
From: Jeff McConney
Sent: Tuesday, December 29, 2015 3:55 PM
To: Bender, Donald
Subject: FW: 40 wall
Attachments: 201512290935.pdf

8th

Jeffrey S. McConney
Senior Vice President/Controller
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-----Original Message-----

From: scanemail@trumporg.com [mailto:scanemail@trumporg.com]
Sent: Tuesday, December 29, 2015 9:36 AM
To: Jeff McConney <jmconney@trumporg.com>
Subject: 40 wall

This E-mail was sent from "RNP0026735D6F58" (MP 7502).

Scan Date: 12.29.2015 09:35:57 (-0500)
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PX-868

Index No. 452564/2022 (AFE)



advisory

valuation

APPRAISAL OF REAL PROPERTY

40 Wall Street
Between Williams and Nassau Streets
New York, New York County, NY 10006

IN AN APPRAISAL REPORT
As of June 1, 2015

Prepared For:
Ladder Capital Finance LLC
345 Park Avenue, 8th Floor
New York, New York 10154

Prepared By:
Cushman & Wakefield, Inc.
Valuation & Advisory
1290 Avenue of the Americas
New York, NY 10104
C&W File ID: 15-12002-901518
CONFIDENTIAL





1290 AVENUE OF THE AMERICAS
NEW YORK, NY 10104

June 25, 2015

Mr. Michael Scarola
Ladder Capital Finance LLC
345 Park Avenue, 8th Floor
New York, New York 10154

Re: Appraisal of Real Property
In an Appraisal Report

40 Wall Street
Between Williams and Nassau Streets
New York, New York County, NY 10006

C&W File ID: 15-12002-901518

Dear Mr. Scarola:

In fulfillment of our agreement as outlined in the Letter of Engagement, we are pleased to transmit our appraisal of the above property in an appraisal report dated June 25, 2015. The effective date of value is June 1, 2015.

This report was prepared for Ladder Capital Finance LLC, and is intended only for their specified use. It may be distributed to the client's attorney's accountants, advisors and investors. It may not be distributed to or relied upon by any other persons or entities without the written permission of Cushman & Wakefield, Inc.

This appraisal report has been prepared in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) as set forth by the Appraisal Foundation and in accordance with the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. In addition, the appraisal was written in conformance with the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (FRS) and the Federal Deposit Insurance Corporation (FDIC) in compliance with Title XI of FIRREA.

Based on the agreed-to Scope of Work, and as outlined in the report, we developed the following opinion of market value:

Value Conclusions			
Appraisal Premise	Real Property Interest	Date Of Value	Value Conclusion
Market Value As-Is	Leasehold Estate	6/1/2015	\$540,000,000
Hypothetical Value - Go Dark	Leasehold Estate	6/1/2015	\$440,000,000

Compiled by Cushman & Wakefield, Inc.

The value opinion in this report is qualified by certain assumptions, limiting conditions, certifications, and definitions. We particularly call your attention to the extraordinary assumptions and hypothetical conditions listed below.

EXTRAORDINARY ASSUMPTIONS

This appraisal does not employ any extraordinary assumptions. For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions.

HYPOTHETICAL CONDITIONS

This appraisal does not employ any hypothetical conditions. For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions.

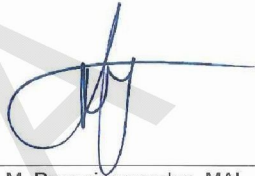
This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Respectfully submitted,

CUSHMAN & WAKEFIELD, INC.



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SUMMARY OF SALIENT FACTS AND CONCLUSIONS

GENERAL INFORMATION

Common Property Name:	40 Wall Street
Location:	Between Williams and Nassau Streets New York, New York County, NY 10006
Property Description:	The subject property is located on the north side of Wall Street throughblock to Pine Street between Nassau and William Streets in the Financial East office submarket of Downtown Manhattan. 40 Wall Street is a pre-war 63-story Class A multi-tenant office property built in 1929 (renovated in 1995) containing 1,165,207 square feet of net rentable area (1,061,266 square feet of gross building area) on a 34,360 square foot parcel of land.
Assessor's Parcel Number:	Lot 2 in Block 43
Interest Appraised:	Leasehold Estate
Dates of Value:	June 1, 2015 "As Is"
Date of Inspection:	June 16, 2015
Ownership:	<i>Ground Lessor</i> Nautilus Real Estate Inc. and Scandic Wall Limited Partnership <i>Ground Lessee</i> 40 Wall Street LLC c/o The Trump Organization
Occupancy:	The property is currently 95.02 percent leased to 72 office tenants and three retail tenants. There are 8 vacant office spaces within the property totaling 55,695 square feet. In addition, there are two vacant retail spaces on the grade totaling 2,291 square feet available for lease.
Current Property Taxes	
2015/2016 Property Assessment:	\$65,315,700
2015/2016 Property Taxes:	\$7,048,113
Highest and Best Use	
If Vacant:	Multi-tenant office building development.
As Improved:	As it is currently developed.

SITE & IMPROVEMENTS

Zoning:	C5-5 Restricted Central Commercial District
Land Area:	34,360 square feet
Number of Stories:	63
Year Built:	1929
Type of Construction:	Structural steel and concrete with aluminum and glass curtain wall facade.
Gross Building Area:	1,061,266 square feet (Per Assessor)
Net Rentable Area:	1,165,207 square feet (Remeasured)

VALUE INDICATORS**SALES COMPARISON APPROACH:**

Indicated Value "As Is":	\$540,000,000
Per Square Foot (NRA):	\$463.44

INCOME CAPITALIZATION APPROACH**DISCOUNTED CASH FLOW**

Projection Period:	20 years
Holding Period:	19 years
Start Dates:	June 1, 2015

Classification – Office Leases

Major Office Tenants:	Greater than 10,000 square feet
Minor Office Tenants:	Less than 10,000 square feet

Market Rental Rate-Office (Year 1):	<u>Floors</u>	<u>Rent</u>
	Floors 2-18	\$45.00/sf
	Floors 19-25	\$47.00/sf
	Floors 26-34	\$50.00/sf
	Floors 35-63	\$52.00/sf
Market Rental Rate-Retail (Year 1):	<u>Space</u>	<u>Rent</u>
	Wall Street – Grade (Small)	\$650.00
	Wall Street – Grade (Large)	\$75.00/sf
	Pine Street - Grade	\$75.00/sf
	Lobby	\$250.00/sf
	Mezzanine	\$50.00/sf
	Basement	\$25.00/sf
Market Rental Rate-Storage (Year 1):	\$25.00/sf	

Rent Increase Profile:	For 10 and 15-year leases, 60-month step-ups of 10% are assumed.
Growth in Market Rental Rate:	3.00%
Expense and Tax Pass Throughs:	Gross leases – tenant pays pro-rata share of real estate taxes, operating cost increases over a lease base year.
Expense Growth Rate:	3.00%
Consumer Price Index:	3.00%
Free Rent – New Leases	
Major Office Tenants:	12 months
Minor Office Tenants:	10 months
Retail Tenants:	6 months
Storage Tenants:	6 months
Free Rent – Renewing Leases	
Major Office Tenants:	6 months
Minor Office Tenants:	5 months
Retail Tenants:	3 months
Storage Tenants:	3 months
Typical Lease Term	
Major Office Tenants:	15 years
Minor Office Tenants:	10 years
Retail Tenants:	10 years
Storage Tenants:	10 years
Renewal Probability:	65.00%
Tenant Improvement – New Leases	
Major Office Tenants:	\$50.00 per square foot
Minor Office Tenants:	\$40.00 per square foot
Retail Tenants:	None
Storage Tenants:	None

Tenant Improvement – Renewing Leases

Major Office Tenants:	\$25.00 per square foot
Minor Office Tenants:	\$20.00 per square foot
Retail Tenants:	None
Storage Tenants:	None

Leasing Commissions With Override

10-Year Lease:	40.00% of first year's base rent including override (paid in year one per market standard)
15-Year Lease:	52.50% of first year's base rent including override (paid in year one per market standard)

Leasing commissions vary depend upon the length of the lease: 5 percent for year 1; 4 percent for year 2; 3.5 percent for years 3 through 5; 2.5 percent for years 6 through 10; 2 percent for years 11 through 20. This schedule results in the above percentages of the first year's base rent (excluding an override).

Opinion of Vacancy Between Tenants:	8 months (Downtime between leases is prior to renewal probability of 65%; effective vacancy is 3 months.)
Vacancy and Credit Loss:	1.00% (average; applied to all tenants)
Terminal Capitalization Rate:	5.25% (applied to reversion year net operating income)
Transaction Costs in Reversion Sale:	4.00% (includes brokerage, legal fees and estimated transfer taxes)
Discount Rate:	6.50% (see Discount Rate Analysis)
Indicated Value "As Is":	\$540,000,000
Implicit First year Capitalization Rate:	2.86%

DIRECT CAPITALIZATION

Net Operating Income (Plus Year 1 Free Rent):	\$23,203,919
Capitalization Rate:	4.25%
Indicated Value:	\$538,197,585
Less Year One Free Rent:	<u>(\$7,776,980)</u>
Indicated Value (Rounded):	\$540,000,000

RECONCILED VALUE

Indicated Value "As Is":	\$540,000,000
Per Square Foot (NRA):	\$463.44

FINAL VALUE CONCLUSION

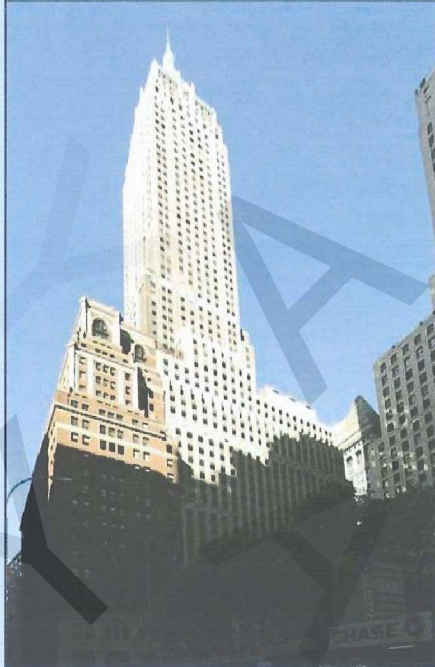
Market Value As-Is Leasehold Estate:	\$540,000,000
Per Square Foot (NRA):	\$463.44
Implied Capitalization Rate:	2.86%
Exposure Time:	6 months
Marketing Time:	6 months

EXTRAORDINARY ASSUMPTIONS

This appraisal does not employ any extraordinary assumptions. For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions.

HYPOTHETICAL CONDITIONS

This appraisal does not employ any hypothetical conditions. For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions.



40 Wall Street
Between Williams and Nassau Streets
New York, New York County, NY 10006

**COMPARABLE OFFICE BUILDING SALES
Downtown Manhattan**

SUMMARY OF IMPROVED SALES												
No.	Property Name Location	Physical Data				Sale Data			Financial Data			
		Land Area (SF)	Net Rentable Area (SF)	Year Built	No. Stories	Sale Date	Grantor/ Grantee	Price	Price/NRA	NOI/SF	OAR	Occupancy at Sale
1	100 Wall Street Btw. Water & Front Streets New York, New York	22,399	517,031	1969 2014	29	Jun-15	Savanna Partners / Cornerstone Real Estate Advisers	\$270,000,000	\$522.21	\$15.86	3.04%	95%
Comments:		Sale of a Class A office building on the corner of Wall Street and Water Street that is leased to 50 tenants. The three largest tenants include Harris Beach LLC, Lester Schwab and US Bank National Association. The average office contract is \$38.46 per square, approximately 20 percent below market. An approximate \$24.7 million in capital improvements have been spent in the past four years; which included common areas, HVAC, building systems, and the relocation of the electrical switchgear to the 2nd floor. Savanna Partners acquired 100 Wall Street by foreclosing on a mortgage note of \$117,399,060 from Lehman Brothers Holdings, Inc. in May 2011. In addition at the time, Savanna acquired the junior debt positions to the first mortgage.										
2	123 William Street B/w John and Fulton Streets New York, New York	21,242	545,301	1957	27	Mar-15	GreenOak & East End Capital / New York REIT	\$253,000,000	\$463.96	\$12.45	2.68%	98%
Comments:		Sale of a Class A minus office building located between John and Fulton Streets. Tenants include the New York State Department of State, the City of New York, the U.S. Social Security Administration, the Securities Training Corporation and law firm McAloon & Friedman. The property was previously purchased by GreenOak & East End Capital from Chetrit Group in October 2013 for \$133 million, at which time the building was half occupied. The property is currently 98 percent leased.										
3	32 Old Slip Financial Square B/w South and Front Streets New York, New York	42,176	1,159,086	1987	36	Dec-14	Beacon Capital Partners / RXR Realty	\$675,000,000	\$582.36	\$23.32	4.00%	90%
Comments:		Sale of Class A building located on an entire city block bound by Old Slip, South Street, Gouverneur Lane and Front Street in the Financial East District of Downtown Manhattan. RXR Realty purchased the property from Beacon Capital Partners for \$675 million. Following the sale, RXR Realty created a 99 year ground lease which they sold to Leon Melohn for a purchase price of 207.5 million. The ground rent is \$8.5 million through 2023, increasing to \$9,572,381 with subsequent 2.0 percent annual increases. RXR Realty will retain the leasehold estate. The buyer intends to renovate and reposition the property.										
4	180 Maiden Lane B/w Front and South Streets New York, New York	46,799	1,189,325	1982/2014	41	Sep-14	JV SL Green & Moianian / JV Murray Hill Properties & Clarion Partners	\$470,000,000	\$395.18	n/a	n/a	21%
Comments:		Sale of Class A building located in the Financial East submarket. AIG was the major anchor tenant at the property until it left in April 2014. The property is in the midst of \$60 million capital improvement program. The renovation includes upgrading lobby, common areas, elevators and building mechanical systems.										

FOIA/FOIL CONFIDENTIAL TREATMENT REQUESTED

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MAZARS-NYAG-00525850

COMPARABLE OFFICE BUILDING SALES
Downtown Manhattan

SUMMARY OF IMPROVED SALES (CONTINUED)												
Physical Data					Sale Data			Financial Data				
No.	Property Name Location	Land Area (SF)	Net Rentable Area (SF)	Year Built	No. Stories	Sale Date	Grantor/ Grantee	Price	Price/NRA	NOI/SF	OAR	Occupancy at Sale
5	77 Water Street B/w Gouverneur Lane and Old Slip New York, New York	25,779	633,308	1989/2009	26	Aug-14	Travelers Companies / Principal Real Estate Investors	\$245,000,000 Leasehold	\$386.86	\$29.69	7.68%	100%
Comments:		Sale of Class A building located in the Financial East submarket. The property is fully leased to The Goldman Sachs Group, Inc. under a triple-net lease agreement that expires in March 2021 with a surrender option for the 14 through 26 in March 2018. Goldman Sachs Group, Inc. never took occupancy of the property since the lease commencement in January 2000. In 2009, the tenant renovated the property and commenced a subleasing program of the space to third parties. Over 80 percent of the property is currently subleased to third parties such as AT&T, ARUP, Lewis Brisobols and United Health among others. The property was developed by the Kaufmann Organization. The property is subject to a long term ground lease that is owned and controlled by the principals of The William Kaufman Organization with minimal ground rental payments.										
6	80 Broad Street B/w Stone & Beaver Streets New York, New York	13,135	411,944	1935/2007	36	Aug-14	Savanna Partners / Broad Street Development	\$175,000,000	\$424.82	\$15.90	3.74%	87%
Comments:		Sale of a Class B office building located on Broad Street between Stone and Beaver Streets. The property is located in the Financial East office submarket of Downtown Manhattan. Savanna acquired the property in 2011 from Swig Equities after taking control of the property's senior mortgage. Subsequently, Savanna completed a comprehensive renovation which included a lobby renovation, façade, modernized elevators and upgrades to the common areas. In addition, Savanna also invested capital to complete work following Superstorm Sandy, to protect the building from similar future weather events.										
7	222 Broadway B/w Fulton & Ann Streets New York, New York	33,340	775,786	1961/2013	31	Aug-14	Beacon Capital JV L&L Holding / Deutsche Asset & Wealth Management	\$502,000,000	\$647.09	\$26.86	4.15%	97%
Comments:		Beacon is selling its equity stake and L&L will stay on as partner and continue to operate the building. Bank of America occupies 78% of the building with their current lease expiring in 2022. In 2013, BOA exercised an option to vacate 91,000 SF. BOA's rents are significantly below market as they sold the building to Beacon and L&L in 2012. The building is near full occupancy with WeWork recently signing a lease for 120,000 SF for 16 years and Conde Nast leasing 83,000 SF until 2029.										
8	61 Broadway B/w Exchange Alley & Rector Street New York, New York	21,209	786,975	1916/1986	33	May-14	Broad Street Development / RXR Realty	\$330,000,000	\$419.33	\$18.71	4.46%	97% Cas
Comments:		Sale of a Class B office building located on Broadway between Exchange Alley and Rector Street. The buyer intends to renovate at a cost of \$20 million over the next several years and increase rents. The buyer intends to attract creative and tech firms. The building is 96.58 percent leased. The largest tenants include The People of New York (36,696 square feet) and Professional Staff Insurance (31,536 square feet). Trinity Place Department Store occupies the retail space on the ground floor, basement and mezzanine.										

FOIA/FOIL CONFIDENTIAL TREATMENT REQUESTED

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MAZARS-NYAG-00525851

COMPARABLE OFFICE BUILDING SALES
Downtown Manhattan

SUMMARY OF IMPROVED SALES (CONTINUED)												
Physical Data					Sale Data				Financial Data			
No.	Property Name Location	Land Area (SF)	Net Rentable Area (SF)	Year Built	No. Stories	Sale Date	Grantor/ Grantee	Price	Price/NRA	NO/SF	OAR	Occupancy at Sale
9	388-390 Greenwich Street B/w North Moore & Hubert Streets New York, New York	172,327	2,634,670	1989/1986	39/8	Mar-14	Ivanhoe Cambridge / SL Green Realty Co.	\$1,585,000,000	\$601.59	\$41.52	6.90%	100%
Comments:		SL Green bought JV partner Ivanhoe Cambridge's interest. In December 2013, Citi renewed its triple-net lease of the 2.6M SF through 2035 and will make the complex its global HQ. It has the option to buy the properties between December 2017 to December 2020. Its acquisition from Ivanhoe Cambridge values the properties at \$1.585B, nearly the same as when the companies bought them from Citigroup in December 2007 (\$1.575B). However, the terms of Citi's purchase option aren't known. 388 Greenwich is a 39-story tower with highly efficient floors and sweeping, unobstructed views. 390 Greenwich is an eight-story building featuring 94,000 square foot floors that are considered some of the finest trading floors in Manhattan.										
10	160 Water Street B/w Fletcher & John Streets New York, New York	24,092	487,523	1970	24	Mar-14	Oestreicher Realty / Emmes Asset Management	\$165,000,000	\$338.45	\$14.50	4.28%	96%
Comments:		Sale of a Class A office building located on the north side of Fletcher Street between Water Street and Pearl Street in the Insurance office submarket of Downtown Manhattan. The property is leased to four office tenants. The three largest office tenants in the building include NYC Health & Hospital (310,841 square feet); Beth Israel Medical Center (107,500 square feet); and Seneca Insurance Company (43,000 square feet). The smallest office tenant is Oestreicher Management (5,259 square feet) which is the owner's management office. The rollover years occur in 2023 and 2025. In 2023, the lease expires with New York City Health and Hospitals Corporation; and in 2025, the lease expires with Beth Israel Medical Center.										
11	55 Broadway S/W/C of Exchange Alley New York, New York	15,722	358,637	1981/1987	32	Feb-14	Broad Street Development / Harbor Group International, LLC	\$157,000,000	\$437.77	\$21.34	4.87%	89%
Comments:		Sale of a Class A office building known as One Exchange Plaza located on Broadway located one block west of the New York Stock Exchange and four blocks south of the new World Trade Center. The office space is leased 38 office tenants. Approximately 49 percent of the subject's net rentable area expires through 2018. The lobby has been fully renovated along with the elevator cabs and mechanicals. The property previously sold in May 2006 to Broad Street Development from Bank of Communications for a purchase price of \$82 million.										

STATISTICS												
LOW		13,135	358,637	1957					\$338.45	\$12.45	2.68%	21.00%
HIGH		172,327	2,634,670	2014					\$647.09	\$41.52	7.68%	100.00%
MEAN		39,838	863,599	1979					\$474.51	\$22.01	4.58%	88.15%
MEDIAN		24,092	633,308	1970					\$437.77	\$20.03	4.22%	95.89%

SALES ECONOMIC INDICATORS - DOWNTOWN MANHATTAN								
No.	Sales Date	Property Name	Price	Price/ NRA	OAR	Forecast	IRR	Terminal OAR
1	Jun-15	100 Wall Street	\$270,000,000	\$522	3.04%	14	6.00%	5.00%
2	Mar-15	123 William Street	\$253,000,000	\$464	2.68%	14	7.00%	5.00%
3	Dec-14	32 Old Slip	\$675,000,000	\$582	4.00%	14	6.00%	5.00%
4	Sep-14	180 Maiden Lane	\$470,000,000	\$395	n/a	14	7.00%	5.50%
5	Aug-14	77 Water Street	\$245,000,000	\$387	7.68%	10	7.00%	5.50%
6	Aug-14	80 Broad Street	\$175,000,000	\$425	3.74%	10	6.50%	5.00%
7	Aug-14	222 Broadway	\$502,000,000	\$647	4.15%	11	7.00%	5.00%
8	May-14	61 Broadway	\$330,000,000	\$419	4.46%	11	7.00%	5.00%
9	Mar-14	388-390 Greenwich Street	\$1,585,000,000	\$602	6.90%	10	7.00%	5.00%
10	Mar-14	160 Water Street	\$165,000,000	\$338	4.28%	10	7.50%	5.00%
11	Feb-14	55 Broadway	\$157,000,000	\$438	4.87%	13	8.00%	5.50%

* Compiled by Cushman & Wakefield Valuation & Advisory