Area in Need of Redevelopment Investigation for

Block 2701, Lot 3

in the Borough of Woodcliff Lake, New Jersey

Prepared for:

The Borough of Woodcliff Lake Planning Board
188 Pascack Rd
Woodcliff Lake, NJ 07677

Prepared by:

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The original copy of this document was signed and sealed
in accordance with N.J.S.A. 45:14 A-1 et seq.

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Table of Contents

List of Figures

I. Introduction

The purpose of this study is to determine whether an area located in the eastern section of the Borough of Woodcliff Lake meets the requirements for designation as an "area in need of redevelopment" as established under NJSA 40A:12A. The area consists of one lot: 188 Broadway, shown as Block 2701, Lot 3 on the Official Tax Maps of the Borough of Woodcliff Lake (the "Study Area"). The Borough Council by Resolution No. 22-136 authorized the Planning Board to conduct such an investigation. In a meeting on May 25, 2022, the Planning Board authorized Phillips Preiss Grygiel Leheny Hughes LLC to undertake the study on its behalf.

As part of the investigation, the following records and documents were reviewed:

- Official tax maps of the Borough of Woodcliff Lake.
- Tax records for the study area.
- Aerial photos of the study area.
- 2022 Master Plan for the Borough of Woodcliff Lake.
- Zoning Ordinance and Map of the Borough of Woodcliff Lake.
- Various deeds for 188 Broadway accessed from the Bergen County Clerk's Office website (https://www.bergencountyclerk.org/services/71).
- Preliminary and Final Major Site Plan for "188 Broadway, Block 2701 – Lot 3, Borough of Woodcliff Lake, Bergen County, New Jersey," prepared by MCB Engineering Associates, LLC, dated 5/2/2018, last revised 3/2/2021.
- A report entitled "Appraisal Report, Office Building, 188 Broadway, Woodcliff Lake, NJ 07677;" prepared by BBG, Inc.; Date of Value: February 2, 2018 (see Appendix B).
- A market report entitled "Research Q2 2022 Northern New Jersey Office Market;" prepared by Newmark Research; dated July 15, 2022 (see Appendix C).
- A report entitled "Why Companies Aren't Cutting Back on Office Space;" prepared by Jose Maria Barrero, Nicholas Bloom, and Steven J. Davis; published in Harvard Business Review; dated January 25, 2022 (see Appendix D).

In addition to the above, we physically inspected the building and grounds on July 26, 2022. This analysis included both exterior and interior inspections of the building (see photos in Appendix A). Further, we had discussions with representatives of the owner, 188 Broadway LP, to obtain information on the property's condition.

The remainder of this report is divided into six chapters. Chapter II provides a description of the study area and its locational context. Chapter III provides an analysis of the applicable zoning and master plan designations within the study area. Chapter IV discusses the criteria specified at NJSA 40A:12A-5 for "area in need of redevelopment" designation. Chapter V applies these criteria to the study area to determine whether an area in need of redevelopment determination is warranted. Chapter VI summarizes the overall conclusion of the report. Photos of the study area are provided in Appendix A.

II. Description of the Study Area and Locational Context

2.1 Locational Context

The area that is under consideration for redevelopment area designation (the "Study Area") consists of Block 2701, Lot 3 which is located at 188 Broadway. The Study Area is located on the east side of Broadway (also known as Bergen County Route 90) to the south of Highview Avenue and north of Prospect Avenue in the eastern portion of the Borough to the east of the New Jersey Transit railroad tracks and the Woodcliff Lake Reservoir. The Study Area is roughly rectangular in shape and is accessed via two-way driveway from Broadway along the southern lot line. The site measures approximately 3.3 acres and is presently developed with a two-story elevator office building over basement level parking, as well as associated surface parking. The gross square footage of the two floors devoted to office space total approximately ±42,600. The property slopes upwards from Broadway before reaching a plateau on which the building and parking are located. The surface parking lot is bi-level with the eastern area slightly higher than the parking closer to the building. To the east of the parking lot the lot slopes steeply upwards towards the adjacent residential lot. There are tiered walls in that sloped area which is mostly wooded. The location of the Study Area is shown in Figure 1. An aerial view of the study area context is shown in Figure 2 and the tax map for the property is shown in Figure 3.

Land uses in the vicinity of the Study Area are varied. Immediately to the north is Lakeview Manor Assisted Living facility. Immediately to the south is 172 Broadway which consists of two, 2-story office buildings and associated parking areas. Further to the south along Broadway is the former Oritani Bank building which is currently vacant. South of Prospect Avenue on both sides of Broadway are a variety of commercial and office uses. Directly across Broadway from the Study Area are unimproved parcels, the Pascack Valley railroad line of New Jersey Transit, off-street parking for the Woodcliff Lake New Jersey Transit train station, and the Woodcliff Lake Reservoir. To the northwest of the Study Area is the train station and additional associated parking. North of Prospect Avenue on the east side of Broadway is the recently approved multifamily development at 216 Broadway, as well as Borough owned properties planned for affordable housing development. On the west side of Broadway north of the train station are mostly unimproved properties, as well as the former VFW building. To the east of the Study Area are predominantly single-family residential neighborhoods.

2.2 Site History and Former Tenants

The office building on Block 2701, Lot 3 was constructed circa 1985. The current owners, 188 Broadway LP, purchased the property in 2018 from Wallenius Wilhelmsen Lines Americas Realty, LLC. Wallenius Wilhelmsen was a logistics company. According to deed research, Wallenius Wilhelmsen, including its predecessor companies, had owned the property since at least the late 1980s[1]. Prior to selling the building, Wallenius Wilhelmsen Logistics was the primary tenant of 188 Broadway, although a web search for the

[1] Deed research indicates that the building was deeded from a company called Woodlake Green to a company known as Wallenius Motorships Inc. in 1989. In 1993, Wallenius Motorships Inc. deeded the building to Wallenius Holdings, Inc. In 2000, Wallenius Holdings, Inc. deeded the building to Wallenius Wilhelmsen Lines Americas Realty, LLC who sold the property to the current owner, 188 Broadway, LP.

building's address reveals that smaller office spaces within the building were offered for sublease to other tenants.

In 2018, 188 Broadway LP, submitted an application to the Zoning Board of Adjustment to renovate the existing office building to a 36-unit multi-family residential building and to construct a new 24-unit 3-story multi-family residential building in the rear portion of the property where the surface parking lot is located. In total, the applicant proposed 60 residential units. The applicant sought a "d(1)" use variance as multi-family residential uses were not permitted in the zoning district, as well as "c" bulk variances. The Zoning Board of Adjustment denied the application for the use variance in August 2019.

In May 2021, 188 Broadway LP, submitted a second application to the Zoning Board of Adjustment to renovate the existing office building to a 37-unit multi-family residential building and to construct a new 16-unit 2-story multi-family residential building in the rear portion of the property where the surface parking lot is located. In total, the applicant proposed 53 residential units. The applicant again sought a "d(1)" use variance as multi-family residential uses were not permitted in the zoning district, as well as "c" bulk variances. The Zoning Board of Adjustment again denied the application for the use variance.

At present the building is completely vacant and has been since the end of September 2018.

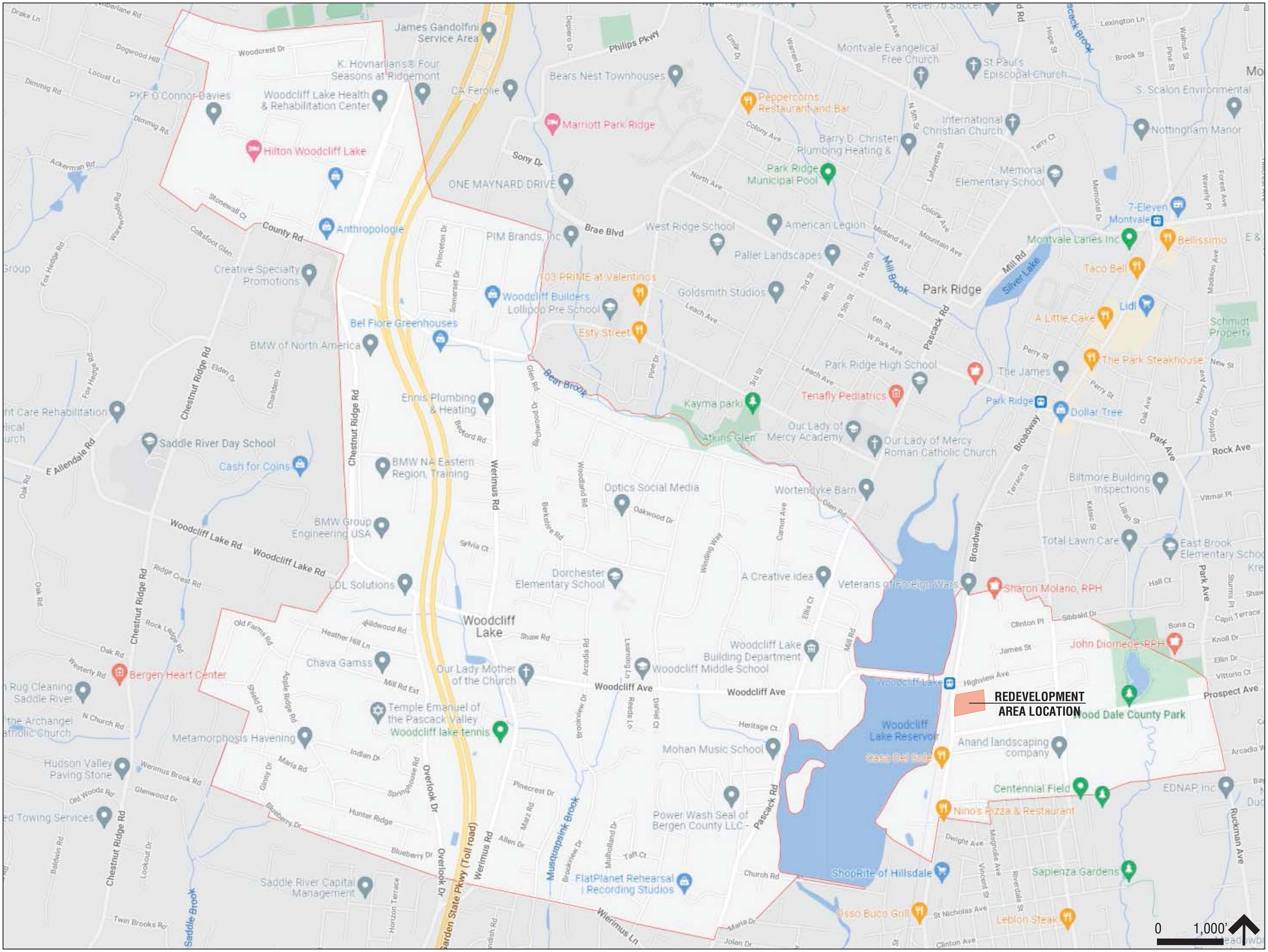

FIGURE 1: LOCATION | **Area in Need of Redevelopment Investigation | Block 2701, Lot 3 | Borough of Woodcliff Lake, NJ**

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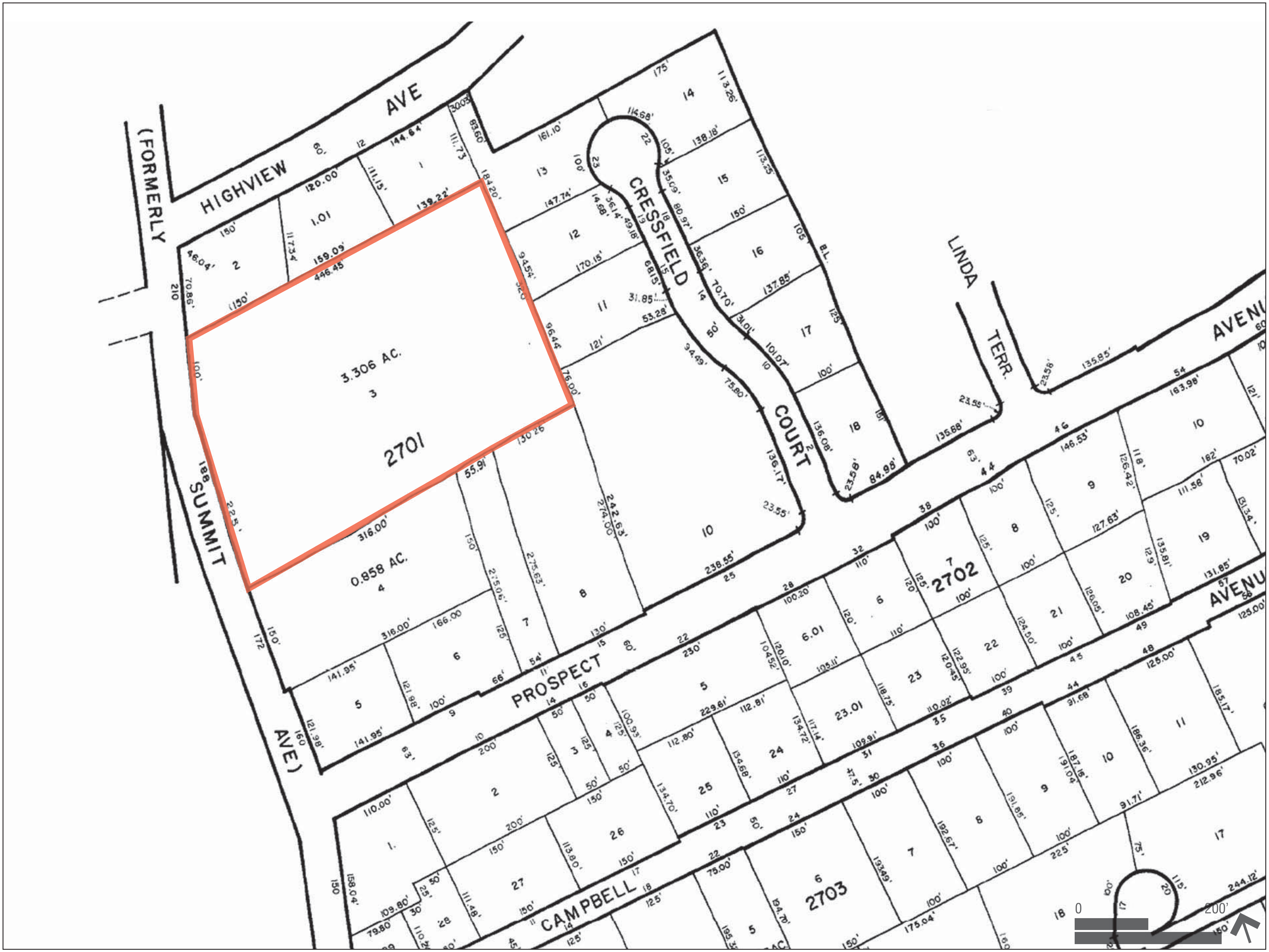

FIGURE 2: TAX MAP | **Area in Need of Redevelopment Investigation | Block 2701, Lot 3 | Borough of Woodcliff Lake, NJ**
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FIGURE 3: AERIAL CONTEXT | **Area in Need of Redevelopment Investigation | Block 2701, Lot 3 | Borough of Woodcliff Lake, NJ**

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III. Borough Woodcliff Lake Master Plan and Zoning

3.1 Woodcliff Lake Master Plan

The Borough's most recent Master Plan was adopted in March 2022. The Master Plan noted the following with relevance to the Study Area:

> *"While not classified as vacant land on property tax records, the Borough has witnessed an increase in the vacation of corporate tenants and has several vacant office buildings along Chestnut Ridge Road and Broadway." (page 13)*

> *"The commercial portion of the Broadway corridor extends from the Woodcliff Lake train station area to the Borough's boundary with Hillsdale to the south… . . Immediately south of the train station, the corridor is characterized by a number of office buildings… . In terms of the physical characteristics and current development pattern, the Broadway Corridor faces many challenges and are constrained in development potential by multiple factors… . There are a number of dilapidated, vacant, or abandoned properties (such as the vacant office building at 188 Broadway and the former gas station property at 126 Broadway) that are detrimental to the visual appeal of Broadway and/or are currently not utilized at their highest potential." (pages 23-24)*

> *"Further complicating redevelopment is the presence of environmental constraints and the railroad. The topography of certain lots on the east side of Broadway includes steep grade differentials that serve as a boundary for any lot expansion thereby restricting development potential." (page 36)*

Additionally, the Master Plan provided goals, objectives and action items relevant to the Study Area. Goal #2 of the Land Use Plan Element in the Master Plan is to "Maintain and enhance economic vitality of non-residential districts" including Broadway to ensure "continued economic vitality of the Borough." Objective #1 of this goal is to "Support the development of desirable and appropriate uses on the Broadway Corridor through zoning and land use regulations." Action #1 under this objective is to "Establish new Broadway zoning to allow for appropriate mix of uses and scale of development." Included in this action item is the recommendation that the SO (Special Office) zone, which encompassed several properties with frontage on Broadway between Highview Avenue and Prospect Avenue including the Study Area be incorporated into the B-1 Business zone. Details of the zoning impacting the Study Area are detailed below.

3.2 Woodcliff Lake Zoning

The site is split-zoned and located within the Borough's B-1 Broadway (East and West) Business District and R-15 Residential One-Family District. The existing improvements are primarily in the B-1 zone. It should be noted that in May 2022, the Borough Council (Ordinance 22-06) rezoned the portion of the lot zoned SO Special Office[2] to the B-1 consistent with the adopted Master Plan. The eastern edge of the parking area is the approximate location of the zone line where the B-1 zone turns into the R-15 zone.

B-1 Broadway (East and West) Business District

Permitted Uses

The B-1 zone permits the following principal uses:

Within the B-1 Business District, no lot, tract or parcel of land shall be used, and no building structure shall be constructed, altered, erected or placed to be used, for any purpose other than the following:

A. Retail sales or service uses such as those listed below, as well as uses substantially similar to them, and except as where otherwise permitted conducted entirely within the confines of a building, and involving the sale of goods or rendering of services directly to the ultimate consumer:

(1) Stores for retail sales, including but not limited to: clothing, personal furnishings and accessories, and shoe stores; music, video, and bookstores; office supplies and stationery stores; antiques stores; camera and photographic supply stores; gift, novelty, craft, hobby and souvenir stores; jewelry and watch stores; luggage and leather goods stores; stores selling sporting and recreational goods and supplies; furniture stores; drapery and curtain stores; carpet, floor covering, home decor and furnishing stores; florists; retail bakery stores; delicatessens and take-out food stores, grocery stores, fruit and vegetable markets, candy, nut and confectionery stores, meat and fish stores, and specialty food stores; and retail shopping centers combining a number of permitted retail stores.

(2) Shops for personal service and repairs, including but not limited to: beauty and barber shops, nail salons and day spas; shoe repair and tailors; appliance repair; locksmiths; photographers; laundry pickup or dropoff centers; travel agencies; real estate offices; establishments selling and servicing electronic goods, computers and appliances; massage establishments employing only licensed massage and body therapists, and establishments offering physical fitness, training and wellness facilities, such as Pilates, yoga, cycling and cross-training.

B. Business, professional medical and executive offices.

C. Banks, financial institutions, and insurance offices, but not drive-through banks.

D. Nursery schools and day-care centers.

E. Public parks, playgrounds and uses owned and operated by the Borough of Woodcliff Lake.

F. Clubs, lodges and fraternal organizations.

[2] The SO Special Office zone encompassed several properties with frontage on Broadway between Highview Avenue and Prospect Avenue. The zone only permitted professional, business, or administrative office buildings as principal uses.

G. Restaurants and coffee shops, excluding drive-through restaurants or drive-through coffee shops.

H. Accessory uses which are customary and incidental to the principal permitted uses.

I. Outdoor dining as an accessory use in conjunction with permitted restaurants and coffee shops, but only in conformance with the following supplementary standards:

(1) Outdoor dining uses or outdoor dining areas shall be permitted as accessory uses only in conjunction with a permitted restaurant or coffee shop and shall be required to obtain site plan approval, including outdoor dining areas that are added to existing restaurants.

(2) Outdoor dining areas shall be permitted entirely within the front yard of the property containing the restaurant and/or wholly or partially within the sidewalk or the public right-of-way in front of the restaurant.

(3) Outdoor dining areas shall be set back at least 15 feet from all residentially zoned property lines and 10 feet from all driveways.

(4) Such setback area shall be suitably landscaped and screened as appropriate to block noise, glare, lighting and other potential impacts from adjoining properties and from vehicular movements within the property.

(5) No outdoor entertainment, music or public address system shall be permitted within the outdoor dining area.

(6) No exterior lighting that illuminates beyond the boundaries of the property or the outdoor dining area in excess of 0.5 footcandle shall be permitted.

(7) In computing the number of off-street parking spaces required for restaurants with outdoor dining areas the outdoor dining area and its seating capacity shall be included. However, where such outdoor seating represents a relocation of indoor seating such that there will be no increase in the overall seating capacity of the restaurant, such areas shall not be included.

(8) All signage, including signage on awnings, canopies and umbrellas and other fixtures, shall be in compliance with Borough codes regulating signage.

(9) In the event that the outdoor dining extends to a sidewalk in front of another space in the same building or an adjacent property, the applicant shall obtain the written permission of the owner(s) and/or tenant(s), if any, of the building or space abutting any additional sidewalk frontage.

(10) Outdoor dining areas that are to be located within the public right-of-way shall only be located on sidewalks that are at least eight feet in width. Sidewalks less than eight feet but more than six feet in width may be considered for outdoor dining areas, provided the additional public safety issues created by the narrower width, which issues would include sidewalk surface and separation of pedestrians from vehicular traffic, are adequately addressed.

(11) Outdoor dining areas within a public right-of-way shall be located in a manner that promotes efficient and direct pedestrian movement. A minimum of one unobstructed pedestrian path at least four feet wide shall be maintained at all times.

(12) The perimeter around the outdoor dining area on a side within a public right-of-way may be delineated using nonpermanent fixtures such as railings, potted plants, decorative chains, or other approved fixtures. The permanent anchoring of tables, chairs, umbrellas, awnings, canopies, railings or other fixtures may be approved by the approving board, provided such anchoring meets all other applicable codes, ordinances and laws, and the applicant provides adequate assurances that the sidewalk will be repaired in a manner consistent with Borough requirements, or in the case of an outdoor dining area within the public right-of-way of a county road, the county requirements concerning sidewalk repair, in the event any permanently anchored fixture is removed. The approving board may require as a condition of approval that any fixture not permanently anchored shall be removed from the outdoor dining area during any time when the outdoor dining area or abutting business establishment is not open for business.

(13) Tables, chairs, umbrellas, and canopies. Awnings and any other fixtures shall be of uniform design and shall be made of quality materials and workmanship to ensure the safety and convenience of users and to enhance the visual quality of the Broadway Corridor environment. Design materials and colors shall be compatible with the restaurant to which they are accessory and shall be approved by the Planning Board

J. Mixed-use development with residential dwelling units and one or more of the other principally permitted uses listed in this subsection. Mixed-use buildings must comfort with the following supplementary standards:

1) Residential dwelling units provided within a mixed-use development shall not exceed a density of 10 units per acre.

2) The ground-floor of any mixed-use development shall not be 100% residential use but must provide at least a portion for one or more of the other principally permitted uses listed in this subsection.

3) If a parking garage is provided within a mixed-use building, the garage shall be entirely enclosed and screened. Building facades enclosing the garage should be similar and compatible in design, aesthetics, and detailing as other building façade portions.

4) Within the ground floor of a mixed-use development, no residential dwelling unit or parking area shall be allowed to directly face the street frontage and shall be separated from the street frontage by space dedicated to one or more other principally permitted uses listed in this subsection. Notwithstanding this requirement, a lobby accessory to the residential component may be located in an area directly facing the street frontage.

5) There must be separate entrances for residential and non-residential uses within a mixed-use development.

Prohibited Uses

The following uses are expressly prohibited in the B-1 Business District:

A. Automotive uses, of any kind, except car rental establishments.

B. Commercial amusements, either as a principal or accessory use, except as permitted in Chapter 92, Amusement Devices, of the Code of the Borough of Woodcliff Lake.

C. Any drive-through or drive-in uses or service, whether principal or accessory.

D. The sale of any product or service by outdoor vending machine.

E. Supermarkets, pharmacies or drugstores, discount/warehouse clubs and big box general retail stores.

F. Discount stores and auction houses.

G. Businesses selling, distributing, cultivating, growing or facilitating the sale and/or use of either recreational and/or medicinal marijuana, including any ancillary or related paraphernalia.

Zone Bulk Standards

The B-1 zone has the following bulk requirements:

1) Each lot shall have a minimum frontage at street line of 75 feet.

2) Each lot shall have a minimum area of 75,000 square feet.

3) Each lot shall have a maximum building coverage of 40% and maximum total surface coverage of 50%.

4) No building exceeding 3 stories or 40 feet in height shall be erected on any lot.

5) Each lot shall have the following minimum yards: rear, 25 feet; and side yards shall not be required except to provide access to the rear yard at least 10 feet wide, either as a side yard or an easement from an adjoining lot having access to the street.

6) Building setbacks shall be at least 70 feet from the center line of the street.

7) In no event shall the vertical distance of any side of a building exceed 40 feet from the lowest finished grade adjacent to the building to the highest point of the building.

R-15 Residential One-Family District

Permitted Uses

The R-15 zone permits the following principal uses:

A. Single-family dwellings shall be designed and used for occupancy exclusively by one family and may be located upon property with one accessory structure.

B. Accessory garages. Every dwelling erected shall have at least a one-car garage attached to, detached from or constructed beneath said dwelling. Detached garages shall constitute an accessory structure and accessory garages shall be further subject to the following:

(1) An accessory garage may be erected and used only upon a lot containing a dwelling.

(2) No detached accessory garage may be erected unless all of the following conditions are observed:

(a) That it shall not be closer in distance to any front, side or rear property line than the minimum requirements for the zone district in which it is located.
(b) That it shall not exceed 15 feet in height.
(c) That it shall be a minimum of 20 feet from all other structures.
(d) That it shall not exceed 800 square feet in area.
(3) Any accessory garage shall be limited to the following stated uses: storage of private motor vehicles owned or operated for their personal use by the occupants of the dwelling, storage of household effects, tools and such other items of equipment as are directly related to the care, use and upkeep of the dwelling, the buildings, the lot or the permitted motor vehicles.
(4) Nothing contained herein shall be construed as permitting any detached accessory garage to be used for human habitation or any business or commercial activity.

C. Hothouses or greenhouses. A hothouse or greenhouse may be constructed as an accessory structure to the dwelling, provided that it may be used only for raising or growing of horticultural or agricultural products to be used on the premises and not sold therefrom and must meet all front, side and rear yard requirements of the zone district in which it is erected and shall not exceed 12 feet in height or exceed 300 square feet in area.

D. Additional residential accessory uses. The following additional residential accessory uses shall be permitted:

(1) Concrete and/or paved patios (maximum of 12 inches high) and wood decks (maximum of 12 inches high), whether attached to a principal structure or freestanding; swimming pools and/or whirlpools (hot tubs) above or in the ground, when designed for use exclusively for private purposes, shall be a minimum of 20 feet from a side or rear lot line. Cabanas over 100 square feet in area should be limited to a maximum area of 300 square feet and 15 feet high. They shall be considered a structure and must comply with the building setbacks in their respective zones.

(a) The pool and all mechanical equipment and accessory equipment shall be located to the rear or side of the dwelling and shall also comply with the minimum setback of 20 feet from rear and side lot lines.
(b) The aforementioned items shall meet the requirements of this chapter for a front yard setback for both streets, in the case of a corner lot. In no event shall they extend beyond the front building line of the house located on such corner lot.

(c) The provisions in this subsection for minimum setbacks for swimming pools and accessory equipment shall also apply to cabanas, up to a maximum 100 square feet in area and a maximum ten-foot height. Larger cabanas shall be subject to the setbacks required for a principal structure in the zone district.

(d) Patios and decks having a maximum vertical face greater than 12 inches above the level of the ground which fall into the definition of "building and/or structure" shall meet the setback required for a principal building in the zone district.

(2) Tool sheds and garden sheds.

(a) Tool sheds and garden sheds (sheds) when designed for use exclusively for private purposes, provided that they shall be located in the rear yard, as defined in this chapter, and to the rear of the principal building, not greater than 100 square feet in area nor 10 feet in height, shall be a minimum distance of 10 feet from any lot line.

(b) All sheds not otherwise specified herein, and all sheds greater than 10 feet in height, or larger than 100 square feet in area, shall be limited to the maximum size as set forth below and shall be considered a structure and must be located in the rear yard within allowable zoned setbacks between the rear setback line and rear face of the dwelling.

[1] In the Residential Zone R-15, the maximum shed size permitted shall be 150 square feet, with a maximum height of 12 feet.

[2] In the Residential Zone R-22.5, the maximum shed size permitted shall be 200 square feet, with a maximum height of 12 feet.

[3] In the Residential Zone R-30, the maximum shed size permitted shall be 200 square feet, with a maximum height of 12 feet.

[4] Regardless of size, only one shed is permitted as an accessory structure on any residential property.

[5] Nothing in this subsection shall be deemed as removing a shed from the definition of "structure" as used in this chapter unless specifically excluded from such definition under the Uniform Construction Code. In addition, all measurements for height and area shall be determined by measuring the outside of the roof or walls of the structure.

(c) Nothing in this subsection shall be deemed as removing a shed from the definition of "structure" as used in this chapter unless specifically excluded from such definition under the Uniform Construction Code. In addition, all measurements for height and area shall be determined by measuring the outside of the roof or walls of the structure.

E. Farms. Lots in a residential zone may be used as a farm. Such lot or adjoining lots shall have a minimum area of five acres and does not include the processing or manufacturing of any products for resale on the lot or from the lot.

F. Farm accessory buildings. The following accessory uses or structures may be permitted on lots used as a farm (provided that no sales, retail or wholesale, are made from such farm accessory buildings):

(1) Accessory garages, but subject to the same limitations and specifications as hereinabove set forth.

(2) Hothouses or greenhouses for raising or growing of agricultural or horticultural products and barns and stables to house animals and store implements, equipment and supplies, which structures shall meet all front, side and rear yard requirements of the zone district in which it is erected.

(3) A roadside stand, provided that it is located at least 100 feet from the center line of the road, has adequate provision for off-street parking and turning around of automobiles as determined by the appropriate governmental authority and sales therefrom are limited to farm, garden or orchard products raised on the lot or adjoining lots constituting the farm.

G. Reservoir and water sheds. Lands owned by a public or privately owned utility and maintained in a natural, vegetated state in connection with a public water supply on which no other use or structure is located which is not directly related to the maintaining of such public water.

H. Municipal governmental uses. Parks, playgrounds, public schools and other municipal governmental services or uses.

I. Satellite receiving antenna.

Zone Bulk Standards

The R-15 zone has the following bulk requirements:

1) *Each lot shall have a minimum area of 15,000 square feet.*
2) *Each lot shall have the following minimum yards (feet):*
    a. *Front Yard: 35*
    b. *Side Yard: 20*
    c. *Side Yard (both): 40*
    d. *Rear Yard: 30*
3) *Minimum lot frontage (feet):*
    a. *Frontage: 100*
    b. *Depth: 100*
4) *Maximum lot coverage: 15%*
5) *Maximum total surface coverage: 40%*
6) *Height: 2.5 stories/30 feet*

FIGURE 3: EXISTING ZONING

Area in Need of Redevelopment Investigation | Block 2701, Lot 3 | Borough of Woodcliff Lake, NJ

IV. Statutory Criteria for an Area In Need of Redevelopment and Application to the Study Area

The laws governing redevelopment by municipalities in New Jersey are set forth in the Local Redevelopment and Housing Law, which is codified at N.J.S.A. 40A:12A et seq. This statute grants the governing body of the municipality the power to authorize the Planning Board to conduct a study to determine whether an area is in need of redevelopment, and following completion of the study, to make such a determination and then to subsequently adopt a redevelopment plan for the designated area. Such area may be determined to be in need of redevelopment only if, after an investigation by the Planning Board and a public hearing for which notice has been given, it is found to meet one or more of the following conditions:

a. The generality of buildings are substandard, unsafe, unsanitary, dilapidated, or obsolescent, or possess any of such characteristics, or are so lacking in light, air, or space, as to be conducive to unwholesome living or working conditions.

b. The discontinuance of the use of a building or buildings previously used for commercial, retail, shopping malls or plazas, office parks, manufacturing, or industrial purposes; the abandonment of such building or buildings; significant vacancies of such building or buildings for at least two consecutive years; or the same being allowed to fall into so great a state of disrepair as to be untenantable.

c. Land that is owned by the municipality, the county, a local housing authority, redevelopment agency or redevelopment entity, or unimproved vacant land that has remained so for a period of ten years prior to adoption of the resolution, and that by reason of its location, remoteness, lack of means of access to developed sections or portions of the municipality, or topography, or nature of the soil, is not likely to be developed through the instrumentality of private capital.

d. Areas with buildings or improvements which, by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light and sanitary facilities, excessive land coverage, deleterious land use or obsolete layout, or any combination of these or other factors, are detrimental to the safety, health, morals, or welfare of the community.

e. A growing lack or total lack of proper utilization of areas caused by the condition of the title, diverse ownership of the real properties therein or other similar conditions which impede land assemblage or discourage the undertaking of improvements, resulting in a stagnant and unproductive condition of land potentially useful and valuable for contributing to and serving the public health, safety and welfare, which condition is presumed to be having a negative social or economic impact or otherwise being detrimental to the safety, health, morals, or welfare of the surrounding area or the community in general.

f. Areas, in excess of five contiguous acres, whereon buildings or improvements have been destroyed, consumed by fire, demolished or altered by the action of storm, fire, cyclone, tornado, earthquake or other casualty in such a way that the aggregate assessed value of the area has been materially depreciated.

g. In any municipality in which an enterprise zone has been designated pursuant to the “New Jersey Urban Enterprise Zones Act,” P.L.1983, c.303 (C.52:27H-60 et seq.) the execution of the actions prescribed in that act for the adoption by the municipality and approval by the New Jersey Urban Enterprise Zone Authority of the zone development plan for the area of the enterprise zone shall be considered sufficient for the determination that the area is in need of redevelopment pursuant to sections 5 and 6 of P.L.1992, c.79 (C.40A:12A-5 and 40A:12A-6) for the purpose of granting tax exemptions within the enterprise zone district pursuant to the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) or the adoption of a tax abatement and exemption ordinance pursuant to the provisions of P.L.1991, c.441 (C.40A:21-1 et seq.). The municipality shall not utilize any other redevelopment powers within the urban enterprise zone unless the municipal governing body and planning board have also taken the actions and fulfilled the requirements prescribed in P.L.1992, c.79 (C.40A:12A-1 et al.) for determining that the area is in need of redevelopment or an area in need of rehabilitation and the municipal governing body has adopted a redevelopment plan ordinance including the area of the enterprise zone.

h. The designation of the delineated area is consistent with smart growth planning principles adopted pursuant to law or regulation.

It should be stressed that a redevelopment area may include lands, buildings, or improvements which of themselves are not detrimental to the public health, safety, or welfare, but the inclusion of which is found necessary, with or without change in their condition, for the effective redevelopment of the area of which they are a part. This provision is referred to as “Section 3” and is set forth under N.J.S.A. 40A:12A-3. The following chapter analyzes the study area to determine whether one or more of the conditions for "area in need of redevelopment" designation are met.

V. Study Area Evaluation

5.1 Introduction

The following provides an evaluation of the Study Area and considers whether it meets the statutory criteria for an "area in need of redevelopment." The analysis was based on surveys of current property conditions, including physical inspection of the existing building, and review of an appraisal report, office market and other reports.

Photographs of the Study Area are provided in Appendix A.

5.2 Study Area Description

Block 2701, Lot 3 (a.k.a. 188 Broadway)

Location:	188 Broadway
Owner:	188 Broadway, LP
Size:	±3.3 acres
Assessed Value:	
Land:	*$ 2,883,700*
Improvements:	*$ 2,313,500*
Total:	*$ 5,197,200*
Zoning:	*B-1 Broadway (East and West) Business District/ R-15 Residential One-Family District*
Current Use:	Vacant office building

The Study Area consists of one rectangular shaped tax lot, Block 2701, Lot 3, in the eastern section of the Borough of Woodcliff Lake. The Study Area is roughly rectangular in shape with approximately ±325 feet of frontage on Broadway. The rear (eastern) lot line abutting single-family residences is approximately ±320 feet in length. The lot ranges in depth from ±446 feet in length along its northern lot line and approximately ±501 feet in length along its southern lot line. The property is accessed from Broadway via one two-way access drive along the southern property line. The property is currently improved with a two-story, elevator office building over basement level parking and associated surface parking. The structure is currently vacant. The building and improvements are described in greater detail below.

According to a report entitled "Appraisal Report, Office Building, 188 Broadway, Woodcliff Lake, NJ 07677," prepared in February 2, 2018 ("appraisal report"), the building was constructed in 1985. The appraisal report indicates that the two-story office building has 42,600± square feet of gross building area. Per 188 Broadway LP's 2021 site plan application to the Woodcliff Lake Zoning Board of Adjustment, the building is approximately ±35 feet in height and is setback from Broadway approximately ±34 feet. The property contains a basement level with an estimated 47 parking spaces. Vehicular access to the basement parking level is provided via an entrance on the southern façade accessible from the driveway. The building has one elevator which serves the basement through second floor. There are an additional 117 surface parking spaces in a bi-level parking area to the east of the building. The total number of parking spaces of 164 spaces equates to a parking ratio of approximately 4 per 1,000 square feet of floor area.

Per the appraisal report, the foundation is poured concrete and the structural system is comprised of concrete and structural steel. The exterior walls consist of masonry brick along the base level and stucco along the upper elevations. The roof is flat with a metal overhang. The second floor also has a slight overhang over the lower floor. The windows are fixed in metal frames. Heating and cooling is provided by roof-mounted package A/C. The building is sprinklered.

The primary entrance to the building is along the eastern façade adjacent to the surface parking area. The entrance lobby is a long corridor which leads from the main entrance to a patio area along the Broadway façade. Stairs and an elevator are located off this corridor. On the ground level the entrance lobby divides the building into two rectangular sections: a north wing and a south wing. An atrium divides the wings on the second level. The two wings are set slightly askew from one another so that the southern wing is slightly closer to Broadway than the northern wing. Each wing is configured with individual offices, conference rooms, kitchenettes, reception areas, mechanical rooms, and a staircase. The building has dropped ceilings which conceal the building's mechanicals with ceiling fluorescent lighting. The walls are sheetrock.

The property slopes upwards from Broadway before reaching a plateau on which the building and parking are located. The surface parking lot is bi-level with the eastern area slightly higher than the parking closer to the building. To the east of the parking area the lot slopes steeply upwards towards the adjacent residential lot. There are tiered walls in that sloped area which is mostly wooded. Per the site survey submitted with the 2021 application before the Zoning Board, Broadway is roughly at elevation 110 feet as is the entrance to the basement garage level. The building is roughly at elevation 121 feet, the far eastern section of the parking area is roughly at elevation 125 feet, and the rear lot line is roughly at elevation 176 feet. The steep slopes in the rear of the property constitutes approximately 40 percent of the site.

5.3 Consideration of a Redevelopment Area Designation for the Study Area

Block 2701, Lot 3

BUILDING AND SITE LAYOUT

In September 2018, Wallenius Wilhelmsen Logistics vacated 188 Broadway when the current owner purchased the building. Since the building has been vacant for approximately four years, portions of the structure and building systems have fallen into a state of disrepair. Signs of exterior and interior deterioration to varying degrees are present. A site visit revealed broken windows; water damage on the interior ceiling and walls; crumbling and missing ceiling tiles; rust stains on exterior staircases; rust stains on façade under exterior canopies; missing bricks on the exterior; deteriorating and missing brick pointing on the exterior; and overgrown landscaping in the front patio, sidewalks, parking lot, and around the perimeter of the building's foundation. Abundant weeds were seen between the individual stones of the patio and between the sidewalk slabs. Panels which form an overhanging canopy over the second story showed evidence of water staining in places. Flashing under the upper floor windows was loose and not firmly attached to the building. Furthermore, the elevator was out of service. Since the building has been in disuse for office use for four years, the structure now sits idle with little or no prospects for re-tenanting without significant investment.

There are functional challenges as well. The building was constructed over 35 years ago and its architectural style and operational design are reflective of that time that does not bode well for potential users who covert more modern office facilities. Demands of today's market trends are for high ceiling, open floor plates, maximum window line exposure, ample parking, and modern building amenities such as food service, fitness centers, and conference areas.[3] At 188 Broadway, window heights are half the height of the wall and the offices have dropped ceilings which results in lower ceiling heights. These features do not meet the demands of today's market trends for large windows and high ceilings. The building also does not have amenities favored by modern office such as a fitness room, café, coffee bar, etc.

Additionally, much of the office spaces is outmoded by today's standards. Per Harvard Business Review, post-Pandemic:

> *"The office of the future must be more inviting. Tightly packed cubicles are out. Spacious, lounge-style, open seating plans are in. So are meeting rooms that accommodate a mix of in-person and remote participants. Sound-proofed cubicles to handle Zoom and Skype calls and the like are also on the rise. In short, employers are reshaping offices to become more inviting social spaces that encourage face-to-face collaboration, creativity, and serendipitous interactions."* (see Appendix D).

The layout of 188 Broadway does not easily convert to this model of office design. Much of the first floor consists of small offices, some of which are windowless, located off long, windowless corridors that do not comport with state-of-the-art designs that call for larger floor plates and/or more flexible layouts. The upper floor has features indicative of an office built to suit the specific needs of one user, in this instance Wallenius Wilhelmsen. For example, there is what looks to have been an executive bathroom with single toilet, sink, and shower stall not conducive to shared use by office workers. This bathroom is reached via a warren of hallways and office spaces located off of a larger open area.

Tenanting and Marketability

Bergen County is one of the larger office markets in the Northern New Jersey office market, but it has been plagued for years by high vacancy rates and stagnant rents particularly in older buildings. This is due, in part, to the oversupply of office space in the market; as well as the fact that in

[3] "Pruning the Office Market in North Jersey;" prepared by Mark Russo, Research Manager of Newmark Grubb Knight Frank (NGKF); published in Meadowland Magazine; dated April 3, 2017.

recent years many firms in New Jersey consolidated, relocated, and/or changed their business model based on modern occupancy standards and technological needs. Exacerbating the high vacancy rates for older buildings are recently constructed or renovated buildings that offer amenities required by today's workforce attracting tenants away from such older properties.

The 2018 appraisal report for 188 Broadway took note of this trend stating that, "the demand outlook appears uncertain in Northern New Jersey as the pharmaceutical shakeup, which has helped drive up vacancies, does not appear to be over yet" and that "companies have been simultaneously vacating large blocks of space in the market to move into new product. This lack of absorption gains is likely to persist as pharmaceutical and technology companies continue to trade and consolidate on Northern New Jersey's suburban campuses" (page 19). The report goes on to comment on newer product being more attractive on the marketplace noting,

> *"Not all buildings are created equal. Vintage makes a big difference here [Northern New Jersey], even more than in other metros… . In Northern New Jersey, however, the newest assets' vacancies have continued to decline rapidly, indicating strong demand from tenants who want the newest and best office product. This flight to quality has been used to help justify selective new construction, especially build-to-suits…" (page 20).*

The appraisal report classified 188 Broadway as "Class B" office space and noted that at the end of 2017 Class B office space in the Bergen North submarket in which Woodcliff Lake is located had a vacancy rate of 9.1 percent and an asking rent per square foot of $23.77. These numbers were slightly better than for Class B office space in the entire Northern New Jersey market which had a vacancy rate of 10.8 percent and an asking rent per square foot of $22.49. The vacancy rate among all classes of office buildings (i.e., Classes A, B and C) in Bergen North was 11.2 percent and the asking rent per square foot $27.21. And the vacancy rate for all classes of office buildings in Northern New Jersey was 12.4 percent and the asking rent per square foot was $25.12.

Since the appraisal report was prepared, the world endured the COVID-19 pandemic causing many office workers to work remotely. As the Pandemic has evolved, many offices have adopted a hybrid model of work where workers do not operate in the office for a full workday five days a week. Despite these changes to the way many office workers work, the trend of firms favoring the lease of newer office space continues as does the disuse of older Class B and Class C office use. In July 2022, Newmark Group, Inc., an international commercial real estate advisory and services firm, issued an office sector real estate market report for the Northern New Jersey market for the second quarter of 2022 (the "Newmark Report"). The Newmark Report notes the following regarding the Northern New Jersey office market:

> *"as a flight to quality and widespread remote work persist, owners are turning to other uses for largely empty Class B and C office buildings. During the second quarter of 2022, more than 700,000 square feet was demolished or removed from the inventory…. Leasing volume will continue to be concentrated in the highest quality buildings*

as tenants prioritize flexibility and vibrant workspaces for employees in a competitive labor market. Savvy owners that expand amenity offerings and concessions packages will likely have the easiest time filling their offices in the near term. The improving quality of the inventory is expected to help lower availability as aging buildings are either renovated and leased up or sold for redevelopment" (page 2).

The Newmark's Report states that the total inventory for Bergen North is 4,852,427 square feet of which 34 percent available. The asking rent for Class B office space is $22.80. This is actually close to a $1 lower than the asking rent in Bergen North for Class B office space in 2017 (i.e., $23.77). The lower, or static rents, have implications on cash flows for building owners looking to renovate or remodel buildings which is compounded by record high inflation. As is noted in the Newmark Report, "With inflation on the rise, new office space buildouts continue to be a challenge. Construction material costs have increased by 28 percent since last year, with lumber, copper and steel seeing the largest increases" (page 4).

In order for 188 Broadway to be competitive in the current office market there would have to be significant capital investment in repairs, replacements, and renovations to lease the building with the design and amenities present when Wallenius Wilhelmsen last occupied the building in 2018. The costs to bring the building up to the modern standards demanded in the current marketplace would be even greater. The relatively low or static rental rates per square foot for office space coupled with high inflation and rising costs of materials present challenges to owners of older office buildings looking to make significant capital improvements.

The building's vacancy has impacted the assessed value of the building. According to tax records, the last year that Wallenius Whilhelmsen occupied the structure in 2018, the assessed value was $6,945,300, however, by 2022 the assessed value had dropped by approximately 25 percent to $5,197,200.

Conclusion

The building at 188 Broadway has not been used/occupied for almost four years. The prospects for re-tenanting 188 Broadway are poor due to its age and condition without major renovations. The building is outdated and does not adequately meet the needs/demands of the marketplace. The premises suffer from faulty arrangement/design/ layout and overall functional obsolescence.

Clearly, in its present condition the Study Area is failing to satisfy the land use policy objectives advanced in the Borough's most recent Master Plan. If the present conditions are allowed to persist and the land and building continue to remain fallow and economically unproductive, it will hasten a process of economic decline on a prominent property along the Broadway corridor in close proximity to the train station, to the detriment of the public health, safety and general welfare of the community. If there is no intervention in the immediate future, such conditions will result in even greater deterioration to the overall health, safety and welfare of the community. As a result of the conditions and circumstances described above, and as depicted in Figure 5, there is a legitimate basis to declare the study area in its entirety as an "area in need of redevelopment" in accordance with the “b” and “d” criteria as set forth in the Local Redevelopment and Housing Law.

FIGURE 5: AREA IN NEED OF REDEVELOPMENT CRITERIA

VI. Conclusion

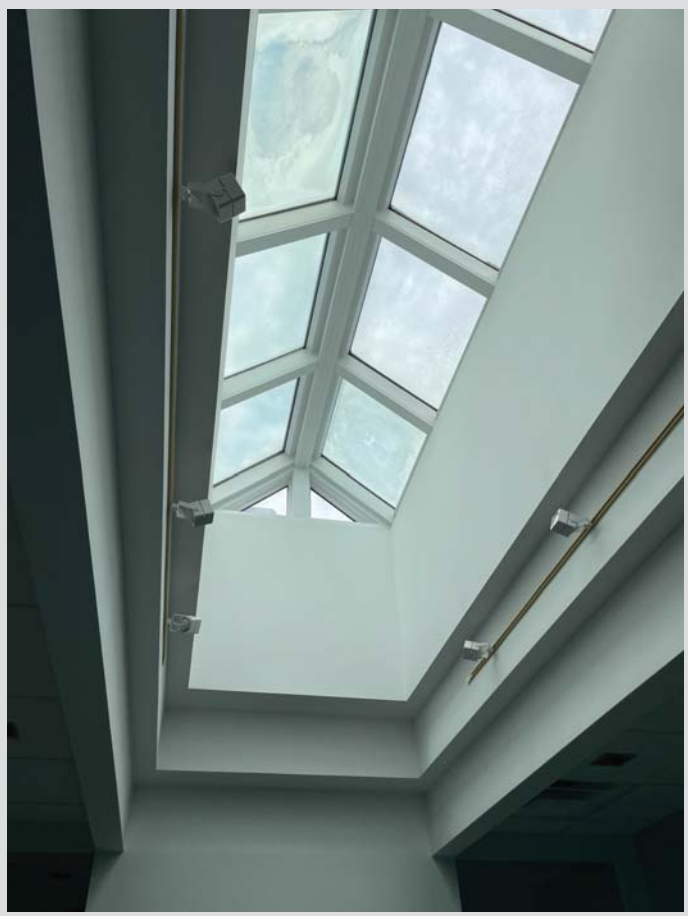
The foregoing study, which was prepared for submission to the Borough of Woodcliff Lake Planning Board, sought to determine whether an area within the municipality that includes the 188 Broadway property (i.e., Block 2701, Lot 3) qualifies as "an area in need of redevelopment" in accordance with NJSA 40:12A-5. Based on the analysis provided herein, the Study Area meets the statutory criteria for designation as "an area in need of redevelopment" in accordance with NJSA 40:12A-5(b) and (d).

VII. Appendix A: Study Area Images


EXIT


W&W
WALLENIUS WILHELMSEN
LOGISTICS
STAIRS

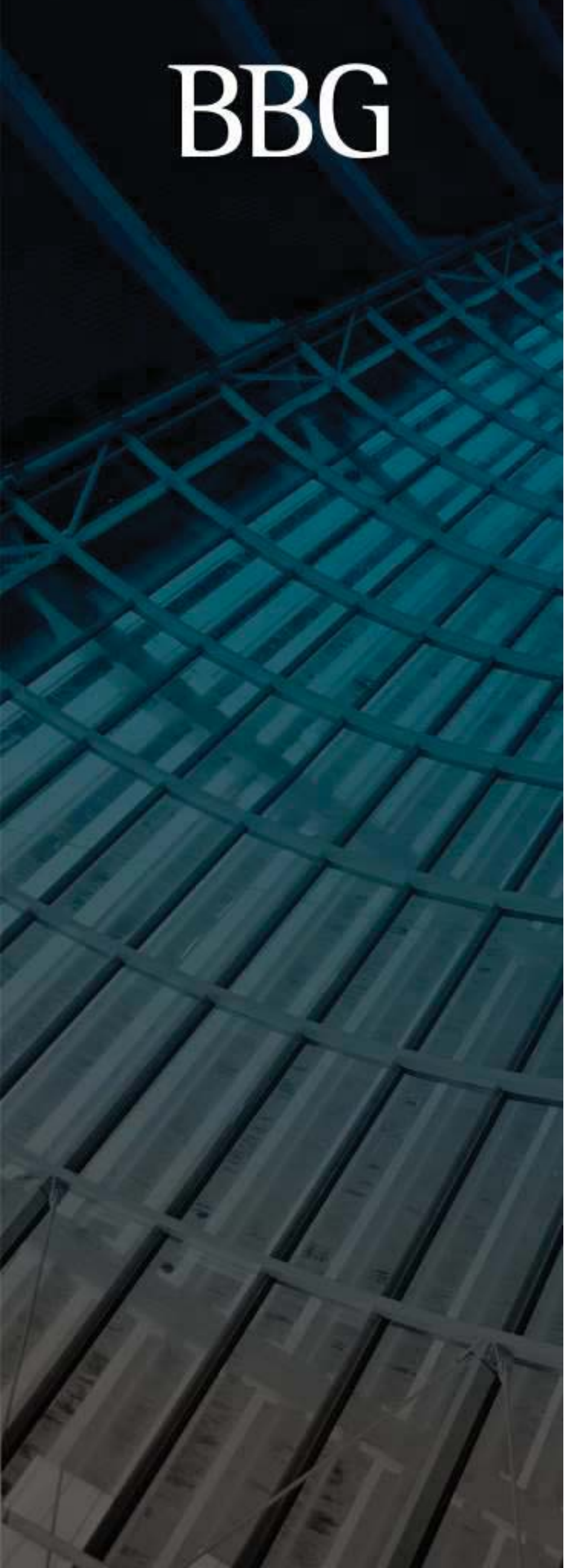



188


PARKING

VIII. Appendix B: Appraisal Report



APPRAISAL REPORT

Office Building
188 Broadway
Woodcliff Lake, NJ 07677

REQUESTED BY

Mr. Brian Banda
ConnectOne Bank
301 Sylvan Avenue
Englewood Cliffs, NJ 07632

PREPARED BY

BBG, Inc.
112 Madison Avenue, 11th Floor
New York, NY 10016

DATE OF VALUE

February 2, 2018

BBG

February 27, 2018

Mr. Brian Banda
ConnectOne Bank
301 Sylvan Avenue
Englewood Cliffs, NJ 07632

Re: Appraisal File No. 0118001042
Office Building
188 Broadway
Woodcliff Lake, NJ 07677

Dear Mr. Banda:

In accordance with your request, we have completed an appraisal of 188 Broadway for the purpose of advancing an opinion of the market value of the Fee Simple Estate.

The subject consists of a two-story elevator office building with 42,600± square feet of gross building area (based on submitted purchase agreement). 188 Broadway is situated on a 159,111± square foot parcel (based on the submitted survey-comprised of two non-contiguous tax lots) in an S-O zone. The property is under contract of sale between WWL Realty Americas LLC and AEA Acquisitions LLC for a contract price of $4,500,000 and currently 100% occupied pending acquisition. 188 Broadway is located between Highview Avenue and Prospect Avenue on Broadway in Woodcliff Lake, NJ. It is identified on municipal tax maps as Block 2701, Lot 3 and Block 2406, Lot 1.

The highest and best use of 188 Broadway is as an office building. 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).

Mr. Brian Banda
Page 2
February 27, 2018

This appraisal is prepared in compliance with ConnectOne Bank'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 2, 2018	$4,500,000

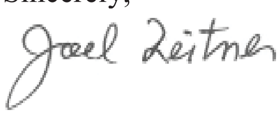
In the development of our opinion of value, we have applied the following extraordinary assumption(s):

(1) That the submitted gross building area of 42,600 square feet accurately reflects the subject's total gross building area as of the effective date of the appraisal;
(2) That the leaseback of the entire building to the current owner within the purchase agreement and existing sublease of 2,472 square feet on the 1st floor to CSC Management, LLC (with a term of April 20, 2011 through June 30, 2021) are short-term in duration (i.e., 60-90 days) and have no impact on our conclusions or final opinion of value.

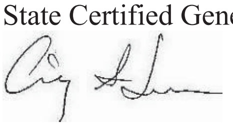
The opinions of value expressed herein are subject to the certification, assumptions and limiting conditions, and all other information contained in the following written appraisal report.

Thank you for the opportunity to serve you.

Sincerely,



Joel Leitner, MAI, CRE
Managing Director
State Certified General Appraiser #42RG00154500



Craig S. Turner
Senior Appraiser
(631) 428-1024
csturner@bbgres.com

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Subject Property: Office Building

188 Broadway

Woodcliff Lake, NJ 07677

Building Description: The subject consists of a two-story elevator office building with 42,600± square feet of gross building area (based on submitted purchase agreement).

Location: The subject is between Highview Avenue and Prospect Avenue on Broadway in Woodcliff Lake, NJ.

Block(s) / Lot(s): Block 2701, Lot 3 and Block 2406, Lot 1

Year Built: 1985

Census Tract: 0352.00

Site Area: 159,111± square feet (based on the submitted survey-comprised of two non-contiguous tax lots)

Zoning: S-O

Flood Hazard Status: Zone X, Map #340082-34003c0093G, effective September 30, 2005

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 2, 2018

Market Value Opinion:

Value	Date	Conclusion
Market Value "As Is"	February 2, 2018	$4,500,000

TABLE OF CONTENTS

INTRODUCTION

PROPERTY IDENTIFICATION

The subject consists of a two-story elevator office building with 42,600 square feet of gross building area (based on submitted purchase agreement). 188 Broadway is 42,600± gross square feet and is situated on a 159,111± square foot parcel (based on the submitted survey-comprised of two non-contiguous tax lots) in an S-O zone. 188 Broadway is located between Highview Avenue and Prospect Avenue on Broadway in Woodcliff Lake, NJ. It is identified on municipal tax maps as Block 2701, Lot 3 and Block 2406, Lot 1.

PURPOSE

The purpose of the appraisal is to provide the client with a credible opinion of the market value Fee Simple “As Is” of the subject property given the intended use of the appraisal.

COMPETENCY

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

IDENTIFICATION OF THE CLIENT

ConnectOne Bank has engaged us and is our client for this assignment.

INTENDED USER/USE

The Intended user is ConnectOne Bank with its successors, assigns, and affiliates. The Intended Use is for loan collateral valuation and loan underwriting purposes.

PROPERTY RIGHTS APPRAISED

The subject property rights appraised are fee simple estate. 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."

DATE OF VALUE OPINION

The date of our “as is” valuation is February 2, 2018. Craig Turner and Joel Leitner inspected the asset and its environs on February 2, 2018.

PROPERTY HISTORY

Address	Block/Lot	Contract Date	Contract Price	Grantor	Grantee
188 Broadway	Block 2701, Lot 3 and Block 2406, Lot 1	11/20/2017	$4,500,000	WWL Realty Americas LLC	AEA Acquisitions LLC

188 Broadway is owned by WWL Realty Americas LLC. We are aware of the contract for AEA Acquisitions LLC to purchase this asset from WWL Realty Americas LLC for $4,500,000 dated 11/20/2017.

We reviewed a copy of the contract of sale and the terms appear to be market oriented. Reportedly, this sale was off-market and not widely-exposed. However, it is our view that the sale price is consistent with our opinion of value "As Is" of $4,500,000, which is reasonable based on our analysis and conclusions noted within the attached report.

We are unaware of any additional options to purchase, bids, or offers of this asset.

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 present condition and location and the marketing times for similar assets in the Borough of Woodcliff Lake, we estimate the marketing time for the subject to be between six months and one year.

GENERAL ASSUMPTIONS

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.

EXTRAORDINARY ASSUMPTIONS

According to The Dictionary of Real Estate Appraisal (6th 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 opinion of value, we have applied the following extraordinary assumption(s):

(1) That the submitted gross building area of 42,600 square feet accurately reflects the subject's total gross building area as of the effective date of the appraisal;
(2) That the leaseback of the entire building to the current owner within the purchase agreement and existing sublease of 2,472 square feet on the 1st floor to CSC Management, LLC (with a term of April 20, 2011 through June 30, 2021) are short-term in duration (i.e., 60-90 days) and have no impact on our conclusions or final opinion of value.

HYPOTHETICAL CONDITION

According to The Dictionary of Real Estate Appraisal (6th 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;

[1] *The Appraisal of Real Estate, Appraisal Institute, 14th Edition 2013, page 23*

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:

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 Mr. Brian Banda of ConnectOne Bank to prepare a market valuation of the subject property. Within the course of this assignment, we have:

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

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

Conducted a market survey of rent and vacancy levels of similar buildings.

Projected the net operating income under stabilized operation and applied a market-derived income capitalization rate to develop an opinion of value by the income approach.

Researched and analyzed sales of competitive assets and applied the techniques of the sales comparison approach in advancing an opinion of value.

Advanced an opinion of the market value of the identified interest, as of February 2, 2018.

DATA SOURCES

The data contained within this appraisal was compiled from market analysis utilizing the following sources (unless otherwise noted): Borough of Woodcliff Lake Department of Finance, Borough of Woodcliff Lake Department of Buildings, Borough of Woodcliff Lake 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.

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

STATE OF NEW JERSEY AREA DESCRIPTION

New Jersey is a strong component of the economy of the Mid-Atlantic region. With the eighth largest economy in the U.S., New Jersey has led the region in employment growth for three consecutive years and boasts the highest median and disposable income in the Mid-Atlantic sector. The fifty colleges and universities throughout the state are catalysts for leading research and technology development, employing over 140,000 scientists, engineers and technicians. New Jersey has the highest concentration of scientific brainpower of any state and produces one-quarter of the country's pharmaceutical and health care products. Morris and Essex Counties have the largest concentration of Fortune 500 Companies within the metropolitan New York region outside of Manhattan.

New Jersey has consistently attracted corporations to locate within its boundaries due to labor costs significantly below those in New York City, lower space cost, moderate real estate taxes, a highly skilled labor pool, and an excellent transportation network. International companies heavily populate the state, with over 1,000 foreign firms maintaining facilities there. Northern New Jersey, in particular, attracts a disproportionate share of corporate headquarters and high technology firms, and is home to some of the nation's most prestigious international corporations including Novartis, Bristol-Myers Squibb, Exxon Research, DuPont, Merck Johnson, Nabisco, Mercedes Benz and Prudential. Proximity to New York City has been a primary force in the area's desirability, but housing affordability and quality of life issues, when compared to other New York City suburbs (Connecticut, Long Island, and Westchester), have also been catalysts in attracting new companies.

An abundance of middle income residences and luxurious homes attract both middle-management personnel and high-level corporate executives. The New Jersey economy continues to maintain a diversified tenant base that is independent of any one industry. As of the 2014 Census estimate, New Jersey had a total population of 8,906,092 persons for a density of approximately 2.73 persons per household. The 11 Northern New Jersey counties account for approximately 70% of the state's population.

Stretching from Bergen and Passaic Counties in the northeast portion of the state to as far south as Mercer and Monmouth Counties, the Northern New Jersey area is a diverse region. The eastern portion consists of mature locations with stable population bases, while the western and southern counties are still experiencing growth due to the availability of undeveloped land, although growth here has slowed dramatically due to a diminishing number of available sites. For the 11-county area, over 58% of all housing units were built prior to 1960, 29% were completed between 1960 and 1980, and 13% were constructed since 1981. Only moderate population and household growth has occurred during the past 16 years as the northerly communities continue to mature.

NEW JERSEY ECONOMIC OVERVIEW

New Jersey is a strategic consumer market for many reasons. The State's eastern seaboard location is the international gateway to the world's richest markets. There are 60 million consumers within a 250-mile radius of New Jersey. The region provides a collective purchasing power equals $1 trillion; with retail sales equal $560 billion. New Jersey is the 8th largest state economy and provides access to key financial markets in New York City.

The State has world-class transportation system that makes domestic and international markets easily accessible. There are two international airports: Newark and Atlantic City with easy access to Kennedy and LaGuardia in New York and Philadelphia International Airport in Pennsylvania. In addition, New Jersey's metropolitan-based harbors on the Hudson and the Delaware provide passageway to ports in Europe, South America, Africa and the Pacific Rim. The Port of New York and New Jersey is the third largest port complex in North America. The dollar value of all cargo moving through the port in 2014 exceeded $207.8 billion. Lastly, excellent highway and rail connections expedite the movement of goods and services.

New Jersey has a well-trained and well-educated workforce. New Jersey has roughly 50 colleges and universities, including Princeton and Rutgers Universities and the New Jersey Institute of Technology and almost 30% of New Jersey adults hold at least a bachelor's degree. As home to some of the nation’s top telecom companies, New Jersey’s information and communications technology (ICT) sector boasts the second-highest concentration of ICT workers in the nation, thanks to employers like: Verizon New Jersey, Inc., AT&T, Ericsson, Cisco Systems and SRI International. New Jersey also has state-of-the-art fiber optic networks and a highly trained workforce of more than 260,000 scientists and engineers.

As a result of its strategic business location, diverse residential opportunities, highly skilled labor pool, and excellent transportation network, New Jersey has continued to attract a disproportionate share of corporate headquarters and high-tech firms. New Jersey is home to some of the most prestigious national and international companies.

The top ten employers in New Jersey are presented as follows:

Rank	Company	New Jersey Employees
1	Wakefern Food Corp.	40,000
2	Walmart	20,383
3	UPS	19,243
4	Verizon Communications	14,600
5	The Home Depot	13,936
6	United Airlines	12,000
7	Bank of America	10,500
	PSEG	10,500
9	Johnson & Johnson	9,600
10	ACME Markets, Inc.	9,465

Source: New Jersey Business, August 2016 (Latest Available)

New Jersey is a telecommunications hub. It is located at the hub of the most modern telecommunications network in the world providing access to fiber optics and high-speed data transmission. Telecommunications giants that have located their corporate headquarters and R&D facilities in New Jersey include AT&T, Lucent Technologies, Telcordia, IDT Corporation, MSNBC, CNBC. The Middlesex-Somerset-Hunterdon metropolitan area ranks first for concentration of telecommunications employment among the top 100 markets.

The 2017 Cyberstates released by CompTIA, the world's leading technology association, New Jersey ranked as the 11th largest Cyberstate. The 2015 State New Economy Index, the report by Information Technology & Innovation Foundation, uncovered the Garden State as 10th in efforts to be competitive in a global economy. It is #6 in the country for broadband, #6 for number of patents granted and #7 in terms of information technology jobs.

According to Cyberstates, New Jersey's technology industry added an estimated 1,941 new jobs in 2016. With an estimated 214,737 workers, New Jersey ranks 11th among the 50 states for tech industry employment. Technology occupations across all other industries in New Jersey – the second component of the tech workforce – reached an estimated 212,500 in 2016. The tech sector accounts for an estimated 8 percent ($45.4 billion) of the overall New Jersey economy. The annualized average wage for a New Jersey tech industry worker was an estimated $121,100 in 2016, 94 percent higher than the average state wage ($62,300). New Jersey ranks fourth nationally in average tech industry wages.

New Jersey ranks fifth among all states in the Cyberstates 2017 Innovation Score, which is based on an analysis of new tech patents, tech startups and new tech business establishments on a per capita basis. There are an estimated 16,114 tech business establishment in New Jersey. The tech industry employs an estimated 5.5 percent of the overall state workforce. Leading tech occupations include application software developers (41,470), computer programmers (15,010) and computer systems analysts (14,370). The strongest year-over-year job growth occurred in the categories of Internet services (+5 percent), computer systems design and IT services (+3.3

percent) and R&D and testing labs (+2.5 percent). Employers posted more than 21,300 job openings for tech occupations in Q4 2016.

The Pharmaceutical industry is also a front runner of the New Jersey Economy. New Jersey ranks first in the nation in pharmaceutical R&D. New Jersey has the national's largest concentration of businesses that produce prescription pharmaceuticals. Further, seventeen of the world's largest pharmaceuticals and medical technology companies direct their national and worldwide operations from New Jersey.

EMPLOYMENT CONDITIONS – STATE OF NEW JERSEY

The following information was excerpted from the New Jersey Department of Labor with regard to employment conditions in the State of New Jersey as of June 15, 2017:

New Jersey's unemployment rate remained at 4.1 percent in May--the lowest it has been since June 2001 and below the national rate of 4.3 percent. Long-term trends continue to show steady job growth in the state with private sector employers adding 48,100 jobs over the past year (May 2016 – May 2017).

Preliminary reporting from employers showed that total nonfarm wage and salary employment contracted in May, decreasing by 13,100 to reach a seasonally adjusted level of 4,103,600. All of the contraction occurred in the private sector (-14,000) of the state's economy.

Based on more complete reporting from employers, previously released April estimates were revised higher, up by 1,000, to show an over-the-month (March-April) private sector employment gain of 2,900. Preliminary estimates had initially indicated a gain of 1,900 private sector jobs.

Moreover, since February 2010, the low point for private sector employment during the most recent recession, private sector employers in the Garden State have added 300,400 jobs. New Jersey's labor force participation rate, which measures the number of people employed or actively seeking work, also remained stable at 63.6 percent, well above the national rate of 62.7 percent.

In May, job gains were posted in two of nine major private industry sectors: manufacturing (+500) and construction (+100). Sectors that recorded a loss included: professional and business services (-9,000), trade, transportation, and utilities (-2,400), financial activities (-1,400), education and health services (-800), information (-500), and leisure and hospitality (-400). Over the month, public sector employment was higher by 900 jobs.

NORTHERN NEW JERSEY ECONOMIC OVERVIEW

Bergen County is part of the Bergen-Hudson-Passaic labor area within Northern New Jersey market as defined by the New Jersey State Department of Labor. The following information was excerpted from the New Jersey Department of Labor with regard to employment conditions in the Northern New Jersey Region as of 2017 (Regional Focus series), the most recent data available:

NORTHERN REGION EMPLOYMENT INCHES UPWARD

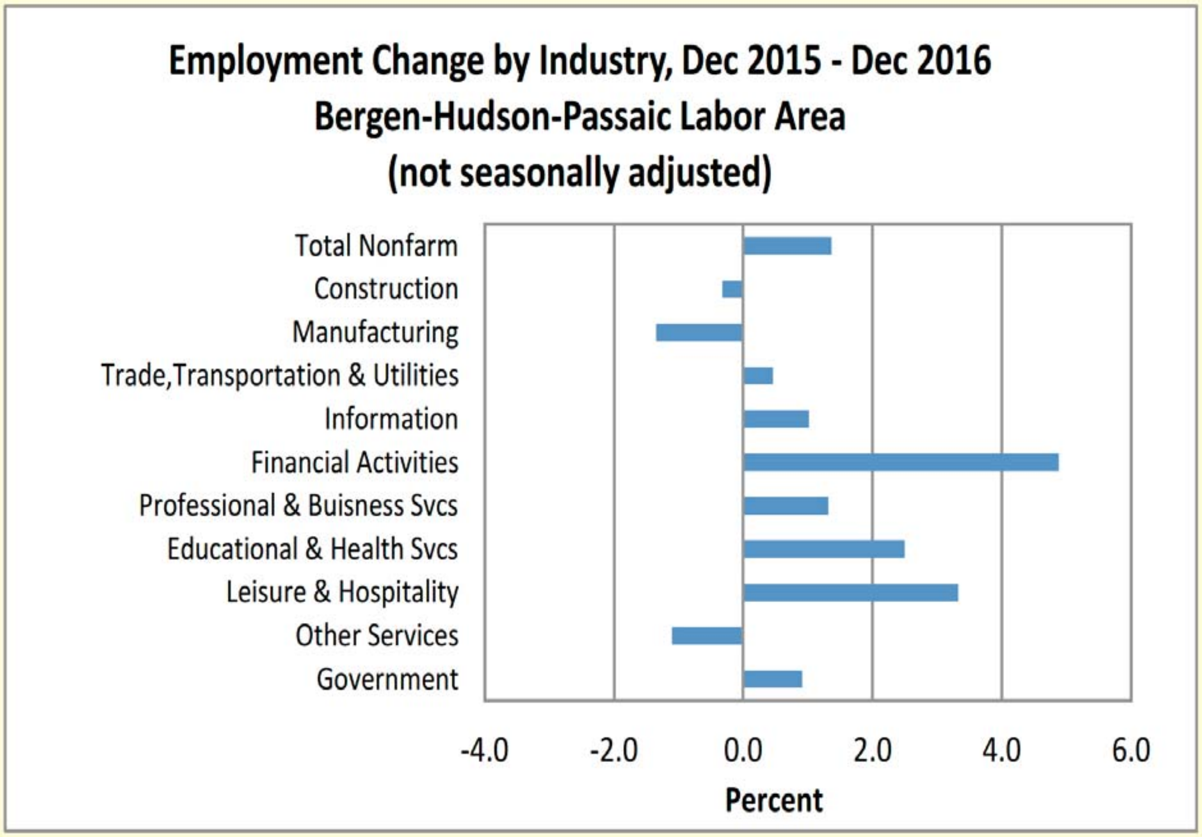
Total nonfarm employment in the Northern Region (Bergen-Hudson-Passaic [BHP] and Newark labor areas) reached a non-seasonally adjusted level of 2,147,700 in December 2016, up by 10,800 jobs or 0.5 percent from the same month a year ago. In comparison, jobholding statewide increased at a faster pace (+1.2%). Educational and health services (+4,600 or +1.4%) added the most jobs in the region on the strength of employment expansion in the health care and social assistance industry (+3,800 or +1.3%). Job growth also occurred in trade, transportation and utilities (+4,500 or +1.0%), financial activities (+3,400 or +2.3%), construction (+1,200 or +1.6%), government (+300 or +0.1%) and information (+200 or +0.5%). Jobholding in manufacturing (-2,000 or -1.9%), leisure and hospitality (-400 or -0.2%) and other services (-400 or -0.4%) were down over the year. Employment in professional and business services was flat over the year.

At the statewide level, the job growth leaders were educational and health services (+19,700 or +2.9%) and trade, transportation and utilities (+14,800 or +1.7%). Professional and business services (+11,400 or +1.7%), financial activities (+3,400 or +1.4%), leisure and hospitality (+2,700 or +0.8%), and construction (+200 or +0.1%) also added jobs during the period. Jobholding contracted in government (-1,500 or -0.2%), information (-1,500 or -2.0%), other services (-500 or -0.3%) and manufacturing (-500 or -0.2%) since December 2015.

REGIONAL JOB GROWTH CONCENTRATED IN BHP LABOR AREA

In December 2016, nonfarm employment in the Bergen-Hudson-Passaic Labor Area (BHP) totaled 938,600 and accounted for 43.8 percent of the region's jobs; however, the labor area's gain of 12,600 jobs (+1.4%) since December 2015 accounted for all of the jobs created in the region over the year. Nonfarm employment in the Newark Labor Area was 1,205,100 in December 2016, down by 1,800 jobs or 0.1 percent over the year.

The private sector job growth leaders in BHP were educational and health services (+3,300 or +2.1%), financial activities (+3,400 or +4.9%), leisure and hospitality (+2,400 or +3.3%) and professional and business services (+1,900 or +1.3%). TTU was up by just 1,000 jobs or 0.5 percent. Gains in retail trade (+1,500 or +1.3%) and transportation, warehousing and utilities (+1,800 or +4.2%) were hampered by a reduction in wholesale trade (-2,300 or -3.8%). Manufacturing (-800 or -1.3%), other services (-400 or -1.1%) and construction (-100 or -0.3%) shed employment from the same month a year ago.



Source: NJLWD, Current Employment Statistics

Summary & Outlook

The following summary and outlook regarding the New Jersey economy was excerpted from New Jersey Business 2017 Economic Forecasts (January 2017):

The national expansion should continue apace during 2017, maintaining the employment-growth momentum of the past six years. However, the modest job-growth slowdown that became evident in 2016 will continue in 2017, not because of economic weakness, but because of labor constraints. Job openings, a metric maintained by the US Bureau of Labor Statistics, are at record high levels nationally: over 5-million unfilled job openings per month over the past two years. This suggests that companies are unable to find workers with the skills that are required by the unfilled jobs. New Jersey will face similar labor force constraints on employment increases in 2017.

New Jersey lost 240,700 private-sector jobs during the Great Recession and its lingering aftermath, but it has since regained close to 300,000 jobs. As 2017 unfolds, the state had almost 3.5 million private-sector jobs – a record high total almost 60,000 jobs greater than the pre-recession peak (3.43 million). New Jersey will continue to set new record employment highs as 2017 advances.

The economic areas that will drive New Jersey's employment growth in 2017 are led by the trade, transportation and utilities sector. New Jersey is the third largest warehouse-fulfillment-distribution center in the nation. The state's unique geographic position and the continuing growth of e-commerce and omnichannel retailing underpin the continuing strength of this sector.

Overall, the current post-Great Recession (2010-2017) expansion in New Jersey has been far stronger than its immediate predecessor – the pre-Great Recession (2002-2008) expansion. In fact, the monthly employment gains (3,800 private-sector jobs) of the current expansion have been double the monthly gains (1,900 private-sector jobs) of the earlier one. This momentum should continue deep into 2017 as the ninth year of expansion commences (July 2017).

AREA ECONOMIC ANALYSIS - BERGEN COUNTY, NEW JERSEY

Bergen County contains a total land area of 62.31 square miles. With an estimated 2015 population of 658,722, Bergen County is the most densely populated county in New Jersey, with a population density of over 10,500 persons per square mile. The county is comprised of 12 mainly urban municipalities ranging from Jersey City, the state's second largest city, to the borough of East Newark, one of the smallest municipalities in the state. It is bordered by water on three sides, with the Hudson River to the east, Kill Van Kull to the south, and Newark Bay to the west. The county is bordered by Bergen County to the north. The Hudson River separates Bergen County from New York City.

Ellis Island and Liberty Island, opposite Liberty State Park, lie entirely within Bergen County's waters, which extend to the New York state line. Liberty Island is wholly part of New York. Ellis Island is jointly administered by the states of New Jersey and New York. Nine-tenths of its land is technically part of Bergen County, with the remainder being part of New York.

The Hudson Waterfront, the heart of Bergen County, is situated across the Hudson River from Manhattan. Approximately 25% of the Bergen County working population commutes to New York City – primarily by the numerous routes of public transportation. The Lincoln and Holland Tunnels provide access to Manhattan and the Bayonne Bridge provides access to Staten Island. Numerous highways traverse the county including the New Jersey Turnpike, Interstates 78 and 440, Routes 1 and 9, and Route 3. Interstate 78 and Route 3 provides access from Manhattan to points west of Bergen County, while all other highways provide access in a northern and southern direction.

Bergen County contains twelve municipalities, including Jersey City, Bayonne, North Bergen, Union City, West New York, Kearny, Harrison, Paramus, Guttenberg, Weehawken, East Newark and Hoboken. Despite the county's comparatively small size, its location wedged between the cities of Newark and New York City makes it a highly desirable business location. Augmenting this desirability is a well-developed transportation system.

Population

In terms of the local population, Bergen County is a heavily urbanized county that has traditionally housed more of the region's lower income and less employable population. The unemployment rate in the county since the 1980s has typically ranged between 30% and 50% above the state average. This was aggravated by the decline in the manufacturing base, which is continuing to shrink, especially those companies housed in older obsolete facilities.

Historical and Projected Population

Geographic Area	2010 Census	2016 Estimate	2021 Projection	% Change 2010 – 2016	% Change 2016 – 2021
Bergen County	905,116	937,413	974,019	3.57%	3.91%
Northern New Jersey	4,111,309	4,239,748	4,378,501	3.12%	3.27%
New Jersey State	8,791,894	9,008,702	9,228,248	2.47%	2.44%

Source: Site to Do Business

New York City experienced greater population growth than the entire state of New Jersey from 1990 to 2000. Over the 2000-2015 periods, New Jersey's population growth rate exceeded that of New York City. Bergen County's growth rate was below that of New Jersey and New York City during the 2000's. Bergen County is New Jersey's smallest and most densely populated county with a population of over 10,500 persons per square mile.

Personal Income

Bergen County is ranked among the most affluent counties in the nation and ranks significantly above the state median in terms of household income, which is a testament to the affluence of the area. As illustrated the 2016 estimated median household income in Bergen County was $86,501 compared to $72,914 for New Jersey.

BERGEN COUNTY PERSONAL INCOME STATISTICS

	2016		2021	
Households by Income	Number	Percent	Number	Percent
< $15,000	23,912	6.9%	26,509	7.5%
$15,000 - $24,999	20,458	5.9%	20,314	5.7%
$25,000 - $34,999	21,571	6.3%	18,953	5.3%
$35,000 - $49,999	32,053	9.3%	38,587	10.8%
$50,000 - $74,999	52,137	15.2%	32,529	9.1%
$75,000 - $99,999	41,686	12.1%	43,560	12.2%
$100,000 - $149,999	65,757	19.1%	74,408	20.9%
$150,000 - $199,999	36,417	10.6%	43,890	12.3%
$200,000+	50,136	14.6%	56,981	16.0%
Median Household Income	$86,501		$98,119	
Average Household Income	$120,921		$131,199	
Per Capita Income	$44,767		$48,279	

Source: ESRI

Employment/Economy

Bergen County is home to a number of large corporate headquarters, including CNBC, Unilever, Thomas J. Lipton, Hertz Corp., Toys 'R' Us, Benjamin Moore & Co., Barr Laboratories and Becton Dickinson & Co., in addition to the Meadowlands Sports Complex. Major industries, including manufacturing, wholesale and retail trade, services, and finance, are all well represented in Bergen County.

As a suburban area, many of the region's cultural attractions are located in nearby cities, such as New York and Newark. These cities offer numerous museums, musical attractions, and theaters and other points of interest. In addition, there are eight local professional sports teams, four of which are based in the Meadowlands Sports Complex in East Rutherford, New Jersey. Located within the Meadowlands Sports Complex is the recently completed $1.5 billion Giants/Jets Stadium (a/k/a Met Life Stadium), home to the New York Giants and Jets (NFL). The complex is also home to Continental Arena as well as the Meadowlands Race Track.

In recent years, Bergen County has outperformed the region with a 3.6% unemployment rate in 2017. A trend exhibit follows.

AVERAGE ANNUAL UNEMPLOYMENT FIGURES

Geographic Area	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Bergen County	4.4%	7.8%	8.0%	7.7%	7.7%	6.7%	5.4%	4.7%	4.2%	3.6%
New Jersey	5.3%	9.1%	9.5%	9.3%	9.3%	8.2%	6.7%	5.8%	5.0%	4.2%
United States	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%

Source: Bureau of Labor Statistics

Household Trends

As illustrated, unemployment rates increased rather dramatically between 2008 and 2011 and rates began to fall steadily since 2012. As of April 2017, the unemployment rate in Bergen County has continued to decrease and currently sits at a 10-year low. The statewide the unemployment rate has also improved to 3.9% as of April 2017.

The overall character of the county is largely residential. The residential sector is made up primarily of single-family detached dwelling units, and one to four family homes, although there are multi-family developments located in the southern portion of the county.

According to STDBonline.com, 63.5% of the households are owner-occupied and 36.5% are tenant-occupied. Bergen County's estimated average household size is 2.69 persons.

BERGEN COUNTY HOUSEHOLD TRENDS

	2010 Census	2016	2021
Owner Occupied Housing Units	221,966	218,504	225,279
Renter Occupied Housing Units	113,764	125,623	130,452
Total Number of Households	335,730	344,127	355,731
Average Household Size	2.66	2.69	2.71

Source: ESRI

As illustrated on the chart above, household growth of 3.37% is projected by 2021, with the average household size expected to remain basically unchanged.

Along the main transportation corridors, there are areas densely developed with office, industrial, and retail uses. Approximately 10% of the county is undeveloped, with much of the development in the county taking place over the last 25 years. As the industrial and commercial sectors expanded, the county experienced some out-migration, as residents left in search of more affordable housing and less congestion. The resulting decrease in land inventories gave way to steady increase in real estate values throughout the county, especially over the past decade.

Transportation

Major roadways in Bergen County include State Route 17, the Garden State Parkway, the New Jersey Turnpike and the Palisades Parkway, which run north to south, and State Routes 3 and 4, U.S. Route 46, and Interstate 80, which run east to west. All of these highways provide for automobile and truck traffic with the exception of the Garden State and Palisades Parkways, which prohibit commercial vehicles. In addition to these major routes, Bergen County has an extensive county road network facilitating traffic within the County as well as linking Bergen County to the surrounding metropolitan region.

Approximately 17% of the Bergen County workforce is employed in New York City, which is easily accessible by both automobile and public transportation. Public transportation includes three commuter rail lines operated by New Jersey Transit, and bus service provided along most of the county roads and state highways into Midtown Manhattan.

Transportation and receiving of manufactured goods is facilitated by these highly developed road systems along with three freight lines provided by two separate railroads. In addition to the overland routes, the county has easy access to numerous Hudson River shipping facilities such as the Edgewater Deep Sea Terminal and Ports Newark and Elizabeth located in adjacent Essex County. Teterboro Airport is a secondary passenger and air shipping facility located in the southeast portion of the county along Carlstadt/Teterboro Municipal border and has over 200,000 flights annually.

The Hudson Bergen Light Rail (HBLRT) system is a 21-mile rail service that connects transit stations between 8th Street in Bayonne to Tonnelle Avenue in North Bergen. Commuters can connect to the NJ Transit rail service, NJ Transit bus and New York Waterway Ferry services to midtown and lower Manhattan at the Hoboken Terminal from the HBLRT. Additional rail stations are located in Jersey City, Weehawken and Hoboken.

There are eight stations in Jersey City connecting the eastern and western portions of the city as well as the PATH service to Manhattan. The Hoboken and Jersey City terminals provide access to NY Waterway ferries and Path Trains. Currently, PATH trains provide connections to 9th, 14th, 22nd, 33rd and Christopher Street stations in Manhattan as well as a connection to Newark Penn Station and the Air Tram at Newark's Liberty Airport. Hoboken has additional stations at 2nd Street, and 9th Street with a terminal in Lincoln Harbor office park in Weehawken. The 9th Street station includes an elevator to Congress Avenue on top of the Palisades in Jersey City.

In Weehawken, the NY Waterway's new $35 million dollar, state-of-the-art, Port Imperial ferry terminal is a 34,000 square foot glass enclosed and climate-controlled terminal that features four ferry slips with the ability to transport 20,000 people per hour between Weehawken and Manhattan. It includes a 12-bus staging area, retail shops, an enclosed parking area and easy access to the Weehawken Light Rail station.

The design and construction of the HBLRT and ferry terminals will promote the waterfront area as an accessible commercial and recreational destination, which should encourage further development along the corridor. The construction of more office space (and attendant attraction of jobs) with the support of further retail development within the Waterfront corridor is anticipated to translate into an increased demand for local residential units.

Newark International Airport is less than a half hour from all municipalities in Bergen County. The airport covers over 2,000 acres and supports 35 carriers. The airport is the fifth busiest international airport in the country. The airport supports 50 carriers including United Airlines, which is the airlines second largest hub. The airport handled over 40 million passengers in 2016. Newark Liberty is the third largest hub for United Airlines, which is the airport's largest tenant carrying over 70% of the airport's passengers. Newark's second largest tenant is FedEx Express, whose third largest cargo hub uses three buildings on two million square feet of airport property.

Conclusion

Looking forward, the economic indicators are mixed. Bergen-Hudson MSA's economy has improved recently and a modest recovery is expected to continue through 2017 and into 2018. Professional and financial services may be slow to recover, while transportation will lead the recovery as trade flows increase through the port, and healthcare will drive job growth. Over the years ahead, the region will benefit from close ties to New York City and a well-educated, highly productive workforce.

NORTHERN NEW JERSEY OFFICE MARKET

OVERVIEW

The outlook for the Northern New Jersey office market is not particularly favorable because of the fundamental economic challenges the metro faces. Though vacancies appear to have finally stopped their upward trek, they have more or less plateaued at what could be a new “normal” level for the metro, against an average of just over 12% from 2000–09. This is a risky market because of its shaky demand drivers. Unless it finds new industries to replace a consolidating pharmaceutical industry, the metro should continue to struggle to backfill large blocks of vacant space. The metro is also in the midst of a net decrease in working-age population that started in 2016 and is projected to continue through 2020.

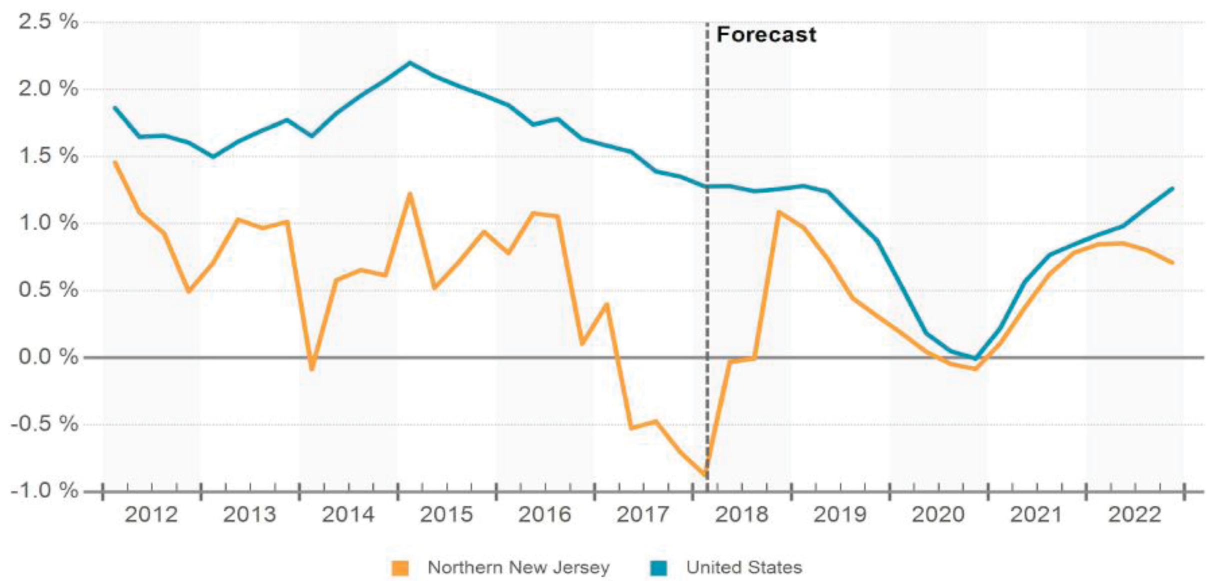
ECONOMIC TRENDS

The pharmaceutical industry has long been this region’s lifeblood, and almost all of the largest companies have a significant presence here. At its peak, the sector's concentration in Northern New Jersey exceeded that in the nation by more than seven times. But over the past decade, pharmaceutical employment has been falling—a decrease intensified by firms’ shift in focus toward research and biotech centers like Cambridge, MA, and Palo Alto, CA. Merck, Roche, Novartis, and Bristol-Myers Squibb have trimmed their footprints, leaving empty, obsolete suburban campuses dotting the landscape. Furthermore, Valeant Pharmaceuticals, once regarded as a bright spot for New Jersey’s pharmaceutical industry, is embroiled in controversy over drug pricing, and its stock has lost over 90% of its value since July 2015. But there is hope. Besides adding 900 jobs in recent years, the pharmaceutical company Celgene recently completed a 550,000 SF addition to its existing Summit headquarters. This completion comes on the heels of Celgene’s purchase of Merck’s vacant 1.5 million SF Summit campus in the latter half of 2015 and could fuel much-needed job growth for the struggling industry. But for Northern New Jersey to have any type of economic resurgence, the metro must count on additional industries to replace this receding giant.

It is hard to envision the source of future growth. With Northern New Jersey’s aging population, healthcare and related services employment should increase, but these prospects hardly promise a bright future. Leisure and hospitality has had a nice run for the past few years, but it is primarily a low-value-add industry unlikely to drive real economic growth except in the case of legitimate tourist destinations (e.g., Las Vegas or Orlando). Furthermore, finance has been slow to return, and the New Jersey counties that count as part of the New York metro (Bergen, Hudson, and Passaic) are more likely to profit as low-value-add financial activities move out of the city. In one recent positive, financial tech company Broadridge Financial Solutions signed a deal to relocate 1,000 jobs to Newark in 2017. Two other recent good signs, Software House International’s expansion in Somerset and Prudential’s net expansion in Newark, signal that employer expansions could also provide office job growth in this market. Most encouraging is the expected increase in activity around the ports as the global economy improves and infrastructure enhancements progress in New York and New Jersey in anticipation of the Panama Canal expansion. Major logistics players, including Amazon and UPS, have already signaled their intentions by eyeing, and in some cases starting, large projects near the port. An active governance—at both the state and local level—dedicated to reinvigorating New Jersey also lends a bit of hope.

Demographics are working against the Garden State. Northern New Jersey has continually lost residents since the early 2000s, causing the population to decrease even in the economically prosperous mid-2000s, while the U.S. population was growing steadily. Because New Jerseyans searched for better employment opportunities in regions that often-featured lower living costs, the metro's population has aged. The younger cohort has decreased significantly over the past decade, while the older population continues to increase, which will put more pressure on the state's health services. Unless these troubling demographic trends are reversed, the metro is likely to struggle to achieve long-term economic prosperity.

YEAR OVER YEAR JOB GROWTH



Source: Moody's Analytics

Budget woes remain ongoing. New Jersey's indebtedness has risen much more rapidly than that of the average state over the past decade, exacerbated by the recession. State debt is now the third-highest in the country, and there are no signs that the fiscal outlook will improve anytime soon. Lawmakers' flexibility has been limited by growth in pension obligations to public sector employees, causing three major ratings agencies to downgrade state credit. Without serious entitlement reform, little will be left for other government expenses. Given the predicament Trenton now faces, public sector payrolls are unlikely to increase for the foreseeable future, and the state is running out of money for the generous relocation and retention packages it offers to job-generating corporations.

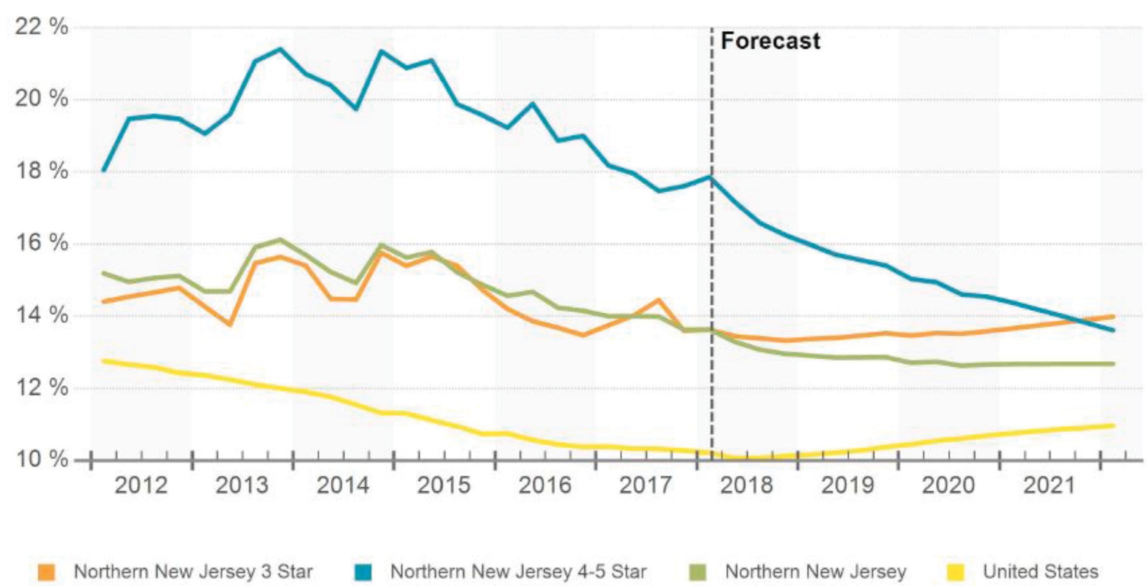
LEASING

Elevated vacancies appear to be the new normal in Northern New Jersey. Vacancies here still haven't recovered since the recession and sit about two hundred basis points above where they were at the beginning of 2008. While absorption has shown signs of improvement over the last few years, the demand growth has not been nearly strong enough to offset occupancy losses since 2007. Furthermore, much of the large absorption gains of late are attributable to the actions of one company—Celgene—and cannot be taken as sign of a broader trend.

The demand outlook appears uncertain in Northern New Jersey as the pharmaceutical shakeup, which has helped drive up vacancies, does not appear to be over yet. While state tax incentives have helped large corporations such as Honeywell and Panasonic move into buildings housing new headquarters over the past few years, this activity has generally failed to translate into net absorption gains for the office market, because companies have been simultaneously vacating large blocks of space in the market to move into newer product.

This lack of absorption gains is likely to persist as pharmaceutical and technology companies continue to trade and consolidate on Northern New Jersey's suburban campuses.

VACANCY RATE

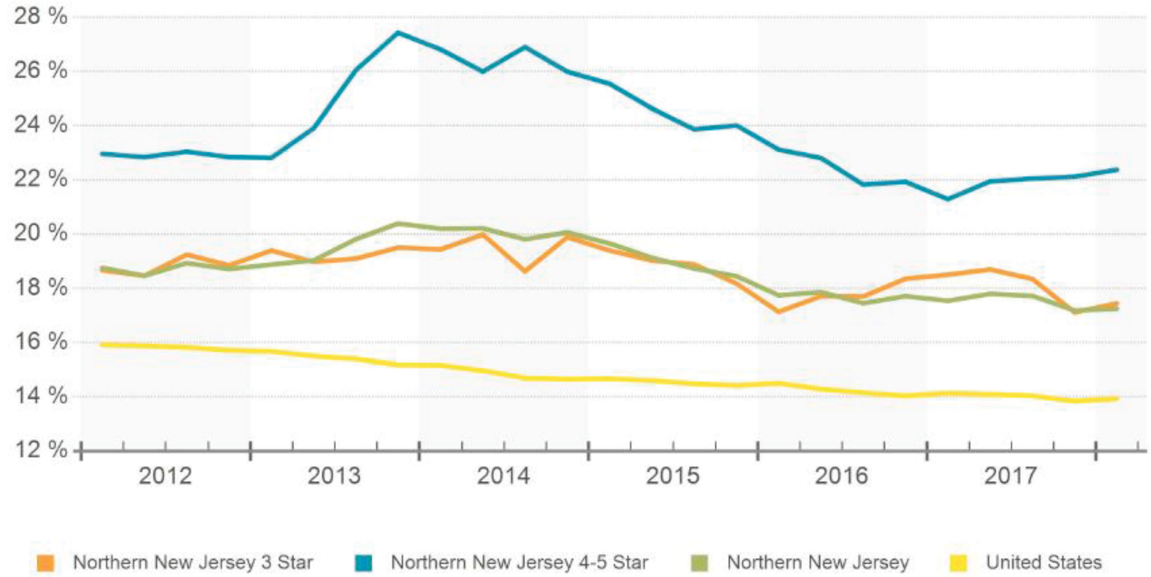


Northern New Jersey is getting older. The metro is on track for a net decrease in the working-age population, as Baby Boomers retire, and Millennials choose the city rather than suburban office parks. In the face of these difficulties, demand has faltered. Still, although Northern New Jersey's export factors are still suffering, the local economy appears to be in less dire straits than only a year or two ago.

Not all buildings are created equal. Vintage makes a big difference here, even more than in other metros. Strong vacancy compression in assets built in 2008 or later matched the national trend early in the recovery, but then deviated.

At the national level, vacancies in newer buildings flattened out after the difficulties associated with initial lease-up during such a severe economic downturn.

AVAILABILITY RATE



In Northern New Jersey, however, the newest assets' vacancies have continued to decline rapidly, indicating strong demand from tenants who want the newest and best office product. This flight to quality has been used to help justify selective new construction, especially build-to-suits, despite shaky fundamentals.

SALES

After years of sluggish liquidity, Northern New Jersey office is attracting capital again. In 2015, transaction volume outpaced an uncharacteristically strong 2014, easily surpassing $1 billion for the first time since 2008. Capital flowed to single-tenant assets with investment-grade tenants in particular. The trend continued in 2016, with sales volume exceeding $1.1 billion—the first time since 2005–06 that sales volume in the Northern New Jersey metro exceeded $1 billion in consecutive years. Strong sales continued into 2017 with over $1 billion trading for the third consecutive year.

One of the largest deals of 2017 was Mack-Cali's purchase of a six-property office portfolio from RXR Realty in March for $368 million ($345/SF). A value-add play for Mack-Cali, the portfolio totals over one million SF of 4 & 5 and 3 Star space, over 20% of which was vacant at the end of 2017, as the company plans to reposition this space to better fit the needs of corporate users. A number of large deals followed throughout last year, including Harbor Group International's $98.5 million ($322/SF) acquisition of 211 Mount Airy Road, a 306,200 SF asset in Basking Ridge. The building was renovated in 2015, and Daiichi Sankyo, a Japanese pharmaceutical company, signed a 16-year lease in February 2016.

SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	$80,000	$6,178,395	$916,500	$111,028,982
Price Per SF	$9.99	$139	$117	$1,317
Cap Rate	5.8%	8.3%	8.0%	11.9%
Time Since Sale in Months	0.1	6.8	6.8	11.9
Property Attributes	**Low**	**Average**	**Median**	**High**
Building SF	674	38,216	5,557	419,727
Stories	1	2	2	14
Typical Floor SF	440	12,795	3,450	170,519
Vacancy Rate At Sale	0%	26.0%	0%	100%
Year Built	1777	1955	1970	2012
Star Rating	★☆☆☆☆	★★☆☆☆ 2.4	★★☆☆☆	★★★★★

The largest trade in 2016 was the October sale of PSEG's headquarters at 80 Park Plaza in Newark for $170/SF ($174.5 million) at a 6.1% cap rate. The one million SF asset was built in 1980 and is 85% leased by PSEG, whose lease runs through 2029. In the second-biggest deal of 2016, Kuwait-based KFH Capital acquired Panasonic's headquarters at 2 Riverfront Plaza in Newark for $165 million ($490/SF).

The 337,500 SF 5 Star asset was completed in 2013 as a build-to-suit for Panasonic by sellers SJP Properties and Matrix Development Group. In a possible redevelopment play, Rubenstein Partners purchased the 820,000 SF Warren Corporate Center in March for $136 million (approximately $166/SF) at a 9.4% cap rate.

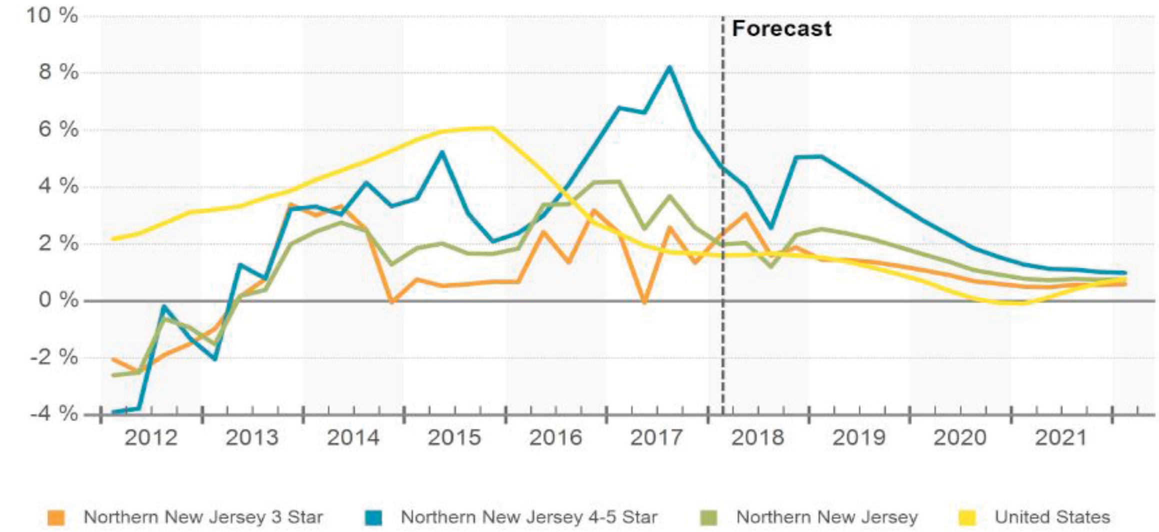
The office park, comprising five single-tenant buildings, had been fully occupied by Citibank, which decided to vacate one building, leaving the occupancy rate at 81% at the time of sale. Citibank's lease runs through 2019 with a five-year option, leaving the new owner with a quality asset with strong in-place income and the upside that comes with the ability to lease an entire building.

The largest deal of 2015 was the sale-leaseback of Verizon's headquarters in Basking Ridge for $650.3 million (about $465/SF). Chicago-based Mesirow Financial purchased the 1.4 million SF corporate campus for the highest price paid for a single-asset office building in Northern New Jersey history. In executing the sale-leaseback, Mesirow signed Verizon for a 20-year lease to occupy the entire building and an option to renew/extend the lease for up to 28 more years.

RENT TRENDS

Due to a weak fundamentals performance, rent growth in Northern New Jersey has struggled in this cycle. Record-high vacancies have stripped many landlords of their leverage. Asking rents still haven't recovered from the Great Recession and sit at $25.57. In fact, cumulative growth since 2010 is barely positive, underperforming the national average in most years.

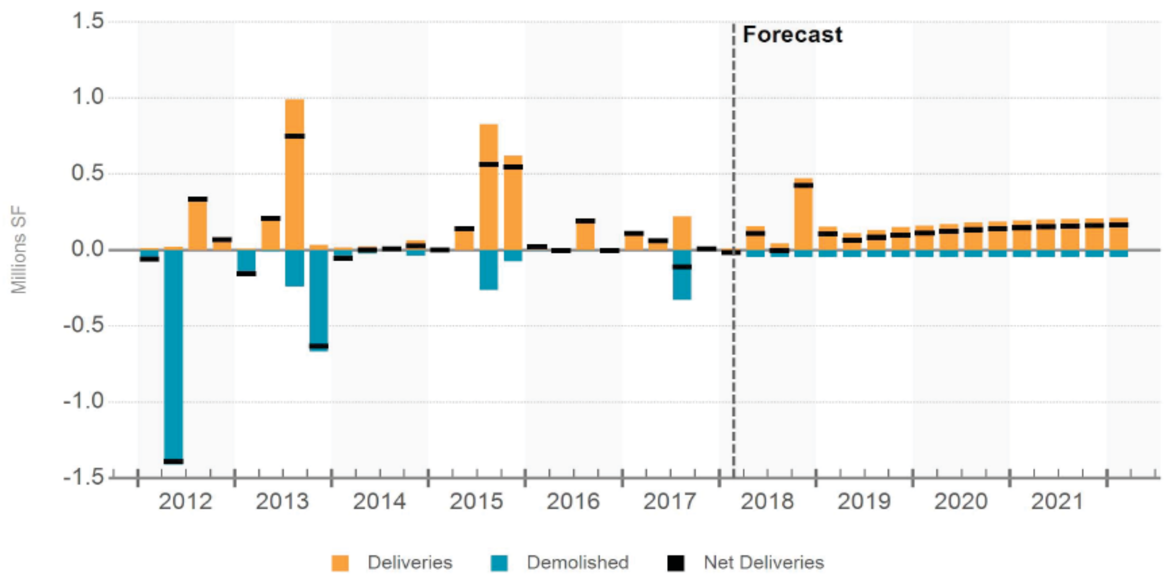
ASKING RENT GROWTH (YOY)



Performance improved slightly in the last couple of years. Rent growth exceeded it historical average and the national performance in 2016 and 2017. That said, poor fundamentals performance and consolidations and move-outs by the metro's main historical driver, biotech and pharmaceutical companies, have limited the potential for rents to experience outsized growth. The metro will need an agglomeration economy of a different kind, or a major breakthrough in the pharmaceutical industry, for fundamentals and rents to make more dramatic improvements.

CONSTRUCTION

DELIVERIES & DEMOLITIONS



Speculative supply has been negligible in Northern New Jersey so far this cycle, not surprising given the vacancies left behind by tenant move-outs. Built-to-suit development has been much more common, most recently including UPS's 200,000 SF technology development center in Parsippany, which delivered in August 2017.

Thus far, Northern New Jersey's many large blocks of available space have helped keep spec development relatively quiet, but this may be changing, with a number projects underway or proposed that plan to redevelop old corporate campuses. Edison Properties has already "broken ground" on its redevelopment of 110 Edison place, a 400,000 SF largely vacant building in Downtown Newark. By late 2018 the building will be modernized with larger floor plates, new windows and building systems, and numerous building amenities. There are also credible plans to demolish Honeywell's 1.2 million SF former headquarters in 2018 and create a 900,000 SF spec office building.

SUBMARKET OFFICE STATISTICS

Class A Market Statistics

Year-End 2017

	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
Market	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Bergen Central	27	3,988,310	694,812	792,220	19.9%	(88,502)	0	0	$29.00
Bergen East	35	5,067,204	587,824	646,370	12.8%	81,207	0	360,000	$28.72
Bergen North	34	5,022,561	827,321	879,360	17.5%	(91,468)	32,424	0	$29.76
Brunswick/Piscataway/I-287	83	12,845,041	2,680,497	2,844,438	22.1%	(581,504)	0	100,000	$26.72
Hudson Waterfront	39	19,772,369	1,983,184	2,532,042	12.8%	102,255	0	0	$38.67
Hunterdon	15	3,513,580	1,149,574	1,376,215	39.2%	(170,835)	0	0	$22.01
Meadowlands	19	4,388,490	609,149	766,087	17.5%	(109,285)	0	0	$26.14
Monmouth East	49	5,207,298	482,146	540,873	10.4%	(78,970)	0	45,200	$29.12
Monmouth West	12	639,336	54,156	54,156	8.5%	49,629	24,000	0	$27.02
Morris West/I-80	13	2,012,307	1,078,618	1,078,618	53.6%	10,728	0	0	$24.74
Morristown Area	58	8,959,421	1,854,762	2,044,336	22.8%	(48,342)	45,000	0	$29.28
Newark/Urban Essex	44	13,895,992	2,600,083	2,729,387	19.6%	37,052	86,000	402,532	$30.75
Ocean County	14	863,081	68,707	72,957	8.5%	104,965	60,000	115,000	$24.86
Orange/Rockland	20	2,658,967	568,811	582,956	21.9%	(51,024)	0	0	$23.64
Parsippany/I-287/Rt 10	84	13,640,417	2,052,696	2,341,555	17.2%	286,793	200,000	0	$29.31
Pike County	0	0	0	0	0.0%	0	0	0	$0.00
Princeton Area	31	4,596,095	761,917	765,029	16.6%	(95,066)	0	22,000	$21.85
Somerset/I-78	88	16,004,685	1,661,032	2,192,089	13.7%	(116,285)	0	68,000	$27.94
Trenton	115	14,872,298	1,027,325	1,376,009	9.3%	540,006	555,000	100,000	$29.34
Union	23	1,883,799	322,458	352,040	18.7%	150,098	0	0	$28.31
Wayne/Paterson	29	3,773,895	710,377	725,890	19.2%	(85,727)	53,000	0	$23.88
West Essex	60	9,714,130	956,743	980,200	10.1%	273,149	0	0	$27.82
Woodbridge/Edison	34	5,960,763	881,658	960,300	16.1%	46,255	0	0	$32.81
Totals	926	159,280,039	23,613,850	26,633,127	16.7%	165,129	1,055,424	1,212,732	$28.34

Source: CoStar Property®

Class B Market Statistics

Year-End 2017

	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
Market	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Bergen Central	187	4,545,711	554,341	563,419	12.4%	(12,589)	0	0	$23.89
Bergen East	257	6,244,416	789,833	799,118	12.8%	(268,185)	4,000	0	$26.16
Bergen North	298	7,369,435	654,578	672,634	9.1%	28,809	8,800	0	$23.77
Brunswick/Piscataway/I-287	524	13,223,302	1,512,471	1,602,041	12.1%	(109,438)	42,292	15,000	$21.10
Hudson Waterfront	192	4,023,613	198,831	220,059	5.5%	1,936	41,001	0	$30.58
Hunterdon	146	2,305,066	314,873	319,373	13.9%	28,594	0	0	$15.81
Meadowlands	91	2,750,765	595,473	661,504	24.0%	(116,238)	0	250,000	$21.45
Monmouth East	467	9,383,221	1,185,318	1,210,131	12.9%	608,461	23,332	0	$23.83
Monmouth West	176	3,214,968	272,682	289,507	9.0%	(51,790)	5,600	0	$21.02
Morris West/I-80	151	2,156,527	197,014	199,014	9.2%	24,627	15,000	0	$19.67
Morristown Area	118	3,441,073	244,385	258,074	7.5%	26,455	0	8,800	$22.85
Newark/Urban Essex	250	7,981,286	1,124,718	1,155,311	14.5%	(108,292)	0	72,500	$24.89
Ocean County	338	4,247,574	208,123	208,123	4.9%	37,054	40,487	118,000	$21.79
Orange/Rockland	501	6,856,729	522,415	522,415	7.6%	(3,218)	3,800	63,995	$21.13
Parsippany/I-287/Rt 10	162	6,488,738	1,272,517	1,283,308	19.8%	35,696	0	0	$22.60
Pike County	14	123,677	2,500	2,500	2.0%	0	0	0	$0.00
Princeton Area	125	2,773,360	152,536	166,761	6.0%	75,776	0	8,600	$18.74
Somerset/I-78	240	7,567,592	657,553	677,770	9.0%	31,722	16,159	0	$22.48
Trenton	442	10,506,453	1,114,475	1,114,475	10.6%	321,137	0	132,000	$22.86
Union	256	4,706,963	399,022	413,592	8.8%	54,670	4,000	0	$22.87
Wayne/Paterson	200	4,706,892	413,739	415,298	8.8%	391,355	27,600	25,000	$17.57
West Essex	273	7,831,480	520,138	544,508	7.0%	14,466	8,800	0	$24.76
Woodbridge/Edison	43	975,840	61,979	66,467	6.8%	5,012	0	0	$19.41
Totals	5,451	123,424,681	12,969,514	13,365,402	10.8%	1,016,020	240,871	693,895	$22.49

Source: CoStar Property®

Class C Market Statistics

Year-End 2017

Market	Existing Inventory # Blds	Existing Inventory Total RBA	Vacancy Direct SF	Vacancy Total SF	Vacancy Vac %	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
Bergen Central	299	2,377,614	118,442	118,442	5.0%	13,122	0	0	$22.68
Bergen East	527	4,162,487	278,601	280,601	6.7%	82,557	0	0	$22.50
Bergen North	414	3,854,353	263,033	263,233	6.8%	(74,722)	0	0	$22.78
Brunswick/Piscataway/I-287	1,089	7,418,645	458,020	459,727	6.2%	67,027	0	0	$21.86
Hudson Waterfront	831	6,005,379	164,831	165,031	2.7%	(556)	0	0	$24.32
Hunterdon	181	1,007,368	122,585	122,585	12.2%	11,041	0	0	$18.78
Meadowlands	279	1,688,031	63,840	63,840	3.8%	(3,385)	0	0	$20.03
Monmouth East	1,065	6,304,857	364,475	367,991	5.8%	(11,742)	0	0	$20.53
Monmouth West	307	1,946,747	121,047	121,047	6.2%	2,047	0	0	$19.92
Morris West/I-80	339	2,225,022	160,077	160,077	7.2%	(11,360)	0	0	$18.65
Morristown Area	226	1,594,706	81,613	84,175	5.3%	(10,595)	0	0	$26.60
Newark/Urban Essex	747	7,702,799	313,965	315,665	4.1%	174,962	0	0	$20.80
Ocean County	562	3,002,452	182,112	185,462	6.2%	(6,626)	0	0	$19.44
Orange/Rockland	789	5,500,755	523,267	523,267	9.5%	(98,881)	0	0	$18.54
Parsippany/I-287/Rt 10	155	1,357,220	71,609	71,609	5.3%	40,183	0	0	$18.03
Pike County	50	258,936	10,971	10,971	4.2%	(4,569)	0	0	$18.34
Princeton Area	224	2,002,790	242,537	242,537	12.1%	46,618	0	0	$19.75
Somerset/I-78	360	2,345,939	131,910	131,910	5.6%	(30,247)	0	0	$19.21
Trenton	628	6,353,768	597,152	597,152	9.4%	36,637	0	0	$19.58
Union	1,056	7,449,625	431,182	431,607	5.8%	(20,857)	0	0	$20.72
Wayne/Paterson	425	3,788,635	256,682	256,682	6.8%	(10,802)	0	0	$18.79
West Essex	355	2,934,722	300,163	300,163	10.2%	(43,146)	0	0	$22.35
Woodbridge/Edison	189	964,039	40,061	40,061	4.2%	17,860	0	0	$18.19
Totals	11,097	82,246,889	5,298,175	5,313,835	6.5%	164,566	0	0	$20.63

Source: CoStar Property®

Total Office Market Statistics

Year-End 2017

Market	Existing Inventory # Blds	Existing Inventory Total RBA	Vacancy Direct SF	Vacancy Total SF	Vacancy Vac %	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
Bergen Central	513	10,911,635	1,367,595	1,474,081	13.5%	(87,969)	0	0	$26.51
Bergen East	819	15,474,107	1,656,258	1,726,089	11.2%	(104,421)	4,000	360,000	$26.33
Bergen North	746	16,246,349	1,744,932	1,815,227	11.2%	(137,381)	41,224	0	$27.21
Brunswick/Piscataway/I-287	1,696	33,486,988	4,650,988	4,906,206	14.7%	(623,915)	42,292	115,000	$23.92
Hudson Waterfront	1,062	29,801,361	2,346,846	2,917,132	9.8%	103,635	41,001	0	$30.40
Hunterdon	342	6,826,014	1,587,032	1,818,173	26.6%	(131,200)	0	0	$17.12
Meadowlands	389	8,827,286	1,268,462	1,491,431	16.9%	(228,908)	0	250,000	$24.01
Monmouth East	1,581	20,895,376	2,031,939	2,118,995	10.1%	517,749	23,332	45,200	$24.83
Monmouth West	495	5,801,051	447,885	464,710	8.0%	(114)	29,600	0	$21.85
Morris West/I-80	503	6,393,856	1,435,709	1,437,709	22.5%	23,995	15,000	0	$20.60
Morristown Area	402	13,995,200	2,180,760	2,386,585	17.1%	(32,482)	45,000	8,800	$27.75
Newark/Urban Essex	1,041	29,580,077	4,038,766	4,200,363	14.2%	103,722	86,000	475,032	$28.26
Ocean County	914	8,113,107	458,942	466,542	5.8%	135,393	100,487	233,000	$21.51
Orange/Rockland	1,310	15,016,451	1,614,493	1,628,638	10.8%	(153,123)	3,800	63,995	$21.30
Parsippany/I-287/Rt 10	401	21,486,375	3,396,822	3,696,472	17.2%	362,672	200,000	0	$26.00
Pike County	64	382,613	13,471	13,471	3.5%	(4,569)	0	0	$18.34
Princeton Area	380	9,372,245	1,156,990	1,174,327	12.5%	27,328	0	30,600	$21.02
Somerset/I-78	688	25,918,216	2,450,495	3,001,769	11.6%	(114,810)	16,159	68,000	$26.16
Trenton	1,185	31,732,519	2,738,952	3,087,636	9.7%	897,780	555,000	232,000	$25.68
Union	1,335	14,040,387	1,152,662	1,197,239	8.5%	183,911	4,000	0	$23.18
Wayne/Paterson	654	12,269,422	1,380,798	1,397,870	11.4%	294,826	80,600	25,000	$20.39
West Essex	688	20,480,332	1,777,044	1,824,871	8.9%	244,469	8,800	0	$26.26
Woodbridge/Edison	266	7,900,642	983,698	1,066,828	13.5%	69,127	0	0	$30.25
Totals	17,474	364,951,609	41,881,539	45,312,364	12.4%	1,345,715	1,296,295	1,906,627	$25.12

Source: CoStar Property®

KEY INDICATORS

The subject is a Class B (3-star) office building in the Borough of Woodcliff Lake within Costar's Bergen North section of Northern New Jersey. The indicated vacancy rate and gross asking rents for Bergen North are 9.1% and $23.77 vs. Northern New Jersey at 13.9% and $23.39. The key indicators for Northern New Jersey are illustrated below.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Gross Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	53,791,674	17.9%	$31.70	22.4%	(175,073)	0	410,032
3 Star	66,130,557	13.9%	$23.39	17.4%	(226,903)	0	172,400
1 & 2 Star	33,728,769	7.0%	$19.99	8.6%	109,835	0	26,224
Market	**153,651,000**	**13.8%**	**$25.57**	**17.3%**	**(292,141)**	**0**	**608,656**

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.2%	12.4%	12.8%	16.1%	2013 Q4	7.3%	1998 Q2
Net Absorption SF	362 K	611,470	795,159	4,976,850	2000 Q2	(2,334,467)	2012 Q2
Deliveries SF	322 K	1,115,795	674,213	4,448,085	2000 Q2	88,085	2014 Q3
Rent Growth	2.0%	1.8%	1.4%	10.2%	2000 Q4	-9.4%	2010 Q1
Sales Volume	$1.3 B	$898.8 M	N/A	$1.8 B	2006 Q4	$337.8 M	2013 Q1

As shown, rents are projected to grow slightly over the next five years, while vacancy levels appear stable.

Investor Requirements

Based on national investor surveys, typical going-in capitalization rates for suburban office properties range from 5.00% to 9.50% with reported discount rates ranging from 6.50% to13.00%.

The Subject's Competitive Position

The key factors affecting the subject's competitive position are summarized as follows:

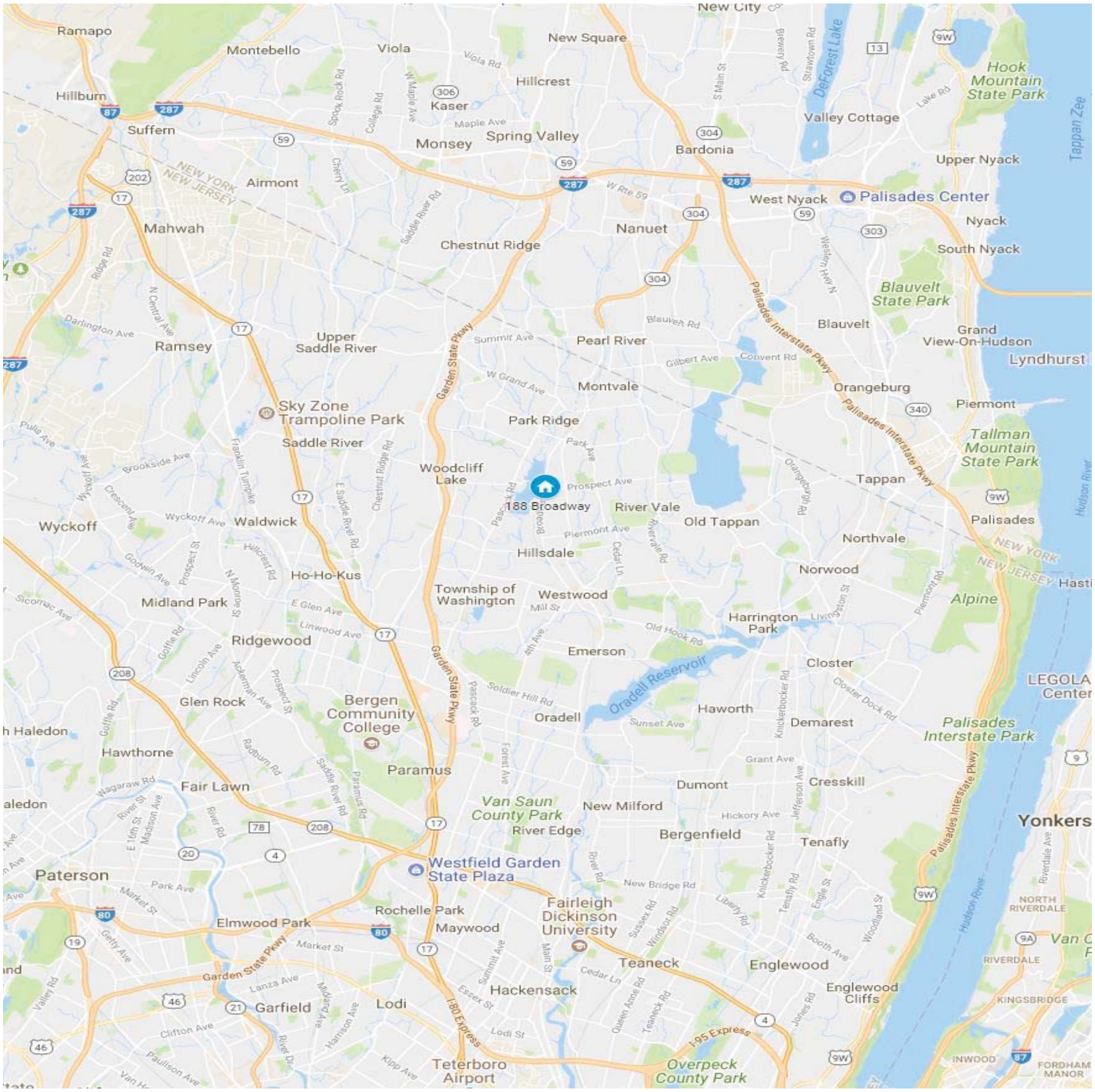
- ***Location:*** the subject is located in a residential area of the Bergen North submarket of Bergen County. This location is desirable due to easy access and the subject’s parking utility. Overall, this is a good location.
- ***Functional Utility and Condition:*** the subject building was constructed in 1985 and well maintained with recent upgrades. For this reason, the subject is considered in good condition. It is also noted that the subject is an elevator 2-story with underground parking and additional on-site parking in the rear, a positive utility allowing for a variety of users including a variety of permitted office tenants.

Conclusions

The subject property consists of good quality Class B office, located in a residential area in the Borough of Woodcliff Lake with moderate demand levels one block from the New Jersey Transit Woodcliff Lake train station. Furthermore, the good off-street parking is a positive influence for the subject property. Based on the above, the subject is considered competitive with other Class B office buildings in the submarket.

NEIGHBORHOOD DESCRIPTION

AREA MAP



LOCATION AND BOUNDARIES

The subject is located in the Borough of Woodcliff Lake, Bergen County, New Jersey. According to the United States Census Bureau, the borough had a total area of 3.606 square miles (9.339 km^2), including 3.405 square miles (8.819 km^2) of land and 0.201 square miles (0.519 km^2) of water (5.56%). The borough is bordered by Montvale, Park Ridge, River Vale, Hillsdale, Saddle River, and small portions of Upper Saddle River. Woodcliff Lake is located approximately 20 miles (32 km) northwest of Manhattan.

TRANSPORTATION

ROADS AND HIGHWAYS

As of May 2010, the borough had a total of 45.94 miles of roadways, of which 34.27 miles were maintained by the municipality, 9.47 miles by Bergen County and 2.20 miles by the New Jersey Turnpike Authority. The Garden State Parkway and County Route 503 pass through Woodcliff Lake.

The Garden State Parkway may be entered southbound or exited from northbound, at exit 171. Because not all movements are possible at that exit, exits 168 in Washington Township and 172 in Montvale are also used to access the borough.

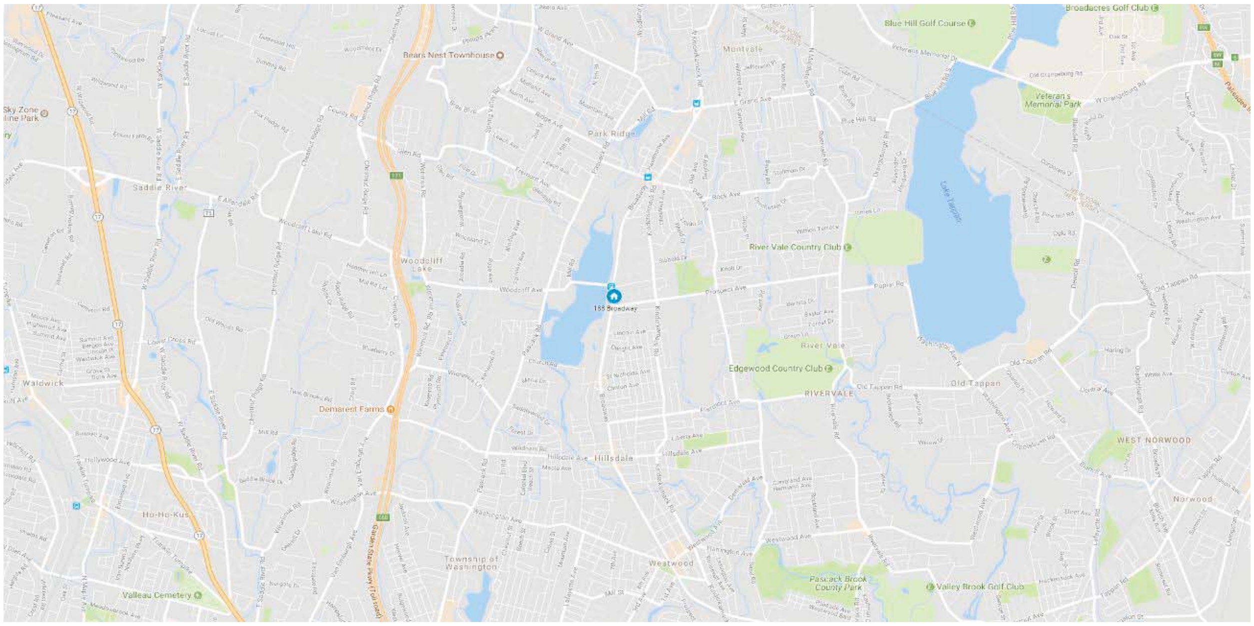
PUBLIC TRANSPORTATION

Woodcliff Lake is served by NJ Transit at the Woodcliff Lake train station, located at Broadway and Woodcliff Avenues. The station offers service on the Pascack Valley Line, which runs north-south to Hoboken Terminal with connections via the Secaucus Junction transfer station to New Jersey Transit one-stop service to New York Penn Station and to other NJ Transit rail service. Connections are available at the Hoboken Terminal to other New Jersey Transit rail lines, the PATH train at the Hoboken PATH station, New York Waterways ferry service to the World Financial Center and other destinations and Hudson-Bergen Light Rail service.

Rockland Coaches offers service to the Port Authority Bus Terminal in Midtown Manhattan on routes 11T/11AT and 45/46/47. Saddle River Tours / Ameribus provides service to the George Washington Bridge Bus Station on route 11C.

THE SPECIFIC SUBJECT LOCATION

The subject is located between Highview Avenue and Prospect Avenue on Broadway in Woodcliff Lake, NJ..



The borough was originally incorporated as the Borough of Woodcliff, on August 31, 1894, from parts of Orvil Township and Washington Township, based on the results of a referendum held three days earlier. The borough was formed during the "Boroughitis" phenomenon then sweeping through Bergen County, in which 26 boroughs were formed in the county in 1894 alone. The borough derives its name from the characteristics of its geography.

On March 1, 1910, after the creation of the reservoir, the name of the borough was changed to Woodcliff Lake, to match the name of the post office. Prior to the creation of ZIP codes as a way to uniquely identify addresses, United States Postal Service policy was that two post offices in a state could not have the same name, and there was already a "Woodcliff" in Hudson County. On January 1, 1956, and again on July 1, 1958, Woodcliff Lake exchanged sections of land with Park Ridge. On October 13, 1960, portions were exchanged with Hillsdale.

Woodcliff Lake has many historic houses and buildings, some dating from the 18th century. Many old buildings are also present but are likely to have been modified through the years. The borough has seen intense development over the past 50 years, as virtually all areas available for construction have been developed.

DEMOGRAPHIC OVERVIEW

The following demographic profile, assembled by Nielson, Inc, a nationally recognized compiler of demographic data, reflects the Woodcliff Lake (07677-zip code). The area is projected to have a 2018 population of 5,858 in 1,961 household units. The current projections, as forecasted by Nielson, are as follows:

UNIVERSE TOTALS

Description	Woodcliff Lake 2018 Estimate	Woodcliff Lake % Change 2010-2018	Woodcliff Lake % Change 2018-2023	Bergen County, NJ 2018 Estimate	Bergen County, NJ % Change 2010-2018	Bergen County, NJ % Change 2018-2023
Universe Totals						
Population	5,858	3.70%	2.01%	945,893	4.50%	2.38%
Households	1,961	3.81%	2.14%	349,217	4.02%	2.24%
Families	1,634	3.17%	3.10%	247,422	7.09%	5.56%
Housing Units	2,026	-	-	366,684	-	-
Group Quarters Populations	88	-	-	10,431	-	-

HOUSEHOLD INCOME

The estimated average household income is $221,724, while the median income is $155,688. Approximately 5.1% of households have an income of less than $25,000, while 51.7% of the households earn over $150,000 per year.

HOUSEHOLD INCOME

Total Households by Income	Woodcliff Lake	% of Total	Bergen County, NJ	% of Total
Total Households by Income	12,932		24,313	
Income Less than $15,000	54	2.75	23,702	6.79
Income $15,000 - $24,999	46	2.35	19,842	5.68
Income $25,000 - $34,999	63	3.21	19,410	5.56
Income $35,000 - $49,999	102	5.20	29,770	8.53
Income $50,000 - $74,999	196	9.99	48,025	13.75
Income $75,000 - $99,999	152	7.75	39,063	11.19
Income $100,000 - $124,999	163	8.31	34,563	9.90
Income $125,000 - $149,999	171	8.72	29,553	8.46
Income $150,000 - $199,999	242	12.34	39,958	11.44
Income $200,000 - $249,999	152	7.75	21,270	6.09
Income $250,000 - $499,999	300	15.30	26,836	7.68
Income $500,000 or more	320	16.32	17,225	4.93
Average Household Income	$221,724		$136,001	
Median Household Income	$155,688		$96,447	

POPULATION CHARACTERISTICS

The neighborhood has an average age of 42 and a median age near 46. 19.14% of the area population is aged 65 and over, while 22.70% is younger than 18 years old.

AGE CHARACTERISTICS

2018 Est. Population by Age	Woodcliff Lake	% of Total	Bergen County, NJ	% of Total
Age 0 - 4	304	5.19	48,641	5.14
Age 5 - 9	318	5.43	52,387	5.54
Age 10 - 14	405	6.91	57,911	6.12
Age 15 - 17	303	5.17	37,078	3.92
Age 18 - 20	272	4.64	35,677	3.77
Age 21 - 24	361	6.16	45,882	4.85
Age 25 - 34	511	8.72	107,197	11.33
Age 35 - 44	383	6.54	123,061	13.01
Age 45 - 54	895	15.28	139,673	14.77
Age 55 - 64	985	16.82	134,826	14.25
Age 65 - 74	604	10.31	91,218	9.64
Age 75 - 84	297	5.07	47,468	5.02
Age 85 and over	220	3.76	24,874	2.63
Age 16 and over	4,734	80.81	774,769	81.91
Age 18 and over	4,528	77.30	749,876	79.28
Age 21 and over	4,256	72.65	714,199	75.50
Age 65 and over	1,121	19.14	163,560	17.29
Median Age	46		42	
Average Age	42		41	

In terms of household size, 15.35% of households are single persons, 29.48% have two persons, and 19.17% have 3 persons. 12.64% of households have five or more.

HOUSEHOLDS BY SIZE

2018 Households by Size	Woodcliff Lake	% of Total	Bergen County, NJ	% of Total
1-person	301	15.35	86,024	24.63
2-person	578	29.48	102,509	29.35
3-person	376	19.17	62,851	18.00
4-person	458	23.36	57,195	16.38
5-person	173	8.82	26,171	7.49
6-person	53	2.70	9,359	2.68
7-or-more-person	22	1.12	5,108	1.46

EDUCATIONAL ATTAINMENT

The population is relatively well educated. 3.62% have not earned a high school diploma in contrast to 41.03% with a bachelor's degree and 28.21% with advanced degrees.

Educational Attainment	Woodcliff Lake	% of Total	Bergen County, NJ	% of Total
2018 Est. Pop Age 25+ by Edu. Attainment	3,895		668,317	
Less than 9th grade	83	2.13	26,607	3.98
Some High School, no diploma	58	1.49	27,354	4.09
High School Graduate (or GED)	452	11.61	162,748	24.35
Some College, no degree	393	10.09	99,287	14.86
Associate Degree	212	5.44	37,454	5.60
Bachelor's Degree	1,598	41.03	199,877	29.91
Master's Degree	764	19.61	80,474	12.04
Professional School Degree	276	7.09	23,808	3.56
Doctorate Degree	59	1.51	10,708	1.60

EMPLOYMENT DYNAMICS

According to Nielson 6.17% of workers are characterized as "blue collar," while 85.06% are engaged in "white collar" activities. 8.77% of the employed population works in the service and farm sectors. Within these broad categories, the largest employment sectors in the city are Management (18.6%), Sales/Related (14.7%), and Health Practitioner/Technician (12.0%).

OCCUPATION CLASSIFICATION

Occupation Classification	Woodcliff Lake	% of Total	Bergen County, NJ	% of Total
2018 Est. Pop 16+ by Occupation Classification	2,804		476,025	
White Collar	2,385	85.06	345,866	72.66
Blue Collar	173	6.17	67,606	14.20
Service	246	8.77	62,553	13.14

OCCUPATION BREAKDOWN

Occupation	Woodcliff Lake	% of Total	Bergen County, NJ	% of Total
2018 Est. Civ. Employed Pop 16+ by Occupation	2,804		476,025	
Architect/Engineer	56	2.00	7,359	1.55
Arts/Entertainment/Sports	62	2.21	10,549	2.22
Building Grounds Maintenance	32	1.14	13,271	2.79
Business/Financial Operations	259	9.24	34,858	7.32
Community/Social Services	21	0.75	6,659	1.40
Computer/Mathematical	124	4.42	18,413	3.87
Construction/Extraction	61	2.17	17,411	3.66
Education/Training/Library	231	8.24	32,667	6.86
Farming/Fishing/Forestry	12	0.43	315	0.07
Food Prep/Serving	54	1.93	16,077	3.38
Health Practitioner/Technician	335	11.95	34,470	7.24
Healthcare Support	31	1.11	7,743	1.63
Maintenance Repair	43	1.53	12,159	2.55
Legal	62	2.21	7,991	1.68
Life/Physical/Social Science	20	0.71	4,297	0.90
Management	521	18.58	68,890	14.47
Office/Admin. Support	283	10.09	60,234	12.65
Production	34	1.21	14,985	3.15
Protective Services	35	1.25	8,074	1.70
Sales/Related	411	14.66	59,479	12.49
Personal Care/Service	82	2.92	17,073	3.59
Transportation/Moving	35	1.25	23,051	4.84

TRANSIT DYNAMICS

There are good links to employment centers via public transport and the local highway network. Based on its suburban location, roughly 68.82% of the employed drove alone to work. Given strong public transit service, 13.43% traveled by public transportation. The average travel time is roughly 37 minutes. Within this, roughly 19.92% of workers travel less than 15 minutes, while 30.52% live within 30 minutes of their jobs. The remaining workers travel in excess of a half hour. 20.29% work an hour or more away from home.

TRANSPORTATION TO WORK

	Woodcliff Lake	% of Total	Bergen County, NJ	% of Total
2018 Est. Workers Age 16+ by Transp. to Work	2,688		466,054	
Drove Alone	1,850	68.82	324,077	69.54
Car Pooled	141	5.25	32,538	6.98
Public Transportation	361	13.43	67,505	14.48
Walked	50	1.86	13,757	2.95
Bicycle	3	0.11	1,211	0.26
Other Means	11	0.41	4,975	1.07
Worked From Home	272	10.12	21,991	4.72

TRAVEL TIME TO WORK

	Woodcliff Lake	% of Total	Bergen County, NJ	% of Total
2018 Est. Workers Age 16+ by Travel Time to Work *	2,425		444,406	
Less than 15 Minutes	483	19.92	90,174	20.29
15 - 29 Minutes	740	30.52	140,128	31.53
30 - 44 Minutes	463	19.09	91,834	20.66
45 - 59 Minutes	247	10.19	41,893	9.43
60 or more Minutes	492	20.29	80,377	18.09
2018 Est. Avg. Travel Time to Work in Minutes	37		36	

HOUSING DYNAMICS

Housing units are mostly owner occupied (90.46), with 9.54% renter occupied. Reflecting this dynamic, the distribution of housing units is skewed towards single-family housing which makes up 94.91% of the total. 0.44% is two- to four-family homes.

TENURE OF OCCUPIED HOUSING UNITS

	Woodcliff Lake	% of Total	Bergen County, NJ	% of Total
2018 Est. Occupied Housing Units by Tenure	1,961		349,217	
Owner Occupied	1,774	90.46	229,836	65.81
Renter Occupied	187	9.54	119,381	34.19

HOUSING BY UNITS IN STRUCTURE

	Woodcliff Lake	% of Total	Bergen County, NJ	% of Total
2018 Est. Housing Units by Units in Structure	2,026		366,684	
1 Unit Attached	10	0.49	18,643	5.08
1 Unit Detached	1,913	94.42	195,648	53.36
2 Units	9	0.44	51,016	13.91
3 or 4 Units	0	0.00	22,533	6.14
5 to 19 Units	21	1.04	26,958	7.35
20 to 49 Units	0	0.00	16,265	4.44
50 or More Units	73	3.60	34,083	9.29
Mobile Home or Trailer	0	0.00	1,440	0.39
Boat, RV, Van, etc.	0	0.00	98	0.03

New development in the neighborhood represents 15.82% of the total stock added in this period. Given the overwhelming presence of older housing stock, the median year built is 1960.

HOUSING BY YEAR STRUCTURE BUILT

	Woodcliff Lake	% of Total	Bergen County, NJ	% of Total
2018 Est. Housing Units by Year Structure Built	2,026		366,684	
Housing Units Built 2014 or later	25	1.23	14,087	3.84
Housing Units Built 2010 to 2013	26	1.28	2,422	0.66
Housing Units Built 2000 to 2009	121	5.97	22,957	6.26
Housing Units Built 1990 to 1999	199	9.82	21,605	5.89
Housing Units Built 1980 to 1989	243	11.99	27,165	7.41
Housing Units Built 1970 to 1979	274	13.52	31,801	8.67
Housing Units Built 1960 to 1969	493	24.33	53,904	14.70
Housing Units Built 1950 to 1959	346	17.08	81,303	22.17
Housing Units Built 1940 to 1949	85	4.20	40,411	11.02
Housing Unit Built 1939 or Earlier	214	10.56	71,029	19.37

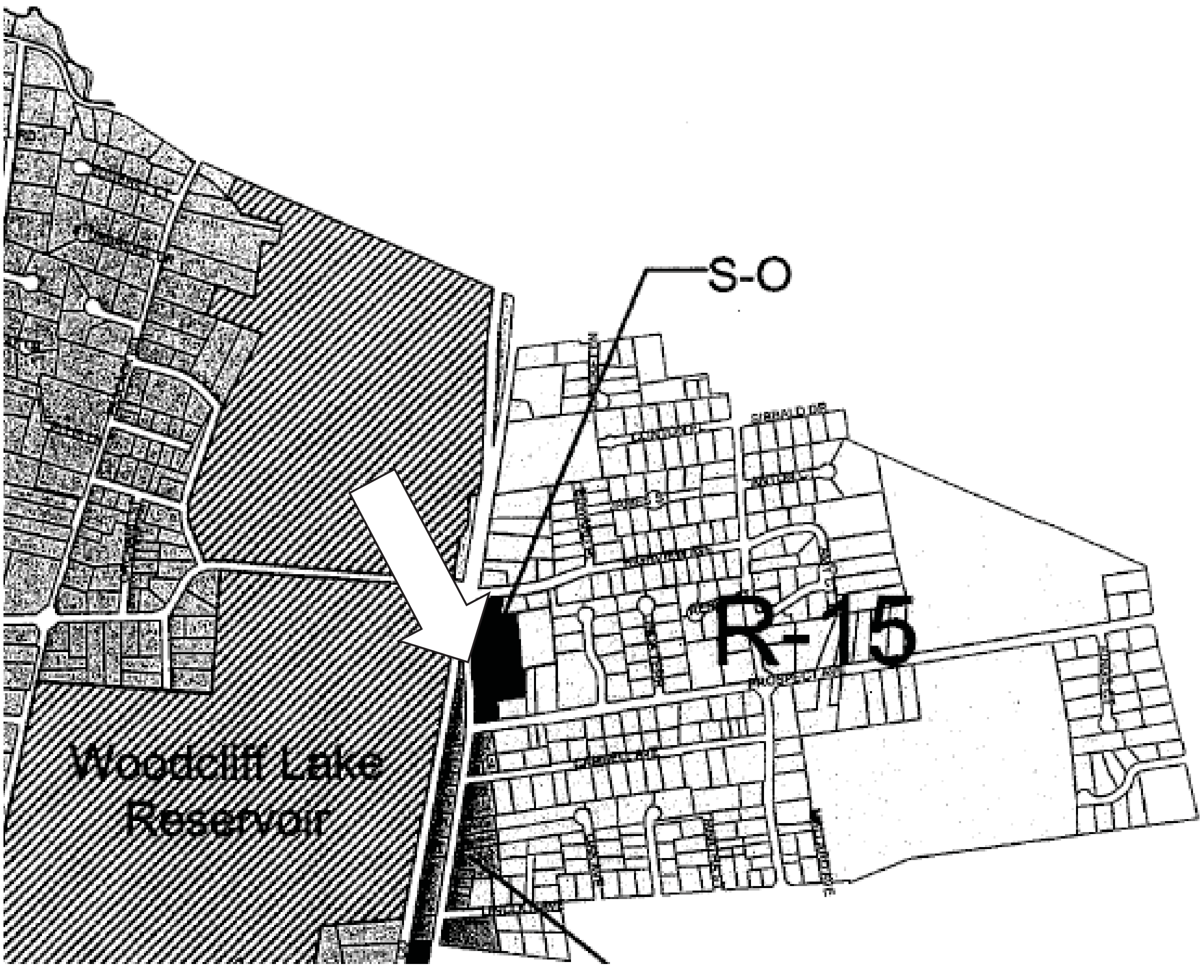
The median owner-occupied home value is $747,945, with 58.1% of homes valued at $500,000 or more and only 22.2% of homes valued less than $400,000.

OWNER OCCUPIED HOUSING VALUES

	Woodcliff Lake	% of Total	Bergen County, NJ	% of Total
2018 Est. Owner-Occupied Housing Units by Value	6,383		5,955	
Value Less than $20,000	46	0.7%	19	0.3%
Value $20,000 - $39,999	37	0.6%	112	1.9%
Value $40,000 - $59,999	95	1.5%	49	0.8%
Value $60,000 - $79,999	55	0.9%	52	0.9%
Value $80,000 - $99,999	22	0.3%	62	1.0%
Value $100,000 - $149,999	97	1.5%	52	0.9%
Value $150,000 - $199,999	33	0.5%	21	0.4%
Value $200,000 - $299,999	385	6.0%	231	3.9%
Value $300,000 - $399,999	648	10.2%	800	13.4%
Value $400,000 - $499,999	1,259	19.7%	516	8.7%
Value $500,000 - $749,999	3,022	47.3%	1,383	23.2%
Value $750,000 - $999,999	621	9.7%	1,009	16.9%
Value Over $1,000,000	63	1.0%	1,649	27.7%
Median Home Value	$747,945		$467,532	

ZONING SUMMARY

ZONING MAP



The subject is located in the S-O zoning district.

S-O ZONING BREAKDOWN

Chapter 380. Zoning, Article VIII. Special Office District (S-O)

§ 380-52. Permitted uses.

Within the Special Office District (S-O) no lot, tract or parcel of land shall be used and no building structure shall be constructed, altered, erected or placed to be used for any purpose other than the following:
A. Professional, business or administrative office buildings.

§ 380-53. Dimensional requirements.

A. Each lot shall have a minimum area of 25,000 square feet.

B. Each lot shall have a minimum frontage at street line of 100 feet.
C. Each lot shall have a maximum building coverage of 30% and maximum total surface coverage of 60%.
D. No building exceeding 2 1/2 stories or 36 feet in height shall be erected on any lot.
E. Each lot shall have the following minimum yards: front (measured from the right-of-way line), 35 feet; both sides, 40 feet; one side, 10 feet; and rear yard, 50 feet.
F. Building setbacks shall be at least 70 feet from the center line of the street.

§ 380-54. Ingress and egress to lots in the Special Office District (S-O) shall be limited to Broadway.

§ 380-55. Buffers shall be provided pursuant to the requirements set forth in § **380-80** of this chapter.

§ 380-56. Off-street parking in all nonresidential zones shall be provided pursuant to the requirements set forth in Chapter **292**, Site Plan Review, of the Code of the Borough of Woodcliff Lake and § **380-78**of this chapter, provided that such parking shall be pursuant to a permitted use in the district.

§ 380-57. Special Office District II (S-O II) [Added 9-15-1997 by Ord. No. 97-3] A. Permitted uses. Within the Special Office District II (S-O II), no lot, tract or parcel of land shall be used and no building, structure shall be constructed, altered, erected or placed to be used for any purpose other than the following: (1) Administrative, executive or business offices, including professional uses and executive business training. (2) Child day-care centers. (3) Banks as accessory uses to an office building limited to 10,000 square feet. Drive-through facilities are permitted as a conditional use if the office building is located on a lot of five acres or more. (4) Specialized housing for the elderly or other persons in need of similar services, consisting of: (a) Nursing homes. An extended or long-term care residential facility with constant on-site health monitoring under medical supervision with rooms, meals, personal care and related services provided to the elderly or other persons in need of similar services who are incapacitated to a large extent. (b) Residential health care facility (RHCF). A residence usually occupied by the elderly or other persons in need of similar services that provides rooms, meals, personal care and health monitoring under the supervision of a professional nurse and that may provide other services such as recreational, social, cultural activities and transportation. (c) Intermediate care facility (ICF). A facility that provides on a regular basis personal care including dressing and eating, and health-related care and services to elderly people or other persons in need of similar services who require such assistance, but who do not require the degree of care and treatment that a hospital or skilled nursing home or residential health care facility provides. (d) Assisted living facilities. Residences for the elderly or other persons in need of similar services that provide rooms which may include semi-independent living quarters and the supervision of self-administered medication, as well as shared facilities for meals, recreational activities, personal care and transportation. (5) Elderly or senior day care. A facility which provides social and recreational activities, meals, entertainment and related services for the elderly or other persons in need of similar services on a daily basis without overnight accommodations. No medical services, other than the supervision of self-administered medication, are provided. (6) Health and wellness centers without overnight accommodations consisting of: (a) Diagnostic services, including x-rays, MRI and similar facilities, including medical and dental offices. (b) Physical and cardiovascular rehabilitation therapy. (7) Health and fitness centers as accessory uses to an office building limited to 10,000 square feet for the exclusive use of employees of such office building. (8) Nonregional: United States Post Office limited to serving Woodcliff Lake. B. Dimensional requirements. (1) Each lot shall have a minimum area of 65,000 square feet. (2) Each lot shall have a minimum frontage at street line of 135 feet. (3) Each lot shall have a maximum building lot coverage of 30% and maximum total surface coverage of 80%. (4) No building exceeding 2 1/2 stories or 36 feet in height shall be erected on any lot, except that, if a building shall be built on a slope, that portion of the building or structure on the lowest natural grade of the slope may be 48 feet in height, including all roof appurtenances of every kind and nature (notwithstanding the definition of building height), and provided that the roof at that portion of the building structure at the lowest grade does not stand any higher than the height of the roof at that portion of the building or structure at the highest grade. All roofs shall be free of appurtenances, towers, equipment, stacks, shaft extensions and the like and shall have no accessory structures thereon other than pumping vents, cupolas, stair and elevator towers, fresh air supply and exhaust, all properly screened, it being the intention of this provision to prevent obstruction of view, light and air. (5) Each lot shall have the following minimum yards: (a) Rear: 40 feet. (b) Side yards: 20 feet. (6) Building setbacks shall be at least 50 feet from the right-of-way line. C. Buffers. Buffers shall be provided pursuant to the requirements set forth in § **380-80** of this chapter. D. Off-street parking. Off-street parking in all nonresidential zones shall be provided pursuant to the requirements set forth in Chapter **292**, Site Plan Review, of the Code of the Borough of Woodcliff Lake and § **380-78** of this chapter, provided that such parking shall be pursuant to a permitted use in the district.

Woodcliff Lake

Limiting Schedule[1]

District	R-30	R-22.5	R-15	B-1	B-2	B-3	EAO	S-O
Minimum lot size (square feet)	30,000	22,500	15,000	10,000	10,000	65,000	20 acres	25,000
Minimum yards (feet)								
Front	50	35	35	—	—	—	100	35
Side (one)	20	20	20	12[3]	20	20	100	10
Side (both)	60	60	40	—	—	40	200	40
Rear (feet)	50	40	30	25	40	40	100	50
Minimum lot								
Frontage	150	150	100	100	150	135	600	100
Depth (feet)	150	125	100	—	—	—	—	—
Minimum building setback[2] (feet)	—	—	—	70[2]	70[2]	150[2]	100[2]	70[2]
Maximum lot coverage[7]	15%	15%	15%	40%	30%	30%	20%	30%
Maximum total surface coverage[8]	30%	30%	40%	50%	60%	60%	50%	60%
Height	2½ stories or 30 feet	2½ stories or 30 feet	2½ stories or 30 feet	2½ stories or 36 feet	2½ stories or 36 feet	2½ stories or 36 feet[4]	36 feet[5]	2½ stories[6] or 36 feet

NOTES:

[1] For R-8.15, R-1511, EAO II, AH-1 or AH-2 Districts, see applicable provisions in text.

[2] Setback line in the EAO Business and Special Office Districts shall be measured from the center line of the street.

[3] Side yards shall not be required except to provide access to the rear yard at least 12 feet wide, either as a side yard or an easement from an adjoining lot having access to the street.

[4] See special provisions in § 380-46C.

[5] See special provisions in § 380-60D.

[6] See special provisions in § 380-53D.

[7] Lot coverage is the percentage of a lot which is covered by all building areas and is equal to building coverage.

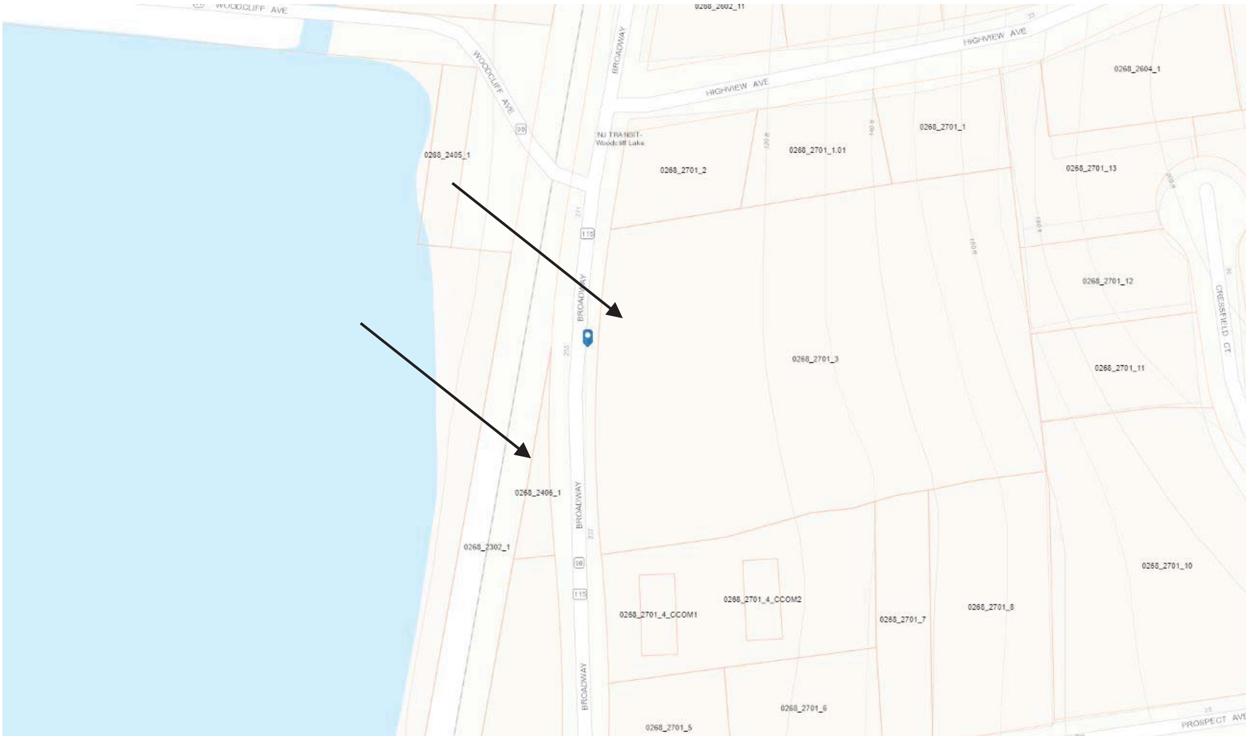
[8] Total surface coverage is the percentage coverage of a lot by buildings and paved areas.

CONFORMITY

The subject is located in the Borough of Woodcliff Lake's S-O zoning district. Based on subject's age, GBA of 42,600 square feet and combined site area of 159,111 square feet based on submitted information, survey and municipal tax maps, we have assumed that the subject is a legal and conforming use and complying in terms of parking requirements or grandfathered in to previous zoning regulations.

It should be noted that we are not experts in the interpretation of complex zoning ordinances. The determination of compliance, however, is beyond the scope of a real estate appraisal. We know of no deed restrictions, private or public, that further limit the subject's use. The research required to determine whether such restrictions exist, however, is beyond the scope of this appraisal assignment. Deed restrictions are a legal matter, and only a title examination by an attorney or title company can usually uncover such restrictive covenants. Thus, we recommend a title search to determine if any such restrictions do exist. As proposed, the subject property will conform to surrounding properties upon construction.

ASSESSED VALUE AND REAL ESTATE TAXES



ASSESSMENTS

188 Broadway is designated on the municipal tax maps as Block 2701, Lot 3 and Block 2406, Lot 1. The assessed value is as follows:

ASSESSED VALUE

Block 2701, Lot 3 and Block 2406, Lot 1		
		Actual
Land		$2,955,900
Building	+	$3,868,500
Total		$6,824,400

TAX LIABILITY FORECAST

Taxable Assessed Value		$6,824,400
Tax Rate	x	2.092%
Tax Liability		$142,766
Per Square Foot		$3.35

In order to support the forecasted real estate tax liability, we surveyed those of comparable buildings in the area:

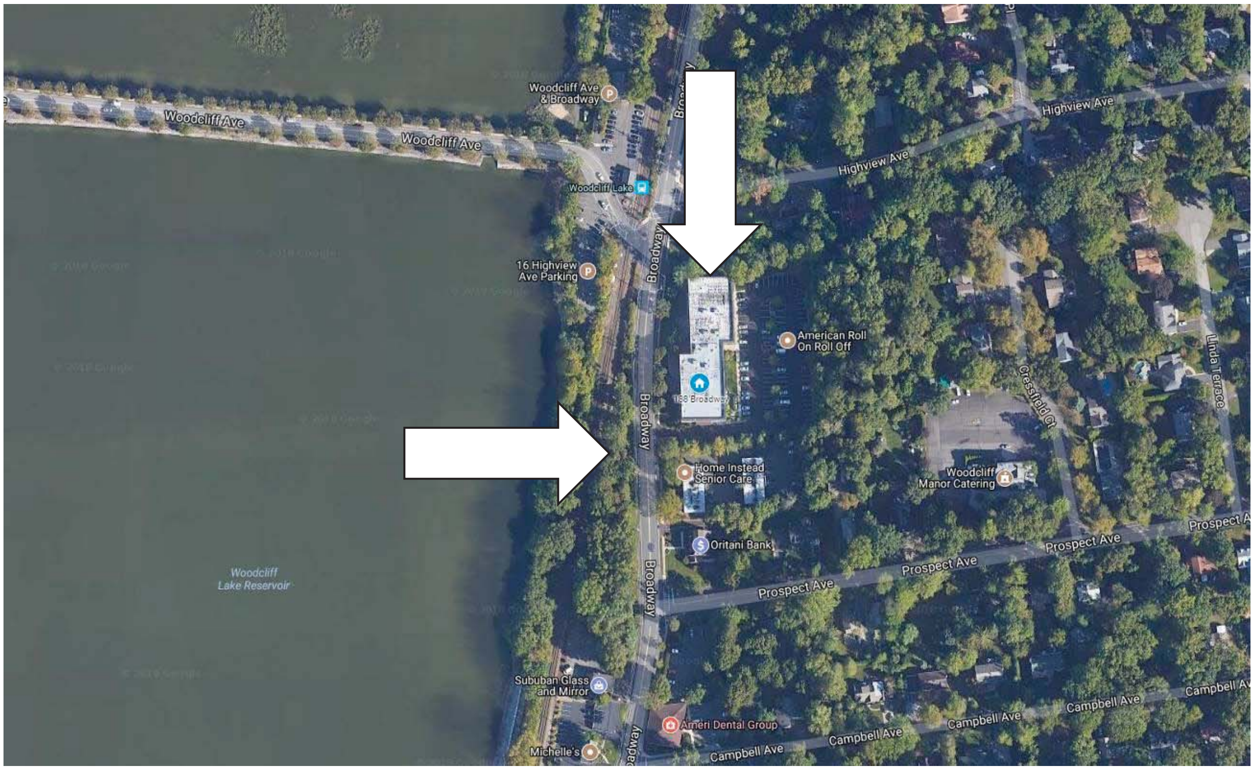
COMPETITIVE RE TAX LIABILITIES

Address	Year Built	Square Feet	Taxes/SF
400 Chestnut Ridge Road	1982	89,200	$3.75
530 Chestnut Ridge Road	1986	56,484	$3.16
50 Tice Boulevard	1984	246,000	$4.17
470 chestnut ridge road	1987	53,730	$3.35
123 Tice Boulevard	1987	118,358	$3.09
		Min:	$3.09
		Average:	$3.51
		Max:	$4.17

The comparables range from $3.09 to $4.17 per square foot and average $3.51 per square foot. The subject property's non-exempt taxes per square foot fall within the market range. Thus, we will apply the current liability in our analysis.

According to the Borough of Woodcliff Lake Tax Assessor's office, that although a sale does not trigger a reassessment, there is an annual reassessment for all properties throughout the borough. Nonetheless, the property has historically reported similar tax liabilities and is within the range of competitive properties.

SITE DESCRIPTION



Location:

The subject is between Highview Avenue and Prospect Avenue on Broadway in Woodcliff Lake, NJ. The subject is located on two non-contiguous lots separated by Broadway. The subject building is located along the easterly side of Broadway on Block 2701, Lot 3. The subject's additional lot is an unimproved vacant lot on Block 2406, Lot 1.

The subject is located within Woodcliff Lake on a mixed-use street. There easy access to the Garden State Parkway and Route 17. The subject is within one-block of the Woodcliff Lake Train Station of New Jersey Transit's Pascack Valley Line.

Site Area:

159,111± Square Feet combined for the two subject lots, as follows, based on the submitted survey:

- Lot 3 Block 2701 Area = 154,363.64± sq. ft. or 3.609± ac.
  Lot 1 Block 2406 Area = 4,747.75± sq. ft. or 0.109± ac.

Shape:

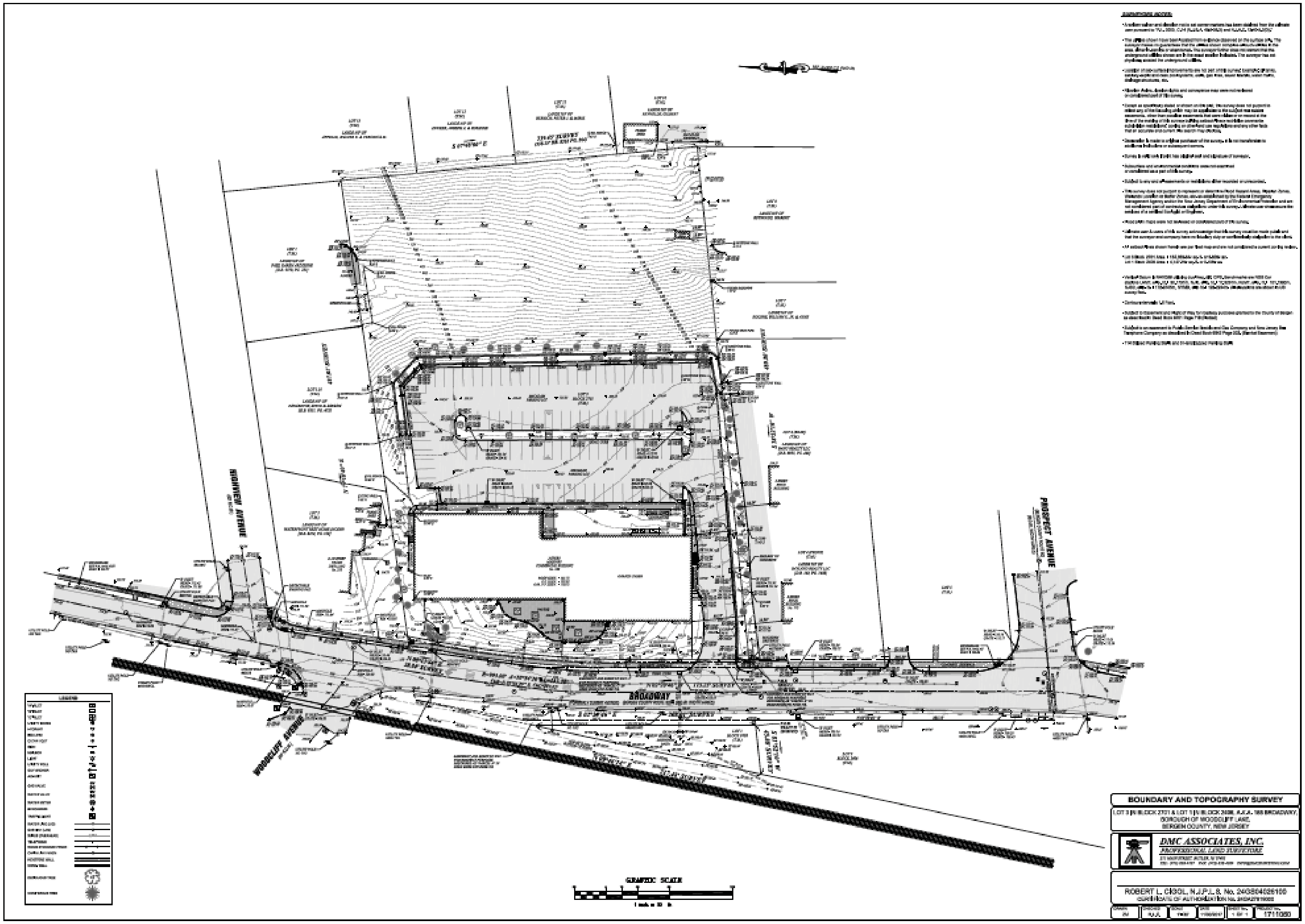
Block 2701, Lot 3 - Regular; Block 2406, Lot 1 – Triangular.

Frontage:

Street	Frontage
188 Broadway (Block 2701, Lot 3)	325±'
Broadway (Block 2406, Lot 1)	322±'

Topography:	Block 2701, Lot 3 - Sloping gently easterly/upward from Broadway; Block 2406, Lot 1 - Sloping gently westerly/downward from Broadway.
Drainage:	Assumed adequate.
Access:	The property is accessed from Broadway.
Paving:	All roads are paved with asphalt and are in satisfactory condition.
Street Drainage:	Street drainage is collected with the utilization of recessed catch basins. The catch basins empty by gravity into the local sewer storm system mains.
Street Lighting:	Adequate
Utilities + Services:	Water/Sewer and Refuse – Borough of Woodcliff Lake Police & Fire Protection - Borough of Woodcliff Lake Gas & Electric – PSE&G
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:	Located in "Zone X" on the National Flood Insurance Program Rate Map dated September 30, 2005 Community Panel #340082-34003c0093G. Zone X is an area of minimal flood hazard, which are the areas outside the SFHA and higher than the elevation of the 0.2-percent-annual-chance flood. Flood insurance is not required for properties in this zone.
Conclusion:	The site is generally similar to others in the vicinity, and there are no negative external factors. Based on its current use, it is functionally adequate.

SURVEY


HIGHVIEW AVENUE
PROSPECT AVENUE
BROADWAY
WOODCLIFF AVENUE
GRAPHIC SCALE
LEGEND
BOUNDARY AND TOPOGRAPHY SURVEY
DMC ASSOCIATES, INC.
PROFESSIONAL LAND SURVEYORS

FLOOD MAP

Flood Map Panel: 340082-34003c0093G

Flood Zone Code	Flood Zone Panel	Panel Date
X	340082 - 34003C0093G	09/30/2005
Special Flood Hazard Area (SFHA)	**Within 250 ft. of multiple flood zones?**	**Community Name**
Out	Yes (AE,X)	WOODCLIFF LAKE

Flood Zone Description:

Zone X-An area that is determined to be outside the 100- and 500-year floodplains.

ASSET PHOTOS

BUILDING FAÇADE

BROADWAY (SOUTHERLY – INCLUDES BOTH LOTS)

BROADWAY (NORTHERLY – INCLUDES BOTH LOTS)

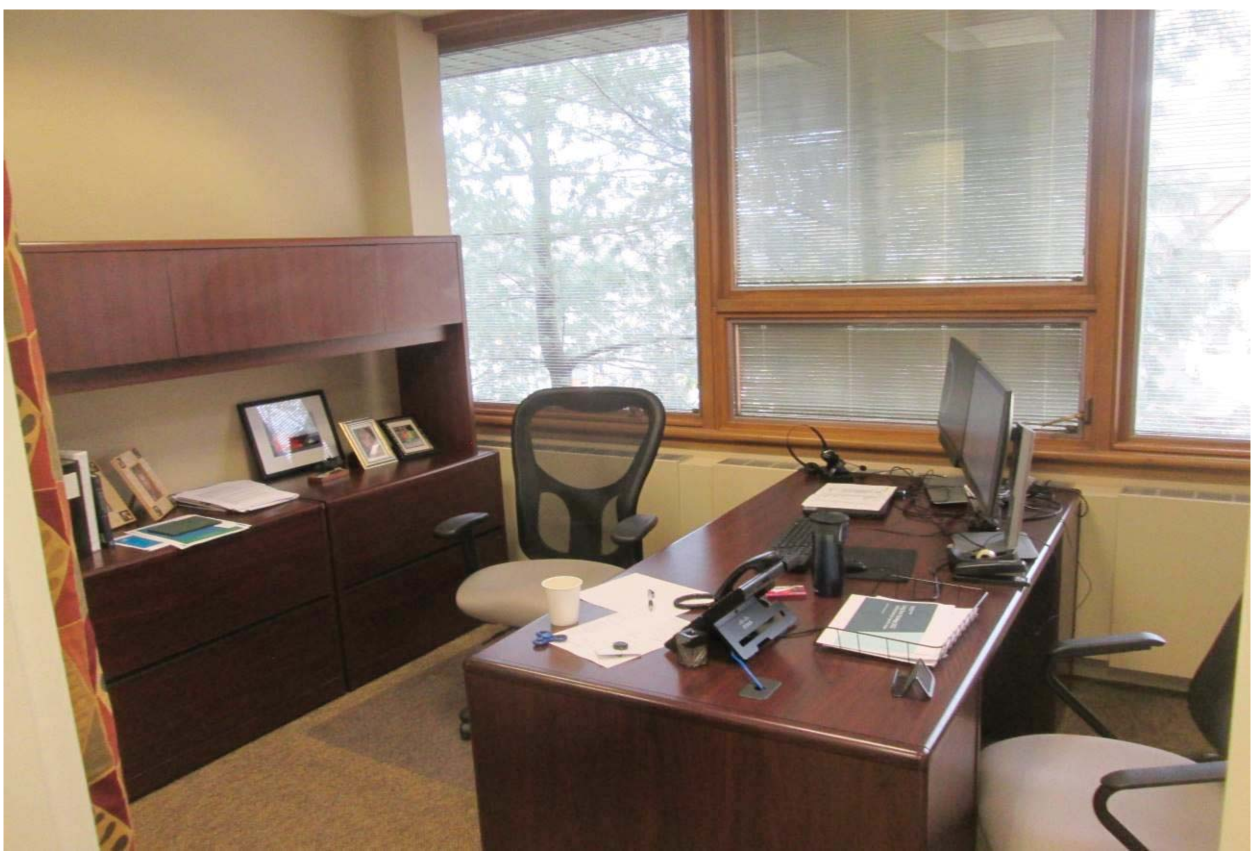
INTERIORS


EXIT

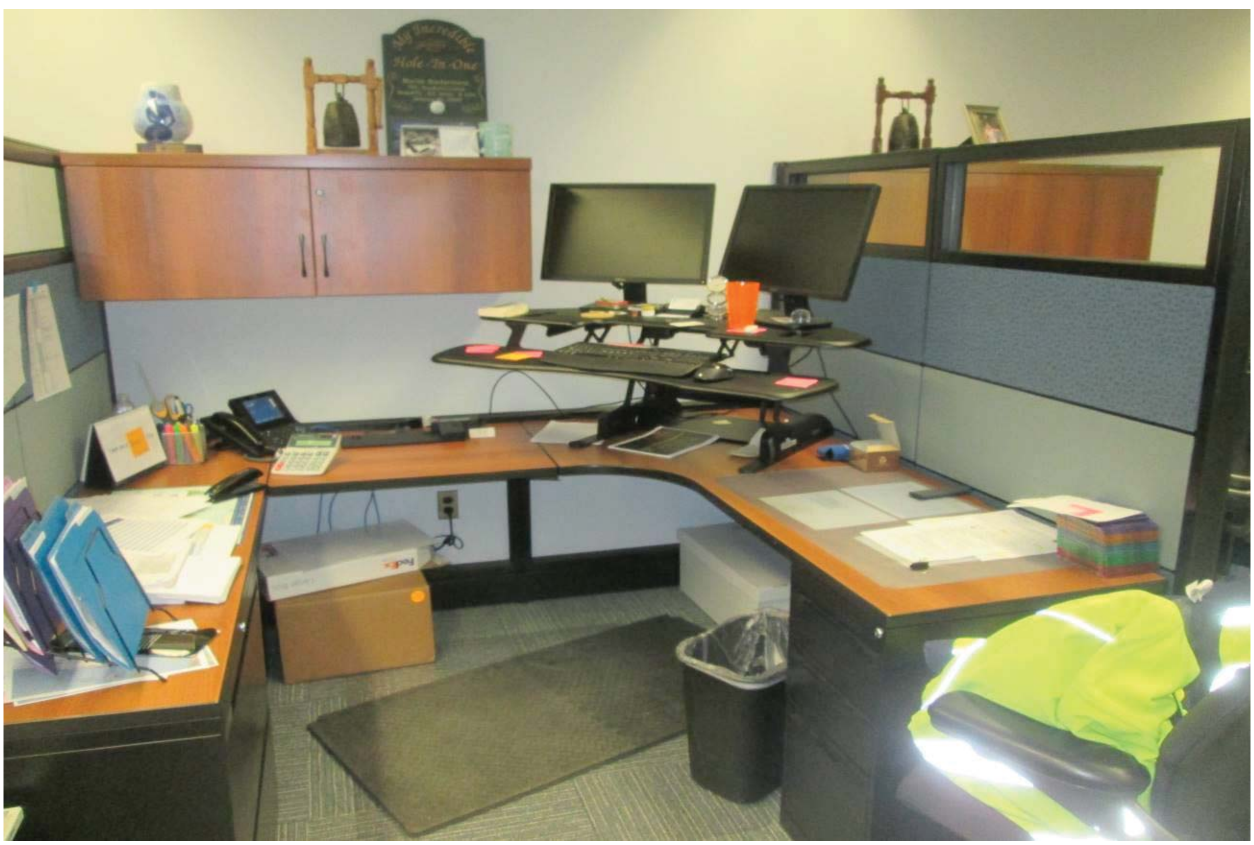

EXIT
1
Wallenius
Wilhelmsen
W&W
WALLENIUS WILHELMSEN
LOGISTICS

INTERIORS

INTERIORS



INTERIORS



INTERIORS

INTERIORS

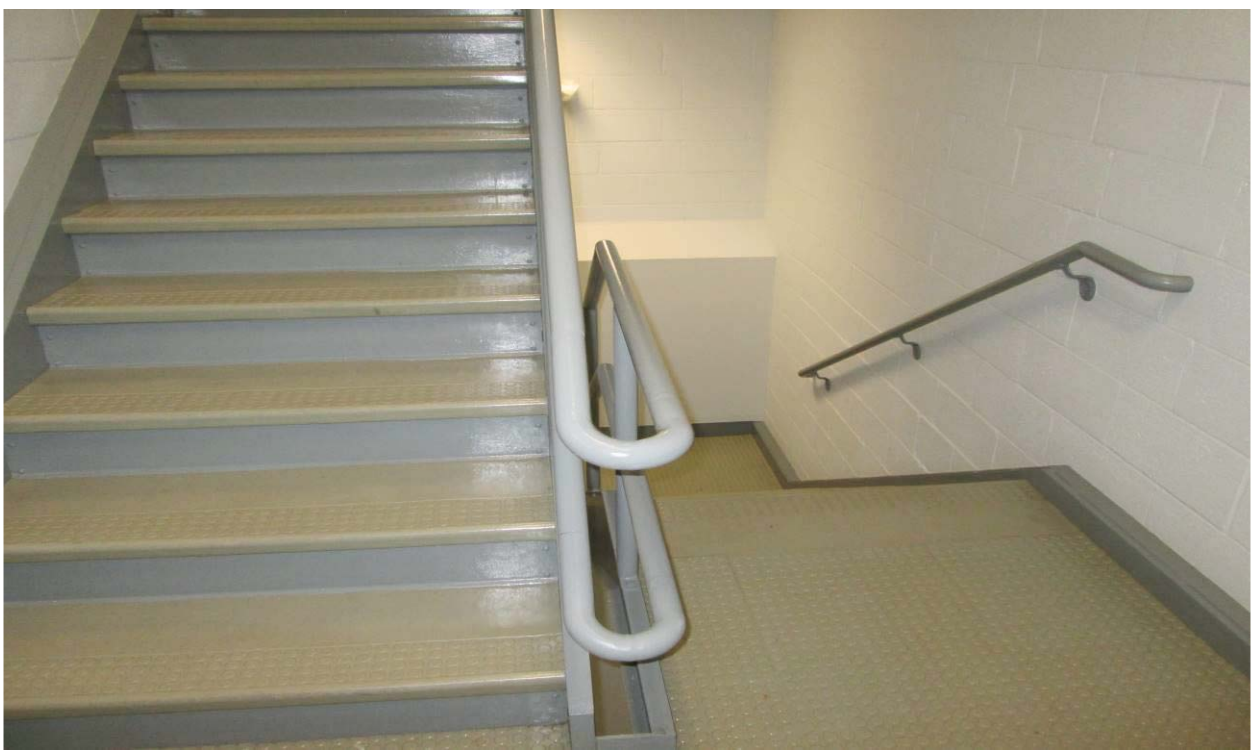
LAVATORIES

ELEVATOR

ELECTRIC SERVICE

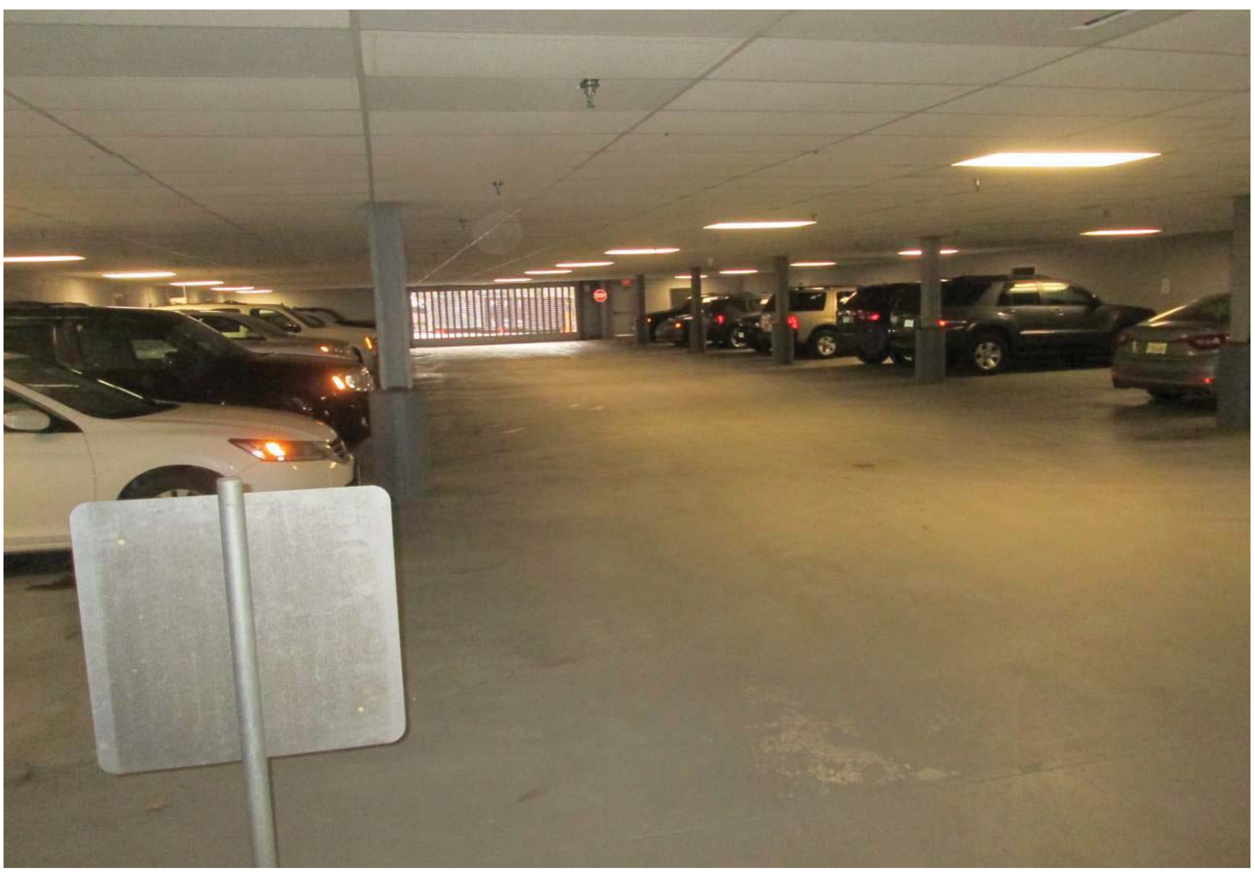
GAS AND WATER METERS

SPRINKLERS



HOT WATER HEATER(S)

GARAGE PHOTOS (EXTERIOR AND INTERIOR)



EXTERIOR PHOTOS (REAR FAÇADE, EXTERIOR PARKING, WALKWAYS, LANDSCAPING)

BUILDING DESCRIPTION

The subject consists of a two-story elevator office building with 42,600± square feet of gross building area (based on submitted purchase agreement). The property contains an underground parking lot (below the building) with an estimated 47 parking spaces and an additional 117 on-site/open parking spaces to the rear and along the southerly side of the building. The building was constructed in 1985. The following is a summary of the construction characteristics of the improvements.

STRUCTURAL

Foundation:	Poured concrete.
Structural System:	Concrete and structural steel.
Exterior Walls:	Masonry brick and stucco.
Roof:	Built-up/flat roof with metal overhang (no access).
Windows:	Fixed windows in metal frames.
Access:	Access along Broadway.

MECHANICALS

Heating/Cooling Systems/Hot water:	Roof-mounted package A/C provides heating and cooling. Gas-fired hot water heater(s).
Electric:	150 amps; assumed to be adequate.
Elevators:	Yes (1) elevator from the garage level to the 2nd floor.
Plumbing:	PVC, copper, and black iron.
Sprinklers:	Yes.

INTERIOR LAYOUT AND FINISH

Underground Parking Garage:	Underground parking garage with building utility and storage areas; access from the interior and exterior (southerly).
Typical Finishes:	The floors are carpet with commercial tile in the kitchen area(s) and ceramic tile in the lavatories. There are sheetrock walls and ceilings, fluorescent lighting, individual offices, conference rooms, kitchenettes, reception areas and two staircases. The subject is well maintained with recently reported upgrades.

CONDITION

Based on our inspection, the subject is in good condition. The subject should remain a viable office building for the foreseeable future.

While 188 Broadway was originally constructed in 1985, we estimate the effective age to be 20 years (given the site improvements), and given a usable life of 60 years, the remaining economic life of the building is 40 years.

SUMMARY

The information contained in the sections entitled "Site Description" and "Building Description" was obtained from our field inspection on February 2, 2018, information provided by ownership, and Borough of Woodcliff Lake building, assessment, planning and zoning records.

HIGHEST AND BEST USE

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

The parcel is an S-O zoning district. The principal legal uses for new construction are office use. The mixed-use nature of the area, combined with the current and expected trends in supply and demand, all support the current zoning. No known zoning change is anticipated and there are no public or private deed restrictions that preclude development. 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 adequate size and has good street access. All necessary utilities are available, and there are no apparent easements or encroachments that would hinder 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

When considering whether a certain use is financially feasible, the most important criteria is whether the return on such use would support the cost required to build. In addition, risks and related rates of return are applied to arrive at the total development cost. This indication is then compared to the forecasted value of such an improvement. If the value is higher than the cost, the use is feasible. The subject is located within a mixed-use section of its neighborhood where there is a moderate yet tempered demand for office use properties yielding minimal vacancy. Thus, market conditions are such that new market-oriented office construction is not feasible as the cost exceeds the value.

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 office use development when feasible or hold for development.

As Is

Legally Permissible	Located in an S-O zoning district, which permits office use 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 subject is of adequate 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 size falls within the range of improved sites in the area and is not considered to restrict the utility in relation to competing sites. Any of the above legally permitted uses, therefore, are considered physically possible.
Financially Feasible	The subject's block is characterized as mixed-use. As improved, the subject has the potential to generate net cash flow if leased, and an adequate return to the owners. Therefore, the current use is financially feasible.
Maximally Productive/Highest and Best Use	All legally permissible, physically possible and financially feasible uses of 188 Broadway “as is” have been presented and examined. In summary, our opinion is that the highest and best use of the subject property, as improved, is its current use as an office building.

APPRAISAL VALUATION PROCESS

In advancing an opinion of the value of the subject, we considered the three primary approaches to real estate valuation: Cost, Income, and Sales Comparison.

The ***Cost Approach*** is traditionally a good indicator of value when properties being appraised are new or close to new. 188 Broadway was constructed in 1985 and has notable physical and economic depreciation. Difficulty in estimating all forms of accrued depreciation limits the reliability of this approach. This fact tends to make the Cost Approach a less effective and unreliable tool for estimating market value. In addition, the Cost Approach gives only indirect consideration of the income-producing capabilities of a property such as the subject. Real estate investors today give little consideration to the Cost method of estimating value for investment-type properties such as the appraised property. Therefore, we have not applied the Cost Approach.

The ***Income Approach*** is a strong indicator of value when market rents, vacancy rates, stabilized expenses, capitalization/discount rates are based on reliable market data. In this case, given the depth of the market, there are numerous transactions from which to glean points of analysis, lending credibility to the results of the approach. Further, given office properties are generally acquired for their capacity to generate a return on and of capital, this is the methodology primarily applied by investors. However, since this property is under contract and will reportedly be utilized for owner-user occupancy upon acquisition, we use this approach as secondary support for the sales comparison approach.

The ***Sales Comparison Approach*** is reliable when few differences exist between the comparable sales and the subject, and the sales data collected is credible and accurate. Similar property types in competitive locations tend to sell within a consistent range, and this factor makes valuation on a per square foot basis a strong predictor of value. The property's proposed use post-acquisition if for owner-user occupancy as are many office properties in this area. Thus, we believe this is the strongest indicator of value for the subject.

Finally, the relative strengths and weaknesses of each approach are discussed, and a final value opinion is offered.

INCOME APPROACH

In the Income Capitalization Approach, a property's capacity to generate future benefits is analyzed; the forecasted income is capitalized into an indication of present value. Commonly used measures of anticipated benefits are:

- ***Potential Gross Income:*** the total potential income attributable to the real property at full occupancy before operating expenses are deducted. It may refer to the level of rental income prevailing in the market or that contractually determined by existing leases.

- ***Effective Gross Income:*** the anticipated income from all operations of real property adjusted for vacancy and collection losses.

- ***Net Operating Income:*** the anticipated net income remaining after all operating expenses are deducted from effective gross income.

- ***Equity Dividend:*** the portion of net income that remains after debt service is paid; this is returned to the equity position.

- ***Reversion***: A lump-sum benefit an investor expects to receive upon the termination of the investment.

DIRECT VS. YIELD CAPITALIZATION

The income capitalization approach supports two methodologies: direct and yield capitalization.

- ***Direct capitalization***: A method used to convert an estimate of a single year's net operating income expectancy into an indication of value in one direct step, either by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor. This technique employs capitalization rates and multipliers extracted from sales. Only the first year's income is considered. Yield and value change are implied, but not identified overall. This method is most useful when the property is already operating on a stabilized basis.[3]

- ***Yield Capitalization:*** The capitalization method used to convert future benefits into present value by discounting each future benefit at an appropriate yield rate. This method explicitly considers a series of cash flows (net income over a holding period) over time together with any reversion value or resale proceeds. Since this technique explicitly reflects the investment's income pattern, it is especially suited to multi-tenant properties with varying leasing schedules as well as properties that are not operating at stabilized occupancy.[4]

CONCLUSION

The property is currently under contract and assumed delivered unencumbered upon closing; thus, we can apply a market rent to the space. Given that market-oriented leases reflect a level stream of income, it is appropriate to apply the income capitalization method which converts a single year's income into an indication of value.

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[3] *The Appraisal of Real Estate,* 14th edition (Chicago, IL: Appraisal Institute 2013): 493
[4] *The Appraisal of Real Estate,* 14th edition (Chicago, IL: Appraisal Institute 2013): 493

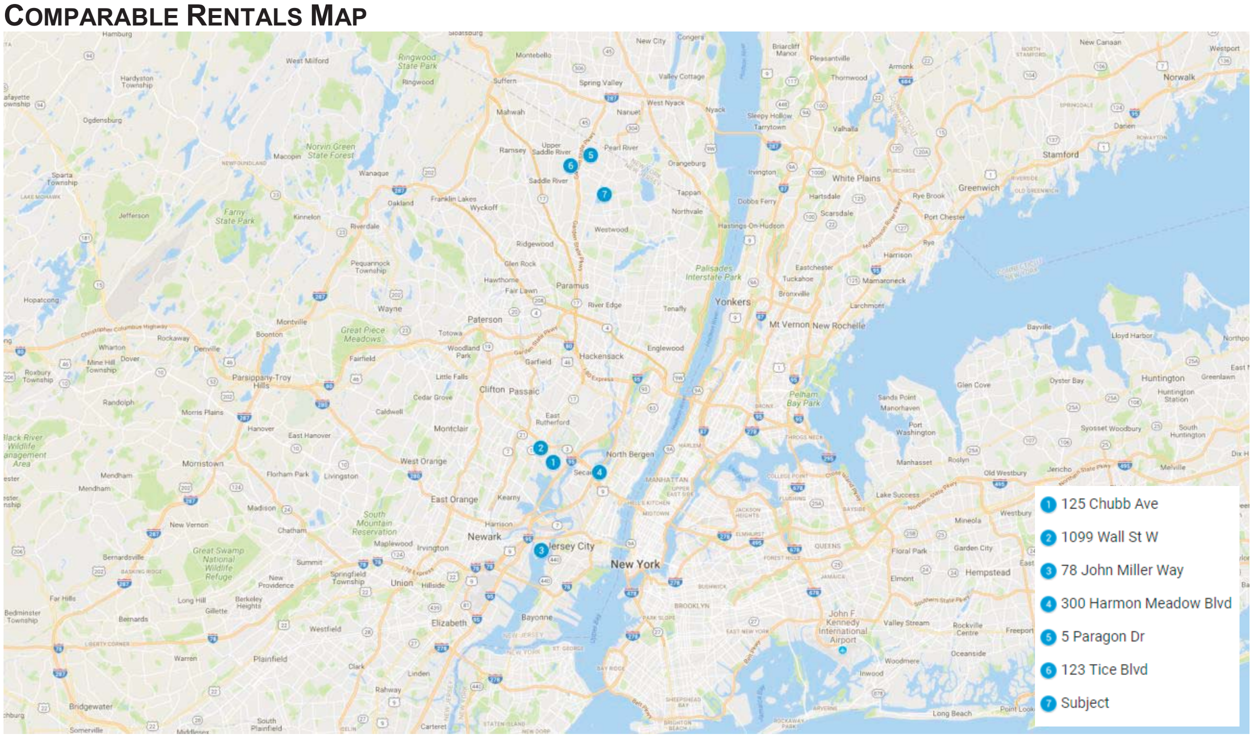
BASE RENTAL INCOME

The subject consists of a two-story elevator office building with 42,600± square feet of gross building area (based on submitted purchase agreement). Under a market scenario, it is assumed that this space could be leased entirely to a single entity on a modified gross basis. Thus, a single projected market rent will be applied to the subject space based upon the total building size and site area.

COMPARABLE RENTALS

To advance a forecast of market rent for the future, we canvassed the immediate area for vacancies, conducted an interview of the leasing agent of neighboring projects, and surveyed local brokers and property managers. The comparable rentals are analyzed on the basis of rent per square foot.

COMPARABLE RENTALS MAP



COMPARABLE RENTALS

	Address	Tenant	Start Date	Sq. Ft.	Base Rent	Lease Terms
1a	125 Chubb Avenue, Lyndhurst	Salov	Jul-17	10,535	$25	Modified Gross
1b	126 Chubb Avenue, Lyndhurst	Canon	Sep-16	16,210	$24	Modified Gross
2	1099 Wall Street West, Lyndhurst	Confidential	Jul-17	8,195	$20	Modified Gross
3	78 John Miller Way, Kearny	Nyon Air	May-17	11,000	$20	Modified Gross
4	300 Harmon Meadow Boulevard, Secaucus	Vitamon Shoppe	Nov-16	14,677	$27	Modified Gross
5	5 Paragon Drive, Montvale	Flight Centre	Jan-16	70,863	$23	Modified Gross
6	123 Tice Boulevard, Woodcliff Lake	Motorola	Oct-15	7,684	$25	Modified Gross
			Min:	7,684	$20	
			Avg:	19,881	$23	
			Max:	70,863	$27	

The comparables range from 7,684 to 70,863 square feet with an average of 19,881 square feet. They rent between $20 and $27 per square foot annually with an average of $23 per square foot.

ADJUSTMENTS TO COMPARABLE SPACE

Time

Comparables 1 through 5 were signed between January 2016 and the present. The office space rental market in the subject's area has remained relatively stable in this time period, thus no adjustments were required. Comparable 6 was adjusted upward for market conditions due to its 4Q 2015 sale date.

Location

Most of the comparables are located in the subject's immediate or surrounding markets or competitive office areas. Each of the comparables are located in generally similar areas, thus no adjustments were applied.

Size

Smaller rental spaces tend to rent for more per square foot than large spaces. The comparables range in size from 7,684 to 70,863 square feet of leasable area. The subject currently features 42,600± square feet of leasable area. Comparables 1, 2, 3, 4 and 6 were adjusted downward due to their smaller respective sizes. Conversely, Comparable 5 received an upward adjustment due to its larger size.

Utility/Condition

This adjustment reflects the views, floor location, interior finishes, design, and layout of each comparable to the subject property. The subject is in good condition.

Comparables 1 through 6 are considered generally similar to the subject in terms of overall utility, thus no adjustments were required.

Comparables 1, 4, 5 and 6 are considered superior to the subject in terms of their respective condition/quality of construction, thus adjusted downward for condition. Conversely, Comparable 3 is considered inferior to the subject in terms of its condition/quality of construction and adjusted upward for condition.

Lease Terms / Conditions

This adjustment reflects leasing conditions and terms. Each of the comparables have modified gross lease terms, therefore, we project modified gross lease terms for the subject. Thus, no adjustments were required for lease terms.

RENT COMPARABLES- ADJUSTED

	Rent PSF	Time	Time Adj.	Location	Condition	Size	Utility	Leasing Terms	Total Adj.	Adjusted Rent PSF
1a	$25	0%	$25	0%	-5%	-15%	0%	0%	-20%	$20
1b	$24	0%	$24	0%	-5%	-15%	0%	0%	-20%	$19
2	$20	0%	$20	0%	0%	-15%	0%	0%	-15%	$17
3	$20	0%	$20	0%	5%	-15%	0%	0%	-10%	$18
4	$27	0%	$27	0%	-5%	-15%	0%	0%	-20%	$21
5	$23	0%	$23	0%	-5%	5%	0%	0%	0%	$23
6	$25	3%	$25	0%	-5%	-15%	0%	0%	-20%	$20
Min:	$20								Min:	$17
Avg:	$23								Avg:	$20
Max:	$27								Max:	$26

RECONCILIATION

The comparables ranged from $20 to $27 per square foot and an average of $23 per square foot. Following adjustments, they ranged from $17 to $26 per square foot with an average of $20 per square foot and a median of $20 per square foot. The majority of the comparables are within close proximity to the subject. Terms in the market are primarily modified gross, whereby tenants reimburse taxes over a base year, and all utilities and interior maintenance. The most recent Costar report for the office market in the Bergen North submarket of Bergen County indicates the quoted rental rate at $23.77 per square foot for Class B properties similar to the subject. We placed greater reliance on the selected comparables, and, based on the subject's age, size, layout and overall condition, we forecast market rent for the subject's space at $20 per square foot as achievable for the subject property.

VACANCY/COLLECTION LOSS FACTOR

Class B Market Statistics

Year-End 2017

	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
Market	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Bergen Central	187	4,545,711	554,341	563,419	12.4%	(12,589)	0	0	$23.89
Bergen East	257	6,244,416	789,833	799,118	12.8%	(268,185)	4,000	0	$26.16
Bergen North	298	7,369,435	654,578	672,634	9.1%	28,809	8,800	0	$23.77
Brunswick/Piscataway/I-287	524	13,223,302	1,512,471	1,602,041	12.1%	(109,438)	42,292	15,000	$21.10
Hudson Waterfront	192	4,023,613	198,831	220,059	5.5%	1,936	41,001	0	$30.58
Hunterdon	146	2,305,066	314,873	319,373	13.9%	28,594	0	0	$15.81
Meadowlands	91	2,750,765	595,473	661,504	24.0%	(116,238)	0	250,000	$21.45
Monmouth East	467	9,383,221	1,185,318	1,210,131	12.9%	608,461	23,332	0	$23.83
Monmouth West	176	3,214,968	272,682	289,507	9.0%	(51,790)	5,600	0	$21.02
Morris West/I-80	151	2,156,527	197,014	199,014	9.2%	24,627	15,000	0	$19.67
Morristown Area	118	3,441,073	244,385	258,074	7.5%	26,455	0	8,800	$22.85
Newark/Urban Essex	250	7,981,286	1,124,718	1,155,311	14.5%	(108,292)	0	72,500	$24.89
Ocean County	338	4,247,574	208,123	208,123	4.9%	37,054	40,487	118,000	$21.79
Orange/Rockland	501	6,856,729	522,415	522,415	7.6%	(3,218)	3,800	63,995	$21.13
Parsippany/I-287/Rt 10	162	6,488,738	1,272,517	1,283,308	19.8%	35,696	0	0	$22.60
Pike County	14	123,677	2,500	2,500	2.0%	0	0	0	$0.00
Princeton Area	125	2,773,360	152,536	166,761	6.0%	75,776	0	8,600	$18.74
Somerset/I-78	240	7,567,592	657,553	677,770	9.0%	31,722	16,159	0	$22.48
Trenton	442	10,506,453	1,114,475	1,114,475	10.6%	321,137	0	132,000	$22.86
Union	256	4,706,963	399,022	413,592	8.8%	54,670	4,000	0	$22.87
Wayne/Paterson	200	4,706,892	413,739	415,298	8.8%	391,355	27,600	25,000	$17.57
West Essex	273	7,831,480	520,138	544,508	7.0%	14,466	8,800	0	$24.76
Woodbridge/Edison	43	975,840	61,979	66,467	6.8%	5,012	0	0	$19.41
Totals	5,451	123,424,681	12,969,514	13,365,402	10.8%	1,016,020	240,871	693,895	$22.49

Source: CoStar Property®

As seen in the above chart, vacancy throughout the Northern New Jersey market ranges from 2.0% to 24%, while the Bergen North submarket is currently indicated at an average of 9.1% for Class B properties similar to the subject vs. an average of 13.9% in the larger Northern New Jersey market. Discussions with brokers in the area indicate with appropriate exposure to the market available spaces may have longer marketing periods for mid-size to larger buildings. The subject property is located in a good location with moderate demand for office space. Based on macro market conditions and investor expectations, we have forecasted a 14% vacancy and collection loss to the office use income which takes into consideration the subject's age, "As Is" condition, gross building area and layout. The vacancy further considers the fact that the tenant may vacate at some point during a five or ten year leasing cycle and therefore 14% reflects a stabilized income stream. Further, the leases will be at market which provides more risk to the income steam.

EFFECTIVE GROSS INCOME

Potential Gross Income	**$852,000**
Less Commercial V/C Loss @ 14%	-$119,280
Effective Gross Income	**$732,720**

OPERATING EXPENSE ANALYSIS

The subject property will be owner occupied by one tenant. However, market lease terms dictate a modified gross lease whereby the tenants are responsible for typical operating expenses and real estate tax increases over a base year. Still, owners typically incur expenses on office properties with modified gross leases. Based on the subject's pending acquisition, we have not received a historical operating statement. Based our knowledge of similar properties, our operating expense analysis is presented below. The expenses are forecasted on a per square foot basis are based upon a total area of 42,600± square feet.

EXPENSE COMPARABLES

Address:	733 Ridgedale Avenue, East Hanover	400 Sylvan Avenue, Englewood Cliffs	85 Harristown Road, Glen Rock	120 Route 17 N, Paramus	Average
SF:	42,570	42,000	48,000	49,068	45,410
Operating Expenses					
Insurance	$11,068	$26,460	$16,800	$25,025	$19,838
Utilities	$69,389	$84,420	$89,280	$93,720	$84,202
Repairs & Maintenance	$37,462	$52,920	$47,040	$49,559	$46,745
Payroll	$57,895	$46,620	$48,960	$72,621	$56,524
Reserves	$7,663	$13,440	$10,080	$13,248	$11,108
Miscellaneous	$4,257	$5,880	$5,280	$2,453	$4,468
Management & Administration	$18,731	$25,620	$24,480	$37,292	$26,531
Total Operating Expenses	$206,465	$255,361	$241,922	$293,920	$249,417
Operating Expenses PSF					
Insurance	$0.26	$0.63	$0.35	$0.51	$0.44
Utilities	$1.63	$2.01	$1.86	$1.91	$1.85
Repairs & Maintenance	$0.88	$1.26	$0.98	$1.01	$1.03
Payroll	$1.36	$1.11	$1.02	$1.48	$1.24
Reserves	$0.18	$0.32	$0.21	$0.27	$0.25
Miscellaneous	$0.10	$0.14	$0.11	$0.05	$0.10
Management & Administration	$0.44	$0.61	$0.51	$0.76	$0.58
Total Operating Expenses	$4.85	$6.08	$5.04	$5.99	$5.49

Real Estate Taxes – As stated in the "Assessed Value and Real Estate Taxes" section of the report, the projected real estate taxes for the subject are $142,766 or $3.35 per square foot. The real estate taxes are typically reimbursed for increases over a base year by the tenant.

Insurance – Based on projected lease terms, the tenant is responsible for full insurance coverage for the property, which is line with market terms. However, based on our knowledge of similar properties, prudent owners typically hold a small insurance policy in addition to the tenant's insurance. We have forecasted this expense at $0.41 per square foot, which equates to $17,500 annually.

Utilities – Based on projected lease terms, the landlord is responsible for the electric, gas and water and sewer expenses. We have forecasted this expense at $1.85 per square foot, which equates to $78,810 annually.

Repairs & Maintenance **–** Based on projected lease terms, the tenant is responsible for maintenance and interior repairs of the subject property. However, the landlord is responsible for all structural repairs, landscaping and exterior maintenance, rubbish and snow removal. Thus, we have forecasted an expense for which the owner would be required to contribute. We have forecasted an allowance for reserves at $1.00 per square foot of leasable area or $42,600 per year, which is considered appropriate given the subject's good condition and recent upgrades.

Payroll **–** This expense assumes a part-time porter for general maintenance. We have forecast this expense at $1.25 per square foot of leasable area or $53,250 per year, which falls in line with the comparables and is considered reasonable for a property similar to the subject in terms of size and overall utility.

Reserves **–** We have forecasted an allowance for reserves at $0.25 per square foot of leasable area or $10,650 per year, which falls in line with the comparables and is considered appropriate given the subject's good condition and recent upgrades.

Miscellaneous – We project that the landlord will incur miscellaneous expenses over the stabilized year at $0.10 per square foot of leasable area or $4,260 annually.

Management and Administration – Typically, management expenses for office spaces range from 2% to 5% of potential gross income. Thus, we project management and administration at 3% of potential gross income, $0.52 per square foot, or $21,982 annually.

STABILIZED INCOME AND EXPENSES*

	$	PSF
Income		
Potential Gross Income	$852,000	$20.00
Less Commercial V/C Loss @ 14%	-$119,280	-$2.80
Effective Gross Income	$732,720	$17.20
Operating Expenses		
Real Estate Taxes	$142,766	$3.35
Insurance	$17,500	$0.41
Utilities	$78,810	$1.85
Repairs & Maintenance	$42,600	$1.00
Payroll	$53,250	$1.25
Reserves	$10,650	$0.25
Miscellaneous	$4,260	$0.10
Management & Administration	$21,982	$0.52
Total Operating Expenses	$371,818	$8.73
Total Expenses Excluding RE Taxes	$229,052	$5.38
Net Operating Income	$360,902	$8.47
Operating Expense Ratio	51%	

**Operating expenses exclusive of real estate taxes were forecasted at $5.38 per square foot. Excluding real estate taxes, the comparables ranged from $4.85 to $6.08 per square foot. Our projections fall within the comparable range on a per square foot basis, thus they were applied to our analysis.*

INCOME CAPITALIZATION

The method of capitalization employed in this report is the mortgage-equity technique commonly referred to as the Akerson formula of the Ellwood method. This technique considers the return of equity including any potential appreciation or depreciation in property value over the income projection period as well as the effects of financing through mortgage amortization and equity benefits. The following criteria were used to determine the capitalization rate for the subject property.

As previously mentioned, yield capitalization measures a single year's anticipated income in order to determine its capital sum by means of an overall capitalization rate. This appropriate rate considers risk, debt, and equity goal requirements. This analysis relies on existing (or projected) income and market expenses in order to determine annual net operating income levels. The net operating income is capitalized to a present market value.

Financing

Lending institutions typically lend at a 70% to 80% loan to value ratio. Interest rates, in a recent period of time, ranged from 4.5% to 5.5% with loan terms at five years and with twenty- to thirty-year payout schedules. We projected a 60% loan to value ratio, a 5.50% interest rate, and a 20-year payout. The mortgage constant is 0.0825.

Holding Period

Most investors/purchasers intend to hold a property for a period that typically ranges from five to twenty years. We have selected a period of 10 years.

Equity Yield

This is a competitive rate of return reflecting the inherent risks, illiquidity, potential benefits, and availability of tax shelter of property ownership relative to prospective rates of return for alternative investment opportunities. Typical investors require a rate of return for investment quality property such as the subject which is greater than the safe or "risk-less" rates offered for long-term treasury notes and bonds or high-grade corporate bonds. The difference between an investor's required rate of return and the safe rate is basically the premium necessary to compensate the investor for the added risks of lack of liquidity offered by a real estate investment.

Survey of Competitive Rates	
Federal Funds Rate	1.16%
Prime Rate	4.25%
10-year Treasury Bond	2.27%
30-year Treasury Bond	2.85%
Corporate Bonds (AAA)	3.80%
Municipal Bonds	2.74%

Source: Federal Reserve Statistical Release

The Federal Funds Rate is a foundational rate determining the cost of funds by Federal Reserve banks to depository institutions.

The Prime Rate is a base rate posted by large banks for loans to corporations. It is a rate for business loans to banks' most creditworthy customers. It is no longer a lending rate per se, but a base rate from which other rates are adjusted.

The 10- and the 30-year Treasury Bonds are long-term obligations that are guaranteed by the federal government.

Corporate Bonds with AAA credit exhibit a minimal amount of risk.

Municipal Bonds are free of tax liabilities and, therefore, the return is typically less than investment opportunities which are taxable.

In selecting an appropriate yield rate, we have considered the foregoing yields as well as the property's location, age, and condition relative to competing properties. In the development of the yield rate for the subject property, consideration was given to the risk, liquidity, and the time and expense of asset management inherent with income-producing property investment. The summation approach was utilized to account for yield expectations associated with these investment considerations as applied to a leased fee property. A 3% basic rate was used based on the return exhibited by the rates reflective of a “safe” alternative investment. The safe rate is adjusted for asset management, liquidity, and risk, resulting in a 12.00% equity yield rate.

Two other sources of anticipatory yield rates are provided by the PwC Real Estate and the Real Estate Research Corporations' (R.E.R.C.) investment surveys which summarize expected rates of return, including capitalization rates and income and expense growth rates, from a representative sample of institutional investors. The rates reflect acceptable expectations of yields desired by investors currently in the marketplace.

Survey	Type of Product	IRR	
PwC	National Secondary	6.50%	to 13.00%
Q4-2017	Office Market	9.05%	average
R.E.R.C.	Suburban Office	7.50%	to 8.50%
Q4-2017	Market	8.10%	average

For investment grade office properties, the real estate investment surveys range from 6.50% to 13.00%, with an average discount rate between 8.10% and 9.05%, which supports the built up method indicator. Our equity yield rate is marginally higher than average property yields due to the additional risk associated with the equity position.

Change in Value

The subject property is located in an established residential area. Thus, we have concluded an increase of 10% over the holding period.

Using these components, calculation of the capitalization rate is presented:

CAPITALIZATION RATE CALCULATION

Assumptions Underlying Capitalization Rate Development							
Loan to value ratio					60%		
Interest Rate					5.50%		
Term (years payout)					20		
Annual Constant					0.0825		
Equity Yield Rate					12.00%		
Holding Period					10		
Appreciation Over Term					10%		
Development of Capitalization Rate							
Mortgage Funds	0.6	x	0.0825			=	0.0495
Equity Funds	0.4	x	0.1200			=	0.0480
Weighted Rate							0.0975
Less Adjustment for Mortgage Amortization							
0.3662 x		0.6	x	0.057		=	0.01252
Basic Rate							0.0850
Less Adjustment for Appreciation							
0.1 x		0.057				=	0.0057
Capitalization Rate							0.0793
(rounded to)							8.00%

The Ellwood method of developing an overall capitalization rate suggests a rate of 8.00%.

COMPARABLE OVERALL RATES

	Address	Property Type	Sale Date	Cap Rate
1	24 Booker Street, Westwood	Office	May-17	8.43%
2	106 Prospect Street, Ridgewood	Office	Nov-16	8.14%
3	136 Summit Avenue, Montvale	Office	Sep-16	7.80%
4	215 Old Tappan Road, Old Tappan	Office	Sep-16	7.70%
6	350 Passaic Avenue, Fairfield	Office	Feb-16	8.00%
			Average:	8.01%

We analyzed sales of comparable office assets within the subject’s periphery and they exhibit overall capitalization rates from 7.70% to 8.43% with an average of 8.01%. We note that the cap rate comps provided above were selected for inclusion in the report due to the lack of verified cap rates for the sales included in the Sales Comparison Approach (excluding Comparable 3 at 136 Summit Avenue, which is included in the Sales Approach). However, indicated cap rate comps were chosen since they are in subject’s immediate market and surrounding periphery.

The PwC Real Estate and Real Estate Research Corporation's investment surveys summarize the expectations of institutional investors. As indicated, the going-in capitalization rates range from 5.00% to 9.50%, with an average between 6.50% and 7.51%.

Survey	Overall Cap Rate	
PwC - National Secondary Office Market	5.00%	to 9.50%
Q4-2017	7.51%	average
R.E.R.C. - National Suburban Office Market	5.50%	to 7.00%
Q4-2017	6.50%	average
Comparable Sales	7.70%	to 8.43%
	8.01%	average
Developed Rate	8.00%	

CAPITALIZATION RATE CONCLUSION

Overall capitalization rates are influenced by numerous factors, of which the most influential are: investors' perception of risk, the potential for net income growth, and the market for competitive assets. As indicated by the local comparable sales, assets in the submarket tend to trade for going-in returns near the low end of the national range.

In terms of its position within the market range, it is our view that an investor would accept a return near the middle of the comparable range. We base our developed capitalization rate on the fact that capitalization rates for New Jersey suburban office assets are typically higher than the national average as shown in the comparable cap rate rates above.

The subject is projected to derive the majority of its income from market-oriented leases resulting in limited potential for income spikes. Overall, the subject is in good condition. The property is situated in a desirable location with moderate demand for office space.

Finally, we note that although there is relative stability within the subject's immediate Bergen North office market for Class B properties similar to the subject, this is tempered by the current vacancy rate and greater demand for newer Class A and B properties. Balancing these factors, it is our view that a 8.00% overall rate would be required by an investor.

CALCULATION OF VALUE

NOI	$360,902
OAR	8.00%
Indicated Value	$4,511,274
Final Value Opinion (RD)	$4,500,000

VALUE VIA THE INCOME APPROACH
"AS IS"
FEBRUARY 2, 2018
$4,500,000

SALES COMPARISON APPROACH

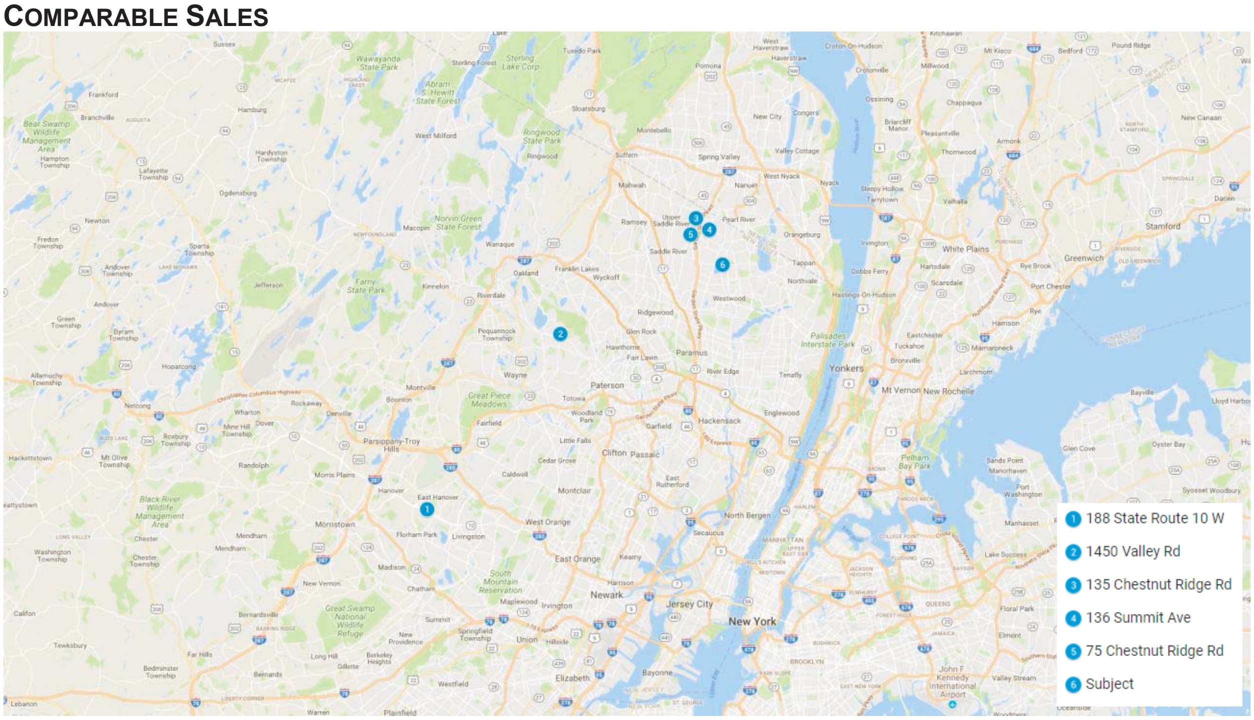
In the Sales Comparison Approach, an opinion of market value is advanced by comparing the subject property to transactions of competitive assets. A major premise is the principle of substitution which holds market value is directly related to the prices of comparable properties as a knowledgeable investor will pay no more for a substitute.

The procedure involved in this Approach is to research the market for sales of improved properties which are comparable, select appropriate units of comparison, adjust the sale prices to the subject, and then reconcile the range of adjusted sale prices into an opinion of value.

UNIT OF COMPARISON

In order to analyze comparable sales, it is necessary to convert the sale prices to an appropriate unit of comparison, a process which facilitates price comparisons between properties of different sizes, and it also enables adjustment for qualitative differences. Since investors typically purchase office buildings in terms of value per square foot, we have applied this unit of comparison.

COMPARABLE SALES



COMPARABLE SALE 1: 188 STATE ROUTE 10 W

SALE NO:	1
LOCATION:	188 State Route 10 W East Hanover, NJ
PARCEL ID:	96 / 76.02
SITE AREA (SF):	217,800
GBA (ABOVE GRADE):	60,000
PROPERTY DESCRIPTION:	This is the sale of a three-story office building constructed ca. 1980 and renovated in 1988. The property is located along State Route 10 W in East Hanover, NJ. The property sold for $5,500,000 which equates to $92 per square foot and was on the market for 358 days. The tenant at the time of sale was Sobel and Brown. It was reported that the purchaser desired to redevelop the property as a self-storage utility. However, no details were disclosed and the property's purchase price is considered to constitute a market-oriented transaction for an office property within this market.
SALE DATE:	January 17, 2018
YEAR BUILT:	1980 / Renov. 1988
GRANTOR:	188 Route 10 West, LLC
GRANTEE:	JSF Route Ten LLC
SALE PRICE:	$5,500,000
PRICE PER SF:	$92
NOI:	Not Reported
CAP RATE:	Not Reported
DOCUMENT NO.:	23281-0218

COMPARABLE SALE 2: 1450 VALLEY ROAD

SALE NO:	2
LOCATION:	1450 Valley Road Wayne, NJ
PARCEL ID:	3101 / 11
SITE AREA (SF):	217,800
GBA (ABOVE GRADE):	27,511
PROPERTY DESCRIPTION:	This is the sale of a two-story office building constructed ca. 1974. The property is located along Valley Road in Wayne, NJ. The property sold for $2,700,000 which equates to $98 per square foot and was on the market for 364 days. Post acquisition the purchaser is reportedly occupying the building as offices for its religious related operations. Financing was provided by Keybank in the total reported amount of $2,160,000. The listing broker, Richard Charles of CBRE, confirmed the details of this transaction.
SALE DATE:	June 6, 2017
YEAR BUILT:	1974
GRANTOR:	Hankook Tire America Corp.
GRANTEE:	The Church of Pentecost USA, Inc.
SALE PRICE:	$2,700,000
PRICE PER SF:	$98
NOI:	Not Reported
CAP RATE:	Not Reported
DOCUMENT NO.:	3084-0042

COMPARABLE SALE 3: 135 CHESTNUT RIDGE ROAD

SALE NO:	3
LOCATION:	135 Chestnut Ridge Road Montvale, NJ
PARCEL ID:	1001 / 1
SITE AREA (SF):	325,829
GBA (ABOVE GRADE):	66,150
PROPERTY DESCRIPTION:	This is the sale of a two-story office building constructed ca. 1981. The property is located along Chestnut Ridge Road in Montvale, NJ. The property sold for $6,400,000 which equates to $97 per square foot. The property reportedly previously transferred ownership an a non arms-length transaction on 3/1/2017. There were multiple tenants at the time of sale. Costar reports that Mack-Cali (seller) was seeking to divest itself of properties in the non-core market and that this was an off-market transaction. Nevertheless, the property's purchase price is considered to constitute a market-oriented transaction for an office property within this market.
SALE DATE:	September 28, 2017
YEAR BUILT:	1981
GRANTOR:	135 Chestnut Realty LLC
GRANTEE:	135 Chestnut Ridge Partners LLC
SALE PRICE:	$6,400,000
PRICE PER SF:	$97
NOI:	Not Reported
CAP RATE:	Not Reported
DOCUMENT NO.:	2755-0729

COMPARABLE SALE 4: 136 SUMMIT AVENUE

SALE NO:	4
LOCATION:	136 Summit Avenue Montvale, NJ
PARCEL ID:	1903 / 103
SITE AREA (SF):	141,570
GBA (ABOVE GRADE):	30,301
PROPERTY DESCRIPTION:	This is the sale of a two-story office building constructed ca. 1972 and renovated in 1987. The property is located along Summit Avenue in Montvale, NJ. The property sold for $3,350,000 which equates to $111 per square foot and a reported NOI of $261,300, yielding a cap rate of 7.8%. The property was on the market for 342 days and the owner is reported as planning to occupy the property for its business operations.
SALE DATE:	September 28, 2016
YEAR BUILT:	1972 / Renov. 1987
GRANTOR:	Montvale Summit Partners, Inc.
GRANTEE:	Ateres New York LLC
SALE PRICE:	$3,350,000
PRICE PER SF:	$111
NOI:	$261,300
CAP RATE:	7.80%
DOCUMENT NO.:	2414-0103

COMPARABLE SALE 5: 75 CHESTNUT RIDGE ROAD

SALE NO:	5
LOCATION:	75 Chestnut Ridge Road Montvale, NJ
PARCEL ID:	2701 / 2
SITE AREA (SF):	365,904
GBA (ABOVE GRADE):	63,113
PROPERTY DESCRIPTION:	This is the sale of a two-story office building constructed ca. 1970 with subsequent upgrades. The property is located along Chestnut Ridge Road in Montvale, NJ. The property sold for $5,700,000 which equates to $90 per square foot and was on the market for 694 days. According to Costar, KPMG purchased the property to expand their operations in Montvale and plans on staffing the building with 600 employees after an interior renovation.
SALE DATE:	September 8, 2016
YEAR BUILT:	1970
GRANTOR:	Clamasuka Realty Co., LLC
GRANTEE:	KPMG LLP
SALE PRICE:	$5,700,000
PRICE PER SF:	$90
NOI:	Not Reported
CAP RATE:	Not Reported
DOCUMENT NO.:	2390 / 2160

COMPARABLE SALES SUMMARY

	Address	Sale Date	SF	Sale Price	Sale Price Per SF
1	188 State Route 10 W	Jan-18	60,000	$5,500,000	$92
2	1450 Valley Road	Jun-17	27,511	$2,700,000	$98
3	135 Chestnut Ridge Road	Sep-17	66,150	$6,400,000	$97
4	136 Summit Avenue	Sep-16	30,301	$3,350,000	$111
5	75 Chestnut Ridge Road	Sep-16	63,113	$5,700,000	$90

Adjustments for the comparable sales have been considered based on comparison to the subject for financing terms, conditions of sale, market conditions (time), income level (if applicable), location, size, utility, and age/condition.

Property Rights Appraised

The purpose of this adjustment is to account for differences in the property rights transferred with the sale. The subject and Comparables 1, 2, 4 and 5 are transactions of the fee simple estate. Comparable 3 was a leased fee property, however, its leased fee status appeared negligible to the transaction, thus no adjustment was applied for property rights.

Financing Terms

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 reportedly sold all cash to the seller or financed at market rates by a disinterested third party. No adjustment for financing terms was applied.

Conditions of Sale

Condition of sale refers to the motivations of the buyer and seller involved in a particular transaction. All sales appear to be arm's length transactions.

Market Conditions (Time)

Each of the comparables have transacted since September 2016. Since this date, office buildings such as the subject and the comparables have remained stable. Thus, no adjustments were applied to these sales.

Location

The subject is located in the Woodcliff Lake area of Bergen county. The subject and all of the comparables are in similar locations, thus no adjustments are 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 27,511 to 66,150 square feet, while the subject property is 42,600 square feet. We note that there is an inverse relationship between size and price per square foot, such that smaller buildings will sell for a higher price per square foot and vice versa. Comparables 1, 3, and 5 are larger and are therefore adjusted up to account for the difference in size. Comparables 2 and 4 are smaller and are therefore adjusted down to account for the difference in size.

Utility

This adjustment reflects building height or number of stories, land to building ratio, views, exterior appeal, and the interior finishes, design and layout of each comparable as compared to the subject property. Comparables 1 through 5 were considered generally similar in terms of overall utility, thus were not adjusted for this category.

Condition

The subject building was constructed in 1985 and is in overall good condition. Comparables 1, 2, 4 and 5 are considered inferior to the subject in terms of condition and thus adjusted upward. Comparable 3 was considered generally similar to the subject in terms of condition and not adjusted for this category.

COMPARABLE SALES ADJUSTMENT GRID

Sale No.	1	2	3	4	5
Address:	188 State Route 10 W	1450 Valley Road	135 Chestnut Ridge Road	136 Summit Avenue	75 Chestnut Ridge Road
Sale Date:	1/17/2018	6/6/2017	9/28/2017	9/28/2016	9/8/2016
No. SF	60,000	27,511	66,150	30,301	63,113
Sale Price:	$5,500,000	$2,700,000	$6,400,000	$3,350,000	$5,700,000
Price Per SF:	**$92**	**$98**	**$97**	**$111**	**$90**
Property Rights:	0%	0%	0%	0%	0%
Financing Terms:	0%	0%	0%	0%	0%
Conditions of Sale:	0%	0%	0%	0%	0%
Market Conditions (Time):	0%	0%	0%	0%	0%
Trended Price Per SF:	**$92**	**$98**	**$97**	**$111**	**$90**
Location:	0%	0%	0%	0%	0%
Size:	10%	-10%	10%	-10%	10%
Utility:	0%	0%	0%	0%	0%
Condition:	10%	10%	0%	5%	10%
Total Adjustments:	**20%**	**0%**	**10%**	**-5%**	**20%**
Adjusted Price Per SF:	**$110**	**$98**	**$106**	**$105**	**$108**

	UNADJUSTED		ADJUSTED
LOW	**$90**	**LOW**	**$98**
HIGH	**$111**	**HIGH**	**$110**
AVERAGE	**$97**	**AVERAGE**	**$106**
MEDIAN	**$97**	**MEDIAN**	**$106**

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

RECONCILIATION

The indicated unadjusted range of the comparable sales is from $90 to $111 per square foot, with an average of $97 and a median of $97 per square foot. After adjustments, the comparable sales exhibited a range between $98 and $110 per square foot with an average of $106 and a median of $106 per square foot. Balancing these factors, we place primary reliance on Comparables 2, 3 and 4 due to their least amount of aggregate adjustments with additional consideration given to the average and median indices. Thus, considering the elements of comparison noted above, our opinion of market value is $106 per square foot; calculated:

VALUE PER SQUARE FOOT

Concluded Value Per SF	$106
SF	42,600
Value	$4,515,600
Final Value Opinion (Rounded)	$4,500,000

SALES COMPARISON APPROACH
"AS IS"
FEBRUARY 2, 2018
$4,500,000

RECONCILIATION AND FINAL VALUE OPINION

The estimated values arrived at by the approaches to value used in this report are as follows:

Approach	Value	Date	Conclusion
Cost Approach	Market Value "As Is"	N/A	Not Applied
Income Approach	Market Value "As Is"	February 2, 2018	$4,500,000
Sales Approach	Market Value "As Is"	February 2, 2018	$4,500,000

The ***Cost Approach*** is traditionally a good indicator of value when properties being appraised are new or close to new. 188 Broadway was constructed in 1985 and has notable physical and economic depreciation. Difficulty in estimating all forms of accrued depreciation limits the reliability of this approach. This fact tends to make the Cost Approach a less effective and unreliable tool for estimating market value. In addition, the Cost Approach gives only indirect consideration of the income-producing capabilities of a property such as the subject. Real estate investors today give little consideration to the Cost method of estimating value for investment-type properties such as the appraised property. Therefore, we have not applied the Cost Approach.

The ***Income Approach*** is a strong indicator of value when market rents, vacancy rates, stabilized expenses, capitalization/discount rates are based on reliable market data. In this case, given the depth of the market, there are numerous transactions from which to glean points of analysis, lending credibility to the results of the approach. This analysis considered an unencumbered rental assumption under a market derived rental, in conjunction with a market derived capitalization rate under the rental fallback valuation assumptions. Primary reliance was placed on the Sales Comparison Approach with secondary support from the Income Approach.

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. The sales used to estimate the value of the subject property were considered to be comparable to the subject in most respects. Similar property types in similar locations tend to sell within a consistent range, and this factor makes valuation reasonably accurate. Lastly, significant interest would come from owner/users making this a reliable approach. After considering all approaches to value, we place primary reliance of the sales approach, which further considers the subject’s prospective owner-user occupancy assumption post-acquisition.

Our final value opinion is:

Value	Date	Conclusion
Market Value "As Is"	February 2, 2018	$4,500,000

ADDENDA

LETTER OF ENGAGEMENT

PURCHASE CONTRACT

INSURABLE VALUE

CONTINGENT AND LIMITING CONDITIONS

CERTIFICATION

QUALIFICATIONS

LETTER OF ENGAGEMENT

Engagement Letter

ConnectOne Bank

301 Sylvan Ave
Englewood Cliffs, NJ 07632

To: Joel Leitner

112 Madison Ave, 11th Floor

New York, NY 10016

Re: 188 Broadway LLC

188 Broadway

Woodcliff Lake, NJ 07677

To return the completed Engagement Letter, click here

1/31/2018

Dear Joel Leitner, BBG, Inc.,

As previously discussed, this letter will authorize you to prepare a professional appraisal report as detailed below:

Property Description:
Oxford File Number: C1B-6415
Property Address: 188 Broadway, Woodcliff Lake, NJ 07677,
Property Description: 40,000 sq ft Office building located at 188 Broadway, Woodcliff Lake, NJ 07677. There is a contract of sale on the property for $4,500,000. The buyer was issued a "time of the essence". Requesting "a rush". The current owner is the tenant but they will be vacating the property this summer. The buyers goal is to obtain approvals to convert the building to multifamily residential apartments. They have not received any approvals yet. As is - fee simple, include insurable value

Any deviation from the engagement letter (such as a change in fee rights appraised, extraordinary assumptions, etc.) should be brought to the attention of Oxford Appraisal Management before completion of the report.

Property Type: Office
Report Format: Self-Contained Report

Property Contact: Paul Kaufman, 2019478855, 2019478855
(Please contact within 48 hours of receipt of this letter)

Purpose of the Appraisal
The appraisal is being performed for the purpose of estimating the value of real estate assets held as investments or collateralizing loans owned by ConnectOne Bank, and may not be used

by any other person for any other purpose unless authorized ConnectOne Bank in writing.

Values and interest to be appraised and present in the Appraisal Report.

__X__ Market Value As Is
____ Market Value
____ Stabilized Value
__X__ Fee Simple Estate
____ Leased Fee Interest
____ Subject to Existing Leases
____ Assume Vacant
____ Assign Market Rent to Vacant or Owner Occupied Spaces
_X___ Value as of the Date of Property Inspection
____ Value as of a Specific Date
_X__ Please provide insurable value
____ Additional Instructions

The properties will be assumed to be free and clear of any existing mortgages unless otherwise specified herein. In the event that the leased fee value is estimated to be above the fee simple value, the fee simple value must also be presented in the appraisal report.

Assignment Scope and Appraisal Standards

The appraisal reports will be prepared in conformity with the Uniform Standards of Professional Practice of the Appraisal Foundation, ConnectOne Bank Appraisal Guidelines, all other applicable federal and state regulations and/or guidelines as well as standards set forth in OCC Regulation Part 12 CFR, 34.44.

Environmental Issues

The appraiser will note any potential environmental hazards such as: underground storage tanks, storage containers of known or unknown contents, evidence of waste disposal such as sludge, paints, chemical residues, oil spillage, asbestos content in building material, etc. Appropriate note will be made of flood hazard areas, wetlands, and other environmental acts and regulations that can impact value.

Additional Instructions

The report must be signed by the individual identified in this engagement letter.

If using ARGUS, the following report must be included in the appraisal addenda:
A) the annual cash flow printout
B) the Input Assumptions (select all)
C) The Lease Expiration report - All Terms
D) the Occupancy and Absorption Rate Report
E) the Presentation Rent Roll
F) the Individual Tenant Cash Flows.
We reserve the right to request an electronic copy of the ARGUS file and you agree to perform some sensitivity testing if requested by Oxford AMC during the review process.

One PDF of the report must be uploaded to the Oxford Appraisal Management system. The reports are to be addressed to Brian Banda at ConnectOne Bank. TWO copies of the report along with the invoice must be sent to Brian Banda at ConnectOne Bank following the completion of the review.

Your client for this assignment is ConnectOne Bank. ConnectOne Bank is responsible for your fee in accordance with the terms of this engagement.

Please confirm your acceptance of this assignment by returning a signed copy of this engagement letter as soon as possible to Oxford Appraisal Management.

ConnectOne Bank,

George Denman

George Denman, MAI
Agent for ConnectOne Bank

We have received the original letter and agree to perform the appraisal in accordance with the stipulation mentioned herein and consent to the release of the appraisal to ConnectOne Bank's customer upon their request.

Signed: Joel Leitner
Title: Managing Director
Date: January 31, 2018

Appraisal Due Date: 2/14/2018
Appraisal Fee: $6,500.00

PURCHASE CONTRACT

AGREEMENT OF SALE

THIS AGREEMENT is made this 20th day of November, 2017 (the "Effective Date"), by and between **WWL Realty Americas LLC**, a Delaware limited liability company (formerly known as Wallenius Wilhelmsen Lines Americas Realty, LLC ("Seller"), with an address at 188 Broadway, Woodcliff Lake, New Jersey 07677, and **AEA Acquisitions LLC**, a New Jersey limited liability company ("Purchaser"), with an address at 242 Oradel Avenue, 2nd Floor, Paramus, NJ 07652.

WITNESS:

1. SALE OF PROPERTY. Seller agrees to sell and convey to Purchaser, and Purchaser agrees to purchase from Seller all that certain real property, together with the improvements located thereon and appurtenances thereto, with buildings, including the fixtures and improvements therein, being situate at 188 Broadway, Woodcliff Lake Borough, Bergen County, New Jersey, and known as Block 2701 Lot 3 on the tax map of the Borough of Woodcliff Lake, as is more fully described in Exhibit "A" attached hereto and incorporated herein (collectively, the "Property").

2. PAYMENT TERMS. The purchase price (the "Purchase Price") for the Property shall be Four Million Five Hundred Thousand Dollars ($4,500,000.00), payable as follows:

(a) $50,000.00 (the "Initial Deposit") delivered to the Escrow Agent, as defined below, upon the signing of this Agreement;

(b) Unless Purchaser terminated this Agreement in accordance with Section 13 below, $100,000.00 (the "Additional deposit") to be delivered to Escrow Agent no later than one business day after the end of the Due Diligence Period (as defined below); and

(c) $4,350,000.00 representing the balance of the Purchase Price, subject to adjustments pursuant to this Agreement, paid by wire transfer of immediately available funds to Seller at the time of Closing (as defined below) hereunder.

Unless and until disbursed as provided in this Section 2, the Initial Deposit and the Additional Deposit (collectively, the "Deposit") shall be held in an interest bearing escrow or trust account by Greenbrook Abstract Company (the "Escrow Agent") whose address is 260 Columbia Ave., Suite 15, Fort Lee, NJ 07024. Such Deposit, plus all interest accrued thereon, shall be paid to Seller and credited to the Purchase Price if, as and when Closing occurs. If Seller shall validly terminate this Agreement due to a Purchaser default under this Agreement, the Deposit plus all interest accrued thereon shall be paid to Seller in accordance with Section 7 below. If Purchaser exercises its right to terminate this Agreement pursuant to and in accordance with Sections 3, 7, 9, 10 or 13 below or as otherwise provided in this Agreement, the Deposit plus all interest accrued thereon shall be immediately paid to Purchaser.

3. CONDITION OF TITLE. Title to the Property shall be (a) good and marketable and free and clear of all liens, assessments, restrictions, covenants, riparian and other ownership rights of the State of New Jersey and/or the Borough of Woodcliff Lake, encumbrances, easements, leases or tenancies, claims or rights of use or possession, if any, and other title

objections including any lien or future claim for materials or labor supplied in improvement of the Property, except for except for the leases identified on Exhibit "B" attached here to (the "Leases"), subject to the limitations set forth in Section 18 below, the License Agreement (as defined in Section 18 below), and those title exceptions that do not, in Purchaser's reasonable commercial judgment, adversely impact the use of the Property as it is currently used (collectively, the "Permitted Title Exceptions"), and (b) such title, together with access to a public street, the absence of strips and gores and the contiguity of the lots on which the improvements constructed on the Property currently exist are insurable as aforesaid at regular standard rates by Purchaser's title company (the "Title Company"). In addition, the validity of Purchaser's or Purchaser's assignee's or nominee's right to use all easements benefiting the Property will be so insurable. Purchaser shall order a commitment for title insurance within ten (10) days after the day Purchaser receives a fully executed copy of this Agreement from Seller (the "Effective Date") and obtain a title report during the Due Diligence Period. Purchaser shall provide a copy of the title report to Seller within fifteen (15) days after receipt thereof. If title to the Property cannot be conveyed to Purchaser at Closing in accordance with the requirements of this Agreement, then Purchaser shall have the option of either taking such title as Seller can cause to be conveyed and proceeding to Closing with no reduction in the Purchase Price or terminating this Agreement by the end of the Due Diligence Period and receiving the Deposit plus all interest thereon, and, thereafter, neither party hereto shall have any further rights, liabilities or obligations hereunder. At the Closing, Seller shall pay and cause to be discharged or cause the title company to insure over all monetary liens, judgments and encumbrances on the Property.

4. CLOSING. Unless Purchaser shall validly terminate this Agreement as provided elsewhere herein, the Closing (the "Closing") shall take place within thirty (30) days after the Due Diligence Contingency expires or is waived by Purchaser in accordance with the terms of Section 13, at the offices of Purchaser's attorneys, Kaufman, Semeraro & Leibman LLP, Two Executive Dr., Suite530, Fort Lee, New Jersey or as Purchaser's lender shall direct at the specific location, or through Purchaser's title agency as settlement agent, on the specific date and at the specific time designated in writing by Purchaser to Seller no later than five (5) business days prior to the date designated by Purchaser for such Closing.

5. PROVISIONS WITH RESPECT TO CLOSING.

(a) At Closing, Seller shall deliver, or cause to be delivered, to Purchaser, at Seller's sole cost and expense, each of the following:

(i) Bargain and Sale Deed with Covenants Against Grantor's Acts conveying title to the Property duly executed and acknowledged by Seller in proper recordable form, along with a duly executed and notarized affidavit of title, certified to Purchaser and Title Company together with the Residency Certification/Exemption (Form GIT/REP3) and, if applicable, an Affidavit of Consideration for execution by Seller. If applicable, Purchaser shall execute and deliver an Affidavit of Consideration for execution by Seller.

(ii) Subject to Section 18 below, possession of the Property in broom-clean condition, unoccupied and free and clear of any leases, tenancies, claims to or rights of use or possession.

(iii) An officer's/authorized representative's certificate of Seller certifying to the reasonable satisfaction of Purchaser's title company the status of Seller's organizational documents, good standing in Delaware and New Jersey and the authorization by Seller of the execution of this Agreement and the performance of Seller's obligations hereunder, and authorizing the specific representative of Seller who is executing this Agreement and any documents necessary to complete Closing hereunder to execute the same.

(iv) Duly executed FIRPTA certificate.

(v) If required pursuant to Section 20 below, a counterpart executed Bulk Sale Escrow Agreement in the form attached hereto as Exhibit "C" (the "Bulk Sale Escrow Agreement").

(vi) A counterpart executed License Agreement.

(vii) Pursuant to the License Agreement, access passes/keys to those portions of the Property occupied by Seller that may be accessed by parties without security clearance.

(viii) Current bill for real estate taxes for which adjustments are to be made between Seller and Purchaser pursuant to Section 6 below.

(ix) A reaffirmation of the representations and warranties of Seller set forth below.

(x) Such other documents as may reasonably be requested by Purchaser's title insurance company and customarily delivered in similar transactions.

(b) At Closing, Purchaser shall deliver or cause to be delivered to Seller, at Purchaser's sole cost and expense, each of the following:

(i) An officer's/authorized representative's certificate of Seller certifying to the reasonable satisfaction of Seller and Purchaser's title company the status of Purchaser's organizational documents, good standing in New Jersey and the authorization by Purchaser of the execution of this Agreement and the performance of Purchaser's obligations hereunder, and authorizing the specific representative of Purchaser who is executing this Agreement and any documents necessary to complete Closing hereunder to execute the same.

(ii) If required pursuant to Section 20 below, a counterpart executed Bulk Sale Escrow Agreement.

(iii) A counterpart executed License Agreement.

(iv) The balance of the Purchase Price in accordance with Section 2(c) above.

(v) A reaffirmation of the representations and warranties of Purchaser set forth below.

(vi) Such other documents as may reasonably be requested by Purchaser's title insurance company and customarily delivered in similar transactions.

6. TAXES; APPORTIONMENTS.

(a) At closing, Seller shall pay (i) the costs of releasing all liens, judgments, and other encumbrances that are to be released and of recording such releases and (ii) all transfer taxes payable by the grantor under New Jersey law with respect to the sale of the Property, if any.

(b) At closing, Purchaser shall pay (i) the cost of a standard coverage owner's policy of title insurance, together with any related search or exam fees, and the cost of any endorsements to the owner's policy of title insurance requested by Purchaser, (ii) the cost of the Survey, (iii) the cost of any lender's policy of title insurance, and (iv) any transfer taxes payable by the grantee under New Jersey Law (the so-called "Mansion Tax"), if applicable.

(c) Current real estate taxes and water and sewer rentals (to the extent the same are based on established fees and not based on meter readings) shall be adjusted between Seller and Purchaser as of Closing on a per diem basis, subject to the terms of the License Agreement, if applicable.

(d) All private utilities and all public utilities that are based on meter readings shall be read by the respective utility services provider on the date of Closing or as close thereto as possible and such service provider shall be directed to transfer billing to Purchaser as of the date of such reading and forward to Seller, at Seller's address, bills, invoices and/or statements for unpaid service up to and through such meter reading and/or transfer.

(e) At Closing, Seller shall make the first payment of fees under the License Agreement for the period from the date of Closing through the last day of the month in which Closing occurs.

7. DEFAULT.

(a) If on the Closing Date, Purchaser shall fail to consummate the transaction contemplated in this Agreement for any reason, Seller's only remedy shall be to retain the Deposit as liquidated damages, and upon such payments being received by Seller, this Agreement shall terminate and neither party shall have any further rights or obligations hereunder.

(b) In the event of a default hereunder by Seller, Purchaser shall be entitled to (i) terminate this Agreement, in which event Purchaser shall be entitled to the immediate return of the Deposit and reimbursement of all reasonable expenses incurred for title search, survey and reasonable attorney's fees, it being understood that upon such return and reimbursement, this Agreement shall be null and void and neither party shall have any further rights or obligations hereunder; or (ii) to compel Seller to specifically perform its obligations under this Agreement; and/or (iii) damages if Seller's default is willful or intentional.

8. INSPECTION, TESTS, SURVEYS, ETC. During the Due Diligence Period (as defined in Section 13 below), Purchaser or its designees may enter the Property at all reasonable times and upon not less than twenty-four (24) hours prior notice for the purposes of making inspections, measurements, surveys, engineering studies, utilities investigations, soil and sub-surface tests and analysis and other reports at Purchaser's sole cost and expense. All such action shall be undertaken in a manner to not unreasonably interfere with Seller's business operations at the Property. All such action taken by or on behalf of Purchaser pursuant to this Section 8 shall be in accordance with all applicable laws, rules and regulations of the appropriate governmental authorities having jurisdiction, including all applicable environmental laws. Purchaser shall indemnify, defend and hold Seller harmless of, from and against any and all claims, causes of action and losses of whatsoever kind of nature, including, but not limited to, and liability by reason of injury (including death) to persons and damage to any property and construction liens or similar charges which may affect the Property, resulting from the entry onto the Property or work conducted thereon, by or on behalf of Purchaser. Purchaser shall cause all contractors and professionals who enter the Property for purposes of and pursuant to the provisions of this Section 8 or Section 13 below to carry reasonable liability insurance coverage acceptable to Seller with respect to the activities being performed by such contractor or professional on the Property, and to cause such insurance coverage to name Seller as an additional insured. Evidence of such insurance shall be delivered to Seller before such contractor or professional enters the Property.

9. CONDEMNATION. Seller covenants and warrants that Seller has not heretofore received any notice of any condemnation proceeding or other proceedings in the nature of eminent domain in connection with the Property or any portion or portions thereof. In the event of the taking of all or any portion or portions of the Property by eminent domain proceedings or the commencement of any such proceeding, at any time prior to the completion of Closing, Purchaser shall have the right, at Purchaser's sole option, to terminate this Agreement by giving notice to Seller on or before the time for and date of Closing as provided hereunder. If this Agreement is so terminated, the Deposit plus all interest earned thereon shall be immediately returned to Purchaser. If Purchaser does not so terminate this Agreement and Closing is completed hereunder, the Purchase Price shall not be adjusted but Purchaser shall be entitled to any awards or other proceeds received by Seller with respect to any taking, and at Closing Seller shall assign to Purchaser all rights of Seller in and to any awards or other proceeds payable by reason of any taking. Seller agrees to notify Purchaser of any eminent domain proceeding within ten (10) calendar days after Seller receives actual written notice of the commencement of any such condemnation or taking proceeding, including the initial offer as required by New Jersey law. Until the earlier of the date Purchaser terminates this Agreement as provided herein or the date Closing is completed, Seller (in the name of Purchaser and Seller) shall negotiate for, to agree to and to contest all condemnation or taking offers and awards, with the input and consent of Purchaser, which consent shall not be unreasonably withheld or delayed. If, as and when Closing occurs, all rights in and to any condemnation proceedings and awards, including, but not limited to, all awards previously paid by any condemning authority to Seller, shall be assigned to and/or paid to Purchaser.

10. RISKS OF LOSS. Seller shall bear the risk of loss on the Property until such time as Closing is completed. If prior to completion of Closing hereunder more than ten percent (10%) of the usable space in the buildings and structures located on the Property are damaged by

fire or other casualty, Seller shall notify Purchaser in writing within ten (10) days after such fire or other casualty occurs and, if, in the reasonable business judgment of Purchaser such buildings and structures will not be occupiable or useable by Purchaser for a period in excess of fifteen (15) calendar days following the Closing Date, Purchaser shall have the right to terminate this Agreement by giving Seller not less than fifteen (15) days written notice of Purchaser's election to terminate. Unless Purchaser terminates this Agreement as provided herein, at Closing, all proceeds of insurance with respect to the Property so damaged (and not any business interruption insurance payable as a result of such casualty or fire) previously delivered to Seller shall be delivered to Purchaser and Seller shall assign to Purchaser all rights of Seller in and to such proceeds not delivered to Seller prior to Closing. If this Agreement is terminated pursuant to this Section 10 by Purchaser, all Deposit monies, plus all interest accrued thereon, shall be returned to Purchaser within five (5) days after the date of termination set forth in Purchaser's notice. Until this Agreement is terminated or Closing is complete, whichever is sooner, Seller shall maintain casualty insurance on the Property.

11. ASSESSMENTS. Seller shall be responsible to pay for all assessments levied against the Property prior to the date of this Agreement, or levied against the Property after the date of this Agreement by reason of work ordered, commenced or completed prior to the date of this Agreement.

12. REPRESENTATIONS, WARRANTIES AND AGREEMENTS.

(a) Seller, to induce Purchaser to enter into this Agreement and to purchase the Property, represents, warrants and agrees with Purchaser, as follows:

(i) Seller has no knowledge of any pending or threatened litigation against Seller or affecting the Property or the operation of the Property or which affects Seller's rights to the Property or which affects Seller's ability to perform its obligations under this Agreement or that might result in a judicial or equitable lien against the Property or that might prevent the sale of the Property by Seller to Purchaser. If Seller is served with process or receives written notice that such litigation may be commenced against Seller or the Property, Seller, within five (5) days after receipt of such notice, shall deliver a copy thereof to Purchaser.

(ii) Seller has not entered into any agreement, lease or commitment with any party whomsoever, including, but not limited to, any municipality, county, state or the federal government or any authority or subdivision of the foregoing that would authorize or acquiesce to a change in the applicable zoning of the Property, would require the installation of any public improvements, the cost, or a portion of the cost, of which would be an obligation of Seller and/or give any person or entity the right of use, occupancy or possession of the Property, except as specifically provided in Section 18 below.

(iii) Seller has received no notice from any governmental agency, authority or subdivision thereof alleging a violation of any law, ordinance or regulation with respect to the Property and has no knowledge of any such violation.

(iv) Seller is a limited liability company and validly existing under the laws of the State of Delaware and is validly qualified as a foreign limited liability company in the State of New Jersey and has full power and authority, in accordance with law, to enter into this Agreement and to carry out the transactions provided for herein. Neither the execution and delivery of this Agreement nor the consummation of the transactions provided for herein will constitute a violation or breach by Seller of any judgment, order, writ, injunction or decree issued against, or binding upon Seller.

(v) This Agreement is a valid and binding agreement of Seller, enforceable in accordance with its terms.

(vi) Seller has no actual knowledge of and has received no notice of any condemnation or eminent domain proceedings which would affect any of the Property.

(vii) Except for any service agreements that Purchaser, during the Due Diligence Period identifies it desires to continue from and after the end of the License Period (as defined in Section 18 below) no service contracts in effect as of the Effective Date of this Agreement will survive the License Period.

(viii) Seller has not granted to any other person or entity any right or option to acquire all or a portion of the Property.

(ix) To the best of Seller's knowledge, information and belief, the Property is not in a flood zone.

(x) Seller has not filed and is not aware of the filing by any party of a petition in bankruptcy with respect to Seller or for an arrangement or for reorganization of Seller pursuant to the Federal Bankruptcy Code or any similar law, federal or state, has not been adjudicated a bankrupt or declared insolvent by decree of a court of competent jurisdiction, has not made an assignment for the benefit of creditors, has not admitted in writing its inability to pay its debts generally as they become due, and has not consented to the appointment of a receiver or receivers of all or any part of the Property.

(xi) Seller has not caused nor knowingly permitted any "Hazardous Material" (as defined pursuant to New Jersey laws) to be placed, held, generated, treated, located or disposed of on, under or at the Property or any part thereof or from the Property except in compliance with governing laws.

(xii) Neither Seller, nor to the best of Seller's knowledge, person or entity holding legal or beneficial interest whatsoever (whether directly or indirectly) in it or the real property, is named on any list of persons, entities and governments issued by the Office of Foreign Assets Control of the United States Department of the Treasury pursuant to Executive Order 13224-Blocking Property and Prohibiting Transactions with Persons who Commit, Threaten to Commit or Support Terrorism, as in effect on the date hereof, or any similar list issued by OFAC or any other department or agency of the United States of America.

(xiii) Except for the Lease (as defined in Section 18 below) and the rights of Seller under the License Agreement, no person or entity has any right to occupy the Property from and after Closing.

(b) Purchaser, to induce Seller to enter into this Agreement and to sell the Property to Purchaser, represents, warrants and agrees with Seller, as follows:

(i) Purchaser is a limited liability company validly formed in the State of New Jersey. Purchaser has full power and authority to enter into this Agreement, to perform this Agreement, and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Purchaser have been duly and validly authorized by all necessary action on the part of Purchaser, and all required consents and approvals have been duly obtained and will not result in a breach of any of the terms or provisions of, or constitute a default under any indenture, agreement or instrument to which Purchaser is a party. This Agreement is a legal, valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms.

(ii) Purchaser is not a "foreign person" within the meaning of Section 1445(f) of the Internal Revenue Code of 1986, as amended.

(iii) Neither Purchaser, nor to the best of Purchaser's knowledge, person or entity holding legal or beneficial interest whatsoever (whether directly or indirectly) in it, is named on any list of persons, entities and governments issued by the Office of Foreign Assets Control of the United States Department of the Treasury pursuant to Executive Order 13224-Blocking Property and Prohibiting Transactions with Persons who Commit, Threaten to Commit or Support Terrorism, as in effect on the date hereof, or any similar list issued by OFAC or any other department or agency of the United States of America.

13. DUE DILIGENCE INVESTIGATIONS. For a period of forty-five (45) days following the Effective Date (the "Due Diligence Period"), Purchaser shall have the right to complete any and all inspections, surveys, investigations, tests and other due diligence inquiries with respect to and of the Property and the structures and improvements located thereon, including, but not limited to, all physical, environmental and other investigations, tests and studies that Purchaser deems necessary or desirable, in Purchaser's sole discretion (subject to the limitations and provisions of Section 8 above), including, but not limited to a Phase I environmental study of the Property and to determine if the Property are acceptable to Purchase in Purchaser's sole determination. Prior to the Effective Date, Seller, through the Seller Broker (as defined below) has provided Purchaser with access to those materials and documents identified on Exhibit "E" attached hereto and incorporated herein by this reference (collectively, "Seller's Deliveries"), which Seller Deliveries represent all documents and materials in Seller's possession with respect to the ownership and operation of the Property. Seller makes no representation, warranty or covenant as to the completeness or content of the Seller Deliveries nor that Purchaser shall have any right to rely thereon except as specifically set forth in any specific Seller Delivery. Purchaser shall determine during the Due Diligence Period what, if any service contracts Purchaser desires to continue in force and effect from and after the end of the License Period and shall inform Purchaser of the same in writing within ten (10) days after the end of the Due Diligence Period. If Purchaser determines, in Purchaser's sole and absolute discretion, that the Property or any part thereof are not acceptable to Purchaser, Purchaser, at Purchaser's sole option, may either (i) notify Seller of the failure of this condition and of Purchaser's election to terminate this Agreement, whereupon this Agreement shall become null and void, or (ii) waive this condition whereupon the parties hereto shall proceed to Closing. If

Purchaser terminates this Agreement pursuant to this Section 13, the Deposit, plus all interest accrued thereon shall be returned to Purchaser, all copies of this Agreement shall be returned to Seller and thereafter, neither party shall have any further liability hereunder, except for those obligations that specifically survive the termination of this Agreement.

14. NOTICES. All notices, statements, demands, requests, consents, communications and certificates from either party hereto to the other shall be made in writing and sent by personal delivery, email or by nationally recognized overnight courier service, provided however, any notice with a legal effect delivered electronically shall immediately be followed by overnight courier for receipt the next day. addressed as set forth in the preamble to this Agreement, or such other addresses or entities either party hereto may from time to time direct by service of notice on the other party as provided above. Copies of all notices to Seller shall be delivered to Seller's counsel, Barbara A. Casey, Esquire, Ballard Spahr LLP, 210 Lake Drive East, Suite 200, Cherry Hill, NJ 08002-1163, Telephone: 856-761-3430, Email: caseyb@ballardspahr.com; copies of all notices to Purchaser shall be delivered to Purchaser's counsel, Paul Kaufman, Esq., Kaufman, Semeraro & Leibman LP, Two Executive Drive, Suite 530, Fort Lee, NJ 07024, Telephone: 201-947-8855, E-mail: pkaufman@northjerseyattorneys.com. Any such notices, statements, demands, requests, consents, communications or certificates shall be deemed given upon receipt.

15. NO RECORDING. This Agreement shall not be lodged for recording in any place or office of public record; provided, however, that the filing or recording of this Agreement as part of any proceedings instituted in any court of proper jurisdiction to enforce the provisions of this Agreement shall not be deemed to be a breach of this Agreement.

16. ASSIGNMENT. Purchaser shall be permitted to assign this Agreement or any of its rights hereunder with the consent of Seller, which consent shall not be unreasonably withheld or delayed, provided, however, Purchaser shall have the right to assign its right to take title under this Agreement or to name nominees to take title to the Property so long as such assignee or nominee is an affiliate of Purchaser, without the prior consent of Seller. If in the event of any such permitted assignment, as a result of Seller's consent thereto or an assignment to an affiliate of Purchaser, Purchaser shall remain liable for all of Purchaser's obligations under this Agreement, including, but not limited to, all of Purchaser's obligations as licensor under the License Agreement.

17. BROKERAGE. Seller and Purchaser represent and warrant that each has not dealt with any broker, agent, finder or other intermediary in connection with the conveyance of the Property or this Agreement, except CBRE (the "Seller Broker") and Realty Associates, Inc., for whose commissions Seller shall be solely liable pursuant to a separate agreement. Such commissions shall be payable only if, as and when Closing is completed hereunder. Seller and Purchaser agree to indemnify, defend and hold the other harmless of, from and against any damages, costs, claims, losses or liabilities whatsoever (including reasonable attorney's fees, expenses and court costs) arising from any breach by the other of the foregoing warranties, representations and agreements.

18. SELLER RIGHT TO OCCUPY THE PROPERTY POST-CLOSING. Notwithstanding anything contained in this Agreement to the contrary, at Closing, Seller and Purchaser shall enter into the license agreement (the "License Agreement") in the form attached here to as Exhibit "D", pursuant to which Seller shall have the right to continue to occupy, and to permit the current tenant under the Lease identified on Exhibit "B" attached hereto and any affiliate of Seller occupying any portion of the Property on the Effective Date, all as "sublicensees" of Seller, to occupy, the Property for the period (the "License Period") from the date of Closing through the last day of the calendar month in which the sixth (6th) month anniversary of the date of Closing occurs, at a fee equal to $12.00 per square foot per year ($42,600.00 per month), pro-rated for any partial month, and subject to the other terms of the License Agreement. All rent, fees and other income paid by any sublicensee during the License Period, including all rent from the tenant under the Lease, shall be the sole income of Seller. Purchaser acknowledges that pursuant to this Section 18, the Lease will continue in full force and effect for the same duration as the License Agreement, with Seller performing all obligations of landlord under such Lease for the benefit of such tenant, and all rent under such Lease being paid to Seller. In no event shall the Lease extend beyond, nor shall Seller or any tenant under the Lease, or any affiliate of Seller now occupying the Property, occupy the Property beyond the License Period. The terms of this Section 18 shall survive completion of Closing under this Agreement.

19. OFAC. Purchaser, and all beneficial owners of Purchaser, are currently (a) in compliance with and shall at all times during the term of this Agreement remain in compliance with the regulations of the Office of Foreign Assets Control ("OFAC") of the U.S. Department of Treasury and any statute, executive order, or regulation relating thereto (collectively, the "OFAC Rules"), (b) not listed on, and shall not during the term of this Agreement be listed on, the Specially Designated Nationals and Blocked Persons List maintained by OFAC and/or on any other similar list maintained by OFAC or other governmental authority pursuant to any authorizing statute, executive order, or regulation, and (c) not a person or entity with whom a U.S. person is prohibited from conducting business under the OFAC Rules.

20. BULK SALE COMPLIANCE. Purchaser shall submit to the New Jersey Division of Taxation ("Taxation") a notice of bulk transfer seeking a tax lien waiver or clearance certificate or letter ("Clearance Certificate") with respect to Seller's sale in bulk of its assets, including all real and personal property, included in the Property. Purchaser shall complete Form C-9600, 10-99, R-6 Notification Of Sale, Transfer, Or Assignment In Bulk (or the current version thereof required by Taxation) (the "Clearance Certificate Application") and file the same, along with a copy of this Agreement, Seller's Asset Transfer Tax Affidavit and all other required materials, documents and information, with Taxation no later than twenty (20) calendar days prior to the date of Closing. Seller shall complete the Asset Transfer Tax Affidavit and provide an original of the same to Purchaser in sufficient time for Purchaser to include such document with the Clearance Certificate Application. As provided under law, Taxation is required to notify Purchaser in writing within ten (10) days after receipt of the Clearance Certificate Application either (a) that Seller has no outstanding tax liability to the State of New Jersey and the State of New Jersey will not impose on Purchaser any liability for the taxes of Seller (a "Clearance Certificate") or (b) the amount, if any, that Purchaser is to escrow at Closing in the event that a Clearance Certificate is not issued before Closing (the "Initial Notice"). Purchaser will provide to Seller a copy of the Clearance Certificate or the Initial

Notice, as applicable, upon receipt. If an Initial Notice is issued by Taxation and Seller is unable to work with Taxation to obtain the Clearance Certificate prior to the Closing Date, at Closing the amount of escrow required by Taxation as set forth in the Initial Notice, or any modification thereof issued by Taxation prior to Closing, shall be held in escrow by Escrow Agent until Seller and Purchaser receive the Clearance Certificate pursuant to the Bulk Sale Escrow Agreement. Seller, Purchaser and Escrow Agent shall comply with all written instructions received from Taxation. Purchaser will provide Seller with a copy of the Clearance Certificate Application simultaneously with filing the same with Taxation. Seller's New jersey Tax Identification Number is 22-3659199. The provisions of this Section shall survive the Closing.

21. AS-IS WHERE-IS SALE. Notwithstanding anything contained in this Agreement to the contrary, Purchaser is purchasing the Property in its "as-is" and "where-is" condition, including, but not limited to, the "as-is" condition of the roof, structure, windows, parking lot (condition, design and number of parking spaces), the plumbing, electrical system and wiring, HVAC system, loading docks, loading dock doors and platforms, and any and all other improvements located on the Property. **THE SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WHATSOEVER, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PURPOSE, WITH RESPECT TO THE PROPERTY OR ANY STRUCTURES OR IMPROVEMENTS ON THE PREMISES OR INCLUDED THEREIN.**

22. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of Seller and Purchaser and their respective heirs, personal representatives, successors and assigns.

23. ENTIRE AGREEMENT. This is the entire agreement between the parties hereto regarding the transaction contemplated hereby and there are no other terms, covenants, conditions, warranties, representations or statements, oral or otherwise, of any kind whatsoever. Any agreement hereafter made shall be ineffective to change, modify, discharge or effect an abandonment of this Agreement in whole or in part unless such agreement is in writing and signed by the party against whom enforcement of the change, modification, discharge or abandonment is sought.

24. GOVERNING LAW. This Agreement shall be construed, interpreted and governed by the laws of the State of New Jersey, without regard to principles of conflicts of laws. Any litigation arising out of this Agreement shall be brought in the Superior Court of New Jersey, Bergen County vicinage and the parties agree to submit to the jurisdiction of said Court.

25. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be an original, and such counterparts together shall constitute one and the same instrument.

27. WAIVER OF CONDITIONS. Purchaser and Seller shall have the right, in the sole and absolute discretion, to waive any of the terms of this Agreement which are strictly for their respective benefits and to close title in accordance with the terms and conditions hereof which have not been so waived. Unless otherwise specifically provided herein, any such waiver shall be effective and binding only if made in writing and delivered at or prior to Closing. No

waiver by either party or any failure or refusal by the other party to comply with its obligations hereunder shall be deemed a waiver of any other or subsequent failure or refusal by the other party to so comply.

26. SEVERABILITY. The terms, conditions, covenants and provisions of this Agreement shall be deemed to be severable. If any clause or provision of this Agreement shall be deemed to be invalid or unenforceable by a Court of competent jurisdiction or by operation of any applicable law, the same shall be deemed to be severable and shall not affect the validity of any other clause or provision herein, but such other clauses or provisions shall remain in full force and effect.

[SIGNATURES ARE ON THE NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, under seal, as of the day and year first-above written.

PURCHASER:

AEA ACQUISITIONS, LLC

By: ________________
Name: Richard LaBarbiera
Title: Manager

SELLER:

WWL REALTY AMERICAS LLC

By: ________________
Name: Roy Fitzgerald
Title: President

EXHIBIT "A"

Description of Property

ALL that certain tract, lot and parcel of land lying and being in the Borough of Woodcliff Lake County of Bergen and State of New Jersey, being more particularly described as follows

TRACT I
BEGINNING AT A POINT IN THE EASTERLY LINE OF BROADWAY (50.00 FEET WIDE) SAID POINT BEING DISTANT 253.18 FEET ON A BEARING OF NORTH 7 DEGREES 30 MINUTES 40 SECONDS EAST FROM THE INTERSECTION FORMED BY THE SAID EASTERLY LINE OF BROADWAY WITH THE NORTHERLY LINE OF PROSPECT AVENUE (60.00 FEET WIDE) AND RUNNING THENCE:

1) NORTH 7 DEGREES 30 MINUTES 40 SECONDS EAST 207.29 FEET ALONG THE EASTERLY LINE OF BROADWAY TO A BEND POINT IN SAME; THENCE
2) NORTH 18 DEGREES 05 MINUTES 10 SECONDS EAST 118.52 FEET ALONG THE SAME TO A POINT IN THE SOUTHERLY LINE OF LANDS NOW OR FORMERLY OF G.N. ACKERMAN; THENCE
3) NORTH 89 DEGREES 23 MINUTES 10 SECONDS EAST 448.31 FEET ALONG THE SAME TO A POINT; THENCE
4) SOUTH 2 DEGREES 16 MINUTES 30 SECONDS WEST 340.17 FEET TO A POINT; THENCE
5) NORTH 88 DEGREES 03 MINUTES 20 SECONDS WEST 498.98 FEET TO A POINT IN THE AFOREMENTIONED EASTERLY LINE OF BROADWAY AND TO THE POINT OR PLACE OF BEGINNING.

TRACT II
BEGINNING AT A POINT IN THE WESTERLY LINE OF BROADWAY (50.00 FEET WIDE) SAID POINT BEING DISTANT 284.35 FEET ON A BEARING OF NORTH 7 DEGREES 30 MINUTES 40 SECONDS EAST FROM THE INTERSECTION FORMED BY THE SAME WITH THE CENTERLINE OF PROSPECT AVENUE PRODUCED WESTERLY AND RUNNING THENCE:

1) NORTH 7 DEGREES 30 MINUTES 40 SECOND EAST 216.58 FEET ALONG THE WESTERLY LINE OF BROADWAY TO A BEND POINT IN SAME; THENCE
2) NORTH 18 DEGREES 05 MINUTES 10 SECONDS EAST 106.23 FEET ALONG THE SAME TO A POINT; THENCE
3) SOUTH 89 DEGREES 23 MINUTES 10 SECONDS WEST 0.18 FEET TO A POINT IN THE EASTERLY LINE OF ERIE LACKAWANNA RAILROAD; THENCE
4) SOUTH 19 DEGREES 37 MINUTES 40 SECONDS WEST 333.33 FEET ALONG THE SAME TO A POINT; THENCE
5) SOUTH 88 DEGREES 03 MINUTES 20 SECONDS EAST 50.85 FEET TO A POINT IN THE AFOREMENTIONED WESTERLY LINE OF BROADWAY AND TO THE POINT OR PLACE OF BEGINNING.

BEING FURTHER DESCRIBED IN ACCORDANCE WITH A SURVEY PREPARED BY RAIMONDI ASSOCIATES DATED MAY 4, 1984 AS FOLLOWS:

TRACT ONE:
BEGINNING AT A POINT IN THE EASTERLY LINE OF BROADWAY, SAID POINT BEING A DISTANCE OF 253.18 FEET NORTHERLY FROM THE INTERSECTION OF THE FORMER NORTHERLY LINE OF PROSPECT AVENUE WITH THE FORMER EASTERLY LINE OF BROADWAY AND RUNNING THENCE: (1) NORTH 7 DEGREES 30 MINUTES 40 SECONDS EAST A DISTANCE OF 207.29 FEET, ALONG THE EASTERLY LINE OF BROADWAY, TO A POINT; THENCE (2) CONTINUING ALONG THE EASTERLY LINE OF BROADWAY, NORTH 18 DEGREES 05 MINUTES 10 SECONDS EAST A DISTANCE OF 118.52 FEET TO A POINT; THENCE (3) NORTH 89 DEGREES 23 MINUTES 10 SECONDS EAST A DISTANCE OF 447.30 FEET TO A POINT; THENCE (4) SOUTH 2 DEGREES 05 MINUTES 44 SECONDS WEST A DISTANCE OF 338.15 FEET TO A POINT; THENCE (5) SOUTH 7 DEGREES 56 MINUTES 54 SECONDS WEST A DISTANCE OF 1.78 FEET TO A POINT; THENCE (6) NORTH 88 DEGREES 03 MINUTES 55 SECONDS WEST A DISTANCE OF 498.80 FEET TO A POINT IN THE EASTERLY LINE OF BROADWAY AND BEING THE POINT OR PLACE OF BEGINNING.

BK 8265 PG 365

Exhibit "A"- 1

TRACT TWO:
BEGINNING AT A POINT IN THE WESTERLY LINE OF BROADWAY (FORMERLY SUMMIT AVENUE), BEING TWENTY-FIVE FEET (25') WESTERLY FROM THE ORIGINAL CENTER LINE OF BROADWAY AND PARALLEL THEREWITH, DISTANT TWO HUNDRED EIGHTY-FOUR AND THIRTY-FIVE HUNDREDTHS FEET (284.35') NORTHERLY FROM THE INTERSECTION OF SAID WESTERLY LINE OF BROADWAY WITH THE ORIGINAL CENTER LINE OF PROSPECT AVENUE (IF PRODUCED WESTERLY), AND RUNNING THENCE: (1) ALONG THE WESTERLY LINE OF BROADWAY, NORTH 7 DEGREES 30 MINUTES 40 SECONDS EAST TWO HUNDRED SIXTEEN AND FIFTY-NINE HUNDREDTHS FEET (216.59'); THENCE (2) STILL ALONG THE WESTERLY LINE OF BROADWAY, NORTH 18 DEGREES 05 MINUTES 10 SECONDS EAST ONE HUNDRED SIX AND TWENTY-THREE HUNDREDTHS FEET (106.23') TO A POINT IN THE SOUTHERLY LINE OF LANDS FORMERLY OF G.H. ACKERMAN; THENCE (3) ALONG LANDS FORMERLY OF G.H. ACKERMAN, SOUTH 89 DEGREES 23 MINUTE 10 SECONDS WEST EIGHTEEN HUNDREDTHS OF A FOOT (0.18') TO A POINT IN THE EASTERLY LINE OF THE RIGHT OF WAY OF THE NEW JERSEY AND NEW YORK RAILROAD CO.; THENCE (4) ALONG THE EASTERLY LINE OF SAID RIGHT OF WAY, SOUTH 19 DEGREES 37 MINUTES 40 SECONDS WEST THREE HUNDRED THIRTY-THREE AND THIRTY-THREE HUNDREDTHS FEET (333.33'); THENCE (5) SOUTH 88 DEGREES 03 MINUTES 20 SECONDS EAST FIFTY AND EIGHTY-FIVE HUNDREDTHS FEET (50.85') TO THE PLACE OF BEGINNING.

FOR INFORMATION ONLY, TRACT I IS KNOWN AS BLOCK 2701 LOT 3 AND TRACT II IS KNOWN AS BLOCK 2406 LOT 1 ON THE CURRENT ASSESSMENT MAP OF WOODCLIFF LAKE.

BEING the same premises conveyed to Wallenius Holding, Inc., a Delaware Corporation, by deed from Wallenius Lines North America, Inc. (formerly known as Wallenius Motorships, Inc.), a Delaware Corporation, dated May 26, 1993 and recorded June 10, 1993 in Book 7609 at Page 155 in the Bergen County Clerk's Office.

EXHIBIT "B"

Leases

1. Lease Agreement effective April 20, 2011, by and between WWL Realty Americas, LLC, as Landlord, and CSC Management, LLC, a New Jersey limited liability company, as Tenant, which term expired June 30, 2021, for approximately 2,472 square feet of space on the first floor of the Building located on the Property.

EXHIBIT "C"

Bulk Sale Escrow Agreement

THIS BULK SALES ESCROW AGREEMENT (this "Escrow Agreement") is entered into as of this _____ day of ________, 20___, by and among ______________________________ ("Escrow Agent"), **WWL Realty Americas LLC**, a ________ limited liability company ("Seller"), and ______________________________ ("Purchaser").

WITNESSETH:

A. Seller and Purchaser are parties to that certain Agreement for the Sale of Real Estate, dated ______________, as amended (collectively the "Agreement"); and

B. The Agreement obligates Seller, if required by the State of New Jersey, to deposit with Escrow Agent the Escrowed Funds (defined below) to secure Seller's payment of certain taxes, if any, payable to the State of New Jersey; and

C. Purchaser and Seller have requested Escrow Agent to act as escrow agent and to hold and disburse the Escrowed Funds in accordance with the terms and provisions of this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and intending to legally bind itself and its successors, transferees and assigns, the parties hereby agree as follows:

AGREEMENTS:

1. Escrowed Funds. As of the date hereof, Seller has deposited $____________.00 with Escrow Agent (the "Escrowed Funds").

2. Deposit of Escrowed Funds. The parties agree that the Escrowed Funds shall be held by Escrow Agent and shall be disposed of only in strict accordance with the provisions of this Escrow Agreement. The Escrowed Funds shall be deposited in a non-interest-bearing account at a national banking association.

3. Release of Escrowed Funds. Escrow Agent shall disburse the Escrowed Funds as follows:

(a) Within two (2) business days after Escrow Agent's receipt of a written notice from the New Jersey Division of Taxation (the "Division") demanding payment from the Escrowed Funds to cover Seller's state tax debts and/or payment of Seller's declared estimated tax on the gain from the sale of the Property (as defined in the Agreement), Escrow Agent shall remit such payment to the State of New Jersey in accordance with the terms of such written notice.

(b) Within two (2) business days after Escrow Agent's receipt of the clearance certificate indicating that the State will not make a claim against Purchaser from Seller's taxes or receipt of a comparable letter from the Division authorizing the release of the Escrowed Funds, or the remaining balance thereof, Escrow Agent shall deliver to Seller one hundred percent (100%) of the Escrowed Funds then held by Escrow Agent.

(c) Escrow Agent shall promptly deliver to Seller and Purchaser copies of all notices and other written communication relating to the Escrowed Funds and shall otherwise keep Seller and Purchaser informed of the status of the Escrowed Funds.

4. Notices. All notices given by any party hereunder shall be in writing and shall be deemed duly given (i) on the day delivered if delivered in person or (ii) on the first business day after prepaid deposit if delivered by overnight delivery service such as Federal Express, Emory Airfreight, Airborne Express, U.S. Postal Service Express Mail or other national overnight courier service. Any such notice is to be addressed to the appropriate party at the address set forth below (or such other address as the party might request in writing):

As to Escrow Agent:

As to Seller:

with a copy to:

And:

Barbara A. Casey, Esquire
Ballard Spahr LLP
210 Lake Drive East
Suite 200
Cherry Hill, NJ 08002-1163
Facsimile: 856-761-1020

EXHIBIT "D"

License Agreement

THIS LICENSE AGREEMENT ("License") is made and entered into as of __________, 2017, by and between the Licensor and Licensee hereinafter named.

1. **Definitions and Basic Provisions.**

(a) "Licensee": **WWL Realty Americas LLC**, a Delaware limited liability company (formerly known as Wallenius Wilhelmsen Lines Americas Realty, LLC)

(b) "Licensee Address": 188 Broadway, Woodcliff Lake Borough, Bergen County, New Jersey 07677.

(c) "Licensor": AEA Acquisitions LLC , a New Jersey limited liability company

(d) "Licensor Address": ____________________________________.

(e) "License Fee": $42,600.00 per month , based on a rate of $12.00 per square foot annually, pro-rated for any period of less than one calendar month on a per-day basis.

(f) "License Term": Beginning on ____________________[1] (the "Commencement Date"), and terminating on ____________________[2] (the "Termination Date"), unless sooner terminated in accordance with the terms set forth below. Licensee shall have access to the Premises commencing on the Commencement Date.

(g) "Permitted Use": Office, general administrative, and any other lawful use consistent with uses permitted by applicable zoning.

(h) "Premises": Approximately 42,600 square feet of the building located at 188 Broadway, Woodcliff Lakes Borough, Bergen County, New Jersey (the "Building"). Licensee accepts the Premises in its present "as is" condition.

2. **License.** Subject to and upon the terms herein set forth, Licensor grants to Licensee and Licensee accepts from Licensor a license to use and occupy the Premises on the terms herein set forth. Licensee acknowledges that no tenancy relationship is created by this License Agreement. Licensee shall also have the right to use, in common with others, the common lobbies, hallways, stairways, elevators, walkways and parking areas serving the Premises and the premises of other

[1] This will be the Closing Date.

[2] This will be the date that is the last day of the month in which the 6^{th} month anniversary of the Closing Date occurs.

tenants in the Building. Licensee shall have access to the Premises on a 24/7 basis and shall have the right to establish its own business hours, but such access shall be subject to the rules and regulations for the Building as set forth in Section 20.

3. **Services by Licensor**. Licensor agrees to furnish to Licensee during the License Term the following services.

(i) Water and sewer services.

(ii) Heat and air conditioning in season.

(iii) Gas and/or electric energy to the Premises reasonably adequate for the Permitted Use. Licensee shall pay for all consumption of electric and gas energy and all other utilities consumed at or within the Premises. Licensee agrees that its consumption of electric and gas energy in the Premises may at Licensor's election be submetered by Licensor or, if no submeter is installed, then Licensee shall pay its pro rata share of the consumption of electricity and gas in the Building, as reasonably allocated by Licensor. If no other occupants, Licensee's pro rata share of all utilities shall be 100%.

4. **License Fee**. Licensee shall pay the License Fee in advance on the first day of each month, without demand, deduction or set-off. Licensee shall make all payments due under this License by check payable to Licensor and delivered to Licensor at the address set forth above. Licensee shall not be obligated to make contributions toward Building real estate taxes.

5. **Transfer**. Licensee shall not assign, transfer or encumber this License or any interest therein or grant any license, concession or other right of occupancy of the Premises or any portion thereof or otherwise permit the use of the Premises or any portion thereof by any party other than Licensee (any of which events is hereunder called a "Transfer") without the prior written consent of Licensor, which consent may be withheld in Licensor's reasonable discretion. Licensor shall have the right to transfer and assign, in whole or in part, all of its interests, rights, and obligations hereunder and in the Building and the real estate associated therewith. Such transfers or assignments, howsoever made, are to be fully respected and recognized by Licensee. Any such transfer shall operate to release Licensor from liability under this License from and after the effective date thereof, except as it may relate to the period prior to such effective date. This License shall inure to the benefit of the Licensor and its successors and assigns, and upon the written consent of Licensor to such Transfer, to the benefits of the successors and assigns of Licensee.

6. **Indemnity, Liability and Loss or Damage**. Licensor shall not be liable to Licensee or Licensee's agents, employees, guests, invitees, or to any person claiming by, through or under Licensee for any injury to person, loss or damage to property, or for loss or damage to business, occasioned by or through the acts or omissions of Licensor or any other person, or by any other cause whatsoever except for Licensor's gross negligence or willful misconduct. To the extent Licensor is not prevented by law from contracting against such liability, Licensee shall indemnify Licensor, its principals, partners, members, agents, beneficiaries, and employees and save them harmless from all suits, actions, damages, liabilities, and expenses relating to the loss

of life, bodily or personal injury, or property damage arising from or out of any occurrence in, upon, at or about the Premises or Licensee's use and occupancy thereof except to the extent caused by the gross negligence or willful misconduct of any such party seeking indemnification hereunder. If Licensor shall, without fault on its part, be made a party to any action commenced by or against Licensee, Licensee shall protect and hold Licensor harmless and shall pay all of Licensor's costs and expenses associated therewith, including, without limitation, reasonable attorneys' fees. If the Building shall be so damaged by fire or other casualty that, in Licensor's reasonable judgment, substantial alteration or reconstruction of the Building shall be required, then Licensor may, at its option, terminate this License by notifying Licensee in writing of such termination within sixty (60) days after the date of such casualty. If the Premises has been so damaged by fire or other casualty that Licensee can no longer conduct its business in any portion of the Premises, then either party may, at its option, terminate this License by notifying the other party in writing of such termination within sixty (60) days after the date of such casualty. Any termination pursuant to this Section 7 shall be effective (i) as of the date of fire or casualty with respect to any portion of the Premises that was rendered untenantable, and (ii) as of the effective date of termination specified in Licensor's notice with respect to any portion of the Premises that remain tenantable and occupied by Licensee. If this License is not so terminated by either party, Licensor shall proceed with reasonable diligence to restore the Premises and the Building, and the License Fee shall abate from the date of the casualty.

7. **Insurance.**

(a) Insurance Coverage. Licensee, at its expense, shall maintain during the License Term commercial general liability insurance on an occurrence basis having limits of not less than \$1,000,000.00 per occurrence and \$2,000,000.00 in the aggregate for personal injury, bodily injury, death, disease and damage or injury to or destruction of property, and a policy of supplemental "umbrella" liability insurance having a limit of not less than \$5,000,000.00 under which Licensee is named as an insured and Licensor (and the holder of any mortgage on the Premises or Building, as set out in a notice from time to time), are named as additional insureds as their interests may appear.

(b) Improvements Coverage. Licensee, at its expense, shall maintain during the License Term so-called "special form" property insurance on a "replacement cost" basis with an agreed value endorsement covering all furniture, furnishings, fixtures and equipment and other personal property brought to the Premises by Licensee and anyone acting under Licensee and all improvements and betterments to the Premises performed at Licensee's expense.

(c) Worker's Compensation and Employer's Liability Insurance. Licensee shall carry worker's compensation insurance containing statutory limits covering Licensee's employees and business operations in the Premises and containing a waiver of subrogation against Licensor, as well as employer's liability insurance providing coverage of not less than one million dollars (\$1,000,000). Licensee shall submit to Licensor evidence of such coverage satisfactory to Licensor.

(d) Form of Insurance. All policies required to be obtained under this Section 7 shall contain a clause confirming that such policy and the coverage evidenced thereby shall be primary with respect to any insurance policies carried by Licensor and shall be obtained from responsible companies qualified to do business and in good standing in the Commonwealth of Pennsylvania that have ratings of not less than "A-" and of not less than "Class XI" in financial size in the most current available A.M. Best's Insurance Reports. A certificate of the insurer, certifying that such policy has been issued and paid in full, providing the coverage required by this Section 9 and containing provisions specified herein, shall be delivered to Licensor prior to the commencement of the term of this License and, upon renewals, not less than thirty (30) days prior to the expiration of such coverage. Each such policy shall be non-cancelable and not materially changed with respect to the interest of Licensor and its mortgagees without at least thirty (30) days' prior written notice thereto. Licensor may, at any time, and from time to time, inspect and/or copy any and all insurance policies required to be procured by Licensee hereunder.

(e) Insurance Violations. Licensee will not do, fail to do, suffer to be done, or keep or suffer to be kept anything in, upon or about the Premises which will violate the provisions of Licensor's policies insuring against loss or damage by fire or other hazards (including, but not limited to, public liability) or which would adversely affect Licensor's fire or liability insurance premium rating or which would increase premiums being paid by Licensor for any such coverage, or which would prevent Licensor from procuring such policies from companies acceptable to Licensor. If anything is done, omitted to be done or suffered to be done by Licensee, or kept or suffered to be kept in, upon or about the Premises which shall, by itself or in combination with other circumstances existing at the Property, cause the premium rate of fire or other insurance on the Premises or other property in the Building, with companies acceptable to Licensor, to be increased beyond the established rate fixed by the appropriate underwriters from time to time applicable to the Premises for use for the purpose permitted under this License, Licensee shall pay the amount of such increase. Licensee's payment of the amount of such increase shall not preclude or limit Licensor's ability to exercise its remedies under this License for a violation of Licensee's obligations set forth in the first sentence of this Section 7.5.

(f) Flammable Material. No unusually flammable or combustible material shall be kept by Licensee in or upon the Premises and no explosive material, high pressure steam generating equipment or similarly hazardous material or equipment shall be kept at the Premises except in deminimus quantities and in accordance with all applicable environmental laws.

8. **Waiver of Subrogation.** Licensor and Licensee hereby release each other from any and all liability or responsibility to each other or anyone claiming through or under them by way of subrogation or otherwise for any loss or damage to property covered by any fire and extended coverage insurance then in force, even if such fire or other casualty shall have been caused by the fault or negligence of the other party, or anyone for whom such party may be responsible. Licensor and Licensee shall each cause their respective insurers to include such a provision in their respective policies. During any period while the foregoing waivers of right of recovery are in effect, the party hereto as to whom such waivers are in effect shall look solely to the proceeds

of such policies to compensate itself for any loss occasioned by fire or other casualty which the party suffering such loss is required to insure against pursuant to the terms of this License.

9. **Alterations, Additions, Improvements**. Licensee shall not make alterations in or additions or improvements to the Premises without Licensor's express written consent.

10. **Liens by Licensee**. Licensee shall keep the Premises, the Building and the real estate of which the Building forms a part free from any liens arising out of any work performed by, materials furnished to, or obligations incurred by Licensee. .

11. **Repairs and Re-entry; Surrender**. Licensee, at Licensee's own cost and expense, shall keep the Premises in sound condition and good repair, and shall repair or replace any damage or injury done to the Building or any part thereof by Licensee or Licensee's employees, servants, agents, contractors or invitees. Licensor may, at its option and at its sole cost and expense, make such repairs or replacements or undertake work necessary to cause compliance with laws; provided, however, Licensee shall be solely responsible for any such repairs, replacements or work required as a direct result of Licensee's specific use of the Premises or Licensee's improvements to the Premises. Except for the foregoing obligations, Licensee shall have no obligation to make any repairs, alterations or replacements to the Premises or Building. Licensee will not commit or allow any waste or damage to be committed on any portion of the Premises. Licensee shall at termination of this License, by lapse of time or otherwise, remove all of Licensee's goods, effects and equipment and those of any other person claiming under Licensee from the Premises, deliver up said Premises to Licensor in as good condition as it was as of the date of possession (ordinary wear and tear and damage by casualty excepted) and Licensor shall have the right to re-enter and resume possession of the Premises whether or not the Premises have been vacated by Licensee. Goods, effects and equipment not removed by Licensee at the termination of this License shall be considered abandoned and Licensor may dispose of and/or store the same as it deems expedient, the cost thereof to be charged to Licensee and payable upon demand. This Section 14 shall survive termination of this License.

12. **Signage**. Licensee's existing signage on the Property at Commencement Date of this License Agreement may remain in its then current location through the term of this License Agreement.

13. **Notices**. All notices, requests, demands, consents, approvals or other communications to or upon the respective parties hereto shall be in writing and delivered by hand or by a nationally recognized courier service that provides a receipt for delivery such as Federal Express, United Parcel Service and shall be effective on the date delivered (or the first date such delivery is attempted and refused) in writing to the party to which such notice, request, demand, consent, approval or other communication is required or permitted to be given or made under this License, addressed to the respective addresses set forth in Section 1.

14. **Brokers**. Licensee represents and warrants to Licensor that it has dealt with no broker in connection with the consummation of this License, other than CBRE ("Licensee's Broker") and Realty Associates, Inc. ("Licensor's Broker"), and in the event of any brokerage claims or liens, other than by Licensee's Broker or Licensor's Broker, against Licensor or the Building

INSURABLE VALUE

Office Buildings - Section 15, Page 17 Class C Low-Cost to Average, manual dated November 2015.

Base Unit Cost New PSF			$91.48
Add Sprinklers		+	$3.00
Adjusted Base Unit Cost New PSF			$94.48
Current Cost Multiplier	1.04		
Height Multiplier	1.00		
Local Multiplier	x 1.31		
Total Multiplier		x	1.36
Adjusted Replacement Cost New PSF			$128.71
Area		x	42,600
Replacement Cost New			$5,483,163

Parking Basements - Section 14, Page 33, Class CDS Average, manual dated February 2016.

Base Unit Cost New PSF			$38.64
Add Sprinklers		+	$0.00
Adjusted Base Unit Cost PSF			$38.64
Current Cost Multiplier	1.04		
Local Multiplier	x 1.31		
Total Multiplier		x	1.36
Adjusted Replacement Cost New PSF			$52.64
Area		x	6,390
Replacement Cost New			$336,390
Total Replacement Cost New			$5,819,552

Exclusions		
Excavation	0.00%	$0.00
Foundations	3.30%	$192,045.23
Site Work	0%	$0.00
Site Improvements	0%	$0.00
Architect's Fees	6.40%	$372,451.35
Underground Piping	0%	$0.00
TOTAL EXCLUSIONS	9.70%	$564,497
Indicated Insurable Value		$5,255,056
Rounded:		**$5,300,000**

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:

- Craig Turner has personally inspected the property and prepared the analysis concerning the real estate that is the subject of this appraisal report.

- Joel Leitner, MAI, CRE has personally inspected the property 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 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.

- We 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 not performed 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 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 is currently certified under the continuing education program of the Appraisal Institute. Joel Leitner is certified by the State of New Jersey 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
Managing Director
State Certified General Appraiser #42RG00154500

____

Craig S. Turner
Senior Appraiser
(631) 428-1024
csturner@bbgres.com

QUALIFICATIONS

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

PROFILE

Joel is a Managing Director at BBG. He has over 30 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

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

Craig Turner
Senior Appraiser
Work: 631-428-1024
csturner@bbgres.com

PROFILE

Craig is a Senior Appraiser at BBG with over 24 years of experience in real estate valuation, investment analysis and consultation. Craig's experience includes appraisal and consulting services for a variety of mortgage lending, federal and local governmental entities, and private clients. Appraisal assignments have included multifamily apartment buildings, cooperative and condominium buildings, office buildings, shopping centers, religious facilities, ground lease interests, c-store/gasoline service stations, industrial buildings, subdivision developments, proposed construction, commercial, industrial and residential land, estate and divorce appraisals, conservation easements, partial interests, tax certiorari, market and rent studies, right-of-way (ROW), condemnation and eminent domain for public works projects.

Craig's real estate industry related jobs have included banking, property management and architectural firms including Greenpoint Savings Bank, Quadrangle Realty Services and Designer's Quad, Inc. Craig has valuation and consulting experience as a Senior Appraiser, Consultant and Analyst with global valuation firm Hilco Real Estate Appraisal, Inc. and national valuation firm Integra Realty Resources, Inc.; regional valuation firms in New York City, Long Island and the Hudson Valley including Pompeo & Mulle, Inc. and its successor Diversified Valuation, LLC (Brooklyn, Manhattan and Mineola, Long Island), Hubbell Realty Resources, Inc. (Poughkeepsie), RDNYC Corp. and RD Gernomio, Ltd. (Manhattan and Mineola, Long Island); and national engineering and management consulting firm Moreland Altobelli Associates, Inc. in Atlanta, GA. Management and ownership interests have included NYC Appraisals LLC, Real Property Consulting and Appraisal Analytics LLC. Craig is currently working towards completing the requirements for the MAI designation from the Appraisal Institute. Craig is also qualified and has testified as an expert witness in the Supreme Court of the State of New York, County of Kings

PROFESSIONAL AFFILIATIONS

NYS Certified General Appraiser - License #46000048260; NYS Qualified General Real Estate Appraiser Instructor
Previously licensed as a Certified General Appraiser in the States of Connecticut, Georgia and South Carolina

Hartford School of Insurance Designation (CLCS) - Commercial Lines Coverage Specialist; previously licensed as a Property and Casualty Insurance Agent and Adjuster

EDUCATION

Excelsior College, SUNY - B.A. History (currently enrolled); Hunter College, CUNY – History, Economics & Urban Studies
Technical Software: ARGUS Valuation-DCF Training certification; advanced skills in Microsoft Excel & Word

APPRAISAL COURSEWORK (Partial List)

Appraisal Institute - Apartment Appraisal: Concepts and Applications, National USPAP (15-Hour Course and 7-Hour Updates), Advanced Income Capitalization, Highest & Best Use and Market Analysis, Advanced Sales Comparison and Cost Approaches, Appraisal of Local Retail Properties, Analyzing Distressed Real Estate, Discounted Cash Flow Model: Concepts, Issues and Applications, Distressed Debt & Foreclosure, Real Estate Investing & Development: A Valuation Perspective, Practical Highest and Best Use, East Side, West Side, All Around Midtown, 9/11: World Trade Center Ten Years Later, and Business Practices and Ethics

New York University (NYU-Real Estate Institute), St. John's University and Long Island University, CW Post - Introduction to Income Capitalization, Principles of Income Property Appraising, Applied Income Capitalization, Hotel Investment and Valuation, Principles of Real Estate Appraising, Market Data Analysis, Narrative Report Writing and Income Capitalization (1-4 Family)

McKissock - Ad Valorem Tax Consultation, Expert Witness Testimony, Appraising and Analyzing Office Buildings for Mortgage Underwriting, Construction Details and Trends, Foundations in Sustainability: Greening the Real Estate and Appraisal Industries, Environmental Issues for Appraisers, Appraisal Applications of Regression Analysis, Land and Site Valuation, Advanced Hotel Appraising-Full Service Hotels, Appraisal of Land Subject to Ground Leases, and Appraisal of Self Storage Facilities

LICENSE

State Of New Jersey
New Jersey Office of the Attorney General
Division of Consumer Affairs

THIS IS TO CERTIFY THAT THE
Real Estate Appraisers Board

HAS CERTIFIED

JOEL LEITNER
Butler Burgher Inc.
8300 Douglas Avenue Suite 600
Dallas TX 75225

FOR PRACTICE IN NEW JERSEY AS A(N): Certified General Appraiser

11/21/2017 TO 12/31/2019
VALID

42RG00154500
LICENSE/REGISTRATION/CERTIFICATION #

Signature of Licensee/Registrant/Certificate Holder

ACTING DIRECTOR

IX. Appendix C: Newmark Report

RESEARCH Q2 2022

Northern New Jersey Office Market

Availability Begins to Trend Down

A flight-to-quality among office tenants, along with the continued repurposing of outdated stock, precipitated a decline in availability during the second quarter of 2022. The availability rate decreased from 26.3% to 25.7% over the past three months, marking its lowest rate in over a year, although a significant decline would be needed to reach the pre-pandemic rate of 21.8%. Overall asking rents showed little change, growing by 0.8% to $30.21/SF over the past year, with premier buildings recording the steepest rent increases.

Major Leases Signed at Upgraded Buildings

Recently renovated buildings captured a large share of deal volume, validating investments by landlords in new amenities and modern features. PTC Therapeutics signed the largest lease year-to-date, taking two full buildings totaling 360,000 square feet at Warren Corporate Center. Following a repositioning by the current owners, the campus now includes a 20,000-square-foot building dedicated to amenities including dining and fitness options, an outdoor amphitheater, and a basketball court. Another biopharma company, Gilead Sciences, signed a lease for 96,392 square feet at 369 Interpace Pkwy. in Parsippany. The building is part of the recently upgraded and rebranded Latitude campus, which includes multiple cafes and fitness centers, courtyards

Current Conditions

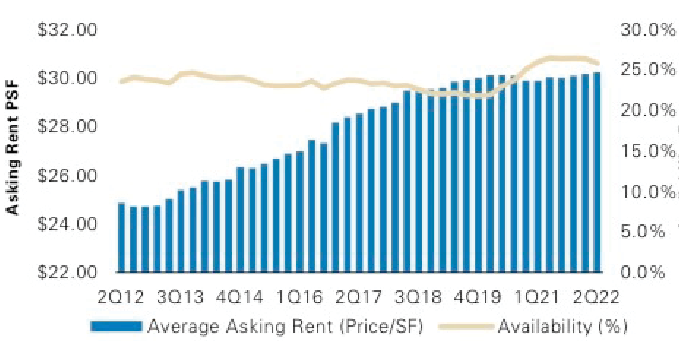
- Availability is beginning to drop, falling from 26.3% to 25.7% over the quarter.
- Several large deals at renovated buildings and demand from the life sciences sector drove 619,067 square feet of positive net absorption.
- Demolitions and conversions to alternative uses are helping to reduce oversupply of outdated stock.

Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	166.1M	166.8M	167.3M	↓
Availability Rate	25.7%	26.3%	26.4%	↓
Quarterly Net Absorption (SF)	619,067	-86,151	-772,833	↔
Average Asking Rent PSF	$30.21	$30.15	$30.01	↔
Under Construction (SF)	240,350	121,000	121,000	↓
Deliveries	0	0	177,000	↑

Market Analysis

ASKING RENT AND AVAILABILITY RATE



NET ABSORPTION

NEWMARK

and a new glass atrium joining the east and west buildings that features a bicoastal theme. Financial services giant Morgan Stanley signed a lease for 120,000 square feet at 340 Mount Kemble Ave. in Morristown, which previously underwent a multimillion-dollar capital improvement. This deal was offset by CIT Group putting 200,000 square feet back on the market for sublease at the same building.

Other large new availabilities included a 116,000-square-foot sublet with Verisk in Jersey City, along with 95,000 square feet listed for sublease with Teva Pharmaceuticals in Parsippany. The amount of sublease space available in Northern New Jersey was stable near a record high of 8.8 million square feet over the past three months. Despite improved leasing activity, stubbornly high sublet availability tied to remote and hybrid work will likely continue to weigh on the market.

Life Sciences Firms Drive Demand

In addition to deals by PTC Therapeutics and Gilead, other notable leases were signed by life sciences firms during the second quarter of 2022. The sector was the leading driver of activity in a quarter that saw 1.9 million square feet of leasing volume, the second-highest total since the pandemic began. In Bridgewater, Cellares Inc. signed a lease for 118,000 square feet for an entire building at 95 Corporate Dr., while Repligen signed a 57,000-square-foot renewal and expansion at 685 Route 202/206. The deals contributed to more than 700,000 square feet of positive quarterly absorption in Somerset/I-78, by far the most of any submarket, bringing availability down from 33.4% to 29.2%. The Princeton area also benefited from Kyowa Kirin taking 78,000 square feet in West Windsor, while Embecta's lease for 55,000 square feet contributed to positive momentum in Parsippany. New leasing activity year-to-date in Parsippany/Route 10 totals nearly 240,000 square feet, a 133.0% increase from the same period last year. New Jersey's abundance of elite research institutions and STEM professionals will continue to be a draw for biotech and pharmaceutical occupiers, strengthening office demand.

Demolitions Help Lower Availability

As a flight to quality and widespread remote work persist, owners are turning to other uses for largely empty Class B and C office buildings. During the second quarter of 2022, more than 700,000 square feet was demolished or removed from the inventory. The most significant contributor to this total was Lanidex Plaza in Parsippany, where four vacant buildings were razed to make room for 275 multi-family units and retail space. Three more buildings are scheduled to be demolished as part of the ongoing redevelopment. The Parsippany/Route 10 submarket's high availability rate of 35.6% is beginning to trend down as a result of Class A demand and the repurposing of outdated buildings.

Leasing volume will continue to be concentrated in the highest-quality buildings as tenants prioritize flexibility and vibrant workspaces for employees in a competitive labor market. Savvy owners that expand amenity offerings and concessions packages will likely have the easiest time filling their offices in the near term. The improving quality of the inventory is expected to help lower availability as aging buildings are either renovated and leased up or sold for redevelopment.

Lease/User Transactions

Tenant	Building	Submarket	Type	Square Feet
PTC Therapeutics	400, 500 Warren Corporate Center Drive	Somerset/I-78	Direct Lease	360,000
Morgan Stanley	340 Mount Kemble Avenue	Morristown Area	Direct Lease	120,000
Cellares Inc	95 Corporate Drive	Somerset/I-78	Direct Lease	118,208
Red Bank Veterinary Hospital	100 Schultz Drive	Monmouth	Direct Lease	100,000
Gilead Sciences	369 Interpace Parkway	Parsippany/Route 10	Direct Lease	96,392

Select Sales Transactions

Building	Submarket	Sale Price	Price/SF	Square Feet
200 Metro Boulevard	Route 46/Wayne	$129,300,000	$389	332,000
700 US Highway 202/206	Somerset/I-78	$39,000,000	$271	143,869
25 Hanover Road	Morristown Area	$24,500,000	$186	131,579
427-429 Bloomfield Avenue	Essex West/I-280	$18,000,000	$554	32,498

Submarket Statistics

	Total Inventory (SF)	Under Construction (SF)	Total Availability Rate	Quarter Absorption (SF)	YTD Absorption (SF)	Class A Asking Rent (Price/SF)	Class B Asking Rent (Price/SF)
Northern NJ	**97,613,059**	**240,350**	**25.9%**	**-160,283**	**-130,421**	**$35.07**	**$24.68**
Bergen Central	9,290,591	0	17.2%	45,384	71,500	$33.03	$24.79
Bergen East	4,863,951	0	20.5%	-88,648	-66,918	$20.13	$27.67
Bergen North	4,852,427	0	34.0%	-23,768	-846	$26.31	$22.80
Essex West/I-280	4,402,158	0	25.4%	-9,472	-107,046	$28.03	$25.88
Hudson Waterfront	21,336,852	0	22.2%	40,982	289,762	$44.69	$41.78
Meadowlands	5,456,004	0	26.3%	-16,932	24,204	$30.25	$24.84
Morris West/I-80	1,451,078	0	24.5%	-17,218	-21,556	$23.86	$18.47
Morristown Area	11,911,384	240,350	29.3%	-108,989	-310,061	$32.25	$26.18
Newark	12,240,029	0	25.7%	-18,719	-7,943	$35.37	$24.48
Parsippany/Route 10	12,356,440	0	35.6%	79,529	83,098	$31.53	$23.49
Route 46/Wayne	7,657,121	0	26.2%	-54,469	-88,095	$25.22	$20.15
Short Hills/Route 24	1,795,024	0	21.1%	12,037	3,480	$47.50	$35.66
Central NJ	**68,474,660**	**0**	**25.5%**	**779,350**	**663,337**	**$31.41**	**$23.21**
Hunterdon/I-78	2,610,155	0	47.7%	-15,350	36,581	$20.00	$17.09
MetroPark/GSP	6,150,359	0	21.8%	-82,656	35,457	$39.51	$29.40
Monmouth	10,292,815	0	19.9%	163,212	3,604	$30.49	$21.17
Piscataway/I-287 South	9,221,516	0	26.0%	-58,490	-115,866	$22.77	$20.29
Princeton Area	17,697,601	0	24.4%	41,582	25,938	$32.57	$24.26
Route 18/8A Middlesex	2,864,079	0	17.3%	24,196	14,212	$30.62	$25.76
Somerset/I-78	16,533,212	0	29.2%	706,504	642,567	$31.20	$23.87
Union Area	3,104,923	0	24.8%	352	20,844	$31.64	$24.64
Northern/Central NJ	**166,087,719**	**240,350**	**25.7%**	**619,067**	**532,916**	**$33.89**	**$24.02**

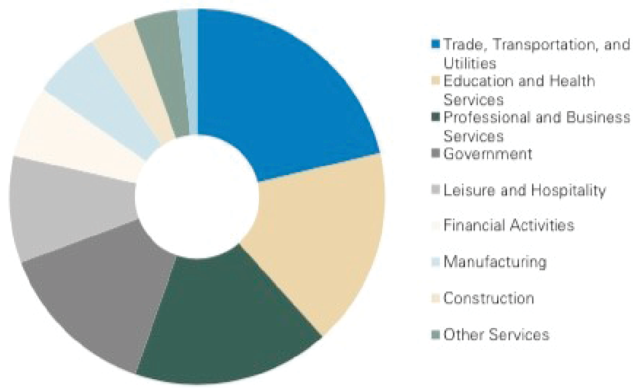
Economic Conditions

New Jersey's labor market continues towards recovery, with total employment up 5.1% year-over-year, bringing unemployment down to 3.9%. While more people are back at work, inflation continues to rise to unprecedented levels. Regional CPI sits at 6.3%, up from 3.2% seen this time last year. Despite the spike, this remains below the national average of 8.6%, the highest point in nearly 40 years.

With inflation on the rise, new office space buildouts continue to be a challenge. Construction material costs have increased by 28.0% since last year, with lumber, copper and steel seeing the largest increases. Despite rising costs, COVID-19 has receded in many parts of the country, including New Jersey, leading to optimism for the office market. As more employees return in-person, desire for office space will likely grow in the second half of 2022.

Employment By Industry

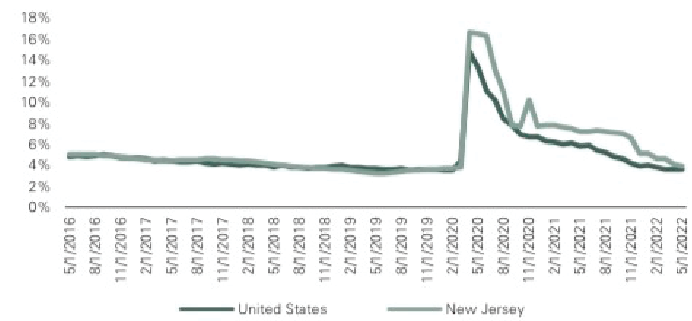
NEW JERSEY, ANNUAL AVERAGE 2022



Source: Source: U.S. Bureau of Labor Statistics

Unemployment Rate

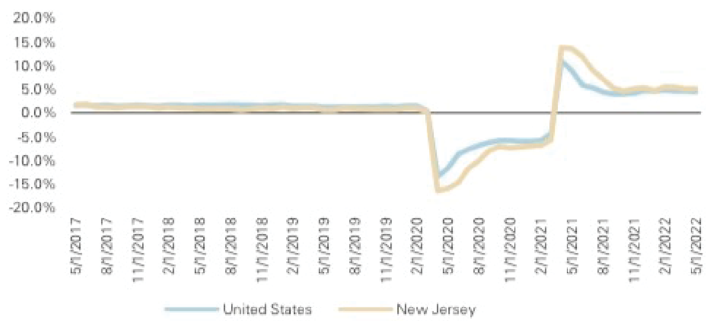
SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

Payroll Employment

TOTAL NONFARM, NOT SEASONALLY ADJUSTED, 12-MO. % CHANGE



Source: U.S. Bureau of Labor Statistics

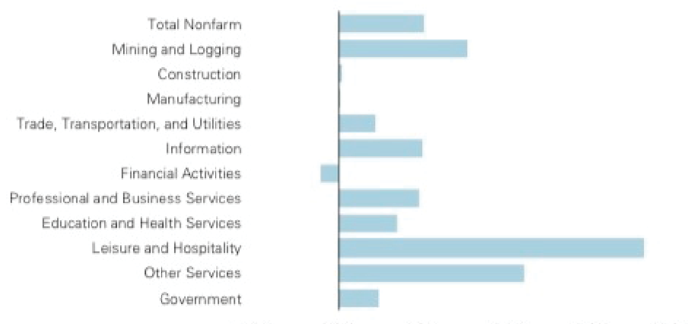
Consumer Price Index (CPI)

ALL ITEMS, 12-MO. % CHANGE, NOT SEASONALLY ADJUSTED

Source: U.S. Bureau of Labor Statistics

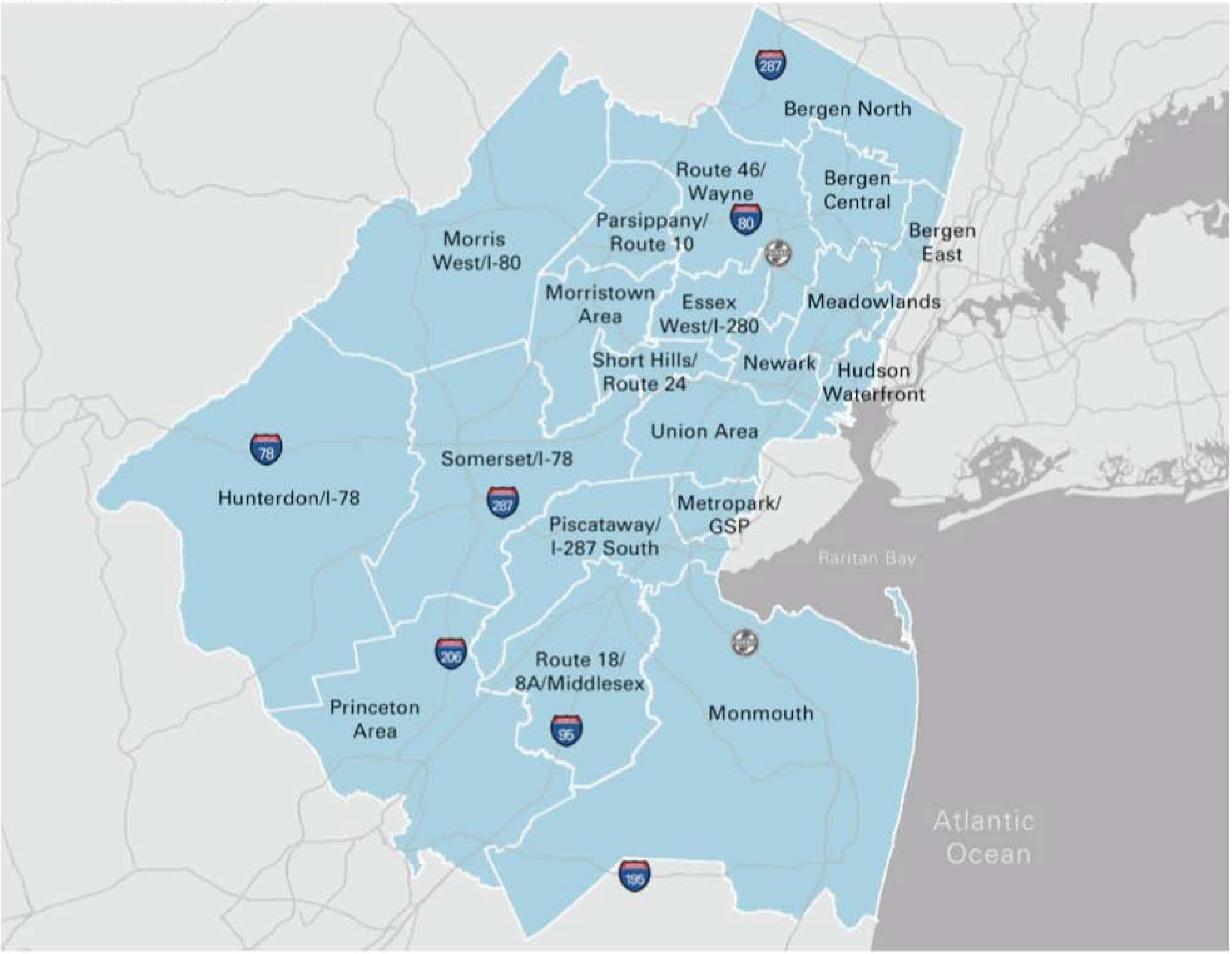
Employment Growth By Industry

NJ, MAY 2022, 12-MO. % CHANGE, NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

Northern NJ Office Submarkets



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Suite 2201
East Brunswick, NJ 08861
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Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/research.

NEWMARK

X. Appendix D: Harvard Business Review Report

Harvard
Business
Review

Workspaces Design

Why Companies Aren't Cutting Back on Office Space

by Jose Maria Barrero, Nicholas Bloom, and Steven J. Davis

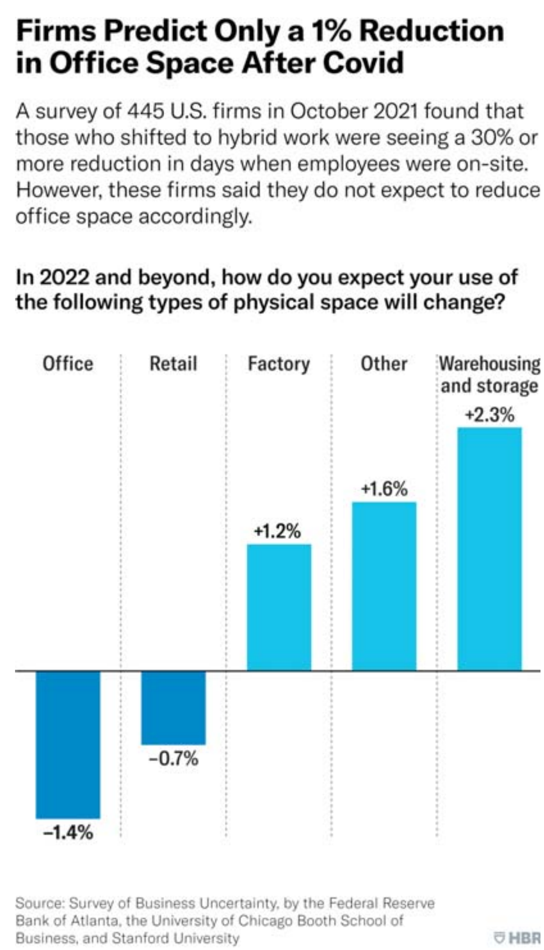
January 25, 2022

Thomas Barwick/Getty Images

Summary. As knowledge workers have shifted to hybrid, we're not seeing an equivalent drop in demand for office space. New survey data suggests cuts in office space of 1% to 2% on average. There are three trends driving this: 1) Workers are uncomfortable with density, and the... **more**

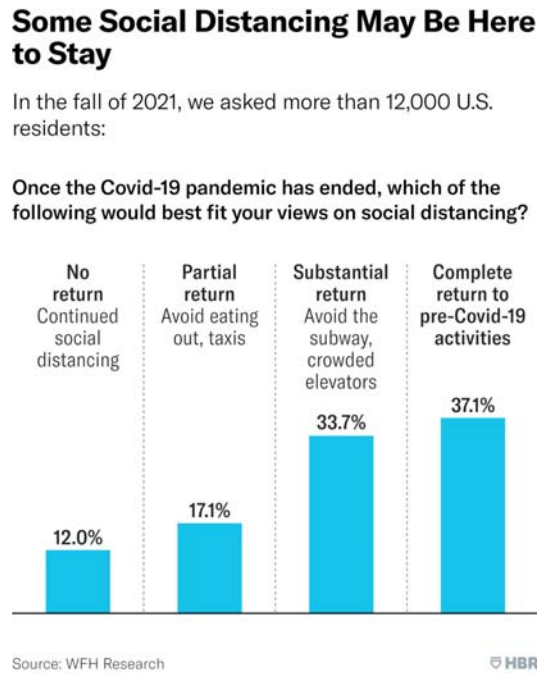
In our monthly surveys of 5,000 American workers and 500 U.S. employers, and in our numerous conversations with managers, a huge shift to hybrid work is abundantly clear for office and knowledge workers. An emerging norm is three days a week in the office and two at home, cutting days on site by 30% or more.

You might think this cutback would bring a huge drop in the demand for office space. But our survey data suggests cuts in office space of 1% to 2% on average, implying big reductions in density not space. We see three reasons for this.



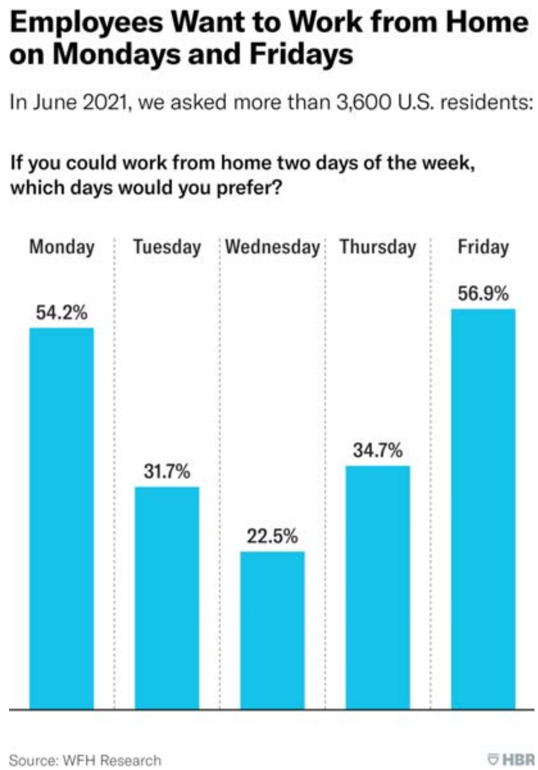
See more HBR charts in Data & Visuals >

First, high density at the office is uncomfortable. Many workers dislike crowds around their desks, much more so now that infection risks are top of mind. Discomfort with density extends to lobbies, kitchens, canteens, and especially elevators. The only sure-fire way to reduce density is to cut days on site without cutting square footage as much. Discomfort with density is here to stay according to our survey evidence.



See more HBR charts in Data & Visuals >

Second, most employees want to work from home on Mondays and Fridays. Faced with tight labor markets and the ever-present challenge of attracting and retaining talented workers, many employers have opted to meet this demand. Working from home on Mondays and Fridays is becoming accepted practice at many leading firms. As a result, the shift to hybrid affords only meager opportunities to economize on office space.



See more HBR charts in Data & Visuals >

Third, because employers are hard pressed to attract and retain talent — and to bring that talent onsite — the office of the future must be more inviting. Tightly packed cubicles are out. Spacious, lounge-style, open seating plans are in. So are meeting rooms that accommodate a mix of in-person and remote participants. Sound-proofed cubicles to handle Zoom and Skype calls and the like are also on the rise.

In short, employers are reshaping offices to become more inviting social spaces that encourage face-to-face collaboration, creativity, and serendipitous interactions. A recent report by CBRE, a global real estate services firm, highlights many of these trends, including the shift to office layouts that foster collaboration. Accenture, for example, has introduced tech-free "reflection zones," yoga and wellness areas, and comfortable, lounge-like conference rooms with sweeping vistas. Salesforce has converted executive offices into small-group conference rooms open to all employees, replaced desks with couches, expanded dining areas, and installed white boards for collaborative team activities.

It's also easier to bring employees to the office when the local environment is rich in amenities — restaurants, bars, entertainment opportunities, and cultural venues. What does all this mean for city centers? Because they remain central to local transport networks, cultural activities, and high-quality entertainment, established city centers are the most natural location for the office of the future. They just won't draw as many office workers per day — especially on Mondays and Fridays.

JB

Jose Maria Barrero is assistant professor of finance at Instituto Tecnológico Autónomo de México.

NB

Nicholas Bloom is a professor of economics at Stanford University.

SD

Steven J. Davis is professor of economics at the University of Chicago Booth School of Business and senior fellow at the Hoover Institution.

What's the Optimal Workplace for Your Organization?

Designing the Hybrid Office