

Daniel P Lane & Associates, Inc.

PREMISES

LIRR Vanderbilt Yards
Brooklyn, New York
Block 1119, Lot 7
Block 1120, Lot 1
Block 1121, Lot 1

DRAFT

SUBMITTED TO

Mr. Roco Krsulic
Director, Real Estate
Metropolitan Transportation Department
347 Madison Avenue
New York, New York 10017-3739

Daniel P. Lane & Associates, Inc.

July 21, 2005

Mr. Roco Krsulic
Director, Real Estate
Metropolitan Transportation Department
347 Madison Avenue
New York, New York 10017-3739

RE: LIRR Vanderbilt Yards
Brooklyn, New York
Block #1119, Lot# 7
Block #1120, Lot# 1
Block #1121, Lot# 1

Dear Mr. Krsulic,

In accordance with your request, I have prepared an appraisal report which indicates the current market value of the above referenced property. The subject property is a 8.30-acre site comprised of three (3) contiguous parcels. Block 1119, Lot 7 is situated between Atlantic and Pacific Avenues, and 5th and 6th Avenues. Block 1120, Lot 1 is situated between Atlantic and Pacific Avenues, 6th Avenue and Carlton Avenue. Block 1121, Lot 1 is situated between Atlantic and Pacific Avenues, and Carlton and Vanderbilt Avenues, all situated in the Borough of Brooklyn, New York, New York.

The parcels are located in an M1-1 zoning district, with an FAR of 1.0. As-of-right uses in this zoning district include, among others: products processing/manufacturing, storage and distribution facilities, business or professional offices, and wholesale establishments. However, the subject is located adjacent to the Atlantic Terminal Urban Renewal Area (ATURA), and is being contemplated for inclusion. Additionally, it is adjacent to the newly expanded Downtown Brooklyn Special Purpose District, which provides for C6-4 with an FAR of 10.0. Therefore, our appraisal contemplates similar zoning for the subject site.

This appraisal was made subject to and prepared in conformity with the Standards of Professional Appraisal Practice and Code of Professional Ethics and Conduct of the Appraisal Institute, the Uniform Standards of Professional Appraisal Practice (USPAP) as established by the Appraisal Foundation, and the appraisal requirements established by the State of New York. This appraisal is subject to the assumptions and limiting conditions included with this letter. Our fully documented appraisal report will follow.

Under the revisions and modifications to the Uniform Standards of Professional Appraisal Practice (USPAP) that went into effect January 1, 1998, the appraisal is categorized as a Complete Appraisal in a Self Contained Report.

This report and its conclusions are based upon a physical inspection of the site that took place on July 15, 2005, as well as market data which we have uncovered in researching the subject area.

The Cost Approach, Income Approach and the Sales Comparison Approach were all given consideration. However the Sales Comparison Approach was the only applicable approach.

I have made no investigation as to the environmental aspects of the property that may have an adverse effect on the value of the property. This kind of determination is outside my area of expertise, and it is outside the scope of this appraisal as well.

The indicated property value is \$75.00 per square foot, FAR. Applying this unit value to the subject 3,615,790 square feet of developable area indicates a prospective market value of the subject land as vacant of \$271,184,250. However, In order to proceed with development, the cost of track relocation and platform construction must be considered. The engineering firm of NASCO Construction Services, Inc has provided estimates based on two scenarios. Under Scenario 1, the estimated cost is \$56,684,600, and includes realigning tracks at blocks 1119 and 1120, new platforms at blocks 1119 and 1120, and a 32' wide platform at block 1121. Scenario 2 is a more costly scenario at \$72,496,800, that involves relocating the tracks at block 1119 and 1120 to include only block 1120 and block 1121, and construction of a new platform at blocks 1120 and 1121. Although Scenario two is a more costly scenario, it offers no real advantage over Scenario One that would be commensurate with the addition cost involved. Therefore, it is our opinion that Scenario One is the more viable alternative. Deducting the estimated cost of \$56,684,600 from the estimated land value of \$271,184,250, results in an indicated value of \$214,499,650, which we have rounded to:

TWO HUNDRED FOURTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS
\$214,500,000

Yours truly,

Daniel P. Lane MAI, CRE, SRA, ASA
New York State Certified General
Real Estate Appraiser No. 46000001041