also worked as a research assistant at the Real Estate Department of the Wharton School for two years.

Since joining Leitner Group, I have had experience in appraising the following property types:

- Vacant Land
- Development Sites
- Multi-Family Apartments
- Mixed-Use Buildings
- Industrial Properties
- Proposed Developments

EDUCATION

Wharton School, University of Pennsylvania (2012)
Bachelor of Science in Economics with concentrations in Finance and Real Estate

CERTIFICATIONS

Affiliate Member of the CFA Institute (Passed all 3 Levels)

LICENSES

UNIQUE ID NUMBER
46000003011

State of New York
Department of State
DIVISION OF LICENSING SERVICES

FOR OFFICE USE ONLY
Control No. 74858

EFFECTIVE DATE
MO. 03 DAY 28 YR. 14

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

EXPIRATION DATE
MO. 03 DAY 27 YR. 16

LEITNER JOEL
C/O LEITNER GROUP INC
79 MADISON AVE 8TH FL
NEW YORK, NY 10016

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.

CESAR A. PERALES
SECRETARY OF STATE

DOS-1096 (Rev. 3/01)

UNIQUE ID NUMBER
46000008916

State of New York
Department of State
DIVISION OF LICENSING SERVICES

FOR OFFICE USE ONLY
Control No. 87865

EFFECTIVE DATE
MO. 11 DAY 10 YR. 15

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

EXPIRATION DATE
MO. 11 DAY 09 YR. 17

PENG HELEN J
C/O DEUTSCHE BANK
171 SHORE RD
OLD GREENWICH, CT 06870

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.

CESAR A. PERALES
SECRETARY OF STATE

DOS-1096 (Rev. 3/01)

APPRAISAL REPORT

Development Site
14 Second Avenue
New York, NY 10003

REQUESTED BY

Mr. Jack Mullen
Founder and Managing Director
Summer Street Advisors, LLC
15 Ketchum Street, 1st Floor
Westport, CT 06880

PREPARED BY

BBG, Inc.
79 Madison Avenue, 8th Floor
New York, NY 10016

DATE OF VALUE

February 18, 2016

BBG

February 19, 2016

Mr. Jack Mullen
Founder and Managing Director
Summer Street Advisors, LLC
15 Ketchum Street, 1st Floor
Westport, CT 06880

Re: Appraisal File No. 0116000972
Development Site
14 Second Avenue
New York, NY 10003

Dear Mr. Mullen:

In accordance with your request, we have completed an appraisal of 14 Second Avenue for the purpose of advancing an opinion of the market value of the Fee Simple Interest.

The parcel is 2,681± square feet and is in a C6-2A zoning district. The maximum Floor Area Ratio is 6.02 which yields a maximum buildable zoning square footage of 16,140± square feet. The site is predominately vacant land which contains the foundation from a prior structure which was demolished in 2000. The subject is between Houston Street and East 1st Street on Second Avenue in the East Village neighborhood of New York, NY. There is approximately 25 feet of frontage along Second Avenue. The subject is identified on New York County tax maps as Block 442, Lot(s) 6.

The highest and best use of the subject property is residential/mixed use. This conclusion is based on its zoning, physical characteristics, location, and forecasted economic conditions.

Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformance with the Standards of Professional Practice and Code of Professional Ethics of the Appraisal Institute, the Uniform Standard of Professional Appraisal Practice (USPAP), and Title XI (with amendments) of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA).

NEW YORK

P + 212.682.0400
F + 212.682.2233

79 MADISON AVE. + FLOOR 8
NEW YORK, NY 10016

BBGRES.COM

Mr. Jack Mullen
Page 2
February 19, 2016

This appraisal is prepared in compliance with Summer Street Advisors, LLC' appraisal guidelines as well as the Interagency Appraisal and Evaluation Guidelines dated December 2, 2010.

After carefully considering all available information and factors affecting value, our opinion is:

Value	Date	Conclusion
Market Value "As Is"	February 18, 2016	$10,100,000

The opinions of value expressed herein are subject to the certification, assumptions and limiting conditions, and all other information contained in the following written appraisal report.

Thank you for the opportunity to serve you.

Sincerely,

Joel Leitner

Wesley Walker

Joel Leitner, MAI, CRE, FRICS
Managing Direct
State Certified General Appraiser #46-3011

Wesley Walker
Senior Associate
(212) 682-1227
wwalker@bbgres.com

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Subject Property: Development Site

14 Second Avenue
New York, NY 10003

Description: The parcel is 2,681± square feet and is in a C6-2A zoning district. The maximum Floor Area Ratio is 6.02 which yields a maximum buildable zoning square footage of 16,140± square feet. The site is predominately vacant land which contains the foundation from a prior structure which was demolished in 2000.

Location: The subject is between Houston Street and East 1st Street on Second Avenue in the East Village neighborhood of New York, NY. There is approximately 25 feet of frontage along Second Avenue.

Block/Lot: Block 442, Lot(s) 6

Census Tract: 36.02

Site Area: 2,681± square feet

Zoning: C6-2A

Flood Hazard Status: Zone X, an area per Flood Insurance Rate Map #3604970201F, effective September 5, 2007.

Marketing Time: Between six months and one year.

Exposure Time: Between six months and one year.

Property Rights Appraised: Fee Simple Interest

Date of Inspection: February 18, 2016

Market Value Conclusion:

Value	Date	Conclusion
Market Value "As Is"	February 18, 2016	$10,100,000

TABLE OF CONTENTS

INTRODUCTION

PROPERTY IDENTIFICATION

The parcel is 2,681± square feet and is in a C6-2A zoning district. The maximum Floor Area Ratio is 6.02 which yields a maximum building zoning square footage of 16,140± square feet.

14 Second Avenue is between Houston Street and East 1st Street on Second Avenue in the East Village neighborhood of New York, NY. There is approximately 25 feet of frontage along Second Avenue. The subject is identified on New York County tax maps as Block 442, Lot(s) 6.

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to develop an opinion of the value of the Fee Simple Interest in the site "As Is."

COMPETENCY

We have experience appraising similar properties, and possess the knowledge and competency to produce a credible value opinion.

INTENDED USER (& CLIENT) / FUNCTION OF THE APPRAISAL

The Intended user (& client) is Summer Street Advisors, LLC with its successors, assigns, and affiliates. The Intended Use is to determine a fair value for the purchase of the aforementioned site with the purpose of developing a mixed-use building.

PROPERTY RIGHTS APPRAISED

A fee simple estate can be defined as: "an absolute fee; a fee without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. An inheritable estate."

DATES OF VALUE OPINION

The date of our "as is" valuation is February 18, 2016. Wesley Walker and Joel Leitner, MAI, CRE, FRICS inspected the asset and its environs on February 18, 2016.

PROPERTY HISTORY

The subject site is owned by Second Phoenix Holding LLC. The sale history is summarized:

Address	Block/Lot	Sale Date	Sale Price	Grantor	Grantee
14 Second Avenue	442 / 6	2/13/2015	$0	Kshel Realty Corp.	Second Phoenix Holding LLC

We note that the abovementioned transaction was for title transfer purposes. We are unaware of any bids, offers, or contracts of sale for the subject.

EXPOSURE TIME

Exposure time has been defined, as the estimated length of time the real property interest appraised would have been offered in the market prior to the hypothetical consummation of a sale at market value on the effective date of appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.

Exposure time is always presumed to precede the effective date of appraisal. It is our opinion that a normal exposure time for the subject property is between six months and one year. This conclusion is predicated on interviews with brokers and other real estate industry sources and on information obtained in the verification process. The value reported herein presumes such an exposure time.

ESTIMATE OF REASONABLE MARKETING TIME

Given the subject's location, development potential and the marketing times for similar property in the submarket, we estimate the marketing time to be between six months and one year.

ACCURACY OF INFORMATION

Information, estimates and opinions furnished to us and contained in the report were obtained from sources considered reliable and believed to be accurate. The opinions of value stated herein are based on this assumption.

GENERAL ASSUMPTION

Information, estimates and opinions furnished to us and contained in the report were obtained from sources considered reliable. While we have attempted to verify information when possible, no responsibility for the accuracy of items obtained from secondary sources can be assumed. Any opinions of value stated herein are based on the assumption that project has the appropriate governmental approvals, licenses, and is free of encumbrances, liens, or other factors that could adversely affect value.

EXTRAORDINARY ASSUMPTIONS

According to The Dictionary of Real Estate Appraisal (4th Edition), an Extraordinary Assumption is "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, 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." In the development of our opinions of value, we have applied the following extraordinary assumptions:

- None.

HYPOTHETICAL CONDITION

According to The Dictionary of Real Estate Appraisal (4th Edition), a Hypothetical Condition is "that which is contrary to what exists but is supposed for the purpose of 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." In the development of our opinions of value, we have applied the following Hypothetical Condition:

- None.

ZONING CONFORMITY AND COMPLIANCE

It should be noted that we are not experts in the interpretation of complex zoning ordinances, and the determination of compliance should be made by a registered architect or engineer. The opinions of value stated herein are based on the assumption that the concluded buildable zoning square footage conforms and complies with all governing zoning restrictions.

DEFINITION OF MARKET VALUE[1]

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 condition whereby:

Buyer and seller are typically motivated;

Both parties are well informed or well advised, and acting in what they consider their own best interests;

A reasonable time is allowed for exposure in the open market;

Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

DEFINITION OF REAL ESTATE-RELATED FINANCIAL TRANSACTION[2]

Any transaction involving:

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[1] *The Appraisal of Real Estate, Appraisal Institute, Eleventh Edition 2000, page 23*
[2] *12 U.S.C. 3350(5) (FIRREA section 1121(5)*

The sale, lease, purchase, investment in or exchange of real property, including interests in property, or the financing thereof; or

The refinancing of real property or interests in real property; or

The use of real property or interests in property as security for a loan or investment, including mortgage-backed securities.

SCOPE OF THE APPRAISAL

BBG, Inc. has been retained by Summer Street Advisors, LLC to prepare a market valuation of the subject property. Within the course of this assignment, we have:

Researched and investigated the subject's location in terms of its economic activity, development patterns, and future trends and related their impact on the subject's residential and commercial market.

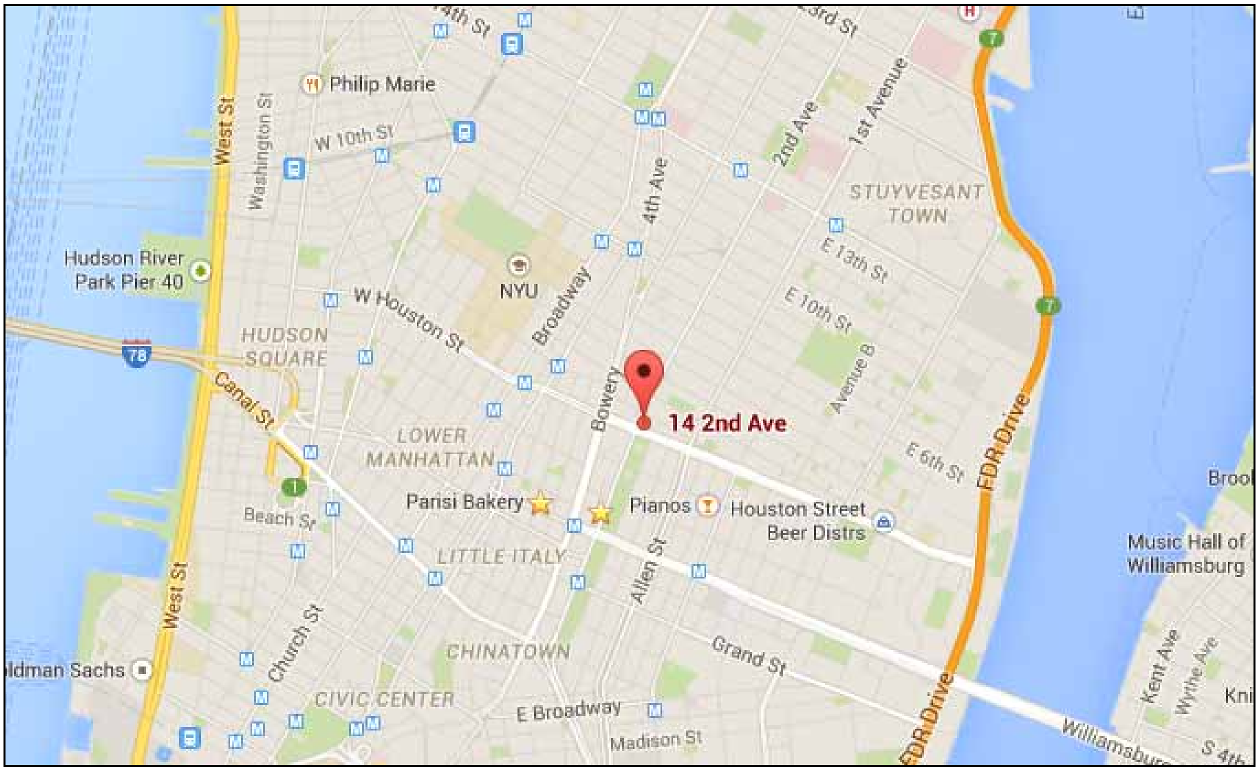
Determined the Highest and Best Use of the subject property based on an analysis of all relevant factors.

Researched sales of vacant land or improved development sites to derive an opinion of the market value of the subject's site "as is" as of February 18, 2016.

DATA SOURCES

The data contained within this appraisal was compiled from market analysis utilizing the following sources (unless otherwise noted): NYC Department of Finance, NYC Department of Buildings, NYC Department of Planning Zoning & Land Use, Claritas, CoStar, Genesis GenPAD, Federal Reserve, FEMA, and Reis. When possible, we have confirmed the reported data with parties to the transactions or those who are intimately familiar with their critical details.

AREA MAP


14 2nd Ave
Philip Marie
W 10th St
West St
Washington St
Hudson River Park Pier 40
W Houston St
NYU
Broadway
4th Ave
2nd Ave
1st Avenue
STUYVESANT TOWN
E 13th St
E 10th St
Avenue B
HUDSON SQUARE
Canal St
LOWER MANHATTAN
Bowery
E 6th St
FDR Drive
Parisi Bakery
Pianos
Houston Street Beer Distrs
Beach St
LITTLE ITALY
Allen St
Music Hall of Williamsburg
Church St
CHINATOWN
Grand St
CIVIC CENTER
E Broadway
Madison St
Kent Ave
Wythe Ave
Williamsburg

CURRENT ECONOMIC CONDITIONS

Economic Overview

With only modest growth projected for 2015, the U.S. economy has endured the longest period of subpar growth in the post-war period. However, the performance of many key aspects of the economy has been encouraging. The U.S. labor market continues to show strength as job growth accelerated in 2015 to the fastest pace since the tech boom. The trend was partly supported by federal employment, which appears to have turned the corner in 2015 after 4 years of contraction. Meager wage growth continues to be problematic but, with the unemployment rate now at 5% and tracking lower next year, wages are expected to strengthen. The housing market has bounded back from a slump in 2014 with robust activity in housing starts and new home sales. Moreover, low energy prices have pushed auto sales to an all-time high. All of these factors have supported steady consumption spending, which has been the backbone of the recovery so far.

The recent budget deal in Washington will mitigate a source of economic drag by relaxing spending caps and reducing fiscal policy uncertainty over the next 2 years. The recently signed bills raise the debt ceiling and fund the federal government through 2017. This should help encourage business spending, which has been a perennial soft spot in the recovery. Year to date through November 2015, orders for core capital goods shrank due, mainly, to weakness in energy and export oriented industries. It is expected that these pressures will weaken as the dollar's appreciation ends in 2015 and energy prices start to climb.

Equity markets ended 2015 down for the year, and the high-yield bond market suffered losses due to the frail energy sector. Despite these difficulties, there were also positive signs in financial markets. After contracting for 5 years, trading volume on the NYSE bottomed out in 2014 and grew robustly in 2015. Bond markets also saw increases of trading volumes and new bond issuance following multi-year slumps. Third quarter 2015 profits on Wall Street were up almost 8% year over year, but the performance was due to tighter controls on expenses in the face of slow revenue growth. Most banks reported difficulty in their fixed income, currency, and commodities business, which has led to job cuts at a number of banks.

The New York City economy continues to expand at a strong pace. Job growth is expected to exceed the 2% threshold for a fifth consecutive year with an expected addition of 99,000 jobs in 2015. The labor market is expected to cool slightly relative to the past 5 years and grow at a moderate pace in the near term. Strong employment gains and a tighter labor market are expected to translate into solid wage growth through the forecast period, especially in non-finance industries.

Employment growth has also been a contributing factor to the robust performance in the commercial and residential real estate markets. The gains in 2015 resulted in year-end office vacancy rates of 9.2% and asking rents up 4.2%. Vacancy rates and rents are projected to maintain their current paths through 2016; however, additions to inventory beginning in 2017 are expected to reverse the contraction in vacancy rates and growth in rents. Residential transactions have remained elevated through the first 3 quarters of 2015, and prices have continued to climb.

Uncertainty over 421-a legislation led to a jump in permit issuance in 2015. If the bulk of these permits results in completion, as expected, the new inventory in the pipeline should help alleviate supply constraints in the market starting in 2017.

Tax Forecast Summary

New York City is expected to collect $53.4 billion in tax revenue in fiscal year 2016, growth of 2.7% over 2015. Property taxes are forecast to increase 5.8%, and non-property taxes exhibit growth of 1.1%. The economic recovery is expected to continue in 2017 as total tax revenue is forecast to grow 3.2%, resulting in total revenues of $55.1 billion. Property tax revenue in 2017 is forecast to increase 5.8%, and non-property tax revenue is expected to increase 2.2%.

Property tax revenue is forecast to grow 5.8% in 2016 and 5.8% in 2017. Personal tax revenue is forecast at $22.6 billion in 2016 and $23.9 billion in 2017. The steady growth in property tax is supported by growth of 8.1% in taxable billable assessed value, an increase of $15.8 billion on the 2017 tentative roll. The tentative roll is projected to be reduced by $2.7 billion on the final roll after Tax Commission actions, Department of Finance changes by notice, and the completion of exemption processing. On the tentative roll, Class 1 market values saw a steady increase of 12.3% with an increase in billable assessed value of 3.8%. Small Class 2 properties saw market value growth of 7.3% while large Class 2 properties saw market value growth of 11.8%. Overall, Class 2 market value increased 10.7% and billable assessed value grew by 10.8%. Class 3 properties remain stable in both market and billable assessed values. Class 4 properties grew in market value by 8.7% with an increase in billable assessed value of 8.1%.

Non-property tax revenue is expected to grow 1.1% in 2016 and 2.2% in 2017. Personal income tax revenue totals $11 billion in 2016, an increase of 3.8%. Robust employment and wage gains result in withholding revenue growth of nearly 5% while non-wage income remains at high levels due to strong real estate markets, prior year equity market gains, and business income growth. Personal income tax revenue is forecast to grow 0.4% in 2017.

Business tax revenue, which includes the general corporation and unincorporated business taxes, is forecast to decrease 1.2% in 2016 and is followed by an increase of 4.2% in 2017, resulting in $6 billion and $6.2 billion, respectively. In 2016, as the new corporate tax reform sets in, general corporation tax revenue is forecast to decrease 2.8%, stemming from challenges in the financial sector and limited growth in the non-financial sector. Unincorporated business tax gross collections are forecast to grow 2.3%, reflecting weak growth in the finance sector offset by moderate growth in non-finance sectors.

Sales tax and hotel tax revenue growth remains stable. Sales tax revenue is expected to reach $7.1 billion in 2016 and $7.4 billion in 2017, an average growth of 4.4%, reflecting healthy local economic growth and steady tourism activity. Hotel tax revenue is forecast to decrease 1.5% to $548 million in 2016 and is expected to remain stable from 2017 through 2020. The forecast reflects continued strength in the tourism industry, although the stronger dollar and a market flooded with inventory are expected to limit growth.

After 5 consecutive years of double-digit growth, transaction tax revenue (mortgage recording tax and real property transfer tax) is expected to decline 11.1% to $2.6 billion in 2016 and grow 2.5% in 2017. The decline in transaction taxes is due to a mild correction in the commercial market from the record pace of the last 5 years. Growth averages 2.4% for the remaining plan period (from 2018 through 2020) as residential activity continues to expand gradually while the commercial market remains flat.

In summary, revenues from non-property taxes will stabilize at $29.8 billion in 2016. There is a risk that taxes sensitive to the financial sector will remain restrained due to the tightening of monetary policy and recent global economic uncertainty. Assuming the moderate recovery of the City economy continues through the plan period, non-property tax revenue is forecast to grow 2.2% in 2017 and average annual growth of 3.4% from 2018 through 2020. Total tax revenue will grow at just over 3% in 2017 before stabilizing at an annual average growth rate of 4.1% from 2018 through 2020.

The U.S. Economy

The last time the Fed raised interest rates, the new chairperson, Ben Bernanke, did not envision that the U.S. economy would face such trouble in the subsequent decade. GDP has grown at less than 3% annually from 2006 through 2014, the longest stretch of subpar growth in the post-war period. The most recent data does not offer much to alter the picture. The year started with only 0.6% growth (annualized rate) in the first quarter, followed by 3.9% and 2% in the second and third quarters, respectively. The Blue Chip consensus for the full year is only 2.5%, making 2015 the tenth consecutive year of subdued growth. Looking forward, challenges include further appreciation of the dollar, higher interest rates, and slowing global activity. These factors will restrain U.S. growth to 2.7% and 2.9% in 2016 and 2017, respectively.

Despite the hazy outlook, there have been several rays of sunshine. The U.S. labor market continues to show resilience with signs of strengthening wages following a half decade of lackluster growth, the housing market has bounced back from a weak 2014, and energy prices have fallen to lows previously seen in the last recession. All of these factors have helped support steady consumption spending, which has been the backbone of the recovery so far.

Since 2011, annual U.S. non-farm employment growth has averaged 1.7% (or 2.3 million new jobs per year), a much faster pace than the 1.4% seen in the last expansion. In addition, job growth has accelerated; in 2015, payrolls expanded by 2.1%. One sector that aided this trend is federal payrolls, which finally began to recover in 2015 after contracting over 5% from 2011 through 2014. Correspondingly, the unemployment rate declined steadily to 5% by December 2015, down from 5.6% a year earlier. Another positive indicator is the number of unemployed per job opening, which continues to plummet. While this measure peaked at nearly 7 job seekers per job opening at the end of the recession, it has been dropping at double-digit rates (year over year) since 2013. In September 2015, it fell to a near record low of 1.4, near the trough of the housing boom.

Despite these promising signs, not all labor market indicators are so optimistic. After nearly 8 years, the number of workers holding full-time positions passed pre-recession levels in August 2015. In addition, wage growth during this recovery so far has been meager with average hourly earnings growth at only 2% per year from 2010 through 2014. Nonetheless, with a tightening labor market, there are emerging signs that wage growth is picking up. Hourly earnings grew at a slightly stronger 2.2% pace in 2015. The unemployment cost index tracking wages and salaries has accelerated from 1.9% in 2014 to 2.3% through the first 3 quarters of 2015, and the Atlanta Fed's wage growth tracker has shown median wage growth above 3% for most of 2015, the strongest showing since 2009.

The housing market rebound from a sluggish 2014 was another positive highlight. The annual growth of housing starts weakened from 18.5% to only 8.5% in 2014. Through November 2015, the pace has strengthened with year to date starts growing 11.1% compared to the same period last year. Nevertheless, this corresponds to 1.1 million new homes, still only half of the 2.1 million peak set during the housing boom. New home sales have likewise bounced back. Year to date through November 2015, transactions for new single-family houses have grown by 13.4%, up from only 2.3% the year prior. The broader measure of residential fixed investment (which includes single- and multi-family structures as well as home improvements) reflects these patterns, plummeting to only 1.8% growth in 2014, down from 9.5% in 2013. It is projected to have recovered to 8.4% in 2015 and strengthen to 8.9% in 2016.

The recent performance notwithstanding, the near term prospects for rapid housing growth are unclear due to a confluence of factors on the demand side. Homeownership rates have been trending downward since 2004, well before the housing crisis, and recently dropped to levels last seen in the mid-1980's. The factors driving this decline are complex. Demographically, as the age of marriage and childbearing in the U.S. rises, household formation is occurring later in the life cycle. Likewise, minorities have traditionally been more likely to rent and are becoming a larger share of the population. In addition, the younger cohorts who comprise first-time buyers are more impacted by slow wage growth and rising student debt loads, making it more difficult for them to secure mortgages, which are almost certainly about to get more expensive due to the recent shift in monetary policy.

The halving of energy prices in the second half of 2014 was expected to provide a boost to the economy. However, oil prices made a U-turn, climbing over 30% to $60.00 per barrel by mid-2015. It appears that this turnaround convinced consumers that the windfall was temporary and much of the dividend was saved or used to pay down debt. The saving rate jumped almost a full percentage point from 4.6% in November 2014 to 5.5% in November 2015, corresponding to an additional $70 billion of savings over the period. Since estimates of the annual benefit from lower energy prices were in the $100 to $150 billion range, this implies that only a fraction was recycled into new spending. In the second half of 2015, energy prices have again plummeted with the West Texas Intermediate benchmark dropping to $36.00 per barrel by the end of the year. Oil prices are expected to recover in 2016 to an average of $51.00 and continue growing to $61.00 in 2017.

Whether this second tumble translates into additional spending hinges on how consumers adjust their expectations. If they start to believe that low energy costs will persist, they will likely spend more freely. One sector that has been an unambiguous boost has been the auto industry. Sales in 2015 reached an all-time record of 17.84 million cars and light trucks (including SUVs, vans, and pickups), just surpassing the previous full-year sales record of 17.81 million vehicles set in 2000. Cheaper gasoline is clearly affecting the consumer mix toward less fuel efficient vehicles. In 2015, growth of truck sales rose 12.7% while car sales fell by 2.1%. Total miles driven in the United States has also accelerated, jumping from 0.6% in 2013 to 1.8% in 2014. Through October 2015, this measure increased by 3.4% compared to the same 10-month period in 2014.

The boost provided by the labor market, housing, and, to a lesser extent, cheap energy helped support steady but unspectacular consumption spending. Real personal consumption expenditures grew at an annualized rate of 3% in the third quarter of 2015. With weak investment and net exports, consumption was responsible for nearly all of the 2% quarterly growth in real GDP, continuing the pattern from 2014 when consumption contributed 1.8 percentage points of the 2.4% annual growth rate. Other more timely measures of spending have been weaker, signaling a marginally slower growth rate in the fourth quarter. According to the Bureau of Economic Analysis, consumption spending grew by 2.9% in November (year over year), down from the 3.4% average in the third quarter (the flip side to the higher saving rate). Through the holiday season, retail sales data was mixed. November's monthly increase of 0.4% was the largest in 4 months, but December levels dropped by 0.1%. Nonetheless, consumer confidence remains high. In the fourth quarter of 2015, the Conference Board's index was at 96, near cyclical highs. Likewise, the Reuters/University of Michigan's index, despite a mid-summer slump due, partly, to the financial market turmoil, has recovered some ground in the final months of 2015.

One major impediment that is finally dissipating is the fiscal policy drag that has dogged the national economy since 2010 when the Republicans took control of the House of Representatives. While federal spending normally provides a boost to growth, from 2011 through 2014 it subtracted an average of 0.26 percentage points from annual GDP growth. This was due primarily to the onerous spending caps implemented in 2013 after Congress failed to reach an agreement on deficit reduction. However, Washington finally addressed the constraints with the enactment of the Bipartisan Budget Act of 2015 in November and the passage of spending and appropriations bills in December. This legislation raises the debt ceiling until March 2017 and funds the federal government through September 2017. The spending caps will be lifted by $50 billion in 2016 and $30 billion in 2017, evenly divided between defense and domestic programs. While the anticipated effect of the new spending is a small boost to growth in 2016 and 2017, the most important impact is in the reduction of policy uncertainty over the next 2 years.

The more stable fiscal path should help to spur business spending, which has been a perennial soft spot in the recovery. Non-residential fixed investment in the third quarter grew only 2.2% (year over year), the slowest pace in over 2 years, dragged down by slumping spending in the energy and manufacturing sectors. The Institute of Supply Management's manufacturing index declined every month in the second half of 2015, dropping below the 50 mark in November, indicating a contraction. The export component of the index has been in contractionary territory for most of the year, highlighting the challenges of the strengthening dollar which appreciated 16% in 2015 against major currencies. Durable goods have likewise slumped. Over the first 11 months of 2015, core capital goods (non-defense orders, ex., aircraft) are down 3.6% compared to the same period in 2014—a stark reversal from the 6.5% annual jump in 2014. Only 26% of the small firms responding to the National Federation of Independent Business survey in December expect to make a capital expenditure in the near future, down from 29% last year. Nevertheless, despite the gloom, there are a number of reasons to expect that business investment will rebound in 2016. Plummeting oil prices are projected to finally recover bringing relief to the energy sector. Furthermore, the dollar's climb is forecast to peak in 2016 and retreat modestly in 2017. This will help domestic firms currently suffering from increased price pressure from abroad and slumping international demand.

At the Federal Open Market Committee ("FOMC") December meeting, the Fed lifted the federal funds rate target range by a quarter percentage point to 0.25 to 0.05%. It was the first increase since July 2006, ending the era of near zero interest rates that has persisted for more than 7 years. After shuttering its bond buying program (quantitative easing) in the fall of 2014, the interest rate hike was the next logical step toward normalizing monetary policy. However, it took the Fed over a year of deliberation before it finally implemented this long-awaited action. The delay was caused by a number of global and domestic concerns including weakness in China and other emerging markets and a surprise currency depreciation announced by China's central bank in August. Domestically, inflation levels continued to run below the 2% long-run objective, suppressed by the low prices of energy and other imported goods. Ultimately, the Fed decided that the positive factors—including the solid housing market recovery, ongoing job gains, and declining unemployment—outweighed the negatives. However, the FOMC expressed that the future policy path will depend on the upcoming economic outlook and emphasized that further increases would likely occur at a gradual pace. The forecast calls for the federal funds rate to advance by approximately 25 basis points every quarter through the end of 2018.

Lifting the federal funds rate target range highlights the divergence of policy paths between the U.S. Fed and other major central banks; the U.S. is tightening while Europe, China, and Japan are easing. From 2014 to 2015, the ECB cuts its refinancing rate by 10 basis points to 0.05% and, toward the end of 2015, the European deposit facility rate fell into negative territory. In addition, the ECB extended its asset-purchase program, a version of quantitative easing that is injecting €60 billion ($65.2 billion) into the market every month. Also in 2015, the People's Bank of China cut its benchmark one-year lending rate 5 times, lowering rates to 4.35% from 5.60%. The Bank of Japan announced the expansion of an asset-purchase program that could scale up to as high as ¥88 trillion ($745 billion) per annum in an attempt to stimulate a lethargic economy. One consequence of the decoupling of monetary policy has been a dollar appreciation of over 20% since 2014 against a trade-weighted basket of currencies. The increasing strength of the dollar will add further deflationary pressure on import prices and this may, in turn, affect the Fed's future federal funds rate path.

Given the historical significance of the Fed's liftoff, financial markets took the change in monetary regime in stride—a sign that the Fed's efforts to communicate the policy shift to financial markets was effective. However, that is not to say that markets were well mannered. The S&P 500 index finished 2015 down 0.7% while the Dow lost 2.2%, the first full-year declines since 2011 (S&P) and 2008 (Dow). Markets moved sideways until August 19th when the S&P suddenly plunged 10% over the next 4 days in reaction to a global sell-off originating in Shanghai. The dip proved transitory, however. By November, stock prices had clawed back the losses only to fade again through December. The Chicago Board Options Exchange volatility index ("VIX"), a gauge of investors' expectations of volatility in the S&P 500, mirrored the declines. After moving in a tight range around 15 through mid-August, the VIX soared to over 40 as turmoil hit markets around the world. By November, this "fear index" had settled back to 15, only to bounce back to a fourth quarter high of 24 in mid-December, reflecting the uncertainty surrounding the Fed rate hike.

The volume of trading on the NYSE appears to be rebounding after suffering through 5 years of contraction triggered by the housing and financial crash. Trading bottomed out in 2013 at a level 60% lower than the peak in 2008. After a marginal increase of 0.5% in 2014, the number of shares traded grew by a robust 14% in 2015. Surprisingly, the strongest quarter was the third with an increase of 34%, perhaps a consequence of broad-based portfolio rebalancing in the face of market turmoil during that period.

Activity in bond markets has also seen an uptick. After contracting from 2011 through 2014, average daily trading volumes of fixed income securities started to grow again in 2015. Monthly average volumes in 2015 strengthened by 0.6% over 2014. Interestingly, this aggregate trend is being driven primarily by only 2 categories: agency mortgage-backed securities and corporate debt. All of the other categories of fixed income securities have seen declines in average monthly trading volumes in 2015.

New bond issuance has also seen a turnaround after declining from 2012 through 2014. However, in 2015, the aggregate value of new bonds sold is up 8.3%. The largest gainers in percentage and dollar terms were federal agency debt (largely Freddie Mac and Fannie Mae) and mortgage-related debt. Corporate debt set new issuance records from 2012 through 2014 as firms locked in historically low rates. This trend continued into 2015 as issuance grew by 3.3%. The spree, however, may come to an end in 2016 if rates increase quickly in reaction to tighter monetary policy.

Along with the turmoil in global equities, the high yield (junk) bond market proved troublesome. Not surprisingly, the instability can be traced back to the weakened energy sector which accounts for about a quarter of all junk bond issuance. As energy prices resumed falling in the second half of 2015, the number of distressed firms multiplied. The Dallas Fed estimated that at least 10 U.S. oil and gas companies with $2 billion of debt filed for bankruptcy in the fourth quarter.

While it is unlikely that the turbulence is the precursor of a credit crunch, the stress on financial markets is likely to result in more risk-averse investors and will potentially show up as weaker performance in the securities industry. Wall Street profits in the third quarter were strong at $3.2 billion, due mainly to tighter controls on costs and compensation in the face of slow revenue growth. Third quarter revenue grew just 0.6% (year over year) while total expenses were flat. The biggest component of costs—compensation—actually fell 2.2%. Nearly all of the large firms reported third quarter difficulty in the fixed income, currency, and commodities ("FICC") sector, which resulted in a 62% (year over year) drop in third quarter trading revenue across all member firms. Of the large banks, Morgan Stanley reported the largest decline (down 42%) in FICC. This weak performance is one reason why Morgan Stanley subsequently announced that it would eliminate about 1,200 jobs from its FICC unit. Other banks, primarily European, have also announced job cuts, including Deutsche Bank, Credit Suisse, Standard Chartered, and Barclays.

Through the first 3 quarters of 2015, NYSE member firms earned profits of $14.5 billion. The forecast projects fourth quarter profits of $2.1 billion, resulting in full-year Wall Street profits of $16.5 billion, up from $16 billion in 2014. Challenged by weak energy and commodities prices, slow global growth, increasing regulation, and fee equity markets, profits are expected to fall to $12.4 billion in 2016.

New York City Economy

In spite of the turmoil seen in the national and global economies, New York City continued to extend its strong record of economic growth and opportunity. Job creation in 2015 has slowed only marginally from last year's record pace. Strength in the labor market, combined with other market factors, has stimulated growth in the commercial and residential real estate sectors. Despite headwinds in their respective industries, finance and tourism continued to exhibit solid performance. The outlook is for the City's growth to normalize to a more moderate pace consistent with recent history.

In 2015, the City is estimated to have expanded employment by 99,000 jobs, an increase of 2.4%. This would mark the fifth consecutive year of employment growth exceeding 2%, surpassing the next longest (4-year) span during the dot-com boom. Employment gains across this period have greatly diminished the slack in the labor market. As of November 2015, the unemployment rate has fallen to 4.8%, its lowest point since 2007. With increasing hiring competition due to reduced slack, average wages jumped 5.4% in 2014 driven by strong bonuses in the financial sector. However, compensation in finance has fallen, offsetting the strength from the non-finance sector. As a result, overall wages through the first half of the year have grown only 0.5% and are expected to have finished 1.4% higher than 2014. Looking ahead, employment growth is expected to slow to a more moderate pace, and overall wages are forecast to grow at approximately 3%, driven by non-finance industries.

Uncertainty in international markets, a slowdown in global growth, low oil prices, and the appreciation of the dollar were all contributing factors to the down year in financial markets. Financial firms are expected to proceed cautiously regarding hiring and pay decisions in the near term as the profit outlook dims. Confidence in the sector was high in early 2015, following 3 years of double-digit returns in the market. This translated to a brisk pace of hiring through the first half of 2015, but prospects soured in the second half and firms slowed their rate of hiring. Growth has been driven by the securities subsector which has added 8,900 positions year to date, and Morgan Stanley filed Worker Adjustment and Retraining Notifications ("WARN") with the New York State Department of Labor for job cuts at their New York City operations. Following an addition of 8,000 positions in 2014 and an estimated 8,000 in 2015, job gains are forecast to slow to 5,000 and 2,000 in 2016 and 2017, respectively.

Finance and insurance wages grew by nearly 11% in 2014 but were down approximately 1% through the first half of 2015 from the same prior year period. For the year, wages are estimated to have fallen 0.7%. The expected contraction in wages was a result of a 3% decline in the first quarter when most bonuses are typically paid out. Looking ahead, the path of wages is projected to grow modestly in the near term as firms are expected to exercise more control over compensation to counter declining revenue.

Although the outlook in the financial industry is growing less optimistic, other areas of the economy continue to drive overall growth. Diversification toward non-finance industries will help create a stronger and less volatile base for the City. With the number of unemployed per job openings falling to a near record low in 2015 at the national level, hiring competition between firms has begun to increase which should lead to higher wage offers. As a result, non-finance wages are estimated to grow by over 3.5% beginning in 2015 and remain above that level through the end of the forecast period. One key non-finance industry, the professional & business services sector, has consistently been an engine for high-wage employment growth in the current expansion. From 2011 to 2014, the industry averaged an annual increase of 23,000 positions per year; however, the expansion is expected to have slowed in 2015 with an estimated gain of 20,000. This pace is projected to decelerate to 11,000 and 12,000 new jobs in 2016 and 2017, respectively.

Office using employment, which encompasses professional & business services, financial activities, and information, serves as an integral component of the City's job market. In 2014, office using employment expanded by 41,000, accounting for about 34% of private sector job growth, up from 27% in 2013. Due to this growth, the office market continues to exhibit diminishing vacancy rates and rising asking rents. Office using employment is projected to have expanded by approximately 31,000 positions in 2015. The increase in demand for office space drove 2015 asking rents 4.1% higher ($76.75) than last year. Likewise, vacancy rates fell by more than one percentage point to 9.2%. The current path of vacancy rates and rents is expected to continue into 2016 even as office using employment growth decelerates. However, increases to asking rents are expected to slow to a snail's pace—1.2% in 2017—and vacancy rates are projected to reverse direction due to a glut of new inventory expected in 2017. Further inventory increases in the out years will continue to constrain asking rents.

The residential housing market is being supported by consistent job and wage growth citywide and strong demand from abroad. This, in turn, has spurred sales activity and price growth in a recovering residential real estate market. In 2014, the average price for the overall market grew 12.4% to $889,000, surpassing the prior peak set in 2008 by 9%. While the condo market saw astounding price growth of 18.2%, prices in the co-op and 1- to 3-family home markets also recorded double-digit increases. The total average price growth is forecast to have fallen to a more modest rate of 3.6% in 2015 and is expected to edge up to 4.3% in 2016.

Total sales volume changed marginally in 2014 when 50,515 transactions were recorded, a growth of 0.8%. The composition of the sales, however, varied significantly. The volume of transactions in the condo market fell 5.8% in 2014 but grew 5.2% in 1- to 3-family homes and 0.7% in c-ops. The trend of disproportionate growth across the 3 categories has continued through the first 3 quarters of 2015. The volume of transactions in the 1- to 3-family homes market grew 3.9% from the same 3-quarter period in 2014 but fell 2.8% in co-ops and 0.8% in condos. Additionally, there is disparity across boroughs; year over year transaction growth through the first 3 quarters fell by 3.2% in Manhattan but grew 2.2% in the outer boroughs.

Sales volume is projected to have grown 0.8% in 2015 but will fall 1.7% in 2016 as mortgage rates rise due to higher interest rates. The dearth of inventory affordable to lower and middle income families continues to be a problem, but the boom in residential development may help to alleviate this issue in upcoming years. Year to date through November 2015 permits for over 48,000 residential units were filed, a new record for the City. While the rush to file was due primarily to uncertainty regarding the renewal of the 421-a tax exemption, the forecast anticipates that approximately 60% of the developments will hit the market in 2017. Sales volume is estimated to show moderate growth of 4.3%. To accommodate for increased labor needs, the construction industry is expected to add a total of 11,000 jobs from 2015 through 2017.

Three other key sectors of job creation are health & social services, leisure & hospitality, and retail trade. Health services added 25,000 jobs in 2014 and is on pace to have added more than that in 2015. The sector is forecast to decelerate to more modest gains of 12,000 in 2016 and 8,000 in 2017. After adding over 20,000 for the last 4 years, leisure & hospitality slowed slightly, adding 15,000 through November 2015. Gains are expected to average 9,000 per year over the next 2 years. Job growth in retail trade continues to be stable, expanding by 10,000 positions in 2014. The industry is expected to have added 11,000 jobs in 2015 and will increase payrolls by 9,000 and 8,000 in 2016 and 2017, respectively.

Expansion in the leisure & hospitality and retail trade sectors can also be attributed to the robust performance of the tourism industry. With its plethora of dining and shopping options, New York City continues to be a top destination for visitors from every corner of the world. The City received 56.5 million visitors in 2014 and is poised to break that record in 2015. Through the year, the hotel industry reported metrics that matched the strength seen in 2014. Approximately 34 million hotel room nights were sold in 2015, up 4.4% from the prior year. Global weakness and dollar appreciation, however, are likely to impact future travel plans into the City and slow visitor spending. The hotel occupancy rate finished 2015 at 89% but will fall to 82% between 2016 and 2017. Despite the challenges, NYC & Co anticipates that international visits to the City will accelerate from a growth of 2.5% in 2015 to 4.3% by 2018. With its historical charm, eclectic culture, and boundless opportunities, New York will remain an attractive world destination for travelers and entrepreneurs from all walks of life.

Risks to the Forecast

Risks to the U.S. forecast include a prolonged slump in global growth, the strong dollar, and the plunge in commodity and energy prices. China, Japan, Brazil, and Russia as well as the European Union are all suffering from slowing growth. The resulting divergence in monetary policy between the U.S. and other central banks has boosted the dollar’s relative value. Further appreciation of the dollar and drop in international demand could continue to impair U.S. export and manufacturing industries. Furthermore, although the Fed successfully raised rate last December without much turmoil, it will have to move carefully in the future since overly aggressive tightening runs the risk of derailing the recovery and upsetting fragile financial markets. While it is unlikely that something like the recent turmoil in the junk bond markets could trigger a financial crisis, any decline in activity would affect the City through lower profits and wage earnings on Wall Street. Likewise, the strong dollar and weaker global incomes could slow tourism and business travel to New York City and reduce the pace of international investment in local real estate.

MANHATTAN REGIONAL ANALYSIS

The New York Metropolitan Statistical Area (MSA) consists of the City of New York's five counties and the counties of Westchester and Rockland. The subject property is located in the City of New York, New York County (Manhattan). New York City's five boroughs cover 309 square miles. New York City is the nation’s center for finance, the arts, media, fashion, and telecommunications.

The borough of Manhattan, or New York County, forms the central political, financial, and cultural core of the City and is the economic growth engine for the Greater New York region. Seventy-five percent of the City’s employees work in Manhattan, which is home to the Midtown and Downtown business districts. The City’s other boroughs are the Bronx, Brooklyn, Queens, and Staten Island (otherwise known as Bronx, Kings, Queens, and Richmond Counties). They also have stronger, albeit significantly smaller, economies than Manhattan. Brooklyn and Queens have the largest behind Manhattan.

POPULATION

	1980	1990	2000	2010	2015 Est	2020 Est
Overall	7,071,639	7,322,564	8,008,278	8,175,133	8,503,442	8,802,567
% Change		3.55%	9.36%	2.08%	4.02%	3.52%
Bronx	1,168,972	1,203,789	1,332,648	1,385,108	1,434,729	1,482,683
% Change		2.98%	10.70%	3.94%	3.58%	3.34%
Brooklyn	2,230,936	2,300,664	2,465,259	2,504,508	2,629,623	2,739,171
% Change		3.13%	7.15%	1.59%	5.00%	4.17%
Manhattan	**1,428,285**	**1,487,536**	**1,529,252**	**1,577,414**	**1,639,155**	**1,686,435**
% Change		**4.15%**	**2.80%**	**3.15%**	**3.91%**	**2.88%**
Queens	1,891,325	1,951,598	2,229,379	2,230,722	2,325,508	2,412,233
% Change		3.19%	14.23%	0.06%	4.25%	3.73%
Staten Island	352,121	378,977	443,728	468,730	474,427	482,045
% Change		7.63%	17.09%	5.63%	1.22%	1.61%

Source: 1980-2010, US Census; Claritas Inc.

New York City is home to more than 8 million people in over 3 million households. Brooklyn is the most populous borough with 31% of the City's population. Manhattan's 1.64 million residents, at 48,500 residents per square mile, make it one the most densely populated residential area in the nation. While the 1980's and 1990's saw the continuing trend of migration of city residents to neighboring suburbs, due primarily to high housing costs and density of living, the total population was bolstered by the large number of immigrants arriving in the city each year.

The 9.36% increase in the City’s census population from 1990 to 2000 can be attributed to the increasing appeal of the City, as young professionals and empty nesters have been attracted to the amenities of dense, urban neighborhoods; the course of the long, economic expansion; and the increasing immigrant population. Despite the impacts of the 9/11 tragedy, New York City was one of the nation’s few major cities to experience an increase in its population during the past decade. The City’s population now totals 42% of the state’s total population. Except for Staten Island, each of New York City’s five boroughs has a population greater than 1,400,000. The city’s population is expected to continue growth over the next 5 years.

MANHATTAN POPULATION TRENDS, 2000-2020

Description	2010 Census	2015 Estimate	% Change 2010-2015	2020 Projection	% Change 2015-2020
Population	1,585,873	1,639,155	3.36%	1,686,435	2.88%
Households	763,846	792,293	3.72%	817,432	3.17%
Families	308,828	319,973	3.61%	329,756	3.06%
Housing Units	847,090	880,088	3.90%	908,503	3.23%
Average Household Size	-	1.98	-	-	

Source: Claritas

Claritas estimates the 2015 population for Manhattan at 1,639,155 and projects a small increase by 2020. The number of households in Manhattan is also projected to increase slightly between 2015 and 2020 from 792,293 to 817,432. These statistics are reflective of stable, mature market.

NEW YORK CITY ECONOMY AND EMPLOYMENT

New York City Industry Trends

New York City's hospitality industry is sensitive to economic fluctuations. During the last recession, the local industry lost relatively few jobs. This was due in part to technological advances in room pricing, which allowed hoteliers to quickly adjust room rates in order to reduce the inventory of unused rooms and maximize revenues. The post-recession return of the business traveler, in combination with a successful marketing campaign by the City, has meant that local growth in this sector outpaced the nation as a whole. Between 2009 and 2013, hotel jobs in New York City rose by more than 17%, about three times the comparable U.S. rate. While two-thirds of local hotel rooms and almost 90% of hospitality jobs are in Manhattan, other neighborhoods are seeing hotel development. In fact, one-third of all projects under construction are outside Manhattan. In particular, Queens is benefitting from new hotel development. Of the 148 hotels that either opened or are currently under construction in the past two years, 21 are in Queens. From 2003 to 2013, the number of hotels in the borough more than doubled, from 55 to 118.

Growth in Queens

Some recent hotel openings in Queens include:

- Paper Factory, set in a renovated paper factory and warehouse, featuring 120 rooms, a restaurant, outdoor beer garden, and a spa;
- Home2 Suites by Hilton, a 10-story, 115-suite hotel featuring views of Manhattan, a media room, a combined laundry and fitness area, and Oasis lobby area; and
- The Estate by Ravel, the first luxury hotel in Long Island City, featuring a garden, a swimming pool/ice rink, and ballroom.

The flurry of construction activity is spurred by the borough's hottest neighborhood, Long Island City. This area profits from its close proximity to Midtown Manhattan and has become a magnet for nearly every hotel brand of distinction. According to an industry report, this trendy neighborhood has added 15 of its 27 hotels in the past six years and is on track to see at least another eight open by the end of 2017.

Multiplier Effect at Work

Growth in hotel and motel jobs in Queens also leads to indirect job growth in other sectors throughout the local area due to the effects of the economic multiplier. For example, hotels and motels in Queens gained 300 jobs between2012 and 2013. Estimates indicate that for every additional 100 jobs in this industry, the local economy gains 48 “spin-off” positions in a variety of industries. Professional and business services are the biggest gainer with 14 additional jobs, followed by the hospitality sector which adds 8 more jobs. Looking at occupational groups, one-third of the new spin-off jobs are in building and grounds maintenance, one-sixth are at restaurants, and one-tenth are office and administrative support jobs.

Industry Wages and Outlook

At the end of 2013, New York City’s traveler accommodation sector was comprised of 629 firms employing more than 46,600 people. Their average salary was $56,400 per year. This overall average, however, masks a wide variation in wages between the different boroughs. Manhattan hotels, which tend to be larger and more unionized, pay an average of $59,600 per year. In contrast, hotel employees outside Manhattan, where limited-service properties are the norm and which are less unionized, earn significantly less. For example, the annual average wage in the traveler accommodation sector in Queens was $32,800 in 2013, which is about 45% lower than the comparable figure for Manhattan. Analysts expect, however, that the difference in wages between hotel workers in Manhattan and the outer boroughs will eventually narrow. This is because the international hotel brands that are currently expanding in the outer boroughs tend to be unionized, which results in higher average wages. Projections from the New York State Department of Labor show that accommodation industry jobs in New York City are expected to grow somewhat faster (+12.8%) than overall employment there (+10.4%) between 2010 and 2020. The three most common job titles in the traveler accommodation sector include maids and housekeeping cleaners, waiters and waitresses, and hotel, motel, and resort desk clerks. Combined employment for these three occupations is expected to grow by more than 10,000 between 2010 and 2020, with more than 4,600 openings each year over this time frame.

Summing Up

New York City’s hotel market has reason to be optimistic. Six years after the start of the U.S. recession, the sector’s employment is now at a record level. Employment gains have been buoyed by an unprecedented number of visitors to the City and increasingly widespread hotel development. Looking ahead, New York City’s high profile tourism marketing campaign and expanded accommodation options for every budget should help boost hiring in the hotel industry for years to come.

Employment

As of September 2015, Manhattan’s unemployment rate was 4.2%, outperforming the country as a whole. These statistics indicate a decrease in unemployment since 2011 as a result of the moderate recovery from the recession. Unemployment in New York City increased between 2001 and 2015 overall.

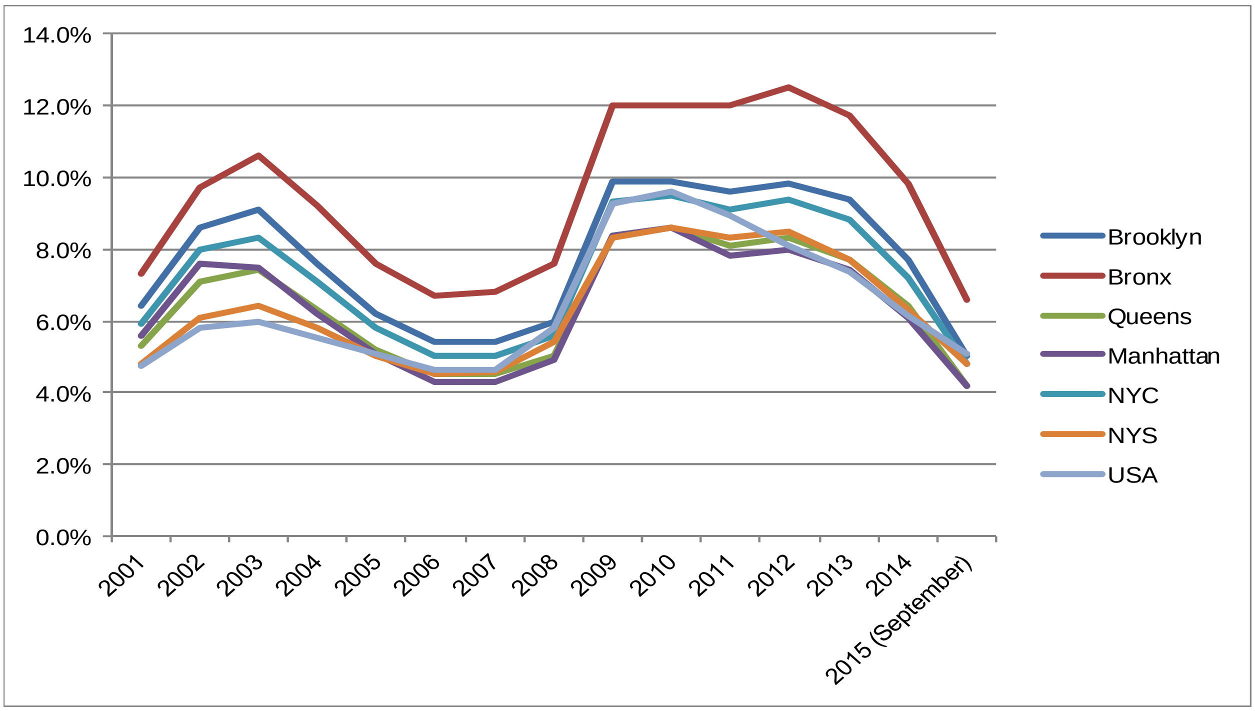
The recession has led to significant job losses within the financial sector with companies such as Bear Stearns and Lehman Brothers no longer in operations and a number of other institutions, including Citigroup and JPMorgan Chase, laying off thousands of employees. The following table illustrates historical and current unemployment rates:

UNEMPLOYMENT RATES

Year	Brooklyn	Bronx	Queens	Manhattan	NYC	NYS	USA
2001	6.4%	7.3%	5.3%	5.6%	5.9%	4.8%	4.7%
2002	8.6%	9.7%	7.1%	7.6%	8.0%	6.1%	5.8%
2003	9.1%	10.6%	7.4%	7.5%	8.3%	6.4%	6.0%
2004	7.6%	9.2%	6.3%	6.2%	7.1%	5.8%	5.5%
2005	6.2%	7.6%	5.2%	5.1%	5.8%	5.0%	5.1%
2006	5.4%	6.7%	4.5%	4.3%	5.0%	4.5%	4.6%
2007	5.4%	6.8%	4.5%	4.3%	5.0%	4.6%	4.6%
2008	6.0%	7.6%	5.0%	4.9%	5.6%	5.4%	5.8%
2009	9.9%	12.0%	8.4%	8.4%	9.3%	8.3%	9.3%
2010	9.9%	12.0%	8.6%	8.6%	9.5%	8.6%	9.6%
2011	9.6%	12.0%	8.1%	7.8%	9.1%	8.3%	8.9%
2012	9.8%	12.5%	8.3%	8.0%	9.4%	8.5%	8.1%
2013	9.4%	11.7%	7.7%	7.4%	8.8%	7.7%	7.4%
2014	7.7%	9.8%	6.4%	6.1%	7.2%	6.3%	6.2%
2015 (September)	5.0%	6.6%	4.2%	4.2%	4.8%	4.8%	5.1%

Source: NYS Department of Labor, Bureau of Labor Statistics

UNEMPLOYMENT TRENDS



New York City's employment base has historically enjoyed the distinction as an international center of business, commerce, tourism, and culture. The FIRE (finance, insurance, and real estate) and services (including the professions of legal, engineering services, consulting, tourism, recreation, health care, computers and data processing) segments are considered the primary sources of "white collar," or office prone, employment in the region.

NEW YORK CITY'S LARGEST EMPLOYERS

Employer	# of Employees
City of New York	151,678
New York City Department of Education	119,618
United States Government	80,900
State of New York	69,926
Metropolitan Transportation Authority	67,381
North Shore-Long Island Jewish Health System	48,650
J.P.Morgan Chase & Co.	37,363
New York City Health and Hospitals Corp.	35,044
Mount Sinai Health System	32,056
Macy's Inc.	31,200

Source: Crain's Book of Lists 2015

New York City is also the center of media (journalism and publishing), arts, fashion, and design. Businesses in New York City can capitalize on the synergy created from the presence of more than 200,000 companies, the access to investment capital and consumers, and the City's attractive quality of life. Companies in New York City include headquarters and regional offices of leading world companies including 39 Fortune 500 firms—the highest of any city in the United States—making New York the nation's headquarters capital

NYC EMPLOYMENT BY INDUSTRY (000'S)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Sep-15
Construction	111.8	115.7	118.5	119.7	124.4	118.1	107.4	104.4	120.8	124.6	135.4
Manufacturing	113.6	107.1	101.0	89.1	81.8	79.9	73.3	74.2	76.0	76.5	73.9
Trade, Transportation, and Utils	534.3	550.7	576.6	562.5	578.8	556.8	584.5	584.1	593.7	608.3	630.9
Information	161.2	163.1	165.9	160.1	168.8	159.3	160.6	174.8	178.6	178.6	183.2
Financial Activities	443.5	453.5	467.9	430.4	456.7	434.2	434.9	444.6	434.0	436.7	458.9
Professional and Business Services	549.0	564.5	591.4	578.7	600.9	583.5	606.1	639.3	639.4	651.6	686.5
Education and Health Services	665.3	701.0	707.0	756.4	738.5	764.1	781.9	763.9	819.9	841.5	866.1
Leisure and Hospitality	281.1	281.7	297.0	310.8	307.0	320.5	339.3	365.9	379.6	384.5	426.8
Other Services	152.5	153.3	158.1	162.3	164.0	167.0	157.5	171.1	174.1	177.1	187.2
Government	561.9	554.7	559.2	557.1	564.6	538.2	544.4	585.0	545.5	543.0	542.6
Total	3,574.2	3,645.3	3,742.6	3,717.6	3,792.8	3,721.6	3,789.9	3,874.3	3,961.6	4,022.4	4,191.5

Source: New York State Department of Labor

From 2005 to September 2015, decreases in private employment in the city were seen in only a few of the sectors. There were increases in most sectors, which include Education and Health Services, Leisure and Hospitality, Professional and Business Services, and Trade, Transportation, and Utilities. Manufacturing, Government, and Financial Activities have been hit the hardest by the financial crisis and recession. The remaining sectors of employment have remained relatively stable.

Office-using employment amounts to approximately 30% of total New York City employment, reflective of the financial and services orientation of the local economy. New York City's prime office inventory is concentrated in Manhattan south of Central Park within the two major submarkets of Downtown and Midtown. Brooklyn's central business district in Downtown Brooklyn is anchored by Brooklyn Borough Hall and MetroTech Center, a 16-acre urban corporate campus. Long Island City in Queens is located across the East River from Midtown Manhattan and has long been a center of manufacturing, distribution, and industrial services

MANHATTAN ECONOMY AND EMPLOYMENT

The economy of New York City is the biggest regional economy in the United States and is home to the New York Stock Exchange and NASDAQ, the world's largest stock exchanges by market capitalization and trading activity. New York is distinctive for its high concentrations of advanced service sector firms in fields such as law, accountancy, banking and management consultancy.

Over the years, manufacturing has accounted for a significant share of employment. Garments, chemicals, metal products, processed foods, and furniture are some of the principal products. The food processing industry is the most stable major manufacturing sector in the city.

Likewise, creative industries such as new media, advertising, fashion, design, and architecture account for a growing share of employment, with New York City possessing a strong competitive advantage in these industries. The following table summarizes the labor force statistics of Manhattan compared to the other boroughs of New York City.

SEPTEMBER 2015 LABOR FORCE DATA

	Labor Force (000's)	Employed (000's)	Unemployed (000's)	Unemployment Rate
Bronx County (Bronx)	605.7	565.7	40.0	6.6%
Kings County (Brooklyn)	1,228.0	1,166.4	61.7	5.0%
New York County (Manhattan)	**926.8**	**888.3**	**38.5**	**4.2%**
Queens County (Queens)	1,169.2	1,120.0	49.2	4.2%
Richmond County (Staten Island)	224.7	213.9	10.8	4.8%
New York City	4,154.4	3,954.3	200.2	4.8%

Source: NYS Department of Labor

New York City Personal Income

Average household income in New York City increased by 13.8% between 2000 and 2015 from $71,555 to $81,401. This is lower than the 37.9% increase experienced by New York State.

NYC & STATE HOUSEHOLD INCOME

	New York City		New York State	
	2000 Census	2015 Estimate	2000 Census	2015 Estimate
Average Household Income	$71,555	$81,401	$61,489	$84,769
Median Household Income	$50,889	$52,906	$44,138	$59,568

Source: Claritas Inc.

Manhattan is the most affluent borough in New York City with a 2015 estimated average household income level of $123,183. The next highest borough in terms of average household income is Staten Island at $88,894. The following table illustrates per capita income figures for New York City and the various boroughs.

NYC HOUSEHOLD INCOME

	Average Household Income 2000	Average Household Income 2015 (est)	% Change 2000-2015
Bronx	$50,892	$48,216	-5.26%
Brooklyn	$60,470	$68,494	13.27%
Manhattan	**$115,158**	**$123,183**	**6.97%**
Queens	$70,706	$75,039	6.13%
Staten Island	$87,451	$88,894	1.65%

Source: Claritas Inc., U.S. Census

As evident, Manhattan exhibits the highest average income among the New York City boroughs and is nearly twice the level of the United States overall.

Manhattan accounts for nearly 20% of New York State's total income. The borough is home to nine of the wealthiest big city neighborhoods in the nation, testifying to its affluence. Nearly all of Manhattan's zip codes below 96th Street have median household incomes well above the national median. The most affluent concentrations of households border Central Park on Manhattan's West Side between 77th and 91st Streets and on the East Side along Fifth, Park, and Madison Avenues between 60th and 96th Streets. Other affluent pockets include the southern tip of Manhattan at Battery Park City and the communities surrounding Lower Manhattan's Financial District such as TriBeCa. In contrast, the area north of Central Park, as well as portions of the Lower East Side, is where residents with the lowest median household incomes reside.

CULTURE AND RECREATION

New York City offers an unsurpassed variety of cultural activities. New York is a world renowned center of culture, entertainment, and shopping. New York contains hundreds of museums, art galleries, theaters, restaurants, and retail stores.

The City is home to such musical institutions as the New York City Symphony, Carnegie Hall, Lincoln Center, Brooklyn Academy of Music, and Metropolitan Opera and, with its many Broadway and off-Broadway plays and musicals, is the performing arts capital of the world. Several world famous dance troupes are located in New York including the Alvin Ailey Company and Dance Theater of Harlem.

World class museums include the Metropolitan Museum of Art, Museum of Modern Art, The Guggenheim, and Museum of Natural History. Other attractions include the Statue of Liberty, New York Aquarium, Bronx Zoo, Brooklyn Botanical Gardens, Empire State Building, United Nations, New York Stock Exchange, and many others, which draw millions of visitors each year.

New York City has significant parkland including Central Park, an 843-acre oasis in Manhattan; Prospect Park in Brooklyn; and Jamaica Bay National Wildlife Refuge in Queens. New York City has teams in every major professional sport.

EDUCATIONAL AND PROFESSIONAL FACILITIES

New York City has 173 schools of higher education including 21 two-year colleges, 45 four-year colleges, professional schools, law schools, and vocational schools. Manhattan is home to some of the most prominent educational institutions in the nation including Columbia University, New York University, The Juilliard School, and Manhattan School of Music. The CUNY (City University of New York) system offers an affordable education in its 6 community colleges and 11 campuses with 4-year and graduate programs across all 5 boroughs. Notable colleges and universities located outside Manhattan include Pratt Institute in Brooklyn—a well-recognized school of art and architecture; St. John's University and Queens College in Queens; and Fordham University in the Bronx. New York City also has two of the most highly regarded public high schools in the nation—Stuyvesant and Bronx Science. As in most urban areas, the City's public primary and secondary education system is considered only fair overall with a wide range in quality of education from district to district.

New York City has 75 short-term general hospitals, many of which are affiliated with local professional universities. World famous research hospitals include NYU-Cornell, Rockefeller, Columbia, and New York Hospital. Other highly ranked hospitals include Memorial Sloan-Kettering Cancer Center, Mount Sinai Hospital, New York Eye and Ear Infirmary, and New York Presbyterian Hospital.

TRANSPORTATION

New York City is served by the most diverse transportation system in the United States. The region's transportation network links the area to the regional, national, and global commerce and trade. A brief synopsis of the area's transportation system follows:

RAIL SYSTEM

As the densest urban area in the country, New York City is served by the biggest transit network, and is one of the only places where one does not need a car to get around. Rail systems include:

- ***NYC Subway System:*** The Metropolitan Transportation Authority (MTA) runs the 660-mile subway system servicing approximately 5 million passengers on an average weekday and approximately 1.6 billion passengers a year. NYC Transit operates approximately 6,485 cars 24 hours a day throughout Manhattan, Queens, Brooklyn, and the Bronx. The 26 subway routes are interconnected, and many lines feature express trains, across-the-platform transfers to local trains, and "skip-stop" express service. MTA capital projects include extending the 7 line beyond Times Square to Hudson Yards (the West Side) and the Second Avenue subway.

- ***Metro North:*** Based in the landmark Grand Central Terminal in Midtown Manhattan, the MTA Metro North Railroad is the second busiest commuter line in the United States, providing approximately 281,000 customer trips each weekday and some 80 million trips per year. With 384 route miles and 775 miles of track, Metro North goes to 120 stations distributed in seven counties in New York State--Dutchess, Putnam, Westchester, Bronx, New York (Manhattan), Rockland, and Orange--and two counties in the state of Connecticut--New Haven and Fairfield. Metro North is currently in discussions to extend service to Penn Station.

- ***Long Island Railroad (LIRR):*** The MTA runs this commuter railroad along 11 branch lines from the eastern tip of Long Island to Pennsylvania Station (Penn Station) in Manhattan and Atlantic Terminal in Brooklyn. The LIRR is the busiest commuter railroad in North America, carrying an average of 324,000 customers each week day on 728 daily trains. Annual ridership is approximately 81 million persons per year. The LIRR is current constructing the $8.2 billion East Side Access, which will provide a new terminal at Grand Central Station, reducing travel times to Midtown Manhattan for millions of commuters.

- ***New Jersey Transit (NJT):*** NJT runs 11 lines from its terminals in New York-Penn Station, Newark, and Hoboken. NJT is the fourth busiest commuter railroad in the United States, providing approximately 276,000 customer trips each weekday and 78 million trips per year. With 536 miles, NJT goes to 151 stations primarily in Northern New Jersey. From Penn Station, NJT offers direct service along the Northeast Corridor Line to Trenton, the North Jersey Coast Line to Bay Head, and Montclair-Boonton Line to Hackettstown. Riders can also transfer at Secaucus, Hoboken, and Newark for service into New York City.

- ***Amtrak:*** Amtrak serves New York as the national provider of intercity rail service. Amtrak's predominant service from Penn Station is its Northeast Corridor Line (the busiest line in the U.S.), including high-speed Acela service, which includes stops in the major cities of Boston, Philadelphia, Baltimore, and Washington D.C. Amtrak also provides daily service to upstate New York, New England, Chicago, Miami, and New Orleans. In 2010, there were 8.9 million boardings and alightings at Penn Station, by far the highest of any Amtrak station in the country.

- ***Port Authority Trans-Hudson (PATH):*** PATH carries 70% of all commuters entering New York City from New Jersey. Major station stops include Newark, Harrison, Hoboken, and Jersey City in New Jersey, and the World Trade Center and Penn Station in New York City. Approximately 259,000 commuters use the PATH each weekday. The annual passenger trips for 2010 were 73.9 million.

BUS SYSTEM

- ***New York City Transit:*** MTA offers bus service in New York City's five boroughs, handling 2.4 million riders daily and 738 million annually. 208 local and 36 express bus routes operate in the five boroughs, covering 2,109 miles.

- ***Port Authority Bus Terminals:*** Regional bus lines serve approximately 57 million passengers a year, with most service to and from New Jersey. The Port Authority operates two bus terminals in New York, one at 42nd Street, and one at the George Washington Bridge. Both provide several transfers to New York City transit routes. Bus lines include New Jersey Transit, Bolt Bus, Greyhound, Peter Pan, and Coach USA.

AIRPORTS

The New York area is home to the busiest airport system in the United States and second biggest in the world. The three major airports that service New York City are:

- ***John F. Kennedy Airport (JFK)*** is located in the southeastern section of Queens County on Jamaica Bay and consists of 7 terminals and 151 aircraft gates. More than 90 airlines operate at JFK, and it is a major hub for JetBlue Airways, American Airlines, and Delta Air Lines. It is less than 15 miles by highway from Midtown Manhattan, and there is rail service via the AirTrain. In 2011, JFK handled the most international passenger air traffic in North America, and it also serves as a vital international freight gateway.

- ***Newark Liberty International Airport (EWR)*** is located in Essex and Union Counties between the New Jersey Turnpike (accessible from Exits 13A and 14), U.S. Routes 1 & 9, and Interstate 78. Rail service is also available from Penn Station via Amtrak and New Jersey Transit. The airport is about 16 miles from Midtown Manhattan and consists of about 2,027 acres. Newark is a hub for United Airlines, as well as FedEx. In the future, the Port Authority plans to rebuild Terminal B and build a new Terminal A.

- ***LaGuardia Airport (LGA)*** consists of 680 acres and 72 aircraft gates. A $830 million redevelopment program in 2000 included expanding and modernizing the Central Terminal Building, reconfiguring and widening roadways, improving runways and taxiways, constructing a passenger terminal in the east end, airline modernization of gate areas and passenger service areas, and other rehabilitation projects. The Port Authority plans to break ground on a new Central Terminal Building in 2014.

VEHICLE SYSTEM

There are several bridges and tunnels that provide access for automobiles and trucks to and through the island of Manhattan.

- ***Hudson River Crossings*** include the Lincoln Tunnel (connecting Weehawken, NJ and Midtown Manhattan), the Holland Tunnel (connecting Jersey City and Downtown Manhattan), and the George Washington Bridge (Interstate 95 connecting Fort Lee, NJ, and Northern Manhattan).

- ***East River Crossings*** include the Brooklyn Battery Tunnel (connecting Brooklyn and the Financial District), the Queens Midtown Tunnel (connecting Queens and Midtown), the Brooklyn Bridge (connecting Brooklyn and Lower Manhattan), the Manhattan Bridge (connecting Brooklyn and Lower Manhattan), the Williamsburg Bridge (connecting Williamsburg and Lower Manhattan), the Queensboro Bridge (connecting Long Island City and Midtown Manhattan).

- ***Major Road and Highways*** linking Manhattan include Interstate 78 (via the Holland Tunnel from New Jersey), Interstate 95 (via the George Washington Bridge from New Jersey to the Cross Bronx Expressway and New England), the Henry Hudson Parkway (to the Bronx and points north), and Interstate 495 (via the Queens Midtown Tunnel from Long Island). The FDR Drive, Harlem River Drive, West Side Highway, and Henry Hudson Parkway also serve as major routes along Manhattan's coast.

SUMMARY

While the recession affected New York like the rest of the country, its preeminence as the biggest city and economic center of the United States has allowed it to sustain growth and fully recover from the financial recession from several years ago. In Manhattan, employment is strong with a relatively lower unemployment rate as compared to the other boroughs. Knowledge-based industries, such as finance, legal services, and consulting, benefit from the area's key strengths. As financial and commercial markets have recovered, New York and particularly Manhattan is poised to continue to lead the country as an economic and cultural metropolis.

GREENWICH VILLAGE / DOWNTOWN SUBMARKET

Market Data Source

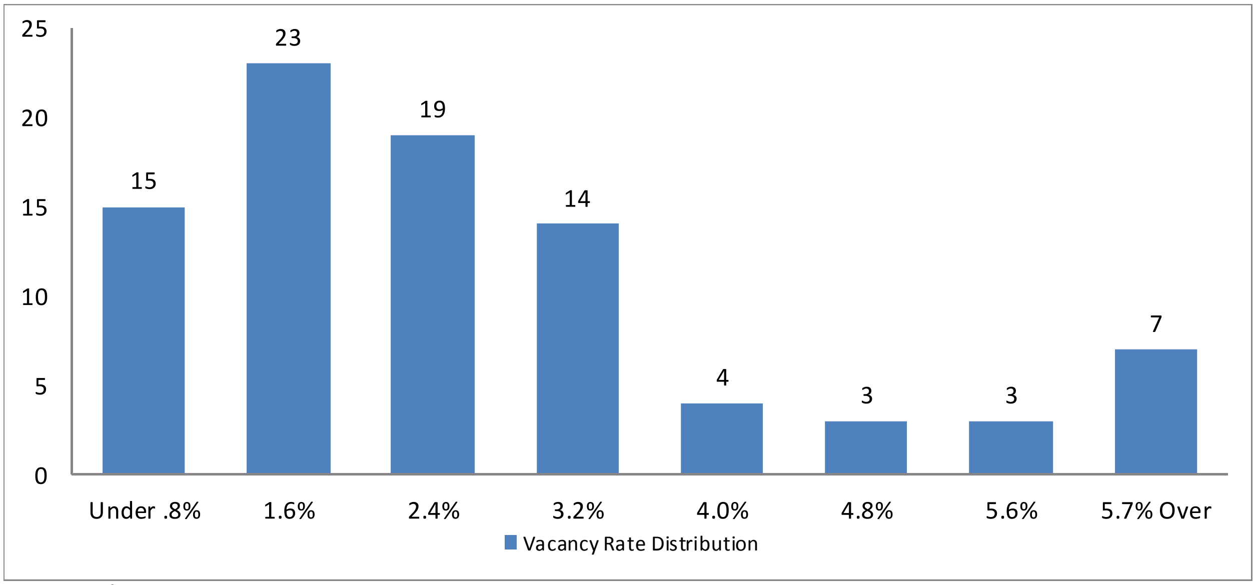
The data related in this section is reported by Reis, Inc., an internationally recognized subscription service providing real-estate focused economic data. It is our experience that Reis is widely considered by market participants of all types, including investors, lenders, and analysts.

We note that this report is survey sample of property owners, reflecting the performance of 88 assets and 24,461 housing units. Like other statistical readings, this study is meant to be generally instructive regarding specific performance, but individual characteristics may lead to divergence. Overall, however, it is our experience that the broad tone of the Sub Market Trend Report is often consistent with performance at the property level. Thus, given the breadth of the availability and market reliance on his data, we feel this is not only a strong indication of current local conditions, but of the assumptions investors would apply in valuing a specific asset.

Vacancy

Most recently, Reis reports median submarket-market vacancy at 1.6%, while the average rate is 1.9%. The overall range of results is 0.0% to 6.7%, with the high end of the range reflective of properties in their initial lease-up.

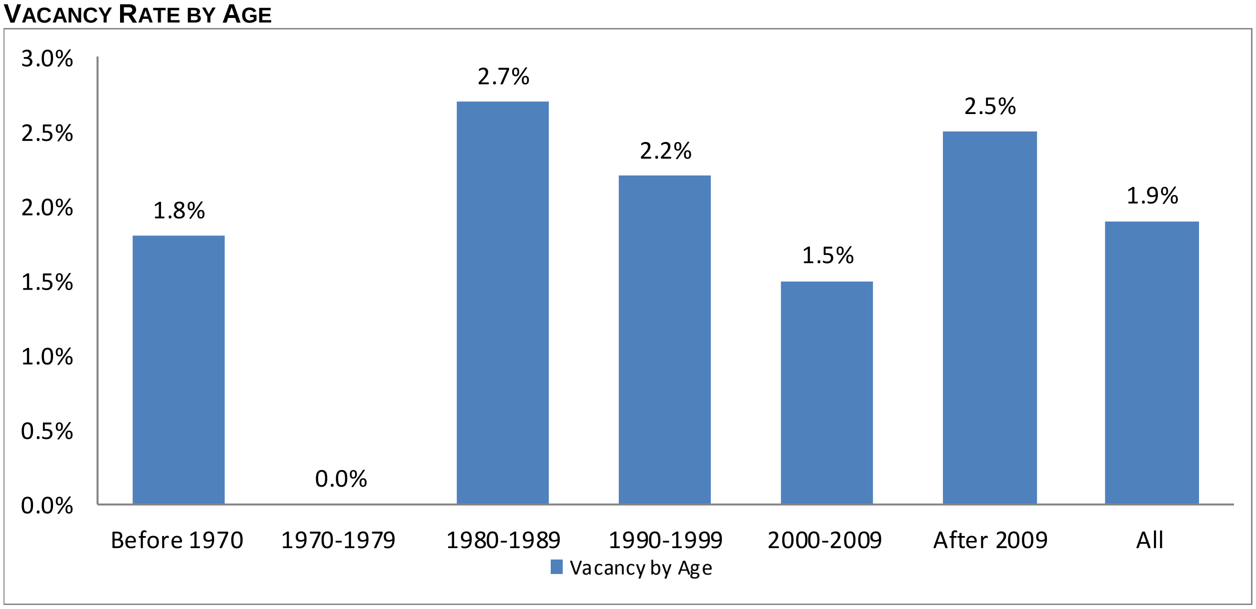
VACANCY RATE DISTRIBUTION



Source: Reis

Reis indicates that newer projects, those which are likely to have the highest rental rates, and several of which are in their initial stabilization period exhibit above average vacancy with a predominant rate of 2.5% in the most recent quarter.

VACANCY RATE BY AGE



Source: Reis

Vacancy in the submarket has been stable of late, as the most recent quarter's rate of 1.9% is consistent with the year-to-date average of 1.9%, and the prior quarter's reading of 2.1%. Overall, the 5-year vacancy rate in Greenwich Village / Downtown have been 2.9% while that over the past three years has been 2.4%.

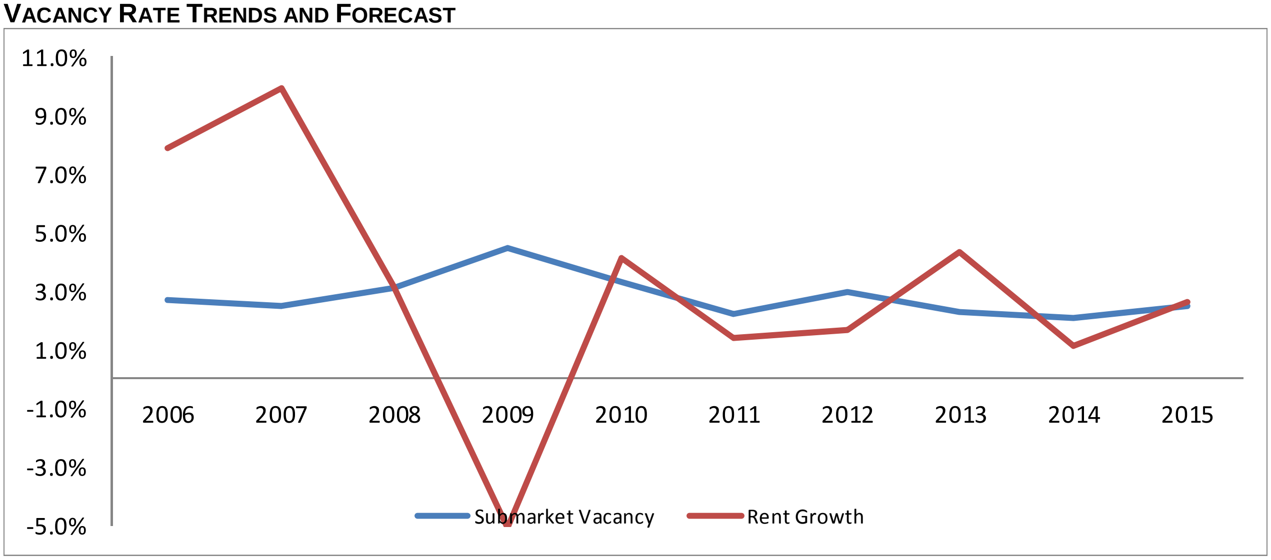
With respect to the regional and national markets, the current quarter reflects increasing improvement over the rates exhibited in the past year. In this regard, Northeast year-to-date average is 3.5%, a rate equaled over 3-year performance of 3.5%. The national year-to-date as well as the most recent quarter average is 4.2%. National occupancy is at its strongest in quite a while, as the five year average is 5.5%.

	Vacancy Rates						
	Quarterly			Annualized			
	1Q15	4Q14	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Downtown	1.9%	2.1%	1.9%	2.2%	2.4%	2.9%	3.0%
Metro NYC	3.1%	3.2%	3.1%	3.0%	2.6%	2.7%	4.8%
Northeast	3.5%	3.5%	3.5%	3.4%	3.5%	3.9%	4.6%
United States	4.2%	4.2%	4.2%	4.3%	4.6%	5.5%	5.3%
Period Ending:	03/31/15	12/31/14	03/31/15	12/31/14	12/31/14	12/31/14	12/31/19

Source: Reis

Below we have contrasted vacancy and rent trends. Observe that while rent growth has been expectedly erratic, vacancy has trended steadily lower.

VACANCY RATE TRENDS AND FORECAST



Source: Reis

Rental Rates

As indicated below, predominant rental rates in the submarket are near $4,219 per month, with a range between $2,704 and $6,114 per month.

RENT RATES

	Low	25%	Mean	Median	75%	High
Asking Rents	$2,704	$3,587	$4,219	$3,892	$4,785	$6,114
Rent Growth Rates	-9.1%	-1.5%	-0.1%	0.1%	1.8%	10.8%

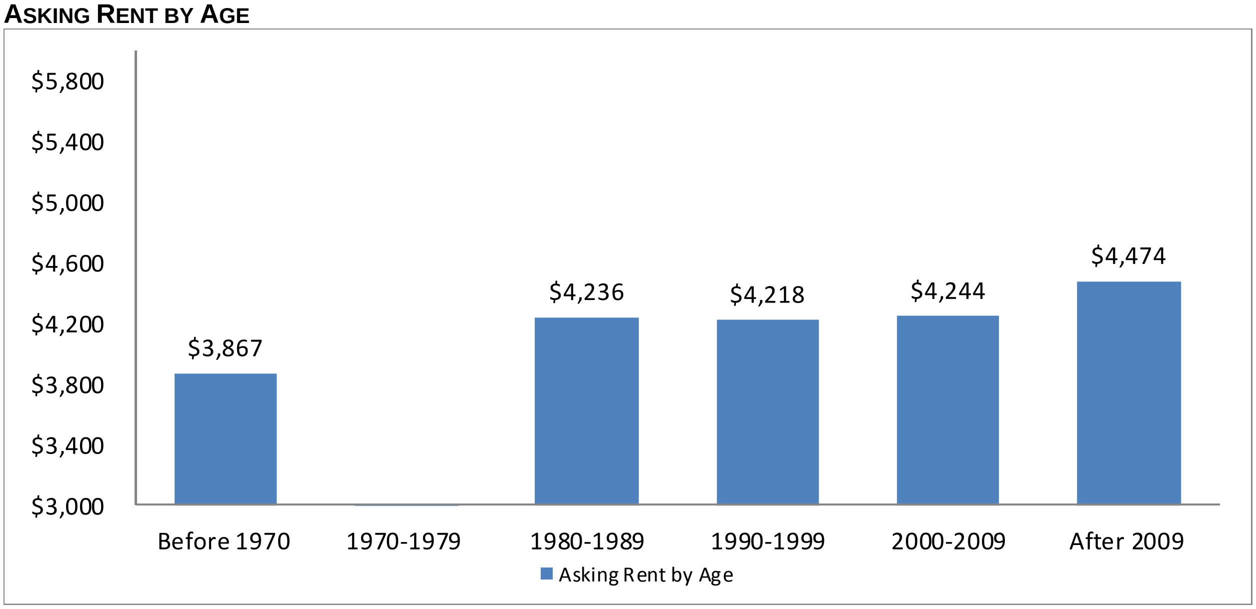
Source: Reis

ASKING RENT DISTRIBUTION

Source: Reis

Distinguishing between the ages of properties reveals that newer properties tend to outperform. Rents per square foot for projects built after 1999 are generally the highest, reflecting a new standard of finishes and luxury services. However, as units have become smaller recently, nominal rents for units built in the 1990s and mid-2000's are lower than units delivered in the 1980's. We note that there was little market-rate inventory delivered in the 1970s and 1980s.

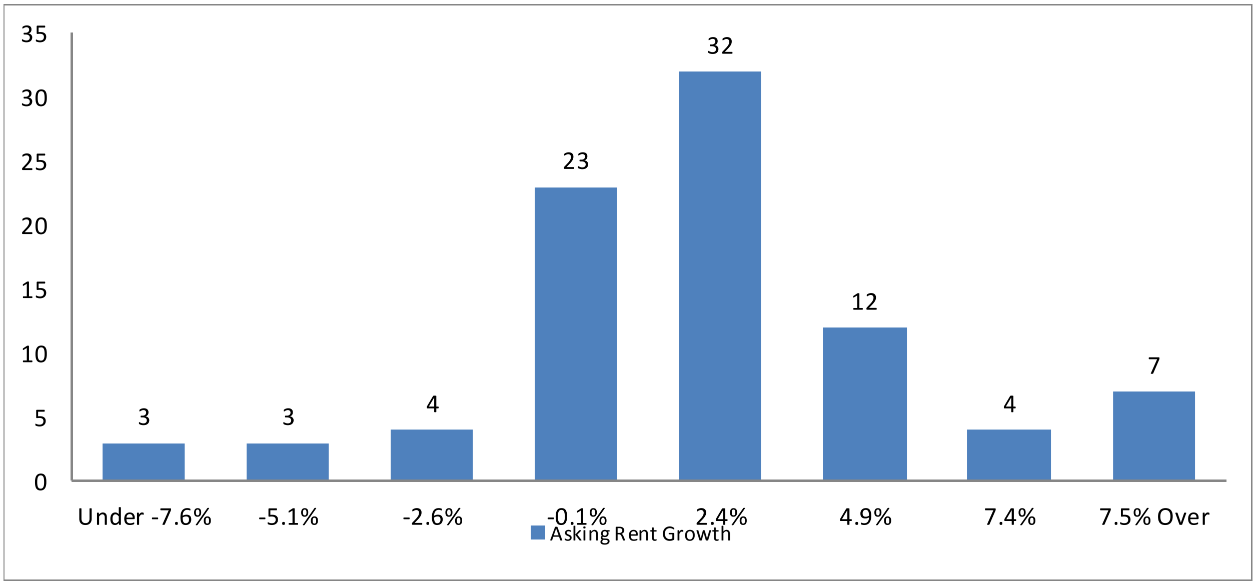
ASKING RENT BY AGE



Source: Reis

Rent growth in the submarket has slowed recently after it regained strength lost in the recession in 2008-09. Overall, growth slowed in the second half of 2013 and has continued into 2014, as year-to-date appreciation was -0.1% while rents grew 1.1% in the past year. The recent slowdown of growth is evident in that the 3-year average rate of growth is 2.4%. However, given improvements in macro conditions and a lack of supply deliveries, the 5-year forecast is 3.3% locally, and 3.6% in the Metro NYC market.

ASKING RENT GROWTH



Source: Reis

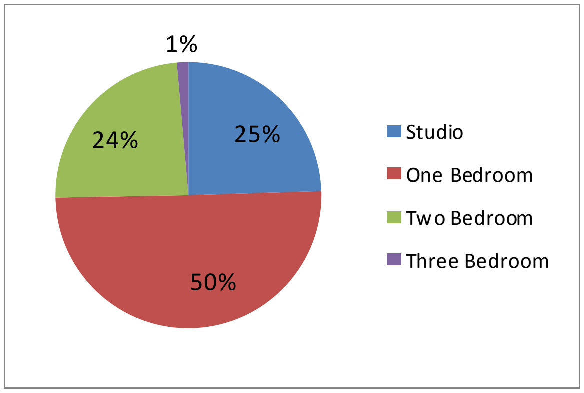
Despite slowing recently, rents appreciated steadily from 2004 to 2014, exhibiting a 2.8% compound rate of change. Having the benefit of hindsight, we can see that though rent growth slowed in 2007, housing costs continued to appreciate after pausing slightly in 2008-2009.

In terms of overall performance, the Metro and submarket have generally mirrored trends in the Northeast region and the nation as a whole. To this end, rent growth has slowed sharply this year, with -0.1% recorded in the submarket, and 0.6% growth nationwide. In contrast five-year averages are at 3.3% and 2.8% respectively. The comparison of rental trends in the sub and Metro markets, Northeast, and Nation are illustrated below:

	Asking Rent Growth						
	Quarterly			Annualized			
	1Q15	4Q14	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Downtown	-0.1%	0.1%	-0.1%	1.1%	2.4%	2.5%	3.3%
Metro NYC	0.3%	0.0%	0.3%	2.9%	3.5%	3.7%	3.6%
Northeast	0.3%	0.3%	0.3%	3.3%	3.1%	3.1%	3.0%
United States	0.6%	0.6%	0.6%	3.5%	3.3%	2.7%	2.8%
Period Ending:	03/31/15	12/31/14	03/31/15	12/31/14	12/31/14	12/31/14	12/31/19

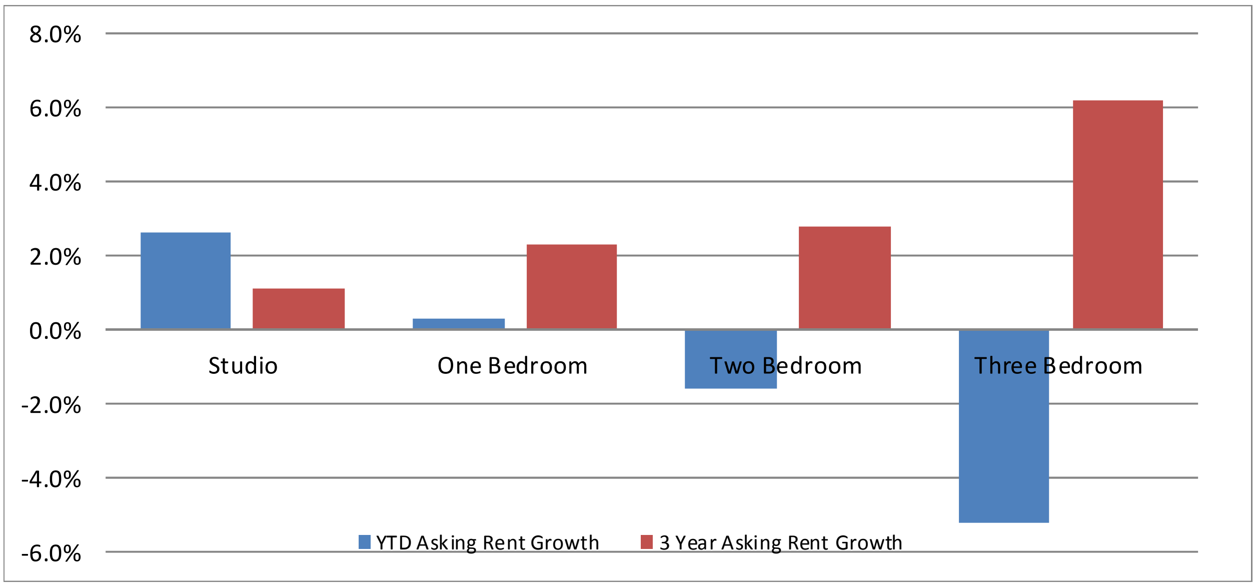
Source: Reis

UNIT MIX



Reflecting the transience of the population, combined with a demand for space, we point out that one and two-bedrooms are the overwhelming majority of the stock at 50.2% and 23.9% of the total, while family-sized, three bedrooms are just 1.4%. While primarily relegated to the urban core, studios make up a fair share at 24.5%.

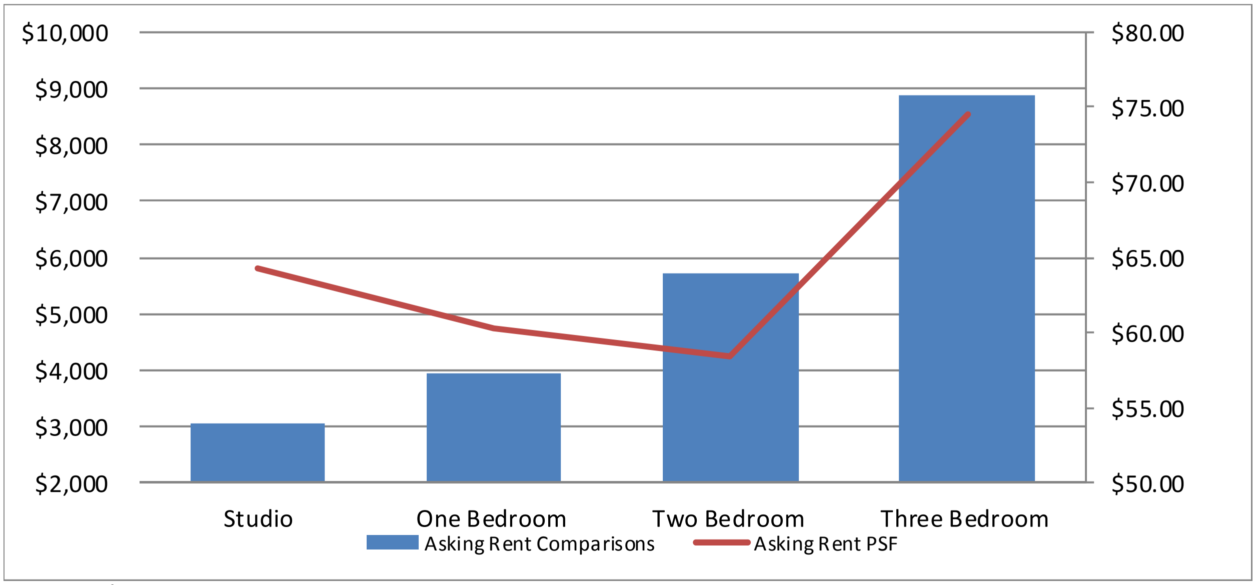
ASKING RENT BY UNIT TYPE



Source: Reis

As indicated, rents per square foot generally vary inversely with size, as larger units command less per square foot. However given the rarity of family-sized units and their concentration in luxury buildings, three-bedrooms outperform in this regard.

UNIT MIX RENT DETAILS

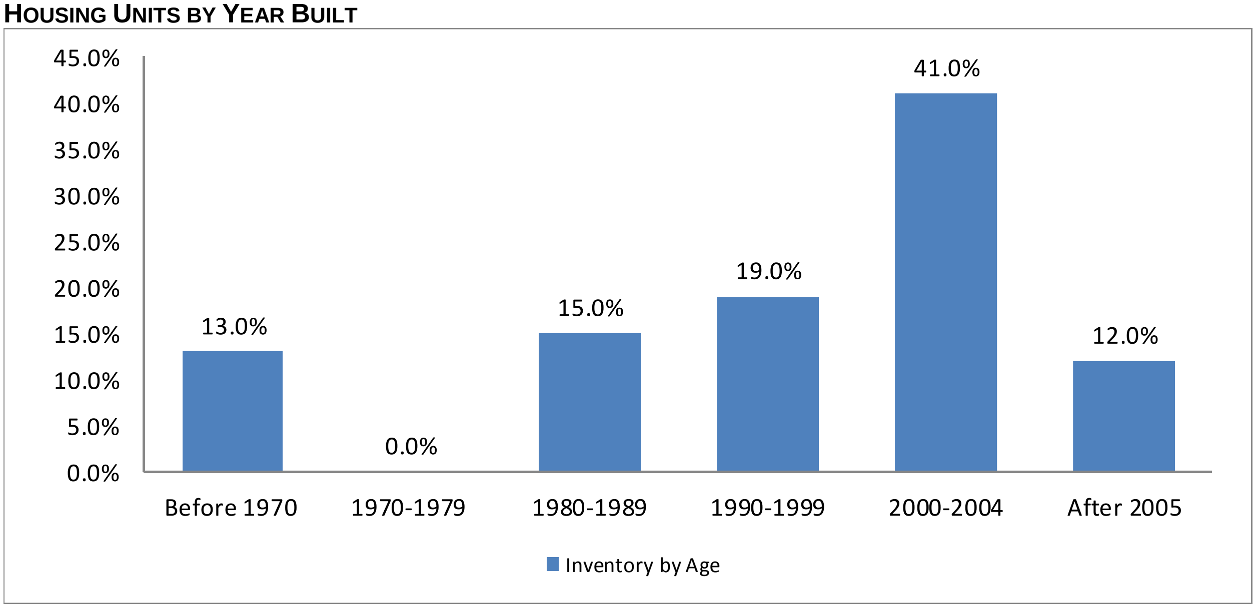


Source: Reis

Inventory Trends

As indicated below, the overwhelming majority of housing units were delivered before 1970, with over half built before 1939. Though there has been a major revitalization in the submarket, new additions to supply have been fairly inconsequential in terms of total inventory. As a result, new construction is absorbed rapidly and commands the highest rents.

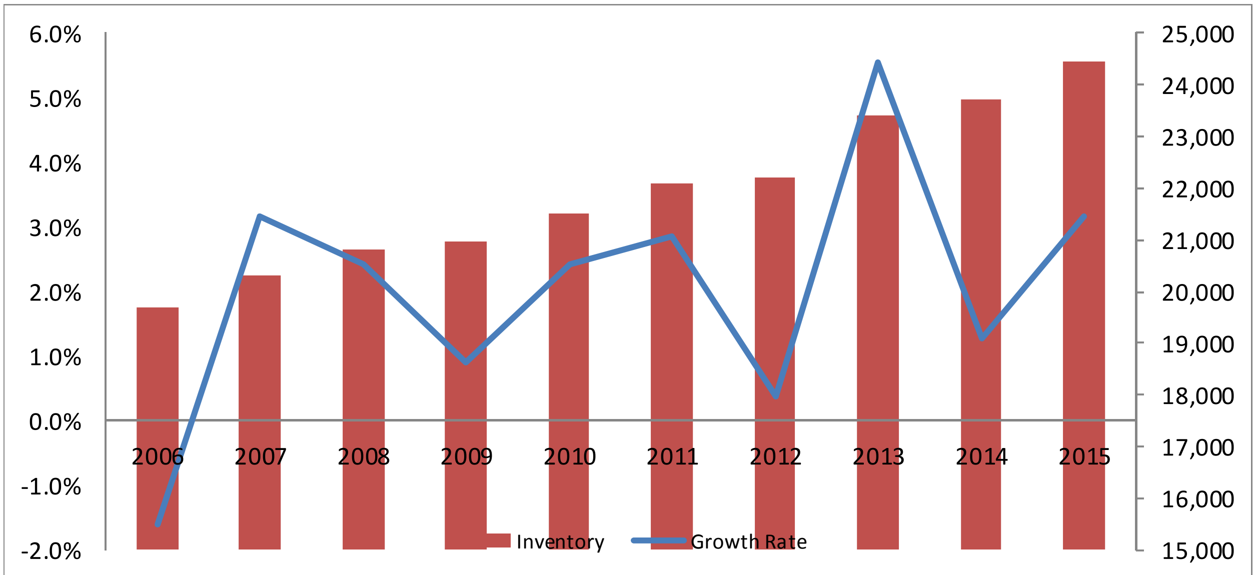
HOUSING UNITS BY YEAR BUILT



Source: Reis

Supply growth was reported at 0.0% in the sub market and 0.2% in the metro market, reflecting a slowdown of the 3-year averages of 2.4% and 2.8%. Historically, the rates of growth both locally and in the Metro Market significantly exceed that exhibited in the Northeast Region and Nationally.

INVENTORY GROWTH COMPARISON



Source: Reis

Going forward, local supply growth of 2.3% is expected over the next five years, while nationally inventory will increase only 1.5%. This dynamic is reflective of the high demand for housing in the area, as though there are still relatively high barriers to entry with high development costs investors/builders view the sub and metro markets favorably.

INVENTORY GROWTH COMPARISON

	Inventory Growth Comparison						
	Quarterly			Annualized			
	1Q15	4Q14	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Downtown	0.0%	0.0%	0.0%	1.3%	2.4%	2.5%	2.3%
Metro NYC	0.2%	1.1%	0.2%	3.0%	2.8%	3.1%	2.9%
Northeast	0.2%	0.3%	0.2%	1.4%	1.1%	1.0%	1.4%
United States	0.3%	0.4%	0.3%	1.7%	1.3%	1.0%	1.5%
Period Ending:	03/31/15	12/31/14	03/31/15	12/31/14	12/31/14	12/31/14	12/31/19

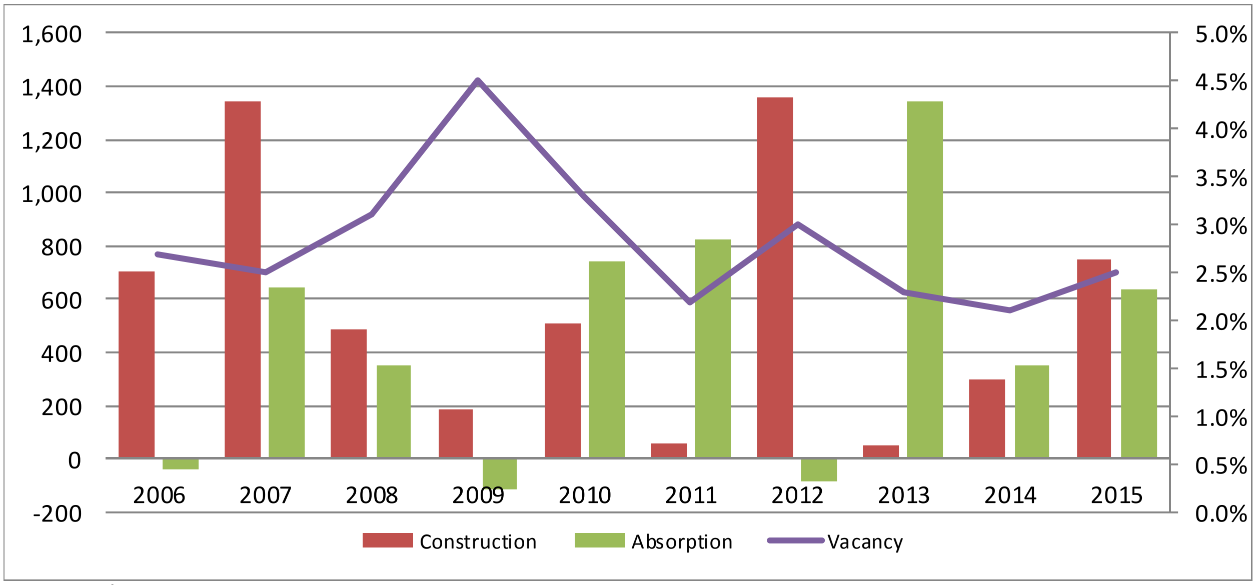
Source: Reis

HOUSING UNIT DELIVERIES

City	Proposed	Planned	Under Constr.	Complete	Grand Total
Apartment	1,224	3,419	969	498	6,110
Condominiums	848	662	1,649	345	3,504
Subsidized/Low Income	70	205	0	0	275
Townhomes	0	0	0	0	0
Other	0	0	0	150	150
Total	2,142	4,286	2,618	993	10,039

Source: Reis

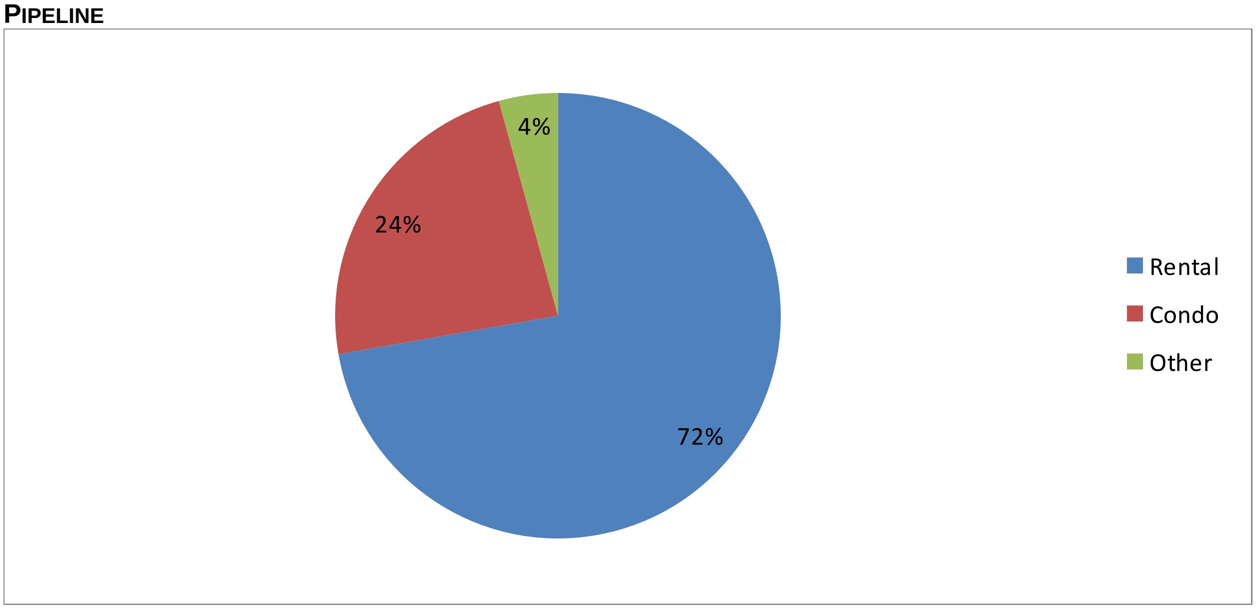
CONSTRUCTION ABSORPTION AND VACANCY



Source: Reis

As indicated, 2,142 competitive units are proposed (8.8% of supply of 24,461 total housing units), 4,286 competitive units (17.5% of supply) are planned, and 2,618 apartments (10.7% of units) are under construction. Further, 993 units were recently delivered, reflecting 4.1% of existing supply. Of the units proposed or planned, 72%, or 4,643 are rentals, while there are 1,510 condominium units in the pipeline.

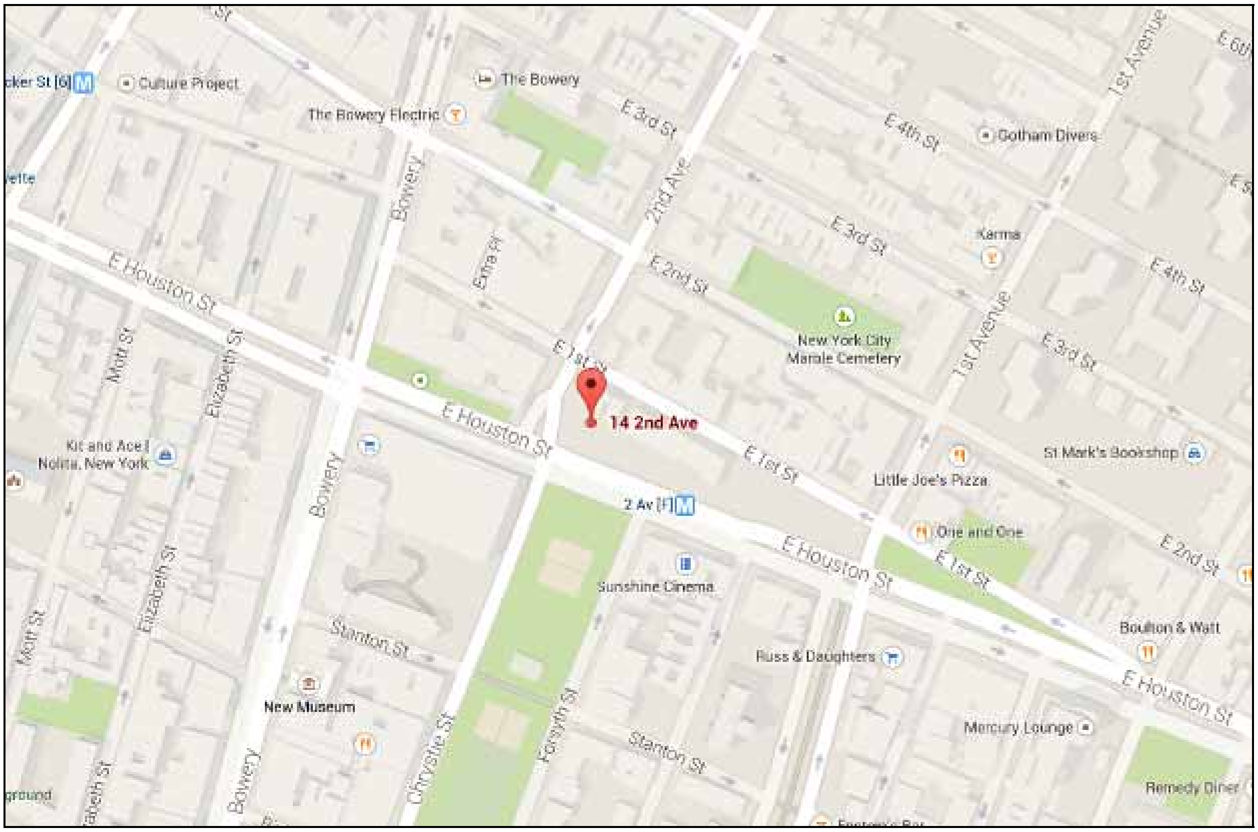
PIPELINE



Source: Reis

NEIGHBORHOOD DESCRIPTION

LOCATION IDENTIFICATION



DEMOGRAPHIC OVERVIEW

The following demographic profile, assembled by Claritas, Inc., a nationally recognized compiler of demographic data, reflects the subject's general neighborhood of East Village as compared to New York City. The submarket is projected to have a 2015 population of 56,035 in 28,601 household units with an average household size of 1.63 persons.

UNIVERSE TOTALS

	East Village			New York City		
Description	2015 Estimate	% Change 2010-2015	% Change 2015-2020	2015 Estimate	% Change 2010-2015	% Change 2015-2020
Universe Totals						
Population	56,035	0.77%	0.97%	8,503,442	4.02%	3.52%
Households	28,601	0.93%	1.11%	3,245,412	4.36%	3.75%
Average Household Size	1.63			2.56		

The estimated average household income is $138,901, while the median income is $92,843. Approximately 16.7% of households have an income of less than $25,000, while 30.1% of the households earn over $150,000 per year.

HOUSEHOLD INCOME

Total Households by Income	East Village	% of Total	New York City	% of Total
2015 Est. Households by Household Income	28,601		3,245,412	
Income < $15,000	3,080	10.8%	543,142	16.7%
Income $15,000 - $24,999	1,683	5.9%	348,952	10.8%
Income $25,000 - $34,999	1,444	5.0%	292,079	9.0%
Income $35,000 - $49,999	1,919	6.7%	379,591	11.7%
Income $50,000 - $74,999	3,937	13.8%	507,099	15.6%
Income $75,000 - $99,999	3,135	11.0%	347,618	10.7%
Income $100,000 - $124,999	2,742	9.6%	250,459	7.7%
Income $125,000 - $149,999	2,060	7.2%	159,288	4.9%
Income $150,000 - $199,999	2,695	9.4%	176,487	5.4%
Income $200,000 - $249,999	1,427	5.0%	71,560	2.2%
Income $250,000 - $499,999	2,320	8.1%	97,623	3.0%
Income $500,000+	2,159	7.5%	71,514	2.2%
2015 Est. Average Household Income	$138,901		$81,401	
2015 Est. Median Household Income	$92,843		$52,906	

Population Characteristics

The neighborhood has an average age of 38 and a median age near 34. 21.5% of the area population is aged 54 and over, while 8.0% is younger than 18 years old.

AGE CHARACTERISTICS

2015 Est. Population by Age	East Village	% of Total	New York City	% of Total
Age 0-17	4,493	8.0%	1,831,164	21.5%
Age 18-34	25,293	45.1%	2,237,559	26.3%
Age 35-54	14,211	25.4%	2,318,631	27.3%
54 and above	12,038	21.5%	2,116,088	24.9%
2015 Est. Median Age	34		37	
2015 Est. Average Age	38		38	

In terms of household size, 56.4% of households are single persons, 30.6% have two persons, and 8.3% have 3 persons. Only 1.1% of households have five or more.

HOUSEHOLDS BY SIZE

2015 Households by Size	East Village	% of Total	New York City	% of Total
1-person	16,117	56.4%	1,046,462	32.2%
2-person	8,764	30.6%	891,753	27.5%
3-person	2,384	8.3%	520,562	16.0%
4-person	1,028	3.6%	388,916	12.0%
5-person	233	0.8%	206,552	6.4%
6-person	55	0.2%	99,472	3.1%
7-or-more-person	20	0.1%	91,695	2.8%

Educational Attainment

The population is relatively well educated. 4.6% have not earned a high school diploma in contrast to 42.4% with a bachelor's degree and 33.5% with advanced degrees.

Educational Attainment	East Village	% of Total	New York City	% of Total
2015 Est. Pop Age 25+ by Edu. Attainment	41,201		5,891,383	
Less than 9th grade	927	2.2%	607,617	10.3%
Some High School, no diploma	976	2.4%	586,212	10.0%
High School Graduate (or GED)	3,354	8.1%	1,442,038	24.5%
Some College, no degree	3,671	8.9%	866,860	14.7%
Associate Degree	1,030	2.5%	366,927	6.2%
Bachelor's Degree	17,461	42.4%	1,198,061	20.3%
Master's Degree	8,577	20.8%	568,935	9.7%
Professional School Degree	3,623	8.8%	175,258	3.0%
Doctorate Degree	1,582	3.8%	79,475	1.3%

EMPLOYMENT DYNAMICS

According to Claritas 2.8% of workers are characterized as "blue collar," while 89.8% are engaged in "white collar" activities. 7.4% of the employed population works in the service and farm sectors. Within these broad categories, the largest employment sectors in the city are Management (17.0%), Sales/Related (14.7%), and Arts/Entertainment/Sports (14.5%).

OCCUPATION CLASSIFICATION

Occupation Classification	East Village	% of Total	New York City	% of Total
2015 Est. Pop 16+ by Occupation Classification	33,173		3,918,125	
Blue Collar	925	2.8%	587,998	15.0%
White Collar	29,788	89.8%	2,419,009	61.7%
Service	2,460	7.4%	911,118	23.3%

OCCUPATION BREAKDOWN

Occupation	East Village	% of Total	New York City	% of Total
2015 Est. Civ. Employed Pop 16+ by Occupation	33,173		3,918,125	
Architect/Engineer	457	1.4%	35,444	0.9%
Arts/Entertainment/Sports	4,802	14.5%	180,791	4.6%
Building Grounds Maintenance	345	1.0%	179,469	4.6%
Business/Financial Operations	3,915	11.8%	217,117	5.5%
Community/Social Services	320	1.0%	79,176	2.0%
Computer/Mathematical	1,384	4.2%	88,223	2.3%
Construction/Extraction	245	0.7%	166,458	4.2%
Education/Training/Library	1,997	6.0%	243,245	6.2%
Farming/Fishing/Forestry	20	0.1%	2,674	0.1%
Food Prep/Serving	870	2.6%	228,922	5.8%
Health Practitioner/Technician	1,512	4.6%	188,861	4.8%
Healthcare Support	281	0.8%	188,002	4.8%
Maintenance Repair	157	0.5%	72,417	1.8%
Legal	2,023	6.1%	83,018	2.1%
Life/Physical/Social Science	500	1.5%	31,868	0.8%
Management	5,642	17.0%	350,664	8.9%
Office/Admin. Support	2,348	7.1%	506,532	12.9%
Production	176	0.5%	119,037	3.0%
Protective Services	276	0.8%	116,384	3.0%
Sales/Related	4,888	14.7%	414,070	10.6%
Personal Care/Service	668	2.0%	195,667	5.0%
Transportation/Moving	347	1.0%	230,086	5.9%

Transit Dynamics

There are good links to employment centers via public transport and the local highway network. Based on its urban location, roughly 4.3% of the employed drove alone to work. Given strong public transit service, 57.9% traveled by public transportation. The average travel time is roughly 29 minutes. Within this, roughly 15.0% of workers travel less than 15 minutes, while 64% live within 30 minutes of their jobs. The remaining workers travel in excess of a half hour. 6.1% work an hour or more away from home.

TRANSPORTATION TO WORK

	East Village	% of Total	New York City	% of Total
2015 Est. Workers Age 16+ by Transp. to Work	32,736		3,823,026	
Drove Alone	1,411	4.3%	866,069	22.7%
Car Pooled	230	0.7%	180,642	4.7%
Public Transportation	18,944	57.9%	2,135,481	55.9%
Walked	6,975	21.3%	385,950	10.1%
Bicycle	695	2.1%	35,346	0.9%
Other Means	1,295	4.0%	65,148	1.7%
Worked From Home	3,186	9.7%	154,390	4.0%

TRAVEL TIME TO WORK

	East Village	% of Total	New York City	% of Total
2015 Est. Workers Age 16+ by Travel Time to Work *	29,803		3,672,591	
Less than 15 Minutes	4,470	15.0%	386,266	10.5%
15 - 29 Minutes	14,511	48.7%	817,712	22.3%
30 - 44 Minutes	7,280	24.4%	1,012,993	27.6%
45 - 59 Minutes	1,710	5.7%	564,817	15.4%
60 or more Minutes	1,832	6.1%	890,803	24.3%
2015 Est. Avg. Travel Time to Work in Minutes	29		43	

Housing Dynamics

Housing units are mostly renter occupied (70.9%), with 29.1% owner occupied. Reflecting this dynamic, the distribution of housing units is skewed towards multi-family housing which makes up 94.9% of the total. 5.1% is single family and two- to four-family homes.

TENURE OF OCCUPIED HOUSING UNITS

	East Village	% of Total	New York City	% of Total
2015 Est. Occupied Housing Units by Tenure	28,601		3,245,412	
Owner Occupied	8,334	29.1%	998,791	30.8%
Renter Occupied	20,267	70.9%	2,246,621	69.2%

HOUSING BY UNITS IN STRUCTURE

	East Village	% of Total	New York City	% of Total
2015 Est. Housing Units by Units in Structure	31,315		3,516,873	
1 Unit Attached	226	0.7%	239,533	6.8%
1 Unit Detached	279	0.9%	324,496	9.2%
2 Units	337	1.1%	470,781	13.4%
3 or 4 Units	745	2.4%	362,685	10.3%
5 to 19 Units	7,496	23.9%	461,949	13.1%
20 to 49 Units	8,193	26.2%	544,466	15.5%
50 or More Units	14,022	44.8%	1,106,021	31.4%
Mobile Home or Trailer	7	0.0%	4,219	0.1%
Boat, RV, Van, etc.	10	0.0%	2,723	0.1%

New development in the neighborhood represents 2.1% of the total stock added in this period. Given the overwhelming presence of older housing stock, the median year built is 12.

HOUSING BY YEAR STRUCTURE BUILT

	East Village	% of Total	New York City	% of Total
2015 Est. Housing Units by Year Structure Built	31,315		3,516,873	
Housing Units Built 2010 or later	647	2.1%	162,706	4.6%
Housing Units Built 2000 to 2009	838	2.7%	201,292	5.7%
Housing Units Built 1990 to 1999	703	2.2%	121,528	3.5%
Housing Units Built 1980 to 1989	993	3.2%	151,169	4.3%
Housing Units Built 1970 to 1979	1,902	6.1%	242,372	6.9%
Housing Units Built 1960 to 1969	5,335	17.0%	421,296	12.0%
Housing Units Built 1950 to 1959	3,057	9.8%	478,680	13.6%
Housing Units Built 1940 to 1949	1,734	5.5%	360,073	10.2%
Housing Unit Built 1939 or Earlier	16,106	51.4%	1,377,757	39.2%

The median owner-occupied home value is $824,268, with 96% of homes valued at $300,000 or more.

OWNER OCCUPIED HOUSING VALUES

	East Village	% of Total	New York City	% of Total
2015 Est. Owner-Occupied Housing Units by Value	8,334		998,791	
Value Less than $20,000	64	0.8%	9,469	0.9%
Value $20,000 - $39,999	19	0.2%	13,629	1.4%
Value $40,000 - $59,999	31	0.4%	9,382	0.9%
Value $60,000 - $79,999	8	0.1%	7,527	0.8%
Value $80,000 - $99,999	13	0.2%	7,307	0.7%
Value $100,000 - $149,999	16	0.2%	23,701	2.4%
Value $150,000 - $199,999	40	0.5%	30,564	3.1%
Value $200,000 - $299,999	159	1.9%	86,800	8.7%
Value $300,000 - $399,999	402	4.8%	137,894	13.8%
Value $400,000 - $499,999	904	10.8%	161,796	16.2%
Value $500,000 - $749,999	2,014	24.2%	272,593	27.3%
Value $750,000 - $999,999	1,673	20.1%	114,792	11.5%
Value Over $1,000,000	2,991	35.9%	123,337	12.3%
Median Home Value	$824,268		$510,388	

ZONING SUMMARY

ZONING MAP

The subject is within a C6-2A zoning district. Additionally, the subject is in the Special Transit Land Use District.

C6-2A ZONING BREAKDOWN

C6 districts permit a wide range of high-bulk commercial uses requiring a central -location. Most C6 districts are in Manhattan, Downtown Brooklyn and Downtown Jamaica; a C6-3D district is mapped in the Civic Center area of the Bronx. Corporate headquarters, large hotels, department stores and entertainment facilities in high-rise mixed buildings are permitted in C6 districts.

C6-1, C6-2 and most C6-3 districts, typically mapped in areas outside central business cores, such as the Lower East Side and Chelsea, have a commercial floor area ratio (FAR) of 6.0; the C6-3D district has an FAR of 9.0. C6-4 through C6-9 districts, typically mapped within the city's major business districts, have a maximum FAR of 10.0 or 15.0, exclusive of any applicable bonus. Floor area may be increased by a bonus for a public plaza or Inclusionary Housing.

C6-2A, C6-3A, C6-3X and C6-4A are contextual districts with maximum building heights. C6-3D and C6-4X districts allow towers above a building base; special rules determine the tower's height and articulation. All other C6 districts allow towers to penetrate a sky exposure plane and do not require a contextual base.

C6 districts are widely mapped within special districts. C6-4.5, C6-5.5, C6-6.5 and C6-7T districts are mapped only within the Special Midtown District and have unique floor area ratios and bonus rules. C6-1G, C6-2G, C6-2M and C6-4M districts are mapped in Chinatown and Chelsea and in the Special Garment Center District, and have rules for the conversion of non-residential space to residential use.

C6 districts are well served by mass transit, and off-street parking is generally not required, except within the C6-3D district.

C6 Commercial Districts																
	C6–1	C6–1A	C6–2	C6–2A	C6–3	C6–3A	C6–3D	C6–3X	C6–4	C6–4A	C6–4X	C6–5	C6–6	C6–7	C6–8	C6–9
Commercial FAR	6.0[4]	6.0[4]	6.0[4]	6.0	6.0[4]	6.0	9.0	6.0	10.0[4]	10.0	10.0[4]	10.0[4]	15.0[4]	15.0[4]	10.0[4]	15.0[4]
Residential FAR	0.87–3.44[1]	0.78–2.43[2,5]	0.94–6.02[3,5]	6.02[5]	0.99–7.52[5]	7.52[5]	9.0[5]	9.0	10.0[4,5]	10.0[5]	10.0[5]	10.0[4,5]	10.0[5]	10.0[5]	10.0[4,5]	10.0[5]
Residential District Equivalent	R7	R6	R8	R8A	R9	R9A	R9D	R9X	R10	R10A	R10X	R10	R10	R10	R10	R10

1 *4.0 FAR on wide streets outside the **Manhattan Core** under **Quality Housing Program***
2 *3.0 FAR on wide streets outside the **Manhattan Core** under **Quality Housing Program***
3 *7.2 FAR on wide streets outside the **Manhattan Core** under **Quality Housing Program***
4 *FAR bonus of up to 20% for a **public plaza***
5 *Increase in FAR with **Inclusionary Housing Program** bonus*

SPECIAL TRANSIT LAND USE DISTRICT BREAKDOWN

The Special Transit Land Use District (TA) relates development along Second Avenue to the future subway line. In place of sidewalk obstructions that impede pedestrian circulation, the special district requires builders of developments adjoining planned subway stations to reserve space in their projects, by providing an easement, for public access to the subway or other subway-related uses. The district is mapped at locations along Second Avenue between Chatham Square in Chinatown and East 126th Street in Harlem.

CONFORMITY

The subject contains 2,681 square feet of land. As previously mentioned, the maximum Floor Area Ratio is 6.02 which yields a maximum building zoning square footage of 16,140± square feet.

ASSESSED VALUE AND REAL ESTATE TAXES

TAX MAP

ASSESSMENTS

The subject property is designated on the tax maps of the City of New York, Borough of Manhattan, as Block 442, Lot 6. The assessed value for the subject property is as follows:

ASSESSED VALUE

442 / 6			
		Actual	Transitional
Land		$438,300	$438,300
Building	+	$54,900	$16,020
Total		$493,200	$454,320

TAX RATES

The City of New York has four tax categories for real property. The subject is designated as a Class 4 property. The following is a historical analysis of New York City tax rates:

REAL ESTATE TAX RATES

Year	Class 1	Class 2	Class 3	Class 4
2006/2007	16.118	12.737	12.007	10.997
2007/2008	15.434	11.928	11.577	10.059
2008/2009	16.196	12.596	12.137	10.241
2009/2010	17.088	13.241	12.743	10.426
2010/2011	17.364	13.353	12.631	10.312
2011/2012	18.205	13.433	12.473	10.152
2012/2013	18.569	13.181	12.477	10.288
2013/2014	19.191	13.145	11.902	10.323
2014/2015	19.157	12.855	11.125	10.684
2015/2016	19.554	12.883	10.813	10.656

Source: New York City Department of Finance

After applying the appropriate rate to the assessment, the tax liability for the land development site is calculated below. Upon redevelopment, the subject will be reassessed based on its new improvements.

TAX LIABILITY FORECAST

Taxable AV		Tax Rate		Liability
$454,320	x	10.656%	=	$48,412

SITE DESCRIPTION

The particulars of the site are summarized as follows:

Location:

The subject is between Houston Street and East 1st Street on Second Avenue in the East Village neighborhood of New York, NY. There is approximately 25 feet of frontage along Second Avenue.

Access to public transportation is excellent with subway access to the 6 train at the Bleecker Street station, the B, D, F, and M trains at the Broadway-Lafayette Street station, and the F train at the 2nd Avenue station. Additionally, it is located within walking distance of Tompkins Square Park and Washington Square Park. Finally, there are multiple entertainment options including restaurants, bars, and stores within walking distance.

Site Area: 2,681± Square Feet

Shape: Irregular

Frontage:

Street	Frontage
Second Avenue	25

Topography: Generally level at street grade

Existing Improvements: The site is predominately vacant land which contains the foundation from a prior structure which was demolished in 2000.

Drainage: Assumed Adequate

Paving: All roads are paved with asphalt in accordance with New York City standards. All roads appeared to be in satisfactory condition.

Street Drainage: Street drainage is collected with the utilization of recessed catch basins. The catch basins empty by gravity into the New York City sewer storm system mains.

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:

Sewer - New York City

Refuse – New York City

Fire Protection – New York City

Police - New York City

Water – New York City

Gas – National Grid

Electric - Consolidated Edison Company

Hazardous Substances: We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the services of a professional engineer for this purpose.

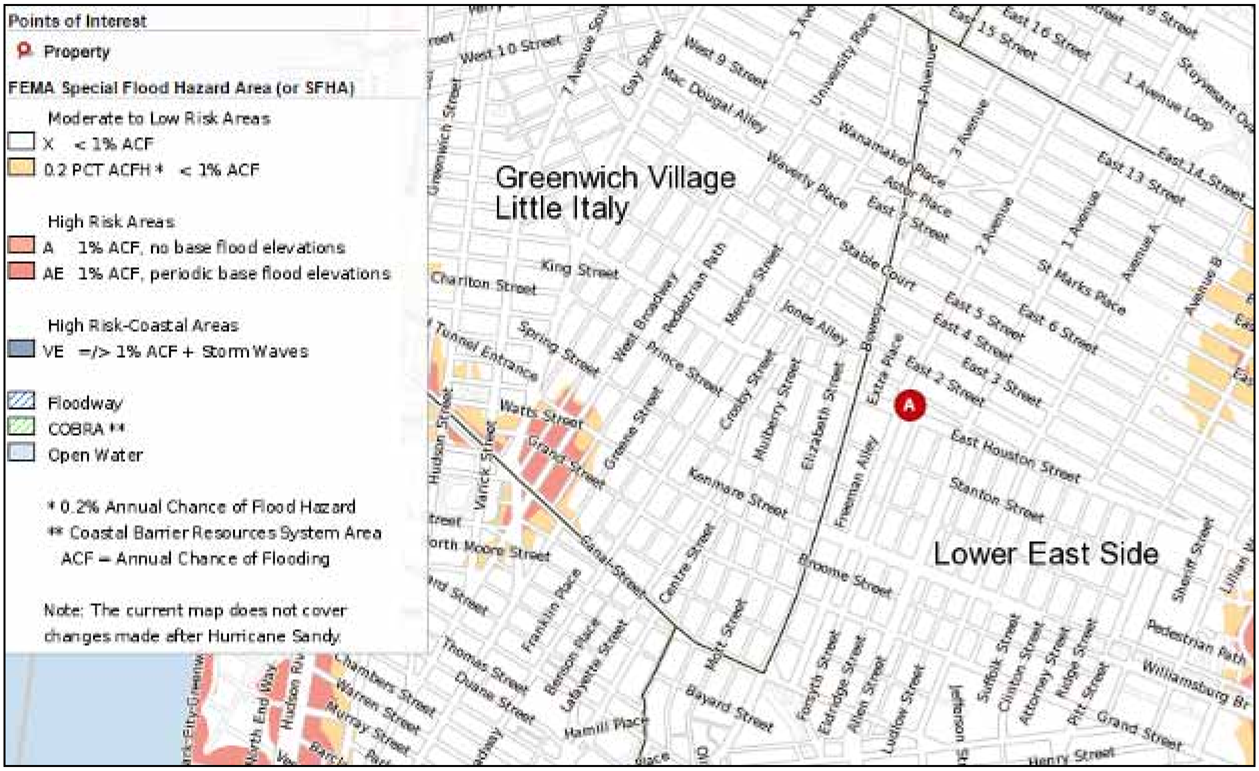
Flood Hazard Status: The subject property is located in "Zone X" on the National Flood Insurance Program Rate Map effective September 5, 2007, #3604970201F. Zone X is an area of moderate flooding. Flood insurance is not required for properties in this zone.

Conclusion: The site is similar to others in the vicinity, and there are no negative external factors. Based on its current use, it is functionally adequate.

FLOOD MAP

Flood Map Panel: 3604970201F

Flood Map:



SUBJECT PROPERTY PHOTOS

LOCAL AERIAL VIEW

SECOND AVENUE (NORTHEAST)

SECOND AVENUE (SOUTHWEST)

STREET VIEW OF LOT

EXTERIOR VIEW OF LOT (FRONT)

EXTERIOR VIEW OF LOT (SIDE)

INTERIOR VIEW OF LOT

HIGHEST AND BEST USE

The following definition of Highest and Best Use is set forth in Real Estate Appraisal Terminology sponsored by the American Institute of Real Estate Appraisers. Highest and Best Use is:

"That reasonable and probable use that will support highest present value, as defined, as of the effective date of the appraisal.

Alternately, that use, from among reasonable, probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value."

In determining highest and best use, we have considered the following:

The current trends of supply and demand on the market.

Current zoning regulations and other possible restrictions.

Neighboring land uses.

It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

In estimating highest and best use, alternative uses are considered and tested for the subject site.

Possible Use - An analysis to determine those uses of the subject which can be deemed physically possible;

Permissible Use - An investigation into existing zoning regulations, lease terms, and deed restrictions on the site to determine which uses are legally permitted;

Feasibility - An analysis to determine which of those uses deemed possible and legal can provide a net return to the owner of the site;

Highest and Best Use - Among the feasible uses, which use will provide the highest net return or highest present worth.

AS VACANT / AS IS

Legally Permissible

The subject property is in a C6-2A zoning district, which allows residential, commercial, and community use as of right.

No known zoning change is currently being considered or anticipated. We are not aware of any private deed restrictions. The nature of the subject's location together with the forecasted trends in supply and demand, support the current and anticipated zoning. It is our opinion that the site, if vacant, could be developed for the above legally permitted uses.

Physically Possible

The subject site is of good size and has good street access. All necessary utilities are available, and there are no apparent easements or encroachments that would hinder or prevent development. The subject site size falls within the range of improved sites in the area and is not considered to restrict the utility of the subject in relation to competing sites. Any of the above legally permitted uses, therefore, are considered physically possible.

Financially Feasible

The subject is located within a predominantly mixed-use neighborhood in a community where there is continuing demand for commercial, residential, and retail properties yielding minimal vacancy. Therefore, market conditions are such that new residential or mixed-use development is feasible as the value exceeds the cost.

Maximally Productive/ Highest and Best Use

All legally permissible, physically possible and financially feasible uses of the site, as vacant, have been presented and examined. In conclusion, it is our opinion that the highest and best use of the subject, as vacant, is as mixed-use development.

APPRAISAL VALUATION PROCESS

In arriving at the value of the fee simple interest of the subject, we have considered the three primary approaches to real estate valuation: the ***Cost Approach***, the ***Income Approach***, and the ***Sales Comparison Approach***.

Since we are valuing a development site, neither the ***Cost Approach*** nor the ***Income Approach*** has been used. We have not used the ***Income Approach***, since parcels such as the subject are rarely leased and purchased for their income producing capability.

For the ***Sales Comparison Approach***, we will advance an opinion of the market value of the subject site by analyzing sales of similar parcels with consistent highest and best uses. This approach is based on the principle of substitution, which states that a knowledgeable investor will pay no more for a property than the amount that would be paid for a comparable property. Since the subject and comparable sales would be purchased for residential, mixed-use, or commercial development, the appropriate unit of comparison is the price per FAR. Since it is our view that this is the most credible method of advancing an opinion of value, we have applied this method exclusively.

SALES COMPARISON APPROACH

We have used the Sales Comparison Approach to determine the subject's underlying site value. In the Sales Comparison Approach, market value is estimated by comparing the subject property to similar properties that have been sold recently or for which offers to purchase have been made. A major premise of the Sales Comparison Approach is that the market value of a property is directly related to the prices of comparable, competitive properties.

The Sales Comparison Approach is based on the principle of substitution. This implies that a knowledgeable investor will pay no more for a property than would be paid for a substitute property of similar utility and desirability. The procedure involved is to research the market for sales of improved properties similar to the subject, verify the information, select appropriate units of comparison, compare each sale to the subject property, adjust the sales to the subject, and reconcile the various value indicators into a single indication of value for the subject property.

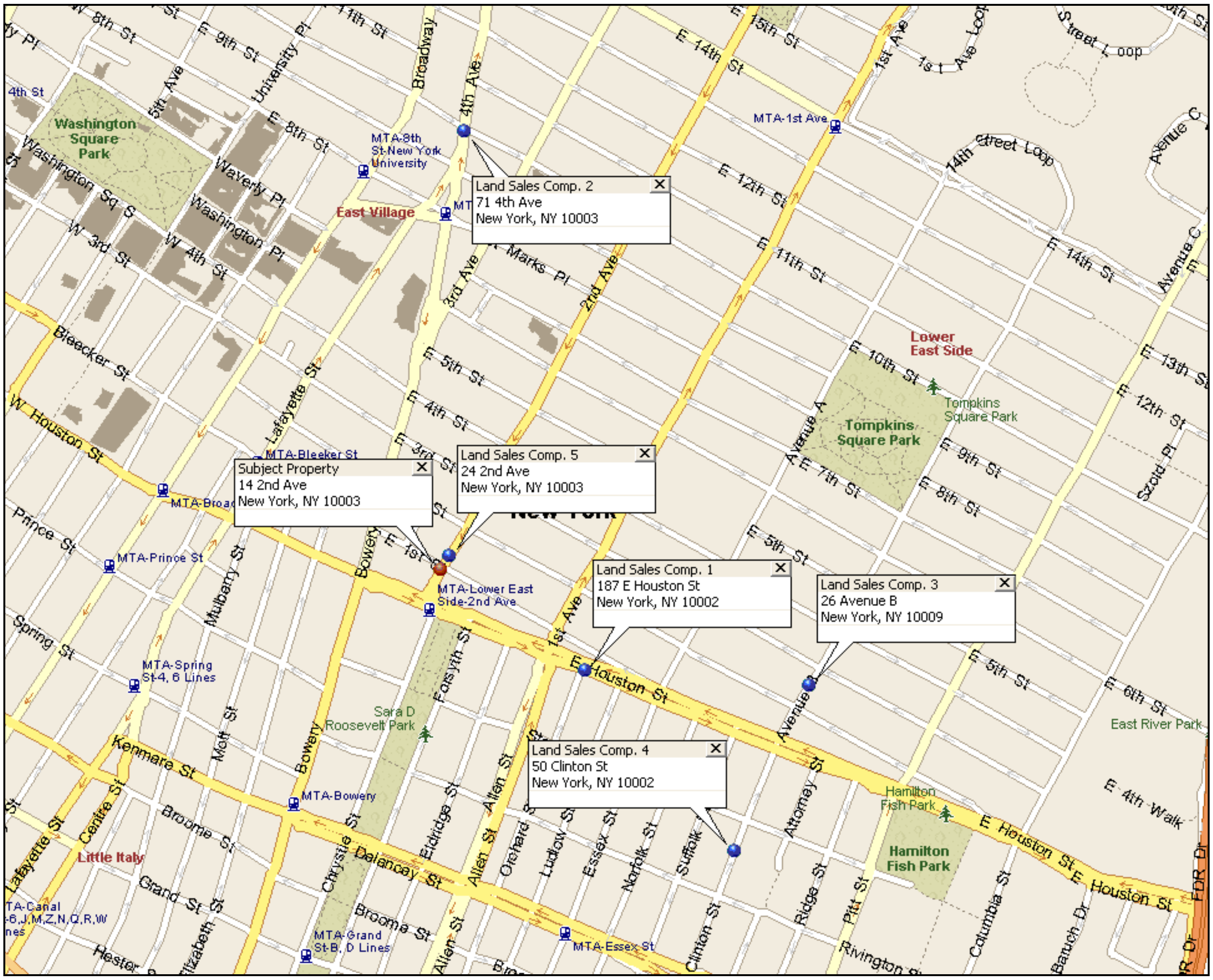
UNIT OF COMPARISON

In order to analyze the comparable sales, it is necessary to interpret the sale prices on an appropriate unit of comparison basis. The effect of this process is to make the sale prices more manageable as well as to adjust for differences among the sales. For this report, the comparable sales will be analyzed on the basis of sale price per square foot of FAR, which given differences in allowable bulk, is the best unit of comparison for land acquisition in this area.

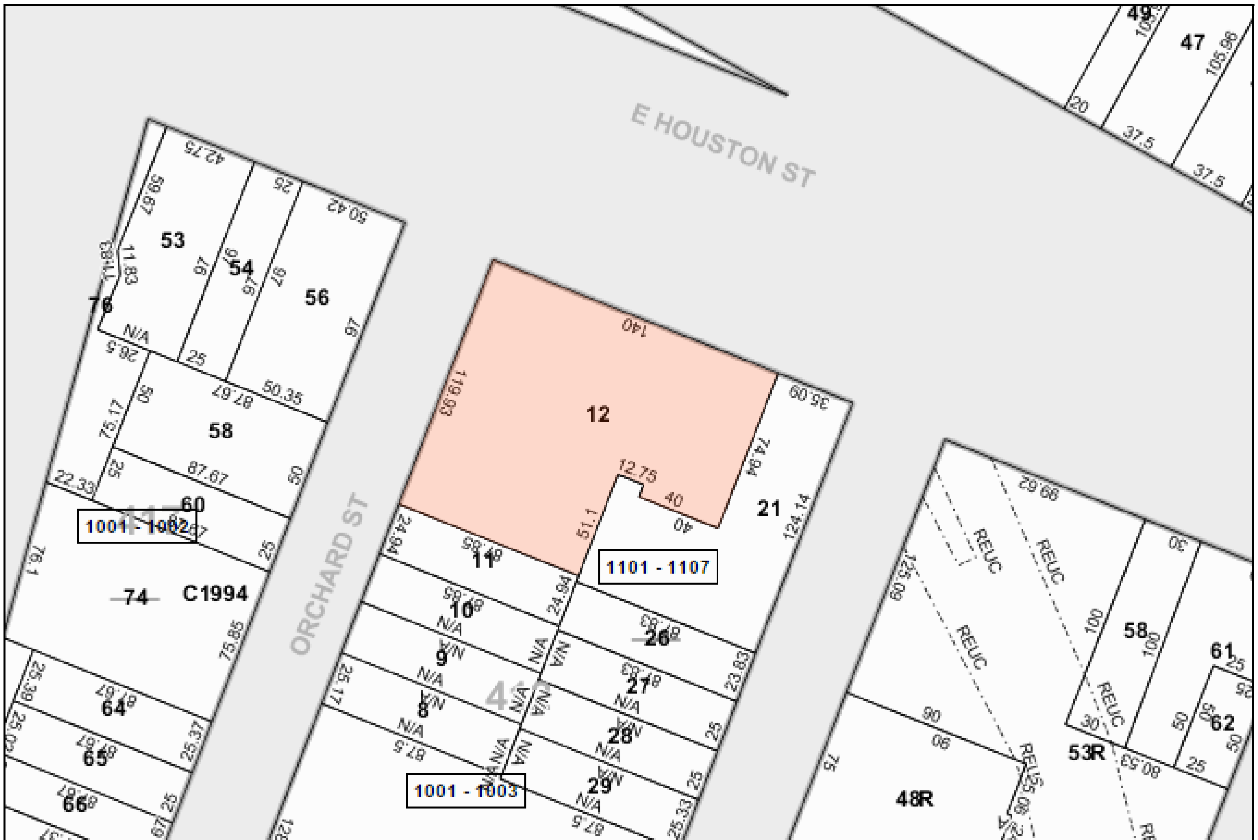
The subject site contains 2,681± square feet of site area. The subject site is located in a C6-2A zoning district. The maximum Floor Area Ratio is 6.02 which yields a maximum building zoning square footage of 16,140± square feet. In the final analysis, as previously discussed, we will determine the subject’s value “as is.”

Our research revealed five sales of commercial, mixed-use, or residential zoned land parcels that have occurred in the market area over the past year. The sales are summarized as follows:

MAP OF COMPARABLE SITE SALES

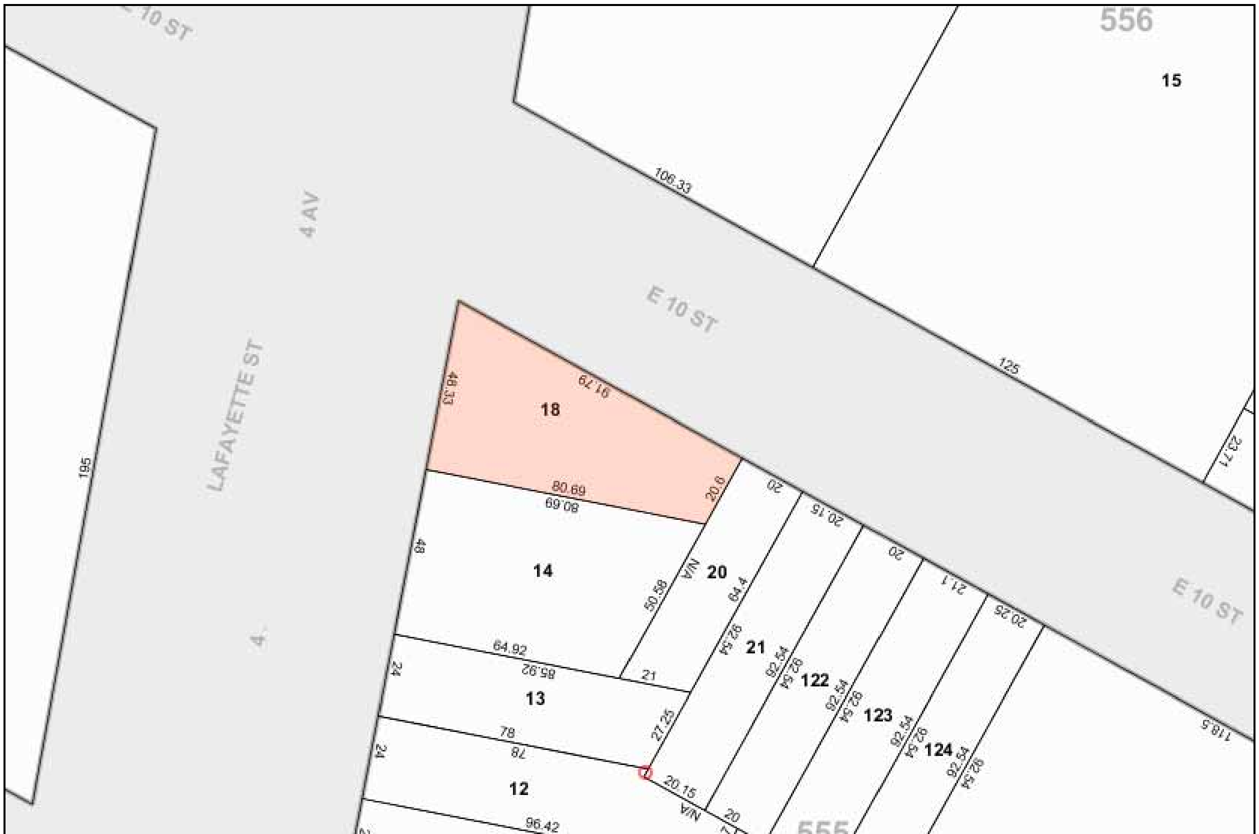


COMPARABLE SALE #1 - 187-199 EAST HOUSTON STREET & 194-198 ORCHARD STREET



Comparable Sale 1	
Address:	187-199 East Houston Street & 194-198 Orchard Street New York, NY
Description:	This is the sale of an assemblage development site that is partially improved with single story retail buildings. The site is located proximal to the F train and and offers favorable frontage along Houston Street and Orchard Street. The buyer intends to develop a condominium complex.
Block/Lot:	412 / 12, 13, 14, 16, & 19
GRANTOR / SELLER:	194 Orchard Group LLC, 201 East Houston Street Co., & Houston Realty LLC
GRANTEE / BUYER::	MB-REEC Houston Property Owner LLC
Sale Date:	April 6, 2015
Site Area (SF):	14,389
Zoning:	C6-2A & C4-4A
Floor Area Ratio (effective):	5.70
Building Area (SF) (comments):	81,963
Sale Price:	$68,975,000
Sale Price Per FAR:	$841.54

COMPARABLE SALE #2 - 71-73 4TH AVENUE



Comparable Sale 2	
Address:	71-73 4th Avenue New York, NY
Description:	This is the sale of a corner lot development site that is partially improved with a single story vacant building. The site contains favorable frontage on 4th Avenue and East 10th Street. The buyer intends to build a 10-story boutique hotel on the site.
Block/Lot:	555 / 18
GRANTOR / SELLER:	71 E. Park Ave. South, LLC
GRANTEE / BUYER::	71 Park Avenue South, LLC
Sale Date:	June 22, 2015
Site Area (SF):	2,942
Zoning:	C6-2A
F.A.R.	6.02
Buildable Area (SF):	17,711
Sale Price:	$13,300,000
Sale Price Per FAR:	$750.95

COMPARABLE SALE #3 - 26 AVENUE B

Comparable Sale 3	
Address:	26 Avenue B New York, NY
Description:	This is the sale of a midblock vacant development site. The site contains frontage on Avenue B. The buyer intends to building a 6-story apartment building.
Block/Lot:	398 / 34
GRANTOR / SELLER:	26 Avenue B Realty Corp.
GRANTEE / BUYER::	26 Avenue B Realty Group LLC
Sale Date:	March 6, 2015
Site Area (SF):	1,934
Zoning:	R7A / C1-5
Floor Area Ratio:	4.00
Building Area (SF) (comments):	7,736
Sale Price:	$3,950,000
Sale Price Per FAR:	$510.60

COMPARABLE SALE #4 - 50-62 CLINTON STREET

Comparable Sale 4	
Address:	50-62 Clinton Street New York, NY
Description:	This is the sale of a midblock development site with frontage along Clinton Street that is partially improved with a single story vacant building. The buyer intends to construct a 50,000 square foot luxury residential building.
Block/Lot:	344 / 141
GRANTOR / SELLER:	50-62 Clinton Realty LLC
GRANTEE / BUYER::	50 Clinton Property Owner LLC
Sale Date:	October 22, 2014
Site Area (SF):	10,000
Zoning:	R7A / C1-5
Floor Area Ratio:	4.00
Building Area (SF) (comments):	40,000
Sale Price:	$28,000,000
Sale Price Per FAR:	$700.00

COMPARABLE SALE #5 - 24 SECOND AVENUE

Comparable Sale 5	
Address:	24 Second Avenue New York, NY
Description:	This is the sale of a corner lot development site that is partially improved with a gas station/auto repair shop. It contains favorable frontage on Second Avenue and East 1st Street. The buyer intends to construct a 10-story luxury residential building.
Block/Lot:	443 / 1
GRANTOR / SELLER:	24 Second Ave. Corp.
GRANTEE / BUYER::	24 Second Avenue Owner LLC
Sale Date:	July 7, 2014
Site Area (SF):	7,715
Zoning:	C6-2A
Floor Area Ratio:	6.02
Building Area (SF) (comments):	46,444
Sale Price:	$32,000,000
Sale Price Per FAR:	$689.00

COMPARABLE SALES SUMMARY CHART

	Address	Sale Date	Sale Price	Site Size (SF)	Zoning	FAR	Buildable Area (SF)	Price PSF
1	187-199 East Houston Street & 194-198 Orchard Street	4/6/2015	$68,975,000	14,389	C6-2A & C4-4A	5.70	81,963	$842
2	71-73 4th Avenue	6/22/2015	$13,300,000	2,942	C6-2A	6.02	17,711	$751
3	26 Avenue B	3/6/2015	$3,950,000	1,934	R7A / C1-5	4.00	7,736	$511
4	50-62 Clinton Street	10/22/2014	$28,000,000	10,000	R7A / C1-5	4.00	40,000	$700
5	24 Second Avenue	7/7/2014	$32,000,000	7,715	C6-2A	6.02	46,444	$689

Adjustments to the comparable sales have been considered based on comparison to the subject for property rights, financing terms, conditions of sale, market conditions (time), location, size, zoning and utility.

Property Rights Appraised

The purpose of this adjustment is to account for differences in the property rights which were transferred with the sale. The property rights being valued in this land analysis are fee simple interest for the subject. Since all of the comparable properties have fee simple ownership interests, no adjustments were required.

Financing

The purpose of adjusting for financing terms is to determine cash equivalent sale prices for the comparable sales in accordance with the definition of market value for this report. All of the sales were cash transactions or financed at market rates. No adjustments were required.

Conditions of Sale

Conditions of sale refer to the motivations of the buyer and seller involved in a particular transaction. All of the sales appear to be arm's length transactions and did not require adjustments.

Market Conditions (Time)

The purpose of this adjustment is to analyze the effect of changing market conditions on sale prices. Our review of public record and other data sources revealed five transactions within the past eighteen months at arm's length. According to Cushman & Wakefield's 3rd Quarter 2015 Property Sales Report, development sites sales in the subject's submarket averaged $649 per buildable square foot, which is an increase of 10% over 2014. Based on this data and our market observations, we conclude land prices in the Manhattan area have been improving over this period of time and thus Sales 1-3 received a 3% upward adjustment, Sale 4 received a 4.5% upward adjustment, and Sale 5 received a 6% upward adjustment.

Location

The subject is located in the East Village neighborhood, an established residential and mixed-use neighborhood with good access to local amenities and transportation. While the sales are in generally similar market areas, Sales 1 and 2 are located on Houston Street which is a superior residential and retail corridor. Thus, these two sales received a downward adjustment. Contrarily, Sale 3 is located on Avenue B which is an inferior residential and retail corridor and thus it received an upward adjustment.

Zoning

The subject is currently zoned for residential or mixed-use development. All of the comparables are similarly zoned for residential or mixed-use development and therefore no adjustments were necessary.

Size

This adjustment accounts for the difference in size between each of the comparables and the subject property. The sales range in size from 7,736 to 81,963 square feet of buildable area. The subject site has a buildable area of 16,140± square feet. It is our experience that larger development sites sell at a discount to smaller sites, reflecting economies of scale, plus the notable risk of selling/renting more units. Therefore, Sales 1, 4, and 5 were adjusted upward to reflect their larger development potential while Sale 3 was adjusted downward to reflect is smaller development potential.

Utility

This adjustment accounts for the condition, shape, frontage, and layout of a particular site. The subject is a mid-block lot with an abnormal angular layout and average frontage on Second Avenue. Typically, sites with multiple exposures tend to command higher values, as they afford greater design flexibility. Thus, Sales 1, 2, and 5 have greater appeal due to having frontage on two streets and are therefore superior and received a 10% downward adjustment. Furthermore, given the subject's abnormal angular layout which decreases the flexibility of development, all sales are superior. Thus, all sales received a 5% downward adjustment.

LAND SALES ADJUSTMENT GRID

	Unadj/SF	Time	Time Adj/SF	Loc.	Zoning	Size.	Util.	Total Adj	Adj $/SF
1	$842	3.0%	$867	-15%	0%	5%	-15%	-25%	$650
2	$751	3.0%	$773	-15%	0%	0%	-15%	-30%	$541
3	$511	3.0%	$526	5%	0%	-5%	-5%	-5%	$500
4	$700	4.5%	$732	0%	0%	5%	-5%	0%	$732
5	$689	6.0%	$730	0%	0%	5%	-15%	-10%	$657
Min	**$511**							**Low**	**$500**
Max	**$842**							**High**	**$732**
Avg	**$698**							**Avg**	**$616**
Median	**$700**							**Median**	**$650**

RECONCILIATION

All adjustments are percentages. A positive adjustment indicates an inferior characteristic to the subject; a negative adjustment indicates a superior characteristic to the subject.

The indicated unadjusted range of the comparable sales is from $511 to $842 per square foot of FAR, with an average of $698 and a median of $700 per square foot of FAR. After adjustments, the comparable sales exhibit a range from $500 to $732 per square foot of FAR, with an average of $616 and a median of $650 per square foot. Based on our analysis and adjustments, we give equal weight to all sales and believe the subject would sell between the adjusted average and adjusted median of the comparable range. Therefore, we conclude at $625 per buildable square foot and our opinion of market value is calculated:

Buildable Area		16,140
Price PSF of Buildable Area	×	$625
Site Value Conclusion		$10,087,263
Rounded		$10,100,000

SALES COMPARISON APPROACH
"AS IS"
FEBRUARY 18, 2016
$10,100,000

RECONCILIATION AND FINAL VALUE OPINION

The ***Cost Approach*** is traditionally a good indicator of value when properties being appraised are new or close to new. The subject property is new construction. The Cost Approach is useful in deriving value for new or proposed properties due to the lack of depreciation. Since the subject is a development site, this approach was not applied.

The ***Income Approach*** is considered to be a good indicator of value when market rents, stabilized expenses, capitalization rates, discount rates and vacancy rates are based on reliable market data. Since development sites are not typically valued based on their explicit income potential, this approach was not applied.

The ***Sales Comparison Approach*** is considered a reliable indicator of value when few differences exist between the comparable sales and the subject, and the sales data collected is considered to be reliable and accurate. Since there were adequate sales of development sites, this approach was applied to develop an opinion of the value of the site underlying the subject "as is."

The final value of the subject property is:

Value	Date	Conclusion
Market Value "As Is"	February 18, 2016	$10,100,000

ADDENDA

LETTER OF ENGAGEMENT

CONTINGENT AND LIMITING CONDITIONS

CERTIFICATION

QUALIFICATIONS

LETTER OF ENGAGEMENT

BBG
BUTLER BURGHER GROUP
FORMERLY LEITNER GROUP

February 11, 2016

Mr. Jack Mullen
Summer Street Advisors, LLC
15 Ketchum Street, 1st Floor
Westport, CT 06880
Jack.mullen@summerstreetre.com
203-293-4844

RE: 14 Second Avenue
New York, New York

Dear Mr. Mullen:

We are pleased to submit this proposal and our Terms and Conditions for the appraisal of the referenced real estate.

PROPOSAL SPECIFICATIONS

Purpose/Valuation Premise:	Form opinion of the as is market value.
Property Rights Appraised:	Leased Fee Interest
Intended Use:	Asset Valuation for proposed financing
Intended User:	Centennial Bank
Scope of Work/Report Type:	Sales Comparison, Income Approach (Direct Capitalization and Discounted Cash Flow), and Cost Approaches and Insurable value, as applicable
Appraisal Standards:	Uniform Standards of Professional Appraisal Practice (USPAP), Financial Institution Reform, Recovery, and Enforcement Act (FIRREA), and Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
Fee:	$3,500

Mr. Jack Mullen
Page 2
February 11, 2016

Payment Terms:	Full payment is due and payable upon delivery of the final report or within 30 days of your receipt of our draft report, whichever is sooner. If a draft report is requested, the fee is considered earned upon delivery of our draft report.
Report Copies:	PDF delivery of Draft and/or Final reports
Delivery Date:	Delivery of the appraisal conclusions and/or report(s) will be completed within one week from timely receipt of your written authorization to proceed and all necessary data.
Acceptance Date:	Date of Execution

The attached General Assumptions and Limiting and Conditions (Exhibit A) and Property Data Request (Exhibit B) are deemed part of this agreement as though set forth in full herein.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

Sincerely,

Butler Burgher Group, Inc.

Joel Leitner

Joel Leitner, MAI, CRE, FRICS
Managing Director

AGREED AND ACCEPTED

Jack Mullen 2/12/16

Jack Mullen
Summer Street Advisors, LLC

Date

CONTINGENT AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

1. Any legal description or plats reported herein are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. We have made no survey of the property and assume no responsibility in connection with such matters.
2. The appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the appraiser or the appraiser's staff or was obtained or taken from referenced sources and is considered reliable. No responsibility is assumed for the costs of preparation or for arranging geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
3. No responsibility is assumed for matters legal in nature. Title is assumed to be good and marketable and in fee simple unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated.
4. Unless otherwise stated herein, it is assumed there are no encroachments or violations of any zoning or other regulations affecting the subject property and the utilization of the land and improvements is within the boundaries or property lines of the property described and that there are no trespasses or encroachments.
5. BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
6. It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein.
7. It is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
8. Unless otherwise stated within the report, the depiction of the physical condition of the improvements described herein is based on visual inspection. No liability is assumed for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made. No responsibility is assumed for hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during our inspection.
9. If building improvements are present on the site, no significant evidence of termite damage or infestation was observed during our physical inspection, unless so stated in the report. No termite inspection report was available, unless so stated in the report. No responsibility is assumed for hidden damages or infestation.
10. Any proposed or incomplete improvements included in this report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.

11. No responsibility is assumed for hidden defects or for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.

12. Responsible ownership and competent property management are assumed.

13. The appraisers assume no responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.

14. The value estimates reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value estimates, unless such proration or division of interests is set forth in the report.

15. Any division of the land and improvement values estimated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.

16. Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment.

17. Unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered; unless otherwise stated. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.

18. Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are our best estimate of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.

19. Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

20. BBG, Inc. representatives are not experts in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraisers are not qualified to detect such substances. The client is urged to retain an expert in this field.

21. We are not experts in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent endangered species impact studies, research, and investigation that may be provided.

22. No environmental impact studies were either requested or made in conjunction with this analysis. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, and investigation that may be provided.

23. The appraisal is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.

24. Neither all nor any part of the contents of this report or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media, without the prior written consent and approval of the appraisers. This limitation pertains to any valuation conclusions, the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof.

25. Although the appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the appraiser either by the client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or estimates of value.

26. If this report has been prepared in a so-called “public non-disclosure” state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a “non-disclosure” state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

27. The American Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative impact upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

28. This appraisal report has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any other party who is not the identified client within this report who uses or relies upon any information in this report does so at their own risk.

29. The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.

30. The right is reserved by the appraiser to make adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the appraiser or appraisers. The appraiser(s) shall have no responsibility for any unauthorized change(s) to the report.

31. If the client instructions to the appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.

32. The submission of this report constitutes completion of the services authorized. It is submitted on the condition the client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, and judicial or administrative proceedings. In the event the appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the client immediately. The client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the estimate of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.

33. Use of this appraisal report constitutes acknowledgement and acceptance of the general assumptions and limiting conditions, special assumptions (if any), extraordinary assumptions (if any), and hypothetical conditions (if any) on which this estimate of market value is based.

34. If provided, the estimated insurable value is included at the request of the client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The appraisers are not

familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The appraisers are not cost experts in cost estimating for insurance purposes.

CERTIFICATION

The appraisers certify that:

- Wesley Walker has personally inspected and prepared the analysis concerning the real estate that is the subject of this appraisal report.
- Joel Leitner, MAI, CRE, FRICS has personally inspected and reviewed the analyses, opinions and conclusions concerning the real estate contained in this appraisal report and fully concurs with the final market value conclusion.
- The statements of fact contained in this report are true and correct.
- The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- The reported analysis, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, 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.
- The undersigned have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our compensation is not contingent on an action or event resulting from the analysis, opinions or conclusions in, or the use of, this report.
- Our analyses, opinions and conclusions were developed and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute, the Uniform Standard of Professional Appraisal Practice (USPAP), and Title XI (with amendments) of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA).
- The undersigned have performed services as an appraiser regarding the property that is the subject of this report within the 3-year period immediately preceding acceptance of this assignment.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- The undersigned's engagement in this assignment was not contingent upon developing or reporting pre-determined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a pre-determined 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.

- Joel Leitner, MAI, CRE, FRICS is currently certified under the continuing education program of the Appraisal Institute. He is also certified by the State of New York as a General Real Estate Appraiser. As such, as of the date of this report, Joel Leitner has completed the continuing education program for Designated Members of the Appraisal Institute. Further, as of the date of this report, Joel Leitner has completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.

Joel Leitner

Joel Leitner, MAI, CRE, FRICS
Managing Director
State Certified General Appraiser #46-3011

Wesley Walker

Wesley Walker
Senior Associate

QUALIFICATIONS

BBG

Joel Leitner, MAI, CRE, FRICS
Managing Director
Work: 212.682.0400
jleitner@bbgres.com

PROFILE

Joel is a Managing Director at BBG. He has over 27 years of experience in real estate valuation, investment analysis, and consultation. Mr. Leitner's experience includes a diversified background in the valuation of real estate on a national basis for a wide range of applications including market value appraisals, property portfolio consulting and management, investment advisory service, valuations and consulting studies for securitization-equity based and mortgage-backed transactions, purchase price allocations, liquidation sale valuations, condemnation, tax reduction, estates, and expert witness testimony for litigation. These activities have been conducted on behalf of foreign and domestic investment firms including major industrial corporations, leading foreign and domestic financial institutions, individual investors, leading law firms, and government agencies.

Mr. Leitner's areas of specialization include preparation of market value appraisals for all types of real estate with a full range of valuation objectives; investment analysis via computer based lease to lease models and discounted cash flow projections before and after taxes; Ad valorem property appraisals; litigation support; consultation in the negotiations of equity investment acquisitions; market and economic feasibility studies for existing property or proposed development projects; and purchase price allocations.

Mr. Leitner's experience in real estate valuation and consulting has encompassed an extremely diverse range of real estate. This experience includes researching and analyzing various real estate markets within the Tristate area along with testifying as an expert witness in several local and federal courts. Mr. Leitner has recently been appointed to the panel of neutral arbitrators by the American Arbitration Association. Appraisal assignments include industrial facilities, shopping centers and malls, office and medical centers, hotel and motel facilities, and apartment complexes.

PROFESSIONAL AFFILIATIONS

MAI designation
CRE designation
Fellow Member of Royal Institute of Chartered Surveyors (FRICS)

New York University, Adjunct Professor, Masters of Real Estate
Executive Committee of the Board of Directors of the New York Chapter
2003 Person of the Year - Appraisal Institute
2008 President of the Metropolitan New York Chapter
Member, Real Estate Board of New York - Real Estate Appraisal Committee
Member, Counselors of Real Estate
Member, Mortgage Bankers Association of New York

General Certified Appraiser:
State of New York (License # 46-3011)
State of New Jersey (License # RG01545)
State of Connecticut (License # RCG0001050)
State of Pennsylvania (License # GA003488)
State of Maryland (License # 28730)

EDUCATION

Master Degree in Real Estate Investment, Finance and Valuation, New York University

QUALIFICATIONS

BBG

Wesley Walker
Senior Appraiser
Work: 212.682.1227
wwalker@bbgres.com

PROFILE

Wesley is an Appraiser at BBG in New York City (formerly Leitner Group). Prior to joining Leitner Group, I was a management consultant for BST Global, a Tampa-based software development firm, with a focus on Enterprise Resource Planning (ERP) solutions for Architectural and Engineering firms with global footprints. I worked throughout North America on implementing sophisticated ERP solutions and optimizing managerial best practices.

Since joining Leitner Group, I have had experience in appraising the following property types:

- Vacant Land
- Development Sites
- Office Buildings
- Commercial Buildings
- Mixed Use Buildings
- Apartment Buildings
- Affordable Housing Apartment Buildings
- Warehouses
- Industrial Properties
- Cooperative Buildings
- Cooperative Units
- Commercial Condominiums
- Proposed Townhomes
- Proposed Condominium Buildings
- Proposed Apartment Buildings

EDUCATION

Harvard University (2009)
Bachelor of Arts with a major in Economics and minor in Psychology

LICENSE

UNIQUE ID NUMBER
46000003011

State of New York
Department of State
DIVISION OF LICENSING SERVICES

FOR OFFICE USE ONLY
Control No. 74858

EFFECTIVE DATE
MO. 03 DAY 28 YR. 14

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

EXPIRATION DATE
MO. 03 DAY 27 YR. 16

LEITNER JOEL
C/O LEITNER GROUP INC
79 MADISON AVE 8TH FL
NEW YORK, NY 10016

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.

CESAR A. PERALES
SECRETARY OF STATE

DOS-1096 (Rev. 3/01)

EXHIBIT C

case 18-10009

Second Phoenix Holding LLC
BALANCE SHEET
As of September 30, 2017

Assets	Amount	Amount
Current Assets		
Cash and Bank	$ 3,524.56	
Total Current Assets		$ 3,524.56
Loans & Advances		
Loans & Advances*	$ 952,257.97	
Total Loans & Advances		$ 952,257.97
Fixed Assets		
Fixed Assets**	$ 21,900,000.00	
Total Fixed Assets		$ 21,900,000.00
Total Assets		$ 22,855,782.53
		================
Liabilities and Stock Holder's Equity		
Liabilities		
Due to SKW East VH LLC ***	$ 12,105,000.00	
Total Liabilities		$ 12,105,000.00
Stock Holder's Equity		
Equity & Reserves	$10,750,782.53	
Total Equity and Liabilities		$ 22,855,782.53
		=================

Notes to Balance Sheet

1. *Receivables from other related entities

2. **Appraised fair market value of fixed assets as of February 17 and 18, 2016

14 Second Avenue, New York, NY 10003		$ 10,100,000.00
212, 214-216 East 125th St., New York, NY 10035		$ 11,800,000.00
	Total	$ 21,900,000.00

3. *** Due to SKW East VH LLC

Loan Amount		$ 12,000,000.00
Interest @ 9% for 15 Days		$ 45,000.00
Extension Fee (0.5%) of the Loan Amount		$ 60,000.00
	Total	$ 12,105,000.00

4. There are disputed Building Violations on the property 14 Second Avenue, New York, NY 10003 — $ 17,236.03

5. SKW East VH LLC is holding Reserves for Interest, Real Estate Taxes and Insurance until September 2017

case 18-10010

Harlem Phoenix Realty Corp.
BALANCE SHEET
As of September 30, 2017

Assets	Amount	Amount
Current Assets		
Cash and Bank	$ 623.65	
Monies held in Escrow Account**	$ 35,500.00	
Total Current Assets		$ 36,123.65
Investments		
Investment in Second Phoenix Holding LLC*	$ 5,115,222.32	
Total Investments		$ 5,115,222.32
Total Assets		$ 5,151,345.97
Liabilities and Stock Holder's Equity		
Other Liabilities		
Taxes payable***	$ 5,000.00	
Total Liabilities		$ 5,000.00
Stock Holder's Equity		
Equity & Reserves	$ 5,151,345.97	
Total Equity & Reserves		$ 5,156,345.97
Total Equity & Liabilities		$ 5,156,345.97
		=================

Notes to Balance Sheet

1. *Investment in Second Phoenix Holding LLC is based on its Net Assets as of 09/30/2017

Net Assets	$ 10,750,782.53
Share in Net Assets (47.58%)	$ 5,115,222,32
Value of Investment	$ 5,115,222.32
	==============

2. **Monies are held in Escrow to clear Building Violations

3. Indemnity Claim against OTR Media Group, Inc. $ 200,000.00

4. General Corporation Tax Disputed (2001-2013) $ 19, 242.72

5. ***Estimated Tax Liability

case 18-10011

Kshel Realty Corp.
BALANCE SHEET
As of September 30, 2017

Assets	Amount	Amount
Current Assets		
Cash and Bank	$ 371.20	
Total Current Assets		$ 371.20
Investments		
Investment in Second Phoenix Holding LLC*	$ 5,635,560.20	
Total Investments		$ 5,635,560.20
Total Assets		$ 5,635,931.40
Liabilities and Stock Holder's Equity		
Stock Holder's Equity		
Equity & Reserves	$ 5,635,931.40	
Total Equity & Reserves		$ 5,635,931.40
Total Equity & Liabilities		$ 5,635,931.40 ================

Notes to Balance Sheet

1. *Investment in Second Phoenix Holding LLC is based on its Net Assets as of 09/30/2017

Net Assets	$ 10,750,782.53
Share in Net Assets (52.42%)	$ 5,635,560.20
Value of Investment	$ 5,635,560.20 ==============

2. There are disputed Building Violations on the property 14 Second Avenue, New York, NY 10003 $ 17,236.03

EXHIBIT D

UNITED STATES BANKRUPTCY COURT
Southern DISTRICT OF New York

In re Second Phoenix Holding LLC
Debtor

Case No. 18-10009
Reporting Period: 2/01/18 - 2/28/18

Federal Tax I.D. # 47-3085059

CORPORATE MONTHLY OPERATING REPORT

File with the Court and submit a copy to the United States Trustee within 20 days after the end of the month and submit a copy of the report to any official committee appointed in the case.
(Reports for Rochester and Buffalo Divisions of Western District of New York are due 15 days after the end of the month, as are the reports for Southern District of New York.)

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	MOR-1	x	
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1 (CON'T)	x	
Copies of bank statements		x	
Cash disbursements journals			
Statement of Operations	MOR-2	x	
Balance Sheet	MOR-3	x	
Status of Post-petition Taxes	MOR-4	x	
Copies of IRS Form 6123 or payment receipt			
Copies of tax returns filed during reporting period			
Summary of Unpaid Post-petition Debts	MOR-4	x	
Listing of Aged Accounts Payable			
Accounts Receivable Reconciliation and Aging	MOR-5	x	
Taxes Reconciliation and Aging	MOR-5	x	
Payments to Insiders and Professional	MOR-6	x	
Post Petition Status of Secured Notes, Leases Payable	MOR-6	x	
Debtor Questionnaire	MOR-7	x	

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor Second Phoenix Holding LLC — Date 3/14/18

Signature of Authorized Individual* [signature] — Date 3/14/18

Printed Name of Authorized Individual Evan Blum — Date 3/14/18

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

In re Second Phoenix Holding LLC
Debtor

Case No. 18-10009
Reporting Period: 2/01/18 - 2/28/18

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be from the debtor's books and not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CON'T)]

	BANK ACCOUNTS				
ACCOUNT NUMBER (LAST 4)	OPER 8661	PAYROLL n/a	TAX 8679	OTHER 6943	CURRENT MONTH ACTUAL (TOTAL OF ALL ACCOUNTS)
CASH BEGINNING OF MONTH	$1,000.29	$0.00	$0.00	$0.00	$1,000.29
RECEIPTS	$0.00	$0.00	$0.00	$0.00	$0.00
CASH SALES	$0.00	$0.00	$0.00	$0.00	$0.00
ACCOUNTS RECEIVABLE - PREPETITION	$0.00	$0.00	$0.00	$0.00	$0.00
ACCOUNTS RECEIVABLE - POSTPETITION	$0.00	$0.00	$0.00	$0.00	$0.00
LOANS AND ADVANCES	$0.00	$0.00	$0.00	$0.00	$0.00
SALE OF ASSETS	$0.00	$0.00	$0.00	$0.00	$0.00
OTHER *(ATTACH LIST)*	$1,200.00	$0.00	$0.00	$0.00	$1,200.00
TRANSFERS *(FROM DIP ACCTS)*	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL RECEIPTS	$1,200.00	$0.00	$0.00	$0.00	$1,200.00
DISBURSEMENTS					
NET PAYROLL	$0.00	$0.00	$0.00	$0.00	$0.00
PAYROLL TAXES	$0.00	$0.00	$0.00	$0.00	$0.00
SALES, USE, & OTHER TAXES	$0.00	$0.00	$0.00	$0.00	$0.00
INVENTORY PURCHASES	$0.00	$0.00	$0.00	$0.00	$0.00
SECURED/ RENTAL/ LEASES	$0.00	$0.00	$0.00	$0.00	$0.00
INSURANCE	$0.00	$0.00	$0.00	$0.00	$0.00
ADMINISTRATIVE	$0.00	$0.00	$0.00	$0.00	$0.00
SELLING	$0.00	$0.00	$0.00	$0.00	$0.00
OTHER *(ATTACH LIST)*	$1,401.06	$0.00	$0.00	$0.00	$1,401.06
OWNER DRAW *	$0.00	$0.00	$0.00	$0.00	$0.00
TRANSFERS *(TO DIP ACCTS)*	$0.00	$0.00	$0.00	$0.00	$0.00
PROFESSIONAL FEES	$0.00	$0.00	$0.00	$0.00	$0.00
U.S. TRUSTEE QUARTERLY FEES	$0.00	$0.00	$0.00	$0.00	$0.00
COURT COSTS	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL DISBURSEMENTS	$1,401.06	$0.00	$0.00	$0.00	$1,401.06
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-$201.06	$0.00	$0.00	$0.00	-$201.06
CASH – END OF MONTH	$799.23	$0.00	$0.00	$0.00	$799.23

* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)

TOTAL DISBURSEMENTS	$1,401.06
LESS: TRANSFERS TO OTHER DEBTOR IN POSSESSION ACCOUNTS	$0.00
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	$0.00
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	$1,401.06

In re Second Phoenix Holding LLC
Debtor

Case No. 18-10009
Reporting Period: 2/01/18 - 2/28/18

BANK RECONCILIATIONS

Continuation Sheet for MOR-1

A bank reconciliation must be included for each bank account. The debtor's bank reconciliation may be substituted for this page.
(Bank account numbers may be redacted to last four numbers.)

	Operating 8661	Payroll n/a	Tax 8679	Other 6349
BALANCE PER BOOKS	$698.70	$0.00	$0.00	$0.00
BANK BALANCE	$799.23	$0.00	$0.00	$0.00
(+) DEPOSITS IN TRANSIT *(ATTACH LIST)*	$0.00	$0.00	$0.00	$0.00
(-) OUTSTANDING CHECKS *(ATTACH LIST)* :	$100.53	$0.00	$0.00	$0.00
OTHER *(ATTACH EXPLANATION)*	$0.00	$0.00	$0.00	$0.00
	$0.00			
ADJUSTED BANK BALANCE *	$698.70	$0.00	$0.00	$0.00

*"Adjusted Bank Balance" must equal "Balance per Books"

DEPOSITS IN TRANSIT	Date	Amount	Date	Amount
CHECKS OUTSTANDING	**Ck. #**	**Amount**	**Ck. #**	
NYC Water Board	103	$100.53		

OTHER

In re Second Phoenix Holding LLC
Debtor

Case No. 18-10009
Reporting Period: 2/01/18 - 2/28/18

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Receipts:

Other - Insider Loan from Brown Meadow Inc. $1200 deposited into Second Phoenix DIP account 8661

Disbursements:

Other – Toyota Forklift, paid 2 months @ $700.53 each = $1401.06

Bank

America's Most Convenient Bank®

T Feb

000027523 01 AV 0.375 MTD01040030118113103 0023 03 03

SECOND PHOENIX HOLDING LLC
DIP CASE 18-10009 SDNY
216 E 125TH ST
NEW YORK NY 10035

Page:	1 of 2
Statement Period:	Feb 01 2018-Feb 28 2018
Cust Ref #:	[redacted]8661-039-T-###
Primary Account #:	[redacted]48661

8651-1-1-000000

Chapter 11 Checking

SECOND PHOENIX HOLDING LLC
DIP CASE 18-10009 SDNY

Account # 4[redacted]8661

Beginning Balance	1,000.29	Average Collected Balance	1,039.50
Deposits	1,200.00	Interest Earned This Period	0.00
		Interest Paid Year-to-Date	0.00
Checks Paid	1,401.06	Annual Percentage Yield Earned	0.00%
Ending Balance	799.23	Days in Period	28

Deposits

02/23	DEPOSIT	1,200.00
	Subtotal:	1,200.00

Checks Paid No. Checks: 1 *Indicates break in serial sequence or check processed electronically and listed under Electronic Payments

02/27	102	1,401.06
	Subtotal:	1,401.06

01/31	1,000.29	02/27	799.23
02/23	2,200.29		

8651-1-1-000000

Begin by adjusting your account register as follows:

- Subtract any services charges shown on this statement.
- Subtract any automatic payments, transfers or other electronic withdrawals not previously recorded.
- Add any interest earned if you have an interest-bearing account.
- Add any automatic deposit or overdraft line of credit.
- Review all withdrawals shown on this statement and check them off in your account register.
- Follow instructions 2-5 to verify your ending account balance.

Your ending balance shown on this statement is:

Ending Balance 799.23

List below the amount of deposits or credit transfers which do not appear on this statement. Total the deposits and enter on Line 2.

Total Deposits +

Subtotal by adding lines 1 and 2.

Sub Total

List below the total amount of withdrawals that do not appear on this statement. Total the withdrawals and enter on Line 4.

Total Withdrawals -

Subtract Line 4 from 3. This adjusted balance should equal your account balance.

Adjusted Balance ____________

Total Deposits

Total Withdrawals

If you need information about an electronic fund transfer or if you believe there is an error on your bank statement or receipt relating to an electronic fund transfer, telephone the bank immediately at the phone number listed on the front of your statement or write to:

TD Bank, N.A., Deposit Operations Dept, P.O. Box 1377, Lewiston, Maine 04243-1377

We must hear from you no later than sixty (60) calendar days after we sent you the first statement upon which the error or problem first appeared. When contacting the Bank, please explain as clearly as you can why you believe there is an error or why more information is needed. Please include:

- Your name and account number.
- A description of the error or transaction you are unsure about.
- The dollar amount and date of the suspected error.

When making a verbal inquiry, the Bank may ask that you send us your complaint in writing within ten (10) business days after the first telephone call.

We will investigate your complaint and will correct any error promptly. If we take more than ten (10) business days to do this, we will credit your account for the amount you think is in error, so that you have the use of the money during the time it takes to complete our investigation.

Total interest credited by the Bank to you this year will be reported by the Bank to the Internal Revenue Service and State tax authorities. The amount to be reported will be reported separately to you by the Bank.

In case of Errors or Questions About Your Bill:

If you think your bill is wrong, or if you need more information about a transaction on your bill, write us at P.O. Box 1377, Lewiston, Maine 04243-1377 as soon as possible. We must hear from you no later than sixty (60) days after we sent you the FIRST bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights. In your letter, give us the following information:

- Your name and account number.
- The dollar amount of the suspected error.
- Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are unsure about.

You do not have to pay any amount in question while we are investigating, but you are still obligated to pay the parts of your bill that are not in question. While we investigate your question, we cannot report you as delinquent or take any action to collect the amount you question.

FINANCE CHARGES: Although the Bank uses the Daily Balance method to calculate the finance charge on your Moneyline/Overdraft Protection account (the term "ODP" or "OD" refers to Overdraft Protection), the Bank discloses the Average Daily Balance on the periodic statement as an easier method for you to calculate the finance charge. The finance charge begins to accrue on the date advances and other debits are posted to your account and will continue until the balance has been paid in full. To compute the finance charge, multiply the Average Daily Balance times the Days in Period times the Daily Periodic Rate (as listed in the Account Summary section on the front of the statement). The Average Daily Balance is calculated by adding the balance for each day of the billing cycle, then dividing the total balance by the number of Days in the Billing Cycle. The daily balance is the balance for the day after advances have been added and payments or credits have been subtracted plus or minus any other adjustments that might have occurred that day. There is no grace period during which no finance charge accrues. Finance charge adjustments are included in your total finance charge.

SECOND PHOENIX HOLDING, LLC
DEBTOR-IN-POSSESSION, 18-10009 (MG)
OPERATING ACCOUNT
216 EAST 125TH STREET
NEW YORK, NY 10035

102

1-1367/260
825

Date 2/2/18

Pay to the Order of Toyota Industries Commercial Finance $ 1401.06/75

one thousand four hundred one 06/00 Dollars

Photo Safe Deposit® Details on back

Bank
America's Most Convenient Bank®

For 10372545

MP

⑆026013673⑆ [redacted]8661⑈ 0102

Harland Clarke

TD Bank, N.A.

SECOND PHOENIX HOLDINGS LLC
DEBTOR-IN-POSSESSION, 18-10009 (MG)
OPERATING ACCOUNT
216 EAST 125TH STREET
NEW YORK, NY 10035

2/21/18
Date

1-1367/260
825

Pay to the Order of NYC Water Board $ 100.53

one hundred 53/00 Dollars

Photo Safe Deposit® Details on back

Bank
America's Most Convenient Bank®

For 1000878263001

⑆026013673⑆ [redacted]8661⑈ 0103

TD Bank, N.A.

Bank

America's Most Convenient Bank®

T

000027524 01 AV 0.375 MTD0104003011811 3103 0023 03 03

SECOND PHOENIX HOLDING LLC - TAX
DIP CASE 18-10009 SDNY
216 E 125TH ST
NEW YORK NY 10035

Page: 1 of 2
Statement Period: Feb 01 2018-Feb 28 2018
Cust Ref #: [redacted]8679-039-T-###
Primary Account #: [redacted]8679

Chapter 11 Checking

SECOND PHOENIX HOLDING LLC - TAX
DIP CASE 18-10009 SDNY

Account # [redacted]8679

Beginning Balance	0.00	Average Collected Balance	0.00
		Interest Earned This Period	0.00
Ending Balance	0.00	Interest Paid Year-to-Date	0.00
		Annual Percentage Yield Earned	0.00%
		Days in Period	28

No Transactions this Statement Period

Begin by adjusting your account register as follows:

- Subtract any services charges shown on this statement.
- Subtract any automatic payments, transfers or other electronic withdrawals not previously recorded.
- Add any interest earned if you have an interest-bearing account.
- Add any automatic deposit or overdraft line of credit.
- Review all withdrawals shown on this statement and check them off in your account register.
- Follow instructions 2-5 to verify your ending account balance.

Your ending balance shown on this statement is:	**Ending Balance**	**0.00**
List below the amount of deposits or credit transfers which do not appear on this statement. Total the deposits and enter on Line 2.	**Total Deposits**	+
Subtotal by adding lines 1 and 2.	**Sub Total**	
List below the total amount of withdrawals that do not appear on this statement. Total the withdrawals and enter on Line 4.	**Total Withdrawals**	-
Subtract Line 4 from 3. This adjusted balance should equal your account balance.	**Adjusted Balance**	

Total Deposits

Total Withdrawals

If you need information about an electronic fund transfer or if you believe there is an error on your bank statement or receipt relating to an electronic fund transfer, telephone the bank immediately at the phone number listed on the front of your statement or write to:

TD Bank, N.A., Deposit Operations Dept, P.O. Box 1377, Lewiston, Maine 04243-1377

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- Your name and account number.
- A description of the error or transaction you are unsure about.
- The dollar amount and date of the suspected error.

When making a verbal inquiry, the Bank may ask that you send us your complaint in writing within ten (10) business days after the first telephone call.

We will investigate your complaint and will correct any error promptly. If we take more than ten (10) business days to do this, we will credit your account for the amount you think is in error, so that you have the use of the money during the time it takes to complete our investigation.

Total interest credited by the Bank to you this year will be reported by the Bank to the Internal Revenue Service and State tax authorities. The amount to be reported will be reported separately to you by the Bank.

In case of Errors or Questions About Your Bill:

If you think your bill is wrong, or if you need more information about a transaction on your bill, write us at P.O. Box 1377, Lewiston, Maine 04243-1377 as soon as possible. We must hear from you no later than sixty (60) days after we sent you the FIRST bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights. In your letter, give us the following information:

- Your name and account number.
- The dollar amount of the suspected error.
- Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are unsure about.

You do not have to pay any amount in question while we are investigating, but you are still obligated to pay the parts of your bill that are not in question. While we investigate your question, we cannot report you as delinquent or take any action to collect the amount you question.

FINANCE CHARGES: Although the Bank uses the Daily Balance method to calculate the finance charge on your Moneyline/Overdraft Protection account (the term "ODP" or "OD" refers to Overdraft Protection), the Bank discloses the Average Daily Balance on the periodic statement as an easier method for you to calculate the finance charge. The finance charge begins to accrue on the date advances and other debits are posted to your account and will continue until the balance has been paid in full. To compute the finance charge, multiply the Average Daily Balance times the Days in Period times the Daily Periodic Rate (as listed in the Account Summary section on the front of the statement). The Average Daily Balance is calculated by adding the balance for each day of the billing cycle, then dividing the total balance by the number of Days in the Billing Cycle. The daily balance is the balance for the day after advances have been added and payments or credits have been subtracted plus or minus any other adjustments that might have occurred that day. There is no grace period during which no finance charge accrues. Finance charge adjustments are included in your total finance charge.

Bank of America

Business Advantage

P.O. Box 15284
Wilmington, DE 19850

Customer service information

1.888.BUSINESS (1.888.287.4637)

bankofamerica.com

Bank of America, N.A.
P.O. Box 25118
Tampa, FL 33622-5118

AI 0 487 742 031 014652 #@01 AV 0.378

SECOND PHOENIX HOLDING LLC
216 E 125TH ST
NEW YORK, NY 10035-1738

Your Business Fundamentals Checking

for February 1, 2018 to February 28, 2018

Account number: [redacted] 6943

SECOND PHOENIX HOLDING LLC

Account summary

Beginning balance on February 1, 2018	$0.00	# of deposits/credits: 0
Deposits and other credits	0.00	# of withdrawals/debits: 0
Withdrawals and other debits	-0.00	# of items-previous cycle[1]: 0
Checks	-0.00	# of days in cycle: 28
Service fees	-0.00	Average ledger balance: $0.00
Ending balance on February 28, 2018	**$0.00**	[1]*Includes checks paid,deposited items&other debits*

PULL: E CYCLE: 60 SPEC: 0 DELIVERY: P TYPE: IMAGE: A BC: NY

In re Second Phoenix Holding LLC
Debtor

Case No. 18-10009
Reporting Period: 2/01/18 - 2/28/18

STATEMENT OF OPERATIONS (Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

REVENUES	MONTH	CUMULATIVE -FILING TO DATE
Gross Revenues	$0.00	$0.00
Less: Returns and Allowances	$0.00	$0.00
Net Revenue	$0.00	$0.00
COST OF GOODS SOLD		
Beginning Inventory	$0.00	$0.00
Add: Purchases	$0.00	$0.00
Add: Cost of Labor	$0.00	$0.00
Add: Other Costs *(attach schedule)*	$0.00	$0.00
Less: Ending Inventory	$0.00	$0.00
Cost of Goods Sold	$0.00	$0.00
Gross Profit	$0.00	$0.00
OPERATING EXPENSES		
Advertising	$0.00	$0.00
Auto and Truck Expense	$0.00	$0.00
Bad Debts	$0.00	$0.00
Contributions	$0.00	$0.00
Employee Benefits Programs	$0.00	$0.00
Officer/Insider Compensation*	$0.00	$0.00
Insurance	$0.00	$699.54
Management Fees/Bonuses	$0.00	$0.00
Office Expense	$0.00	$0.00
Pension & Profit-Sharing Plans	$0.00	$0.00
Repairs and Maintenance	$0.00	$0.00
Rent and Lease Expense	$0.00	$0.00
Salaries/Commissions/Fees	$0.00	$0.00
Supplies	$0.00	$0.00
Taxes - Payroll	$0.00	$0.00
Taxes - Real Estate	$0.00	$0.00
Taxes - Other	$0.00	$0.00
Travel and Entertainment	$0.00	$0.00
Utilities	$0.50	$100.53
Other *(attach schedule)*	$700.53	$1,401.06
Total Operating Expenses Before Depreciation	$701.03	$2,201.13
Depreciation/Depletion/Amortization	$0.00	$0.00
Net Profit (Loss) Before Other Income & Expenses	($701.03)	($2,201.13)
OTHER INCOME AND EXPENSES		
Other Income *(attach schedule)*	$0.00	$0.00
Interest Expense - ** subject to offset and counter claim **	$90,000.00	$180,000.00
Other Expense *(attach schedule)*	$0.00	$0.00
Net Profit (Loss) Before Reorganization Items	$0.00	$0.00

In re Second Phoenix Holding LLC
Debtor

Case No. 18-10009
Reporting Period: 2/01/18 - 2/28/18

REORGANIZATION ITEMS		
Professional Fees	$10,000.00	$20,000.00
U. S. Trustee Quarterly Fees	$0.00	$0.00
Interest Earned on Accumulated Cash from Chapter 11 *(see continuation sheet)*	$0.00	$0.00
Gain (Loss) from Sale of Equipment	$0.00	$0.00
Other Reorganization Expenses *(attach schedule)*	$0.00	$0.00
Total Reorganization Expenses	$10,000.00	$20,000.00
Income Taxes	$0.00	$0.00
Net Profit (Loss)	($101,500.10)	($202,201.13)

*"Insider" is defined in 11 U.S.C. Section 101(31).

BREAKDOWN OF "OTHER" CATEGORY

OTHER COSTS

	$0.00	$0.00
	$0.00	$0.00
	$0.00	$0.00
	$0.00	$0.00
	$0.00	$0.00

OTHER OPERATIONAL EXPENSES

Toyota Forklift	$700.53	$1,401.06
	$0.00	$0.00
	$0.00	$0.00
	$0.00	$0.00
	$0.00	$0.00

OTHER INCOME

	$0.00	$0.00
	$0.00	$0.00
	$0.00	$0.00

OTHER EXPENSES

	$0.00	$0.00
	$0.00	$0.00
	$0.00	$0.00

OTHER REORGANIZATION EXPENSES

	$0.00	$0.00
	$0.00	$0.00
	$0.00	$0.00
	$0.00	$0.00

Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:
Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item.

TOYOTA COMMERCIAL FINANCE
P.O. Box 660926
Dallas, TX 75266-0926

LEASE INVOICE SUMMARY

Invoice Date	12/18/2017
Invoice Number	4002024450
Account Number	**10372545**
Billing Number	20061474
Base Payment	$667.17
Late Charges	$33.36
Property Tax	$0.00
Other Charges	$0.00
Total Amount Due on 01/10/2018	**$700.53**

------ manifest line ---------

SECOND PHOENIX HOLDING LLC
216 E 125TH ST
New York NY 10035-1738

HOW TO CONTACT US

Phone us at: (800) 541-2315
Email us at: TICF_CS_SM@Toyotacf.com
Send inquiries to:
Toyota Industries Commercial Finance, Inc.
P.O. Box 660926
Dallas, TX 75266-0926

ACCOUNT INFORMATION

Lease Number 50264678-10000256490
P.O. Number
In-Service Date 11/10/2016
Location New York New York NY

Description
8FGU32-67796

SUMMARY OF CHARGES

Charge	Amount	Sales/Use Tax	Total Charge
BASE RENT	$667.17	$0.00	$667.17
Late Charge	$33.36	$0.00	$33.36
Late Charge for Amount that was Due on 11/10/2017			
Total due for lease 50264678-10000256490 **$700.53**	**$700.53**	**$0.00**	**$700.53**

TOYOTA COMMERCIAL FINANCE

Please detach and return this portion with your payment.
Make check or money order payable to Toyota Industries Commerical Finance, Inc. Include your Billing Number and Name on the front of your check and mail your payment to the address indicated below.

MAKING YOUR PAYMENT

Account Name	SECOND PHOENIX HOLDING LLC
Invoice Date	12/18/2017
Invoice Number	4002024450
Account Number	10372545
Billing Number	20061474
Total Amount Due on 01/10/2018	**$700.53**

Amount Enclosed

$ pd 2/21/18 #102 #1401.06

Please check here if your billing address, location of equipment or phone number has changed. Please update the back of this statement with corrected information.

TOYOTA INDUSTRIES COMMERCIAL FINANCE, INC.
P.O. BOX 660926
DALLAS, TX 75266-0926

0926 1 0010372545 4002024450 0000070053 000020061474 20180110 5

TOYOTA
COMMERCIAL FINANCE

P.O. Box 660926
Dallas, TX 75266-0926

------ manifest line ---------

SECOND PHOENIX HOLDING LLC
216 E 125TH ST
New York NY 10035-1738

LEASE INVOICE SUMMARY

Invoice Date	01/16/2018
Invoice Number	4002047153
Account Number	**10372545**
Billing Number	20061474
Base Payment	$667.17
Late Charges	$33.36
Property Tax	$0.00
Other Charges	$0.00
Total Amount Due on 02/10/2018	**$700.53**

HOW TO CONTACT US

Phone us at: (800) 541-2315
Email us at: TICF_CS_SM@Toyotacf.com
Send inquiries to:
Toyota Industries Commercial Finance, Inc.
P.O. Box 660926
Dallas, TX 75266-0926

ACCOUNT INFORMATION

Lease Number	50264678-10000256490
P.O. Number	
In-Service Date	11/10/2016
Location	New York New York NY

Description
8FGU32-67796

SUMMARY OF CHARGES

Charge	Amount	Sales/Use Tax	Total Charge
BASE RENT	$667.17	$0.00	$667.17
Late Charge	$33.36	$0.00	$33.36
Late Charge for Amount that was Due on 12/10/2017			
Total due for lease 50264678-10000256490 **$700.53**	**$700.53**	**$0.00**	**$700.53**

111

TOYOTA
COMMERCIAL FINANCE

Please detach and return this portion with your payment.
Make check or money order payable to Toyota Industries Commerical Finance, Inc. Include your Billing Number and Name on the front of your check and mail your payment to the address indicated below.

Toyota Commerical Finance is a service mark of Toyota Industries Commerical Finance, Inc.

TOYOTA INDUSTRIES COMMERCIAL FINANCE, INC.
P.O. BOX 660926
DALLAS, TX 75266-0926

MAKING YOUR PAYMENT

Account Name	SECOND PHOENIX HOLDING LLC
Invoice Date	01/16/2018
Invoice Number	4002047153
Account Number	10372545
Billing Number	20061474
Total Amount Due on 02/10/2018	**$700.53**

Amount Enclosed pd 2/21/18

$ #102 #1401.06

Please check here if your billing address, location of equipment or phone number has changed. Please update the back of this statement with corrected information.

0926 1 0010372545 4002047153 0000070053 000020061474 20180210 6

NYC Environmental Protection

Home Bills Payments Search

My Recent Searches

SECOND PHOENIX HOLDING LLC

Service Address:
212 E 125 ST
NEW YORK , NY 10035-0000

Account #: 1000878263001
Borough: Manhattan **Block:** 01789 Lot: 0045
Building Class: L8

Account Balance: $100.53

Outstanding Water and Sewer Charges as of 02/23/2018

Account Number	Customer Name	Amount Due
1000878263001	SECOND PHOENIX HOLDING LLC	$100.53

Charges and amounts displayed above might not reflect payments made in the past few days.

If you have questions about your water and sewer charges, please contact the DEP Customer Service Call Center at 718-595-7000 Monday to Friday from 9:00am to 6:00pm or Saturday from 9:00am to 2:00pm.

To make your payment now, click one of the links below:

Registered My DEP Account customers wishing to make a payment, please click here.

Customer wishing to make a one-time payment, please click here.

pd #103
2/21/18
$100.53

In re Second Phoenix Holding LLC
Debtor

Case No. 18-10009
Reporting Period: 2/01/18 - 2/28/18

BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from post-petition obligations.

ASSETS	*BOOK VALUE AT END OF CURRENT REPORTING MONTH*	*BOOK VALUE AT END OF PRIOR REPORTING MONTH*	*BOOK VALUE ON PETITION DATE OR SCHEDULED*
CURRENT ASSETS			
Unrestricted Cash and Equivalents	$799.23	$1,000.29	$1,717.83
Restricted Cash and Cash Equivalents *(see continuation sheet)*	$0.00	$0.00	$0.00
Accounts Receivable (Net)	$0.00	$0.00	$0.00
Notes Receivable	$0.00	$0.00	$0.00
Inventories	$0.00	$0.00	$0.00
Prepaid Expenses	$0.00	$0.00	$0.00
Professional Retainers	$0.00	$0.00	$0.00
Other Current Assets *(attach schedule)*	$0.00	$0.00	$0.00
TOTAL CURRENT ASSETS	$799.23	$1,000.29	$1,717.83
PROPERTY & EQUIPMENT			
Real Property and Improvements	$21,900,000.00	$21,900,000.00	$21,900,000.00
Machinery and Equipment	$28,367.93	$28,962.93	$28,962.93
Furniture, Fixtures and Office Equipment	$0.00	$0.00	$0.00
Leasehold Improvements	$0.00	$0.00	$0.00
Vehicles	$0.00	$0.00	$0.00
Less: Accumulated Depreciation	$0.00	$0.00	$0.00
TOTAL PROPERTY & EQUIPMENT	$21,928,367.93	$21,928,962.93	$21,928,962.93
OTHER ASSETS			
Amounts due from Insiders*	$3,067,257.97	$2,977,257.97	$2,887,257.97
Other Assets *(attach schedule)*	$0.00	$0.00	$0.00
TOTAL OTHER ASSETS	$3,067,257.97	$2,977,257.97	$2,887,257.97
TOTAL ASSETS	$24,996,425.13	$24,907,221.19	$24,817,938.73

LIABILITIES AND OWNER EQUITY	*BOOK VALUE AT END OF CURRENT REPORTING MONTH*	*BOOK VALUE AT END OF PRIOR REPORTING MONTH*	*BOOK VALUE ON PETITION DATE*
LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)			
Accounts Payable	$2,201.13	$1,500.10	$1,500.10
Taxes Payable *(refer to FORM MOR-4)*	$0.00	$0.00	$0.00
Wages Payable	$0.00	$0.00	$0.00
Notes Payable	$0.00	$0.00	$0.00
Rent / Leases - Building/Equipment	$0.00	$0.00	$0.00
Secured Debt / Adequate Protection Payments	$0.00	$0.00	$0.00
Professional Fees	$20,000.00	$10,000.00	$0.00
Amounts Due to Insiders*	$0.00	$0.00	$0.00
Other Post-petition Liabilities *(attach schedule)*	$0.00	$0.00	$0.00
TOTAL POST-PETITION LIABILITIES	$22,201.13	$11,500.10	$1,500.10
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)			
Secured Debt	$12,179,038.08	$12,179,038.08	$12,179,038.08
Priority Debt	$0.00	$0.00	$0.00
Unsecured Debt	$0.00	$0.00	$0.00
TOTAL PRE-PETITION LIABILITIES	$12,179,038.08	$12,179,038.08	$12,179,038.08
TOTAL LIABILITIES	$12,201,239.21	$12,190,538.18	$12,180,538.18
OWNERS' EQUITY			
Capital Stock	$0.00	$0.00	$0.00
Additional Paid-In Capital	$0.00	$0.00	$0.00
Partners' Capital Account	$0.00	$0.00	$0.00
Owner's Equity Account	$0.00	$0.00	$0.00
Retained Earnings - Pre-Petition	$0.00	$0.00	$0.00
Retained Earnings - Post-petition	$0.00	$0.00	$0.00
Adjustments to Owner Equity *(attach schedule)*	$0.00	$0.00	$0.00
Post-petition Contributions *(attach schedule)*	$0.00	$0.00	$0.00
NET OWNERS' EQUITY	$12,795,185.92	$12,716,683.01	$12,637,400.55
TOTAL LIABILITIES AND OWNERS' EQUITY	$24,996,425.13	$24,907,221.19	$24,817,938.73

*"Insider" is defined in 11 U.S.C. Section 101(31).

In re Second Phoenix Holding LLC
Debtor

Case No. 18-10009
Reporting Period: 2/01/18 - 2/28/18

BALANCE SHEET - continuation section

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE
Other Current Assets			
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
Other Assets			
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00

LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH		BOOK VALUE ON PETITION DATE
Other Post-petition Liabilities			
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
Adjustments to Owner's Equity			
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
Post-Petition Contributions			
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00

Restricted Cash: Cash that is restricted for a specific use and not available to fund operations. Typically, restricted cash is segregated into a separate account, such as an escrow account.

In re Second Phoenix Holding LLC
Debtor

Case No. 18-10009
Reporting Period: 2/01/18 - 2/28/18

STATUS OF POST-PETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.
Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.
Attach photocopies of any tax returns filed during the reporting period.

Federal	Beginning Tax	Amount Withheld and/or Accrued	Amount Paid	Date Paid	Check # or EFT	Ending Tax
Withholding	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
FICA-Employee	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
FICA-Employer	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unemployment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Income	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other:	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Federal Taxes	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
State and Local						
Withholding	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Sales	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Excise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unemployment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Real Property	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Personal Property	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other:	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total State and Local	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Taxes	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

SUMMARY OF UNPAID POST-PETITION DEBTS

Attach aged listing of accounts payable.

	Number of Days Past Due					
	Current	0-30	31-60	61-90	Over 91	Total
Accounts Payable ***	$701.03	$700.53	$0.00	$0.00	$0.00	$1,401.56
Wages Payable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Taxes Payable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Rent/Leases-Building	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Rent/Leases-Equipment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Secured Debt/Adequate Protection Payments **	$90,000.00	$90,000.00	$0.00	$0.00	$0.00	$180,000.00
Professional Fees *	$10,000.00	$10,000.00	$0.00	$0.00	$0.00	$20,000.00
Amounts Due to Insiders	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other:	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other:	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Post-petition Debts	$100,701.03	$100,700.53	$0.00	$0.00	$0.00	$201,401.56

Explain how and when the Debtor intends to pay any past due post-petition debts.

*** to be paid with insider loan
** subject to offset and counter claim
* to be paid at time of refinancing and/or sale

In re Second Phoenix Holding LLC
Debtor

Case No. 18-10009
Reporting Period: 2/01/18 - 2/28/18

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	$0.00
Plus: Amounts billed during the period	$0.00
Less: Amounts collected during the period	$0.00
Total Accounts Receivable at the end of the reporting period	$0.00

Accounts Receivable Aging	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
0 - 30 days old	$0.00	$0.00	$0.00	$0.00	$0.00
31 - 60 days old	$0.00	$0.00	$0.00	$0.00	$0.00
61 - 90 days old	$0.00	$0.00	$0.00	$0.00	$0.00
91+ days old	$0.00	$0.00	$0.00	$0.00	$0.00
Total Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00
	$0.00				
Less: Bad Debts (Amount considered uncollectible)	$0.00	$0.00	$0.00	$0.00	$0.00
	$0.00				
Net Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00

TAXES RECONCILIATION AND AGING

Taxes Payable	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
0 - 30 days old	$0.00	$0.00	$0.00	$0.00	$0.00
31 - 60 days old	$0.00	$0.00	$0.00	$0.00	$0.00
61 - 90 days old	$0.00	$0.00	$0.00	$0.00	$0.00
91+ days old	$0.00	$0.00	$0.00	$0.00	$0.00
Total Taxes Payable	$0.00	$0.00	$0.00	$0.00	$0.00
Total Accounts Payable	$0.00	$0.00	$0.00	$0.00	$0.00

In re Second Phoenix Holding LLC
Debtor

Case No. 18-10009
Reporting Period: 2/01/18 - 2/28/18

PAYMENTS TO INSIDERS AND PROFESSIONALS

Of the total disbursements shown on the Cash Receipts and Disbursements Report (MOR-1) list the amount paid to insiders (as defined in Section 101(31) (A)-(F) of the U.S. Bankruptcy Code) and to professionals. For payments to insiders, identify the type of compensation paid (e.g. Salary, Bonus, Commissions, Insurance, Housing Allowance, Travel, Car Allowance, Etc.). Attach additional sheets if necessary.

INSIDERS			
NAME	TYPE OF PAYMENT	AMOUNT PAID	TOTAL PAID TO DATE
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
	TOTAL PAYMENTS TO INSIDERS	$0.00	$0.00

PROFESSIONALS					
NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE	TOTAL INCURRED & UNPAID*
n/a	$0.00	$0.00	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00	$0.00	$0.00
	TOTAL PAYMENTS TO PROFESSIONALS	$0.00	$0.00	$0.00	$0.00

* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

POST-PETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENT DUE	AMOUNT PAID DURING MONTH	TOTAL UNPAID POST-PETITION
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	TOTAL PAYMENTS	$0.00	$0.00

In re Second Phoenix Holding LLC
Debtor

Case No. 18-10009
Reporting Period: 2/01/18 - 2/28/18

DEBTOR QUESTIONNAIRE

	Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.	Yes	No
1	Have any assets been sold or transferred outside the normal course of business this reporting period?		X
2	Have any funds been disbursed from any account other than a debtor in possession account this reporting period?		X
3	Is the Debtor delinquent in the timely filing of any post-petition tax returns?		X
4	Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies?		X
5	Is the Debtor delinquent in paying any insurance premium payment?		X
6	Have any payments been made on pre-petition liabilities this reporting period?		X
7	Are any post petition receivables (accounts, notes or loans) due from related parties?		X
8	Are any post petition payroll taxes past due?		X
9	Are any post petition State or Federal income taxes past due?		X
10	Are any post petition real estate taxes past due?		X
11	Are any other post petition taxes past due?		X
12	Have any pre-petition taxes been paid during this reporting period?		X
13	Are any amounts owed to post petition creditors delinquent?	X **	
14	Are any wage payments past due?		X
15	Have any post petition loans been been received by the Debtor from any party?	X ***	
16	Is the Debtor delinquent in paying any U.S. Trustee fees?		X
17	Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		X
18	Have the owners or shareholders received any compensation outside of the normal course of business?		X

** subject to offset and counter claims
*** Insider Loan from Brown Meadow $1200 towards bills

UNITED STATES BANKRUPTCY COURT
Southern DISTRICT OF New York

In re Harlem Phoenix Realty Corp.
Debtor

Case No. 18-10010
Reporting Period: 2/01/18 - 2/28/18

Federal Tax I.D. # 13-3968273

CORPORATE MONTHLY OPERATING REPORT

File with the Court and submit a copy to the United States Trustee within 20 days after the end of the month and submit a copy of the report to any official committee appointed in the case.
(Reports for Rochester and Buffalo Divisions of Western District of New York are due 15 days after the end of the month, as are the reports for Southern District of New York.)

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	MOR-1	x	
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1 (CON'T)	x	
Copies of bank statements		x	
Cash disbursements journals			
Statement of Operations	MOR-2	x	
Balance Sheet	MOR-3	x	
Status of Post-petition Taxes	MOR-4	x	
Copies of IRS Form 6123 or payment receipt			
Copies of tax returns filed during reporting period			
Summary of Unpaid Post-petition Debts	MOR-4	x	
Listing of Aged Accounts Payable			
Accounts Receivable Reconciliation and Aging	MOR-5	x	
Taxes Reconciliation and Aging	MOR-5	x	
Payments to Insiders and Professional	MOR-6	x	
Post Petition Status of Secured Notes, Leases Payable	MOR-6	x	
Debtor Questionnaire	MOR-7	x	

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor Harlem Phoenix Realty Corp. Date 3/14/18

Signature of Authorized Individual* Date 3/14/18

Printed Name of Authorized Individual Evan Blum Date 3/14/18

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

In re Harlem Phoenix Realty Corp.
Debtor

Case No. 18-10010
Reporting Period: 2/01/18 - 2/28/18

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be from the debtor's books and not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CON'T)]

	BANK ACCOUNTS				
ACCOUNT NUMBER (LAST 4)	OPER 9247	PAYROLL n/a	TAX 9255	OTHER 4750	CURRENT MONTH ACTUAL (TOTAL OF ALL ACCOUNTS)
CASH BEGINNING OF MONTH	$569.65	$0.00	$0.00	$0.00	$569.65
RECEIPTS					
CASH SALES	$0.00	$0.00	$0.00	$0.00	$0.00
ACCOUNTS RECEIVABLE - PREPETITION	$0.00	$0.00	$0.00	$0.00	$0.00
ACCOUNTS RECEIVABLE - POSTPETITION	$0.00	$0.00	$0.00	$0.00	$0.00
LOANS AND ADVANCES	$0.00	$0.00	$0.00	$0.00	$0.00
SALE OF ASSETS	$0.00	$0.00	$0.00	$0.00	$0.00
OTHER *(ATTACH LIST)*	$1,200.00	$0.00	$0.00	$0.00	$1,200.00
TRANSFERS *(FROM DIP ACCTS)*	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL RECEIPTS	$1,200.00	$0.00	$0.00	$0.00	$1,200.00
DISBURSEMENTS					
NET PAYROLL	$0.00	$0.00	$0.00	$0.00	$0.00
PAYROLL TAXES	$0.00	$0.00	$0.00	$0.00	$0.00
SALES, USE, & OTHER TAXES	$0.00	$0.00	$0.00	$0.00	$0.00
INVENTORY PURCHASES	$0.00	$0.00	$0.00	$0.00	$0.00
SECURED/ RENTAL/ LEASES	$0.00	$0.00	$0.00	$0.00	$0.00
INSURANCE	$900.36	$0.00	$0.00	$0.00	$900.36
ADMINISTRATIVE	$0.00	$0.00	$0.00	$0.00	$0.00
SELLING	$0.00	$0.00	$0.00	$0.00	$0.00
OTHER *(ATTACH LIST)*	$0.00	$0.00	$0.00	$0.00	$0.00
OWNER DRAW *	$0.00	$0.00	$0.00	$0.00	$0.00
TRANSFERS *(TO DIP ACCTS)*	$0.00	$0.00	$0.00	$0.00	$0.00
PROFESSIONAL FEES	$0.00	$0.00	$0.00	$0.00	$0.00
U.S. TRUSTEE QUARTERLY FEES	$0.00	$0.00	$0.00	$0.00	$0.00
COURT COSTS	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL DISBURSEMENTS	$900.36	$0.00	$0.00	$0.00	$900.36
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-$330.71	$0.00	$0.00	$0.00	-$330.71
CASH – END OF MONTH	$869.29	$0.00	$0.00	$0.00	$869.29

* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)

TOTAL DISBURSEMENTS	$900.36
LESS: TRANSFERS TO OTHER DEBTOR IN POSSESSION ACCOUNTS	$0.00
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	$0.00
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	$900.36

In re Harlem Phoenix Realty Corp.
Debtor

Case No. 18-10010
Reporting Period: 2/01/18 - 2/28/18

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Receipts:

Other - Insider Loan from Brown Meadow Inc. $1200 deposited into Harlem Phoenix DIP account 9247

In re Harlem Phoenix Realty Corp.
Debtor

Case No. 18-10010
Reporting Period: 2/01/18 - 2/28/18

BANK RECONCILIATIONS

Continuation Sheet for MOR-1

A bank reconciliation must be included for each bank account. The debtor's bank reconciliation may be substituted for this page.
(Bank account numbers may be redacted to last four numbers.)

	Operating 9247	Payroll n/a	Tax 9255	Other 4750
BALANCE PER BOOKS	$219.29	$0.00	$0.00	$0.00
BANK BALANCE	$869.29	$0.00	$0.00	$0.00
(+) DEPOSITS IN TRANSIT *(ATTACH LIST)*	$0.00	$0.00	$0.00	$0.00
(-) OUTSTANDING CHECKS *(ATTACH LIST)* :	$650.00	$0.00	$0.00	$0.00
OTHER *(ATTACH EXPLANATION)*	$0.00	$0.00	$0.00	$0.00
ADJUSTED BANK BALANCE *	$219.29	$0.00	$0.00	$0.00

*"Adjusted Bank Balance" must equal "Balance per Books"

DEPOSITS IN TRANSIT	Date	Amount	Date	Amount

CHECKS OUTSTANDING	Ck. #	Amount	Ck. #	Amount
Approved Oil Co.	103	$650.00		

OTHER

Bank

America's Most Convenient Bank®

T

000027525 01 AV 0.375 MTD0104003011811310З 0023 03 03

HARLEM PHOENIX REALTY CORPORATION
DIP CASE 18-10010 SDNY
216 E 125TH ST
NEW YORK NY 10035

Page:	1 of 2
Statement Period:	Feb 01 2018-Feb 28 2018
Cust Ref #:	[redacted]9247-039-T-###
Primary Account #:	[redacted]9247

Chapter 11 Checking

HARLEM PHOENIX REALTY CORPORATION
DIP CASE 18-10010 SDNY

Account # [redacted]9247

Beginning Balance	569.65	Average Collected Balance	306.98
Deposits	1,200.00	Interest Earned This Period	0.00
		Interest Paid Year-to-Date	0.00
Checks Paid	900.36	Annual Percentage Yield Earned	0.00%
Ending Balance	869.29	Days in Period	28

Deposits

02/23	DEPOSIT	1,200.00
	Subtotal:	1,200.00

Checks Paid No. Checks: 2 *Indicates break in serial sequence or check processed electronically and listed under Electronic Payments

02/06	101	450.18
02/27	104*	450.18
	Subtotal:	900.36

01/31	569.65	02/23	1,319.47
02/06	119.47	02/27	869.29

8653-1-1-000000

Begin by adjusting your account register as follows:

- Subtract any services charges shown on this statement.
- Subtract any automatic payments, transfers or other electronic withdrawals not previously recorded.
- Add any interest earned if you have an interest-bearing account.
- Add any automatic deposit or overdraft line of credit.
- Review all withdrawals shown on this statement and check them off in your account register.
- Follow instructions 2-5 to verify your ending account balance.

Your ending balance shown on this statement is:

List below the amount of deposits or credit transfers which do not appear on this statement. Total the deposits and enter on Line 2.

Subtotal by adding lines 1 and 2.

List below the total amount of withdrawals that do not appear on this statement. Total the withdrawals and enter on Line 4.

Subtract Line 4 from 3. This adjusted balance should equal your account balance.

Ending Balance		869.29
Total Deposits	+	
Sub Total		
Total Withdrawals	-	
Adjusted Balance		

Total Deposits

Total Withdrawals

If you need information about an electronic fund transfer or if you believe there is an error on your bank statement or receipt relating to an electronic fund transfer, telephone the bank immediately at the phone number listed on the front of your statement or write to:

TD Bank, N.A., Deposit Operations Dept, P.O. Box 1377, Lewiston, Maine 04243-1377

We must hear from you no later than sixty (60) calendar days after we sent you the first statement upon which the error or problem first appeared. When contacting the Bank, please explain as clearly as you can why you believe there is an error or why more information is needed. Please include:

- Your name and account number.
- A description of the error or transaction you are unsure about.
- The dollar amount and date of the suspected error.

When making a verbal inquiry, the Bank may ask that you send us your complaint in writing within ten (10) business days after the first telephone call.

We will investigate your complaint and will correct any error promptly. If we take more than ten (10) business days to do this, we will credit your account for the amount you think is in error, so that you have the use of the money during the time it takes to complete our investigation.

Total interest credited by the Bank to you this year will be reported by the Bank to the Internal Revenue Service and State tax authorities. The amount to be reported will be reported separately to you by the Bank.

In case of Errors or Questions About Your Bill:

If you think your bill is wrong, or if you need more information about a transaction on your bill, write us at P.O. Box 1377, Lewiston, Maine 04243-1377 as soon as possible. We must hear from you no later than sixty (60) days after we sent you the FIRST bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights. In your letter, give us the following information:

- Your name and account number.
- The dollar amount of the suspected error.
- Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are unsure about.

You do not have to pay any amount in question while we are investigating, but you are still obligated to pay the parts of your bill that are not in question. While we investigate your question, we cannot report you as delinquent or take any action to collect the amount you question.

FINANCE CHARGES: Although the Bank uses the Daily Balance method to calculate the finance charge on your Moneyline/Overdraft Protection account (the term "ODP" or "OD" refers to Overdraft Protection), the Bank discloses the Average Daily Balance on the periodic statement as an easier method for you to calculate the finance charge. The finance charge begins to accrue on the date advances and other debits are posted to your account and will continue until the balance has been paid in full. To compute the finance charge, multiply the Average Daily Balance times the Days in Period times the Daily Periodic Rate (as listed in the Account Summary section on the front of the statement). The Average Daily Balance is calculated by adding the balance for each day of the billing cycle, then dividing the total balance by the number of Days in the Billing Cycle. The daily balance is the balance for the day after advances have been added and payments or credits have been subtracted plus or minus any other adjustments that might have occurred that day. There is no grace period during which no finance charge accrues. Finance charge adjustments are included in your total finance charge.

HARLEM PHOENIX REALTY CORPORATION
DEBTOR-IN-POSSESSION, 18-10010 (MG)
OPERATING ACCOUNT
216 EAST 125TH STREET
NEW YORK, NY 10035

101

1-1367/260
825

2/1/18
Date

Pay to the Order of FIRST Insurance Funding $ 450.18/xx

Fourhundredfifty 18/00 Dollars

Photo Safe Deposit® Details on back

Bank

America's Most Convenient Bank®

For 900-599/641

⑆026013673⑆ 4350549247⑈ 0101

HARLEM PHOENIX REALTY CORPORATION
DEBTOR-IN-POSSESSION, 18-10010 (MG)
OPERATING ACCOUNT
216 EAST 125TH STREET
NEW YORK, NY 10035

104

1-1367/260
825

Date 2/21/18

Pay to the Order of First Insurance Funding $ 450 18/xx

four hundred fifty 00/100 Dollars

Photo Safe Deposit® Details on back

Bank
America's Most Convenient Bank®

For 900-599164

MP

⑆026013673⑆ 4350549247⑈ 0104

TD Bank, N.A.

HARLEM PHOENIX REALTY CORPORATION
DEBTOR-IN-POSSESSION, 18-10010 (MG)
OPERATING ACCOUNT
216 EAST 125TH STREET
NEW YORK, NY 10035

103

1-1367/260
825

Date 2/21/18

Pay to the Order of Approved Oil Co $ 650.00/xx

Six hundred fifty 00/00 Dollars

Photo Safe Deposit® Details on back

Bank

America's Most Convenient Bank®

For

⑆026013673⑆ 4350549247⑈ 0103

Bank

America's Most Convenient Bank®

T

000027526 01 AV 0.375 MTD0104003011811 3103 0023 03 03
HARLEM PHOENIX REALTY CORPORATION- TAX
DIP CASE 18-10010 SDNY
216 E 125TH ST
NEW YORK NY 10035

Page:	1 of 2
Statement Period:	Feb 01 2018-Feb 28 2018
Cust Ref #:	[redacted]9255-039-T-###
Primary Account #:	[redacted]9255

8654-1-1-000000

Chapter 11 Checking

HARLEM PHOENIX REALTY CORPORATION- TAX
DIP CASE 18-10010 SDNY

Account # [redacted]9255

Beginning Balance	0.00	Average Collected Balance	0.00
Ending Balance	0.00	Interest Earned This Period	0.00
		Interest Paid Year-to-Date	0.00
		Annual Percentage Yield Earned	0.00%
		Days in Period	28

No Transactions this Statement Period

8654-1-1-000000

Begin by adjusting your account register as follows:

- Subtract any services charges shown on this statement.
- Subtract any automatic payments, transfers or other electronic with-drawals not previously recorded.
- Add any interest earned if you have an interest-bearing account.
- Add any automatic deposit or overdraft line of credit.
- Review all withdrawals shown on this statement and check them off in your account register.
- Follow instructions 2-5 to verify your ending account balance.

Your ending balance shown on this statement is:	**Ending Balance**	0.00
List below the amount of deposits or credit transfers which do not appear on this statement. Total the deposits and enter on Line 2.	**Total Deposits** +	
Subtotal by adding lines 1 and 2.	**Sub Total**	
List below the total amount of withdrawals that do not appear on this statement. Total the withdrawals and enter on Line 4.	**Total Withdrawals** -	
Subtract Line 4 from 3. This adjusted balance should equal your account balance.	**Adjusted Balance**	

Total Deposits

Total Withdrawals

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Total interest credited by the Bank to you this year will be reported by the Bank to the Internal Revenue Service and State tax authorities. The amount to be reported will be reported separately to you by the Bank.

In case of Errors or Questions About Your Bill:

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- The dollar amount of the suspected error.
- Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are unsure about.

You do not have to pay any amount in question while we are investigating, but you are still obligated to pay the parts of your bill that are not in question. While we investigate your question, we cannot report you as delinquent or take any action to collect the amount you question.

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To compute the finance charge, multiply the Average Daily Balance times the Days in Period times the Daily Periodic Rate (as listed in the Account Summary section on the front of the statement). The Average Daily Balance is calculated by adding the balance for each day of the billing cycle, then dividing the total balance by the number of Days in the Billing Cycle. The daily balance is the balance for the day after advances have been added and payments or credits have been subtracted plus or minus any other adjustments that might have occurred that day. There is no grace period during which no finance charge accrues. Finance charge adjustments are included in your total finance charge.

Bank of America

P.O. Box 15284
Wilmington, DE 19850

AI 0 487 742 031 014658 #@01 AV 0.378

THE HARLEM PHOENIX REALTY CORP
216 E 125TH ST
NEW YORK, NY 10035-1738

Business Advantage

Customer service information

1.888.BUSINESS (1.888.287.4637)

bankofamerica.com

Bank of America, N.A.
P.O. Box 25118
Tampa, FL 33622-5118

Your Business Economy Checking

for February 1, 2018 to February 28, 2018

Account number: [redacted] 4750

THE HARLEM PHOENIX REALTY CORP

Account summary

Beginning balance on February 1, 2018	$0.00
Deposits and other credits	0.00
Withdrawals and other debits	-0.00
Checks	-0.00
Service fees	-0.00
Ending balance on February 28, 2018	**$0.00**

# of deposits/credits: 0
# of withdrawals/debits: 0
# of deposited items: 0
# of days in cycle: 28
Average ledger balance: $0.00

In re Harlem Phoenix Realty Corp.
Debtor

Case No. 18-10010
Reporting Period: 2/01/18 - 2/28/18

STATEMENT OF OPERATIONS (Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

REVENUES	MONTH	CUMULATIVE -FILING TO DATE
Gross Revenues	$0.00	$0.00
Less: Returns and Allowances	$0.00	$0.00
Net Revenue	$0.00	$0.00
COST OF GOODS SOLD		
Beginning Inventory	$0.00	$0.00
Add: Purchases	$0.00	$0.00
Add: Cost of Labor	$0.00	$0.00
Add: Other Costs *(attach schedule)*	$0.00	$0.00
Less: Ending Inventory	$0.00	$0.00
Cost of Goods Sold	$0.00	$0.00
Gross Profit	$0.00	$0.00
OPERATING EXPENSES		
Advertising	$0.00	$0.00
Auto and Truck Expense	$0.00	$0.00
Bad Debts	$0.00	$0.00
Contributions	$0.00	$0.00
Employee Benefits Programs	$0.00	$0.00
Officer/Insider Compensation*	$0.00	$0.00
Insurance	$450.18	$900.36
Management Fees/Bonuses	$0.00	$0.00
Office Expense	$0.00	$0.00
Pension & Profit-Sharing Plans	$0.00	$0.00
Repairs and Maintenance	$0.00	$0.00
Rent and Lease Expense	$0.00	$0.00
Salaries/Commissions/Fees	$0.00	$0.00
Supplies	$0.00	$0.00
Taxes - Payroll	$0.00	$0.00
Taxes - Real Estate	$0.00	$0.00
Taxes - Other	$0.00	$0.00
Travel and Entertainment	$0.00	$0.00
Utilities	$650.00	$1,157.55
Other *(attach schedule)*	$0.00	$0.00
Total Operating Expenses Before Depreciation	$1,100.18	$2,057.91
Depreciation/Depletion/Amortization	$0.00	$0.00
Net Profit (Loss) Before Other Income & Expenses	($1,100.18)	($2,057.91)
OTHER INCOME AND EXPENSES		
Other Income *(attach schedule)*	$0.00	$0.00
Interest Expense	$0.00	$0.00
Other Expense *(attach schedule)*	$0.00	$0.00
Net Profit (Loss) Before Reorganization Items	$0.00	$0.00

In re Harlem Phoenix Realty Corp.
Debtor

Case No. 18-10010
Reporting Period: 2/01/18 - 2/28/18

REORGANIZATION ITEMS		
Professional Fees	$10,000.00	$20,000.00
U. S. Trustee Quarterly Fees	$0.00	$0.00
Interest Earned on Accumulated Cash from Chapter 11 *(see continuation sheet)*	$0.00	$0.00
Gain (Loss) from Sale of Equipment	$0.00	$0.00
Other Reorganization Expenses *(attach schedule)*	$0.00	$0.00
Total Reorganization Expenses	$10,000.00	$20,000.00
Income Taxes	$0.00	$0.00
Net Profit (Loss)	($11,100.18)	($22,057.91)

*"Insider" is defined in 11 U.S.C. Section 101(31).

BREAKDOWN OF "OTHER" CATEGORY

OTHER COSTS

	$0.00	$0.00
	$0.00	$0.00
	$0.00	$0.00
	$0.00	$0.00
	$0.00	$0.00

OTHER OPERATIONAL EXPENSES

	$0.00	$0.00
	$0.00	$0.00
	$0.00	$0.00
	$0.00	$0.00
	$0.00	$0.00

OTHER INCOME

	$0.00	$0.00
	$0.00	$0.00
	$0.00	$0.00

OTHER EXPENSES

	$0.00	$0.00
	$0.00	$0.00
	$0.00	$0.00

OTHER REORGANIZATION EXPENSES

	$0.00	$0.00
	$0.00	$0.00
	$0.00	$0.00
	$0.00	$0.00

Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:
Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item.

In re Harlem Phoenix Realty Corp.
Debtor

Case No. 18-10010
Reporting Period: 2/01/18 - 2/28/18

BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from post-petition obligations.

ASSETS	*BOOK VALUE AT END OF CURRENT REPORTING MONTH*	*BOOK VALUE AT END OF PRIOR REPORTING MONTH*	*BOOK VALUE ON PETITION DATE OR SCHEDULED*
CURRENT ASSETS			
Unrestricted Cash and Equivalents	$869.29	$569.65	$569.65
Restricted Cash and Cash Equivalents *(see continuation sheet)*	$0.00	$0.00	$0.00
Accounts Receivable (Net)	$0.00	$0.00	$0.00
Notes Receivable	$0.00	$0.00	$0.00
Inventories	$0.00	$0.00	$0.00
Prepaid Expenses	$0.00	$0.00	$0.00
Professional Retainers	$0.00	$0.00	$0.00
Other Current Assets *(attach schedule)*	$35,500.00	$35,500.00	$35,500.00
TOTAL CURRENT ASSETS	$36,369.29	$36,069.65	$36,069.65
PROPERTY & EQUIPMENT			
Real Property and Improvements	$0.00	$0.00	$0.00
Machinery and Equipment	$0.00	$0.00	$0.00
Furniture, Fixtures and Office Equipment	$0.00	$0.00	$0.00
Leasehold Improvements	$0.00	$0.00	$0.00
Vehicles	$0.00	$0.00	$0.00
Less: Accumulated Depreciation	$0.00	$0.00	$0.00
TOTAL PROPERTY & EQUIPMENT	$0.00	$0.00	$0.00
OTHER ASSETS			
Amounts due from Insiders*	$0.00	$0.00	$0.00
Other Assets *(attach schedule)*	$6,087,949.46	$6,050,597.78	$6,012,875.18
TOTAL OTHER ASSETS	$6,087,949.46	$6,050,597.78	$6,012,875.18
TOTAL ASSETS	$6,124,318.75	$6,086,667.43	$6,048,944.83

LIABILITIES AND OWNER EQUITY	*BOOK VALUE AT END OF CURRENT REPORTING MONTH*	*BOOK VALUE AT END OF PRIOR REPORTING MONTH*	*BOOK VALUE ON PETITION DATE*
LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)			
Accounts Payable	$2,057.91	$957.73	$957.73
Taxes Payable *(refer to FORM MOR-4)*	$0.00	$0.00	$0.00
Wages Payable	$0.00	$0.00	$0.00
Notes Payable	$0.00	$0.00	$0.00
Rent / Leases - Building/Equipment	$0.00	$0.00	$0.00
Secured Debt / Adequate Protection Payments	$0.00	$0.00	$0.00
Professional Fees	$20,000.00	$10,000.00	$0.00
Amounts Due to Insiders*	$0.00	$0.00	$0.00
Other Post-petition Liabilities *(attach schedule)*	$0.00	$0.00	$0.00
TOTAL POST-PETITION LIABILITIES	$22,057.91	$10,957.73	$957.73
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)			
Secured Debt	$0.00	$0.00	$0.00
Priority Debt	$0.00	$0.00	$0.00
Unsecured Debt	$0.00	$0.00	$0.00
TOTAL PRE-PETITION LIABILITIES	$957.73	$957.73	$957.73
TOTAL LIABILITIES	$23,015.64	$10,957.73	$957.73
OWNERS' EQUITY			
Capital Stock	$0.00	$0.00	$0.00
Additional Paid-In Capital	$0.00	$0.00	$0.00
Partners' Capital Account	$0.00	$0.00	$0.00
Owner's Equity Account	$0.00	$0.00	$0.00
Retained Earnings - Pre-Petition	$0.00	$0.00	$0.00
Retained Earnings - Post-petition	$0.00	$0.00	$0.00
Adjustments to Owner Equity *(attach schedule)*	$0.00	$0.00	$0.00
Post-petition Contributions *(attach schedule)*	$0.00	$0.00	$0.00
NET OWNERS' EQUITY	$6,124,318.75	$6,086,667.43	$6,086,667.43
TOTAL LIABILITIES AND OWNERS' EQUITY	$6,147,334.39	$6,097,625.16	$6,087,625.16

*"Insider" is defined in 11 U.S.C. Section 101(31).

In re Harlem Phoenix Realty Corp.
Debtor

Case No. 18-10010
Reporting Period: 2/01/18 - 2/28/18

BALANCE SHEET - continuation section

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE
Other Current Assets			
Escrow	$35,500.00	$35,500.00	$35,500.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
Other Assets			
47.58% share in Second Phoenix Net Assets	$6,087,949.46	$6,050,597.78	$6,012,875.18
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00

LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH		BOOK VALUE ON PETITION DATE
Other Post-petition Liabilities			
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
Adjustments to Owner's Equity			
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
Post-Petition Contributions			
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00

Restricted Cash: Cash that is restricted for a specific use and not available to fund operations.
Typically, restricted cash is segregated into a separate account, such as an escrow account.

In re Harlem Phoenix Realty Corp.
Debtor

Case No. 18-10010
Reporting Period: 2/01/18 - 2/28/18

STATUS OF POST-PETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.
Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.
Attach photocopies of any tax returns filed during the reporting period.

Federal	Beginning Tax	Amount Withheld and/or Accrued	Amount Paid	Date Paid	Check # or EFT	Ending Tax
Withholding	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
FICA-Employee	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
FICA-Employer	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unemployment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Income	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other:	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Federal Taxes	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
State and Local						
Withholding	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Sales	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Excise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unemployment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Real Property	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Personal Property	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other:	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total State and Local	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Taxes	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

SUMMARY OF UNPAID POST-PETITION DEBTS

Attach aged listing of accounts payable.

			Number of Days Past Due			
	Current	0-30	31-60	61-90	Over 91	Total
Accounts Payable ***	$900.36	$650.00	$0.00	$0.00	$0.00	$1,550.36
Wages Payable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Taxes Payable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Rent/Leases-Building	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Rent/Leases-Equipment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Secured Debt/Adequate Protection Payments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Professional Fees **	$10,000.00	$10,000.00	$0.00	$0.00	$0.00	$20,000.00
Amounts Due to Insiders	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other:	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other:	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Post-petition Debts	$10,900.36	$10,650.00	$0.00	$0.00	$0.00	$21,550.36

Explain how and when the Debtor intends to pay any past due post-petition debts.

*** to be paid with insider loan

** to be paid at time of refinancing and/or sale

In re Harlem Phoenix Realty Corp.
Debtor

Case No. 18-10010
Reporting Period: 2/01/18 - 2/28/18

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	$0.00
Plus: Amounts billed during the period	$0.00
Less: Amounts collected during the period	$0.00
Total Accounts Receivable at the end of the reporting period	$0.00

Accounts Receivable Aging	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
0 - 30 days old	$0.00	$0.00	$0.00	$0.00	$0.00
31 - 60 days old	$0.00	$0.00	$0.00	$0.00	$0.00
61 - 90 days old	$0.00	$0.00	$0.00	$0.00	$0.00
91+ days old	$0.00	$0.00	$0.00	$0.00	$0.00
Total Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00
	$0.00				
Less: Bad Debts (Amount considered uncollectible)	$0.00	$0.00	$0.00	$0.00	$0.00
	$0.00				
Net Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00

TAXES RECONCILIATION AND AGING

Taxes Payable	0-30 Days	0	61-90 Days	0	Total
0 - 30 days old	$0.00	$0.00	$0.00	$0.00	$0.00
31 - 60 days old	$0.00	$0.00	$0.00	$0.00	$0.00
61 - 90 days old	$0.00	$0.00	$0.00	$0.00	$0.00
91+ days old	$0.00	$0.00	$0.00	$0.00	$0.00
Total Taxes Payable	$0.00	$0.00	$0.00	$0.00	$0.00
Total Accounts Payable	$0.00	$0.00	$0.00	$0.00	$0.00

In re Harlem Phoenix Realty Corp.
Debtor

Case No. 18-10010
Reporting Period: 2/01/18 - 2/28/18

PAYMENTS TO INSIDERS AND PROFESSIONALS

Of the total disbursements shown on the Cash Receipts and Disbursements Report (MOR-1) list the amount paid to insiders (as defined in Section 101(31) (A)-(F) of the U.S. Bankruptcy Code) and to professionals. For payments to insiders, identify the type of compensation paid (e.g. Salary, Bonus, Commissions, Insurance, Housing Allowance, Travel, Car Allowance, Etc.). Attach additional sheets if necessary.

INSIDERS			
NAME	TYPE OF PAYMENT	AMOUNT PAID	TOTAL PAID TO DATE
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
TOTAL PAYMENTS TO INSIDERS		$0.00	$0.00

PROFESSIONALS					
NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE	TOTAL INCURRED & UNPAID*
n/a	$0.00	$0.00	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL PAYMENTS TO PROFESSIONALS		$0.00	$0.00	$0.00	$0.00

* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

POST-PETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENT DUE	AMOUNT PAID DURING MONTH	TOTAL UNPAID POST-PETITION
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
TOTAL PAYMENTS		$0.00	$0.00

In re Harlem Phoenix Realty Corp.
Debtor

Case No. 18-10010
Reporting Period: 2/01/18 - 2/28/18

DEBTOR QUESTIONNAIRE

	Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.	Yes	No
1	Have any assets been sold or transferred outside the normal course of business this reporting period?		x
2	Have any funds been disbursed from any account other than a debtor in possession account this reporting period?		x
3	Is the Debtor delinquent in the timely filing of any post-petition tax returns?		x
4	Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies?		x
5	Is the Debtor delinquent in paying any insurance premium payment?		x
6	Have any payments been made on pre-petition liabilities this reporting period?		x
7	Are any post petition receivables (accounts, notes or loans) due from related parties?		x
8	Are any post petition payroll taxes past due?		x
9	Are any post petition State or Federal income taxes past due?		x
10	Are any post petition real estate taxes past due?		x
11	Are any other post petition taxes past due?		x
12	Have any pre-petition taxes been paid during this reporting period?		x
13	Are any amounts owed to post petition creditors delinquent?		x
14	Are any wage payments past due?		x
15	Have any post petition loans been been received by the Debtor from any party? ***	x	
16	Is the Debtor delinquent in paying any U.S. Trustee fees?		x
17	Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		x
18	Have the owners or shareholders received any compensation outside of the normal course of business?		x

15 *** Insider Loan from Brown Meadow $1200 towards bills

UNITED STATES BANKRUPTCY COURT
Southern DISTRICT OF New York

In re Kshel Realty Corp.
Debtor

Case No. 18-10011
Reporting Period: 2/01/18 - 2/28/18

Federal Tax I.D. # 13-3690983

CORPORATE MONTHLY OPERATING REPORT

File with the Court and submit a copy to the United States Trustee within 20 days after the end of the month and submit a copy of the report to any official committee appointed in the case.
(Reports for Rochester and Buffalo Divisions of Western District of New York are due 15 days after the end of the month, as are the reports for Southern District of New York.)

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	MOR-1	x	
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1 (CON'T)	x	
Copies of bank statements		x	
Cash disbursements journals			
Statement of Operations	MOR-2	x	
Balance Sheet	MOR-3	x	
Status of Post-petition Taxes	MOR-4	x	
Copies of IRS Form 6123 or payment receipt			
Copies of tax returns filed during reporting period			
Summary of Unpaid Post-petition Debts	MOR-4	x	
Listing of Aged Accounts Payable			
Accounts Receivable Reconciliation and Aging	MOR-5	x	
Taxes Reconciliation and Aging	MOR-5	x	
Payments to Insiders and Professional	MOR-6	x	
Post Petition Status of Secured Notes, Leases Payable	MOR-6	x	
Debtor Questionnaire	MOR-7	x	

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor Kshel Realty Corp. — Date 3/14/18

Signature of Authorized Individual* — Date 3/14/18

Printed Name of Authorized Individual Evan Blum — Date 3/14/18

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

In re Kshel Realty Corp. Case No. 18-10011
Debtor Reporting Period: 2/01/18 - 2/28/18

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be from the debtor's books and not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CON'T)]

	BANK ACCOUNTS					
ACCOUNT NUMBER (LAST 4)	OPER 9263	PAYROLL n/a	TAX 9271	OTHER 2700	OTHER 2713	CURRENT MONTH ACTUAL (TOTAL OF ALL ACCOUNTS)
CASH BEGINNING OF MONTH	$239.20	$0.00	$0.00	$0.00	$0.00	$239.20
RECEIPTS						
CASH SALES	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
ACCOUNTS RECEIVABLE - PREPETITION	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
ACCOUNTS RECEIVABLE - POSTPETITION	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
LOANS AND ADVANCES	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
SALE OF ASSETS	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
OTHER *(ATTACH LIST)*	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TRANSFERS *(FROM DIP ACCTS)*	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL RECEIPTS	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DISBURSEMENTS		$0.00				
NET PAYROLL	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
PAYROLL TAXES	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
SALES, USE, & OTHER TAXES	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
INVENTORY PURCHASES	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
SECURED/ RENTAL/ LEASES	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
INSURANCE	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
ADMINISTRATIVE	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
SELLING	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
OTHER *(ATTACH LIST)*	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
OWNER DRAW *	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TRANSFERS *(TO DIP ACCTS)*	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
PROFESSIONAL FEES	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
U.S. TRUSTEE QUARTERLY FEES	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
COURT COSTS	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL DISBURSEMENTS	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	$239.20	$0.00	$0.00	$0.00	$0.00	$239.20
CASH – END OF MONTH	$239.20	$0.00	$0.00	$0.00	$0.00	$239.20

* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)

TOTAL DISBURSEMENTS	$0.00
LESS: TRANSFERS TO OTHER DEBTOR IN POSSESSION ACCOUNTS	$0.00
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	$0.00
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	$0.00

In re Kshel Realty Corp.
Debtor

Case No. 18-10011
Reporting Period: 2/01/18 - 2/28/18

BANK RECONCILIATIONS

Continuation Sheet for MOR-1

A bank reconciliation must be included for each bank account. The debtor's bank reconciliation may be substituted for this page.
(Bank account numbers may be redacted to last four numbers.)

	Operating # 9263	Payroll # n/a	Tax # 9271	Other # 2700	Other # 2713
BALANCE PER BOOKS	$239.20	$0.00	$0.00	$0.00	$0.00
BANK BALANCE	$239.20	$0.00	$0.00	$0.00	$0.00
(+) DEPOSITS IN TRANSIT *(ATTACH LIST)*	$0.00	$0.00	$0.00	$0.00	$0.00
(-) OUTSTANDING CHECKS *(ATTACH LIST)* :	$0.00	$0.00	$0.00	$0.00	$0.00
OTHER *(ATTACH EXPLANATION)*	$0.00	$0.00	$0.00	$0.00	$0.00
ADJUSTED BANK BALANCE *	$239.20	$0.00	$0.00	$0.00	$0.00

*"Adjusted Bank Balance" must equal "Balance per Books"

DEPOSITS IN TRANSIT	Date	Amount	Date	Amount	Amount
	$0.00	$0.00	$0.00	$0.00	$0.00
	$0.00	$0.00		$0.00	$0.00
	$0.00	$0.00	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00	$0.00	$0.00
CHECKS OUTSTANDING	**Ck. #**	**Amount**	**Ck. #**	**Amount**	**Amount**
	$0.00	$0.00	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00	$0.00	$0.00

OTHER

Bank

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000027527 01 AV 0.375 MTD0104003011811310 3 0023 03 03

KSHEL REALTY CORP
DIP CASE 18-10011 SDNY
216 E 125TH ST
NEW YORK NY 10035

Page:	1 of 2
Statement Period:	Feb 01 2018-Feb 28 2018
Cust Ref #:	[redacted]9263-039-T-###
Primary Account #:	[redacted]9263

8655-1-1-000000

Chapter 11 Checking

KSHEL REALTY CORP
DIP CASE 18-10011 SDNY

Account # [redacted]9263

Beginning Balance	239.20	Average Collected Balance	239.20
Ending Balance	239.20	Interest Earned This Period	0.00
		Interest Paid Year-to-Date	0.00
		Annual Percentage Yield Earned	0.00%
		Days in Period	28

No Transactions this Statement Period

8655-1-1-000000

Begin by adjusting your account register as follows:

- Subtract any services charges shown on this statement.
- Subtract any automatic payments, transfers or other electronic withdrawals not previously recorded.
- Add any interest earned if you have an interest-bearing account.
- Add any automatic deposit or overdraft line of credit.
- Review all withdrawals shown on this statement and check them off in your account register.
- Follow instructions 2-5 to verify your ending account balance.

Your ending balance shown on this statement is:	**Ending Balance**		239.20
List below the amount of deposits or credit transfers which do not appear on this statement. Total the deposits and enter on Line 2.	**Total Deposits**	+	
Subtotal by adding lines 1 and 2.	**Sub Total**		
List below the total amount of withdrawals that do not appear on this statement. Total the withdrawals and enter on Line 4.	**Total Withdrawals**	-	
Subtract Line 4 from 3. This adjusted balance should equal your account balance.	**Adjusted Balance**		

Total Deposits

Total Withdrawals

If you need information about an electronic fund transfer or if you believe there is an error on your bank statement or receipt relating to an electronic fund transfer, telephone the bank immediately at the phone number listed on the front of your statement or write to:

TD Bank, N.A., Deposit Operations Dept, P.O. Box 1377, Lewiston, Maine 04243-1377

We must hear from you no later than sixty (60) calendar days after we sent you the first statement upon which the error or problem first appeared. When contacting the Bank, please explain as clearly as you can why you believe there is an error or why more information is needed. Please include:

- Your name and account number.
- A description of the error or transaction you are unsure about.
- The dollar amount and date of the suspected error.

When making a verbal inquiry, the Bank may ask that you send us your complaint in writing within ten (10) business days after the first telephone call.

We will investigate your complaint and will correct any error promptly. If we take more than ten (10) business days to do this, we will credit your account for the amount you think is in error, so that you have the use of the money during the time it takes to complete our investigation.

Total interest credited by the Bank to you this year will be reported by the Bank to the Internal Revenue Service and State tax authorities. The amount to be reported will be reported separately to you by the Bank.

In case of Errors or Questions About Your Bill:

If you think your bill is wrong, or if you need more information about a transaction on your bill, write us at P.O. Box 1377, Lewiston, Maine 04243-1377 as soon as possible. We must hear from you no later than sixty (60) days after we sent you the FIRST bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights. In your letter, give us the following information:

- Your name and account number.
- The dollar amount of the suspected error.
- Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are unsure about.

You do not have to pay any amount in question while we are investigating, but you are still obligated to pay the parts of your bill that are not in question. While we investigate your question, we cannot report you as delinquent or take any action to collect the amount you question.

FINANCE CHARGES: Although the Bank uses the Daily Balance method to calculate the finance charge on your Moneyline/Overdraft Protection account (the term "ODP" or "OD" refers to Overdraft Protection), the Bank discloses the Average Daily Balance on the periodic statement as an easier method for you to calculate the finance charge. The finance charge begins to accrue on the date advances and other debits are posted to your account and will continue until the balance has been paid in full. To compute the finance charge, multiply the Average Daily Balance times the Days in Period times the Daily Periodic Rate (as listed in the Account Summary section on the front of the statement). The Average Daily Balance is calculated by adding the balance for each day of the billing cycle, then dividing the total balance by the number of Days in the Billing Cycle. The daily balance is the balance for the day after advances have been added and payments or credits have been subtracted plus or minus any other adjustments that might have occurred that day. There is no grace period during which no finance charge accrues. Finance charge adjustments are

Bank

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000027528 01 AV 0.375 MTD01040030118113103 0023 03 03

KSHEL REALTY CORP TAX
DIP CASE 18-10011 SDNY
216 E 125TH ST
NEW YORK NY 10035

Page:	1 of 2
Statement Period:	Feb 01 2018-Feb 28 2018
Cust Ref #:	[redacted]9271-039-T-###
Primary Account #:	[redacted]9271

Chapter 11 Checking

KSHEL REALTY CORP TAX
DIP CASE 18-10011 SDNY

Account # [redacted]49271

Beginning Balance	0.00	Average Collected Balance	0.00
Ending Balance	0.00	Interest Earned This Period	0.00
		Interest Paid Year-to-Date	0.00
		Annual Percentage Yield Earned	0.00%
		Days in Period	28

No Transactions this Statement Period

Begin by adjusting your account register as follows:

- Subtract any services charges shown on this statement.
- Subtract any automatic payments, transfers or other electronic with-drawals not previously recorded.
- Add any interest earned if you have an interest-bearing account.
- Add any automatic deposit or overdraft line of credit.
- Review all withdrawals shown on this statement and check them off in your account register.
- Follow instructions 2-5 to verify your ending account balance.

Your ending balance shown on this statement is:	**Ending Balance**	0.00
List below the amount of deposits or credit transfers which do not appear on this statement. Total the deposits and enter on Line 2.	**Total Deposits**	+
Subtotal by adding lines 1 and 2.	**Sub Total**	
List below the total amount of withdrawals that do not appear on this statement. Total the withdrawals and enter on Line 4.	**Total Withdrawals**	-
Subtract Line 4 from 3. This adjusted balance should equal your account balance.	**Adjusted Balance**	

Total Deposits

Total Withdrawals

If you need information about an electronic fund transfer or if you believe there is an error on your bank statement or receipt relating to an electronic fund transfer, telephone the bank immediately at the phone number listed on the front of your statement or write to:

TD Bank, N.A., Deposit Operations Dept, P.O. Box 1377, Lewiston, Maine 04243-1377

We must hear from you no later than sixty (60) calendar days after we sent you the first statement upon which the error or problem first appeared. When contacting the Bank, please explain as clearly as you can why you believe there is an error or why more information is needed. Please include:

- Your name and account number.
- A description of the error or transaction you are unsure about.
- The dollar amount and date of the suspected error.

When making a verbal inquiry, the Bank may ask that you send us your complaint in writing within ten (10) business days after the first telephone call.

We will investigate your complaint and will correct any error promptly. If we take more than ten (10) business days to do this, we will credit your account for the amount you think is in error, so that you have the use of the money during the time it takes to complete our investigation.

Total interest credited by the Bank to you this year will be reported by the Bank to the Internal Revenue Service and State tax authorities. The amount to be reported will be reported separately to you by the Bank.

In case of Errors or Questions About Your Bill:

If you think your bill is wrong, or if you need more information about a transaction on your bill, write us at P.O. Box 1377, Lewiston, Maine 04243-1377 as soon as possible. We must hear from you no later than sixty (60) days after we sent you the FIRST bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights. In your letter, give us the following information:

- Your name and account number.
- The dollar amount of the suspected error.
- Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are unsure about.

You do not have to pay any amount in question while we are investigating, but you are still obligated to pay the parts of your bill that are not in question. While we investigate your question, we cannot report you as delinquent or take any action to collect the amount you question.

FINANCE CHARGES: Although the Bank uses the Daily Balance method to calculate the finance charge on your Moneyline/Overdraft Protection account (the term "ODP" or "OD" refers to Overdraft Protection), the Bank discloses the Average Daily Balance on the periodic statement as an easier method for you to calculate the finance charge. The finance charge begins to accrue on the date advances and other debits are posted to your account and will continue until the balance has been paid in full.

To compute the finance charge, multiply the Average Daily Balance times the Days in Period times the Daily Periodic Rate (as listed in the Account Summary section on the front of the statement). The Average Daily Balance is calculated by adding the balance for each day of the billing cycle, then dividing the total balance by the number of Days in the Billing Cycle. The daily balance is the balance for the day after advances have been added and payments or credits have been subtracted plus or minus any other adjustments that might have occurred that day. There is no grace period during which no finance charge accrues. Finance charge adjustments are included in your total finance charge.

Bank of America

Business Advantage

P.O. Box 15284
Wilmington, DE 19850

Customer service information

1.888.BUSINESS (1.888.287.4637)

bankofamerica.com

Bank of America, N.A.
P.O. Box 25118
Tampa, FL 33622-5118

FI 0 487 742 031 014650 #@01 AV 0.378

KSHEL REALTY CORP
216 E 125TH ST
NEW YORK, NY 10035-1738

Your combined statement

for February 01, 2018 to February 28, 2018

Your deposit accounts	Account/plan number	Ending balance	Details on
Business Fundamentals Checking	4830 5412 2700	$0.00	Page 3
Business Advantage Savings	4830 5412 2713	$0.00	Page 5
Total balance		**$0.00**	

Your Business Fundamentals Checking

KSHEL REALTY CORP

Account summary

Beginning balance on February 1, 2018	$0.00	# of deposits/credits: 0
Deposits and other credits	0.00	# of withdrawals/debits: 0
Withdrawals and other debits	-0.00	# of items-previous cycle[1]: 0
Checks	-0.00	# of days in cycle: 28
Service fees	-0.00	Average ledger balance: $0.00
Ending balance on February 28, 2018	**$0.00**	[1]*Includes checks paid,deposited items&other debits*

Bank of America

Your savings account

Account number: 4830 5412 2713

Your Business Advantage Savings

KSHEL REALTY CORP

Account summary

Beginning balance on February 1, 2018	$0.00
Deposits and other credits	0.00
Withdrawals and other debits	-0.00
Service fees	-0.00
Ending balance on February 28, 2018	**$0.00**

# of deposits/credits: 0
# of withdrawals/debits: 0
# of days in cycle: 28
Average ledger balance: $0.00
Average collected balance: $0.00

In re Kshel Realty Corp. Case No. 18-10011
Debtor Reporting Period: 2/01/18 - 2/28/18

STATEMENT OF OPERATIONS (Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

REVENUES	MONTH	CUMULATIVE -FILING TO DATE
Gross Revenues	$0.00	$0.00
Less: Returns and Allowances	$0.00	$0.00
Net Revenue	$0.00	$0.00
COST OF GOODS SOLD		
Beginning Inventory	$0.00	$0.00
Add: Purchases	$0.00	$0.00
Add: Cost of Labor	$0.00	$0.00
Add: Other Costs *(attach schedule)*	$0.00	$0.00
Less: Ending Inventory	$0.00	$0.00
Cost of Goods Sold	$0.00	$0.00
Gross Profit	$0.00	$0.00
OPERATING EXPENSES		
Advertising	$0.00	$0.00
Auto and Truck Expense	$0.00	$0.00
Bad Debts	$0.00	$0.00
Contributions	$0.00	$0.00
Employee Benefits Programs	$0.00	$0.00
Officer/Insider Compensation*	$0.00	$0.00
Insurance	$0.00	$0.00
Management Fees/Bonuses	$0.00	$0.00
Office Expense	$0.00	$0.00
Pension & Profit-Sharing Plans	$0.00	$0.00
Repairs and Maintenance	$0.00	$0.00
Rent and Lease Expense	$0.00	$0.00
Salaries/Commissions/Fees	$0.00	$0.00
Supplies	$0.00	$0.00
Taxes - Payroll	$0.00	$0.00
Taxes - Real Estate	$0.00	$0.00
Taxes - Other	$0.00	$0.00
Travel and Entertainment	$0.00	$0.00
Utilities	$0.00	$0.00
Other *(attach schedule)*	$0.00	$0.00
Total Operating Expenses Before Depreciation	$0.00	$0.00
Depreciation/Depletion/Amortization	$0.00	$0.00
Net Profit (Loss) Before Other Income & Expenses	$0.00	$0.00
OTHER INCOME AND EXPENSES		
Other Income *(attach schedule)*	$0.00	$0.00
Interest Expense	$0.00	$0.00
Other Expense *(attach schedule)*	$0.00	$0.00
Net Profit (Loss) Before Reorganization Items	$0.00	$0.00

In re Kshel Realty Corp.
Debtor

Case No. 18-10011
Reporting Period: 2/01/18 - 2/28/18

REORGANIZATION ITEMS		
Professional Fees	$10,000.00	$20,000.00
U. S. Trustee Quarterly Fees	$0.00	$0.00
Interest Earned on Accumulated Cash from Chapter 11 *(see continuation sheet)*	$0.00	$0.00
Gain (Loss) from Sale of Equipment	$0.00	$0.00
Other Reorganization Expenses *(attach schedule)*	$0.00	$0.00
Total Reorganization Expenses	$10,000.00	$20,000.00
Income Taxes	$0.00	$0.00
Net Profit (Loss)	($10,000.00)	($20,000.00)

*"Insider" is defined in 11 U.S.C. Section 101(31).

BREAKDOWN OF "OTHER" CATEGORY

OTHER COSTS

	0	0
	0	0
	0	0
	0	0
	0	0

OTHER OPERATIONAL EXPENSES

	0	0
	0	0
	0	0
	0	0
	0	0

OTHER INCOME

	0	0
	0	0
	0	0

OTHER EXPENSES

	0	0
	0	0
	0	0

OTHER REORGANIZATION EXPENSES

		0
	0	0
	0	0
	0	0

Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:
Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item.

In re Kshel Realty Corp.
Debtor

Case No. 18-10011
Reporting Period: 2/01/18 - 2/28/18

BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from post-petition obligations.

ASSETS	*BOOK VALUE AT END OF CURRENT REPORTING MONTH*	*BOOK VALUE AT END OF PRIOR REPORTING MONTH*	*BOOK VALUE ON PETITION DATE OR SCHEDULED*
CURRENT ASSETS			
Unrestricted Cash and Equivalents	$239.20	$239.20	$239.20
Restricted Cash and Cash Equivalents *(see continuation sheet)*	$0.00	$0.00	$0.00
Accounts Receivable (Net)	$0.00	$0.00	$0.00
Notes Receivable	$0.00	$0.00	$0.00
Inventories	$0.00	$0.00	$0.00
Prepaid Expenses	$0.00	$0.00	$0.00
Professional Retainers	$0.00	$0.00	$0.00
Other Current Assets *(attach schedule)*	$0.00	$0.00	$0.00
TOTAL CURRENT ASSETS	$239.20	$239.20	$239.20
PROPERTY & EQUIPMENT			
Real Property and Improvements	$0.00	$0.00	$0.00
Machinery and Equipment	$0.00	$0.00	$0.00
Furniture, Fixtures and Office Equipment	$0.00	$0.00	$0.00
Leasehold Improvements	$0.00	$0.00	$0.00
Vehicles	$0.00	$0.00	$0.00
Less: Accumulated Depreciation	$0.00	$0.00	$0.00
TOTAL PROPERTY & EQUIPMENT	$0.00	$0.00	$0.00
OTHER ASSETS			
Amounts due from Insiders*	$0.00	$0.00	$0.00
Other Assets *(attach schedule)*	$6,707,236.46	$6,666,085.23	$6,624,525.37
TOTAL OTHER ASSETS	$6,707,236.46	$6,666,085.23	$6,624,525.37
TOTAL ASSETS	$6,707,475.66	$6,666,324.43	$6,624,764.57

LIABILITIES AND OWNER EQUITY	*BOOK VALUE AT END OF CURRENT REPORTING MONTH*	*BOOK VALUE AT END OF PRIOR REPORTING MONTH*	*BOOK VALUE ON PETITION DATE*
LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)			
Accounts Payable	$0.00	$0.00	$0.00
Taxes Payable *(refer to FORM MOR-4)*	$0.00	$0.00	$0.00
Wages Payable	$0.00	$0.00	$0.00
Notes Payable	$0.00	$0.00	$0.00
Rent / Leases - Building/Equipment	$0.00	$0.00	$0.00
Secured Debt / Adequate Protection Payments	$0.00	$0.00	$0.00
Professional Fees	$20,000.00	$10,000.00	$0.00
Amounts Due to Insiders*	$0.00	$0.00	$0.00
Other Post-petition Liabilities *(attach schedule)*	$0.00	$0.00	$0.00
TOTAL POST-PETITION LIABILITIES	$20,000.00	$10,000.00	$0.00
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)			
Secured Debt	$0.00	$0.00	$0.00
Priority Debt	$0.00	$0.00	$0.00
Unsecured Debt	$0.00	$0.00	$0.00
TOTAL PRE-PETITION LIABILITIES	$0.00	$0.00	$0.00
TOTAL LIABILITIES	$0.00	$0.00	$0.00
OWNERS' EQUITY	$0.00	$0.00	
Capital Stock	$0.00	$0.00	$0.00
Additional Paid-In Capital	$0.00	$0.00	$0.00
Partners' Capital Account	$0.00	$0.00	$0.00
Owner's Equity Account	$0.00	$0.00	$0.00
Retained Earnings - Pre-Petition	$0.00	$0.00	
Retained Earnings - Post-petition	$0.00	$0.00	$0.00
Adjustments to Owner Equity *(attach schedule)*	$0.00	$0.00	$0.00
Post-petition Contributions *(attach schedule)*	$0.00	$0.00	$0.00
NET OWNERS' EQUITY	$6,707,475.66	$6,666,324.43	$6,624,764.57
TOTAL LIABILITIES AND OWNERS' EQUITY	$6,727,475.66	$6,676,324.43	$6,624,764.57

*"Insider" is defined in 11 U.S.C. Section 101(31).

In re Kshel Realty Corp.
Debtor

Case No. 18-10011
Reporting Period: 2/01/18 - 2/28/18

BALANCE SHEET - continuation section

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE
Other Current Assets			
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
Other Assets			
52.42% share in Second Phoenix Net Assets	$6,666,085.23	$0.00	$6,666,085.23
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00

LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH		BOOK VALUE ON PETITION DATE
Other Post-petition Liabilities			
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
Adjustments to Owner's Equity			
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
Post-Petition Contributions			
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00
	$0.00	$0.00	$0.00

Restricted Cash: Cash that is restricted for a specific use and not available to fund operations. Typically, restricted cash is segregated into a separate account, such as an escrow account.

In re Kshel Realty Corp.
Debtor

Case No. 18-10011
Reporting Period: 2/01/18 - 2/28/18

STATUS OF POST-PETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.

Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.

Attach photocopies of any tax returns filed during the reporting period.

Federal	Beginning Tax	Amount Withheld and/or Accrued	Amount Paid	Date Paid	Check # or EFT	Ending Tax
Withholding	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
FICA-Employee	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
FICA-Employer	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unemployment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Income	$0.00	$0.00	$0.00		$0.00	$0.00
Other:	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Federal Taxes	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
State and Local						
Withholding	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Sales	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Excise	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Unemployment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Real Property	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Personal Property	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other:	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total State and Local	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Taxes	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

SUMMARY OF UNPAID POST-PETITION DEBTS

Attach aged listing of accounts payable.

	Number of Days Past Due					
	Current	0-30	31-60	61-90	Over 91	Total
Accounts Payable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Wages Payable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Taxes Payable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Rent/Leases-Building	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Rent/Leases-Equipment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Secured Debt/Adequate Protection Payments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Professional Fees **	$10,000.00	$10,000.00	$0.00	$0.00	$0.00	$20,000.00
Amounts Due to Insiders	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other:	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other:	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Post-petition Debts	$10,000.00	$10,000.00	$0.00	$0.00	$0.00	$20,000.00

Explain how and when the Debtor intends to pay any past due post-petition debts.

** to be paid attime of refinancing and/or sale

In re Kshel Realty Corp.
Debtor

Case No. 18-10011
Reporting Period: 2/01/18 - 2/28/18

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	$0.00
Plus: Amounts billed during the period	$0.00
Less: Amounts collected during the period	$0.00
Total Accounts Receivable at the end of the reporting period	$0.00

Accounts Receivable Aging	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
0 - 30 days old	$0.00	$0.00	$0.00	$0.00	$0.00
31 - 60 days old	$0.00	$0.00	$0.00	$0.00	$0.00
61 - 90 days old	$0.00	$0.00	$0.00	$0.00	$0.00
91+ days old	$0.00	$0.00	$0.00	$0.00	$0.00
Total Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00
	$0.00				
Less: Bad Debts (Amount considered uncollectible)	$0.00	$0.00	$0.00	$0.00	$0.00
	$0.00				
Net Accounts Receivable	$0.00	$0.00	$0.00	$0.00	$0.00

TAXES RECONCILIATION AND AGING

Taxes Payable	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
0 - 30 days old	$0.00	$0.00	$0.00	$0.00	$0.00
31 - 60 days old	$0.00	$0.00	$0.00	$0.00	$0.00
61 - 90 days old	$0.00	$0.00	$0.00	$0.00	$0.00
91+ days old	$0.00	$0.00	$0.00	$0.00	$0.00
Total Taxes Payable	$0.00	$0.00	$0.00	$0.00	$0.00
Total Accounts Payable	$0.00	$0.00	$0.00	$0.00	$0.00

In re Kshel Realty Corp.
Debtor

Case No. 18-10011
Reporting Period: 2/01/18 - 2/28/18

PAYMENTS TO INSIDERS AND PROFESSIONALS

Of the total disbursements shown on the Cash Receipts and Disbursements Report (MOR-1) list the amount paid to insiders (as defined in Section 101(31) (A)-(F) of the U.S. Bankruptcy Code) and to professionals. For payments to insiders, identify the type of compensation paid (e.g. Salary, Bonus, Commissions, Insurance, Housing Allowance, Travel, Car Allowance, Etc.). Attach additional sheets if necessary.

INSIDERS			
NAME	TYPE OF PAYMENT	AMOUNT PAID	TOTAL PAID TO DATE
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
TOTAL PAYMENTS TO INSIDERS		$0.00	$0.00

PROFESSIONALS					
NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE	TOTAL INCURRED & UNPAID*
n/a	$0.00	$0.00	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL PAYMENTS TO PROFESSIONALS		$0.00	$0.00	$0.00	$0.00

* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

POST-PETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENT DUE	AMOUNT PAID DURING MONTH	TOTAL UNPAID POST-PETITION
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
n/a	$0.00	$0.00	$0.00
TOTAL PAYMENTS		$0.00	$0.00

In re Kshel Realty Corp.
Debtor

Case No. 18-10011
Reporting Period: 2/01/18 - 2/28/18

DEBTOR QUESTIONNAIRE

	Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.	**Yes**	**No**
1	Have any assets been sold or transferred outside the normal course of business this reporting period?		x
2	Have any funds been disbursed from any account other than a debtor in possession account this reporting period?		x
3	Is the Debtor delinquent in the timely filing of any post-petition tax returns?		x
4	Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies?		x
5	Is the Debtor delinquent in paying any insurance premium payment?		x
6	Have any payments been made on pre-petition liabilities this reporting period?		x
7	Are any post petition receivables (accounts, notes or loans) due from related parties?		x
8	Are any post petition payroll taxes past due?		x
9	Are any post petition State or Federal income taxes past due?		x
10	Are any post petition real estate taxes past due?		x
11	Are any other post petition taxes past due?		x
12	Have any pre-petition taxes been paid during this reporting period?		x
13	Are any amounts owed to post petition creditors delinquent?		x
14	Are any wage payments past due?		x
15	Have any post petition loans been been received by the Debtor from any party?		x
16	Is the Debtor delinquent in paying any U.S. Trustee fees?		x
17	Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		x
18	Have the owners or shareholders received any compensation outside of the normal course of business?		x

EXHIBIT E

CUMULATIVE LIQUIDATION ANALYSIS (ESTIMATED AND APPROXIMATE)

Readily Liquid Assets:	
212, 214 and 216 East 125th Street	$13,000,000.00+
14 Second Avenue	$11,000,000.00+
Total	$24,000,000.00+
Liabilities:	
Secured:	
SKW EAST VH LLC	$12,500,000.00+ (Disputed)
Priority:	
IRS	$3,137.00
Unsecured:	
Total Unsecured	$85,000.00
Administrative (Anticipated):	$600,000.00
Total Liabilities	$13,188,137. 00
Net Worth:	$10,811,863.00