

December 12, 2005 (the “Contract”). The contract provides for the sale of the Greenwich Campus at a price of \$20 million.

Kerin Appraisal Report – FMV \$26.8 Million

4. Based upon investigation and analysis in accordance with professional standards, I have determined that the fair market value of the Greenwich Campus as of December 12, 2005 is \$26,800,000. The grounds for my valuation are set forth in the Complete Appraisal and Self-Contained Report dated January 17, 2006, copy annexed hereto as Exhibit B (the “Kerin Appraisal”).

Rebuttal to Lawyer Arguments

5. I have reviewed a copy of a letter dated February 21, 2006, from Douglas T. Schwarz, attorney for JEI, to the Charities Bureau of the New York State Attorney General (the “Schwarz Letter”). Section 1(E) of the Schwarz Letter attempts to criticize the Kerin Appraisal.² The attorneys for the PTA asked me to respond to the lawyer’s comments.

6. By way of background, JEI’s Petition relies on an appraisal dated May 20, 2004, prepared by Peter M. Trefny. See Petition Exhibit F. The Petition also attaches a one and a half page letter from Mr. Trefny dated August 4, 2005. See Petition Exhibit G. Mr. Trefny’s letter says that the market value of the Greenwich Campus as of four months before the Contract was \$21.7 million.

7. The PTA’s attorneys inform me that the Schwarz Letter was submitted to the Attorney General without any accompanying documentation authored by Mr. Trefny or any other valuation expert to support the lawyer’s criticisms of the Kerin Appraisal.

² The Schwarz Letter refers to the Kerin Appraisal as the “Jachmann Appraisal.”

8. The lawyer's first criticism is that my appraisal allegedly uses effective ages that are far lower than their actual ages, without sufficient basis for doing so. This is not a valid criticism. It is common appraisal practice to use the effective ages of the buildings. In fact, the depreciation used in Mr. Trefny's appraisal also reflects the effective ages of the buildings, not actual ages. The actual age equals the effective age only when there has been no work done to the building since construction. In the case of the subject buildings, all have been renovated since construction.

9. The lawyer's second criticism is that the estimate of development costs in my appraisal allegedly is far too low. This is not a valid argument. The section of the Kerin Appraisal that calculates the land value via the development procedure presents detailed support for the analysis and conclusion.³ Furthermore, the inputs are supported by other subdivisions in the local market.

10. In contrast, the lawyer fails to acknowledge that Mr. Trefny's appraisal, which JEI tries to rely upon, provides no detail to support its calculation via the development procedure. JEI's appraiser simply asserts that development costs are 1/3 of gross land value, and that the land value is 2/3 (67%) of gross land value.

11. Furthermore, on a percentage basis there is not a significant difference between Mr. Trefny's assertion and the figure arrived at in the Kerin Appraisal by means of a detailed analysis. In the Kerin Appraisal, our land value conclusion of \$13,300,000 (page 30) equates to 70% of the gross land value of \$19,105,956. This 70% figure compares to Mr. Trefny's 67%.

³ Also, my use of a market escalation of 6% per year in the development analysis, which the lawyer criticizes, plainly is not too high a figure in light of the historic appreciation in the Greenwich market. See ¶ 12, infra.

12. Hence, the principal cause for the difference in land value conclusion between the Kerin Appraisal and the Trefny analysis is the difference in gross land value estimated via the sales approach. Mr. Trefny's land values are based on old lot sales in his report of May 20, 2004. Those sales took place in 2003. The pertinent valuation date is December 12, 2005, nearly three years later. In the meantime, residential property values in Greenwich increased 29.5% in 2004 and 15.7% in 2005 (page 8). By contrast, the gross land value analysis in my appraisal cites current sales and reflects the current market. The gross land value in the Kerin Appraisal is based on solid professional analysis.

13. Mr. Schwarz's third criticism is that my application of the comparison approach is flawed because the recent sales I cited allegedly are not comparable. This is not a valid argument. The bulk sales data cited and used in the Kerin Appraisal are the most recent and comparable land sales in Greenwich. It is noteworthy that the Trefny appraisal relied upon in the JEI Petition did not use any bulk land sales in the comparison approach. (It only used lot sales for the development procedure).

14. Mr. Schwarz's final criticism is that my analysis does not adequately adjust the value based upon the restrictions on its use as a school. This point, too, is not valid. The restriction to 450 students at the school equates to 191 square feet per student, which is typical in the market. Therefore, it does not adversely impact market value.

Conclusion

15. In conclusion, the lawyer's criticisms of the Kerin Appraisal are not valid. The Kerin Appraisal accurately values the Greenwich Campus as of the Contract date at \$26.8 million.

CHRISTOPHER K. KERIN, MAI, CCIM

Sworn to before me this
day of March 2006

Notary Public