

**THE QUEEN'S BENCH
WINNIPEG CENTRE**

**IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PROPOSED PLAN OF
COMPROMISE OR ARRANGEMENT WITH RESPECT TO
ARCTIC GLACIER INCOME FUND, ARCTIC GLACIER INC.,
ARCTIC GLACIER INTERNATIONAL INC. AND THE ADDITIONAL
APPLICANTS LISTED ON SCHEDULE "A" HERETO
(COLLECTIVELY, "THE APPLICANTS")**

**CONFIDENTIAL SUPPLEMENT TO THE SEVENTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.
OCTOBER 16, 2012**

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1.0 INTRODUCTION

- 1.1 On October 16, 2012, the Monitor filed the Seventh Report in the CCAA Proceedings, which, among other things, recommended the approval of the Huntington Transaction with the Buyer. The Seventh Report made reference to this Confidential Supplement, which is being filed on a confidential basis, and which is subject to a request for a sealing order as it contains commercially sensitive information. Capitalized terms not otherwise defined herein are as defined in the Initial Order or in the other reports previously filed with this Honourable Court by the Monitor. Unless otherwise stated, all monetary amounts contained herein are expressed in US Dollars.

2.0 PURPOSE OF THE CONFIDENTIAL SUPPLEMENT

- 2.1 The purpose of the Confidential Supplement is to provide this Court with: (a) a summary of the Offers received during the Subsequent Sale Process for the Huntington Property detailing the commercially sensitive financial terms of such Offers; (b) copies of each of the Offers; and (c) a copy of the Huntington Appraisal.
- 2.2 Disclosure of the Huntington Appraisal or the terms of the Offers contained in this Confidential Supplement before the closing of the Huntington Transaction could negatively affect any future transaction with respect to the Huntington Property should the Huntington Transaction not close. As such, the Monitor requests an order sealing this Confidential Supplement.

3.0 THE BUYER'S OFFER

- 3.1 Three Offers were received during the Subsequent Sale Process. The Offer submitted by the Buyer was determined to be the highest and best Offer received. The Buyer's Offer

was then further negotiated by AGNY (in consultation with the Monitor) and the Buyer and the parties proceeded to complete the final form of the Huntington PSA. The salient provisions of the Huntington PSA are described in the Seventh Report. A copy of the Buyer's Offer is attached as **Schedule "1"**. The Huntington PSA is appended as Appendix "E" to the Seventh Report.

4.0 OVERVIEW OF THE OTHER BIDS

- 4.1 In addition to the Buyer's Offer, AGNY received Offers from (i) Frank Viteritti dated April 18, 2012 (the "**Viteritti Bid**") and (ii) Emerson J. Dobbs on behalf of "Limited Liability Co." dated May 31, 2012 (the "**LLC Bid**"). A copy of the Viteritti Bid is attached as **Schedule "2"** and a copy of the LLC Bid is attached as **Schedule "3"**.
- 4.2 The Viteritti Bid was not submitted in the Applicants' form of purchase and sale agreement, but rather took the form of a letter of intent. The Viteritti Bid provided for a purchase price of \$900,000 with a \$45,000 deposit, was conditional on a due diligence period of 45 days and required AGNY to provide all due diligence materials to the bidder within 5 days of signing the Viteritti Bid.
- 4.3 The Viteritti Bid was not accepted by the Applicants, in consultation with the Monitor, for the following reasons:
- It was submitted in the form of a letter of intent;
 - It provided for a deposit of only 5% of the offer price; and
 - The purchase price offered was less than that of the Buyer's Offer.
- 4.4 Accordingly, the Viteritti Bid was viewed as a less attractive Offer and was not pursued.

- 4.5 With respect to the LLC Bid, the offer price was \$850,000 and it contemplated a total deposit of 15% of the offer price. It was consistent with the Applicants' template form of agreement, which contemplated a 60-day due diligence period and closing of the transaction 30 days following the end of the due diligence period.
- 4.6 The LLC Bid was not accepted by the Applicants, in consultation with the Monitor, because the offered price was significantly lower than the Buyer's Offer and was lower than the Viteritti Bid.

5.0 THE HUNTINGTON APPRAISAL

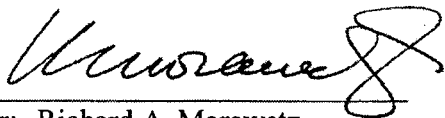
- 5.1 As set out in the Seventh Report, the Applicants obtained the Huntington Appraisal, which estimated the "as is" market value of the Huntington Property as at March 4, 2010 to be \$1.28 million, subject to the assumptions and limiting conditions stated therein. This estimate excludes any costs of demolition and is predicated on the assumption that there are no hazardous substances or environmental contaminants on the property which may reduce its value. A copy of the Huntington Appraisal is attached as **Schedule "4"**.
- 5.2 The Environmental Reports obtained by the Buyer during its due diligence, copies of which were provided to the Monitor, identified certain environmental issues that were of some concern to the Buyer. In addition, the Environmental Reports raised certain other speculative issues. As a result, the Buyer and the Monitor, on behalf of the Applicants, agreed to a \$100,000 reduction to the Purchase Price, resulting in the Amended Purchase Price of \$1.0 million.
- 5.3 The Amended Purchase Price is approximately 20% lower than the estimated value set out in the Huntington Appraisal. Given the environmental concerns regarding the

Huntington Property, the fact that the Huntington Appraisal does not take into account any demolition costs or environmental issues and the fact that the Amended Purchase Price still exceeds all other Offers received for the property, it is the Monitor's view that the Huntington PSA and the Amended Purchase Price are fair and reasonable in the circumstances. Further, it is the Monitor's view that based on the lengthy period that the Huntington Property has been for sale, a re-marketing of the property at this time would not be beneficial to the Applicants' stakeholders.

- 5.4 For all of the reasons set out in the Seventh Report and this Confidential Supplement, the Monitor recommends that this Honourable Court approve the Huntington Transaction and grant the related relief requested as set out in the draft Approval Order.

All of which is respectfully submitted to this Honourable Court this 16th day of October, 2012.

**Alvarez & Marsal Canada Inc., in its capacity
as Monitor of Arctic Glacier Income Fund,
Arctic Glacier Inc., Arctic Glacier International Inc. and
the other Applicants listed on Appendix "A" to the Seventh Report.**



Per: Richard A. Morawetz
Senior Vice President

TAB 1

PURCHASE AND SALE AGREEMENT

AGREEMENT made this 7 June, 2012 (the "Effective Date") by and between Peter J. Pasdoni, Inc., a [], having an address at 17 Queens Blvd, Long Island City, NY (hereinafter referred to as the "Buyer") and ARCTIC GLACIER NEW YORK INC., a New York corporation, having an address at 625 Henry Avenue, Winnipeg, Manitoba, Canada R3A0V1 (hereinafter called the "Seller").

A. Seller and certain of its affiliates (collectively, "Arctic Glacier") commenced proceedings under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended ("CCAA") and were granted an order (the "Initial Order") of the Court of Queen's Bench (Winnipeg Centre) on February 22, 2012.

B. The Initial Order, among other things, imposed a stay of proceedings against the creditors of Arctic Glacier. Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was appointed Monitor (the "Monitor") of the business and financial affairs of Arctic Glacier.

C. On February 23, 2012, the Monitor commenced ancillary proceedings in the United States Bankruptcy Court for the District of Delaware under Chapter 15 of the United States Bankruptcy Code, 11 U.S.C. §§ 101-1330, as amended, seeking recognition of the CCAA proceedings as foreign main proceedings, and to give effect to the Initial Order in the United States. On March 16, 2012 the United States Bankruptcy Court granted an order, among other things, recognizing the CCAA proceedings as foreign main proceedings and giving effect to the Initial Order in the United States.

D. With the approval of the Monitor in accordance with the Initial Order, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, certain real property and personal property on the terms and conditions hereinafter set forth.

In the event that Seller does not obtain an Order approving the sale prior to expiration of the Due Diligence Period then and in such event Buyer shall have the right to cancel this Agreement.

ARTICLE I

SALE OF PROPERTY

Seller agrees to sell and convey and Buyer agrees to purchase, subject to the terms and conditions of this Agreement: (i) all that certain piece, parcel or tract of land located at 50 Stewart Avenue, Huntington, County of Suffolk and State of New York, known by the tax lot address of District 0400, Section 072, Block 02 and Lot 011, and more fully described on Exhibit "A" annexed hereto (the "Land"); (ii) all right, title and interest, if any, of the Seller in and to any land lying in the bed of any street, road or avenue (open or proposed) in front of or adjoining said premises to the centerline thereof; (iii) subject to and in accordance with Section 17 below, all right, title and interest, if any, of the Seller in and to any award made or to be made in lieu thereof and in and to any unpaid award for damage to said premises by reason of change of grade of any street; (iv) all right, title and interest of Seller in and to all easements, tenements, strips, gores, hereditaments, agreements, privileges and appurtenances in any way belonging to the Land; and (v) any buildings, structures, fixtures and improvements on the Land (the "Improvements") (the foregoing items (i) through (v) being, collectively, the "Subject Premises"); together with all right, title and interest, if any, of the Seller in and to the tangible

personal property, including any trade fixtures, equipment or similar property, located upon the Land or within the Improvements on the Closing Date, as hereinafter defined (the "Personal Property").

ARTICLE II PURCHASE PRICE

The purchase price ("Purchase Price") for the Subject Premises and Personal Property is 1,100,000.00 U.S. Dollars, which shall be payable as follows:

(a) An amount equal to ten percent (10%) of the Purchase Price (the "Initial Deposit") by certified check or wire transfer of immediately available funds to a reputable title insurance company (selected by the Seller and reasonably acceptable to Buyer) in its capacity as escrow agent (the "Escrow Agent"), within two (2) days of the Effective Date, and an amount equal to five percent (5%) of the Purchase Price (the "Second Deposit") by certified check or wire transfer of immediately available funds to the Escrow Agent at the conclusion (or earlier waiver by Buyer) of the Due Diligence Period described in Section 6 below, provided that Buyer has not elected to terminate this Agreement pursuant to the terms hereof. The Initial Deposit and the Second Deposit are hereafter collectively referred to as the "Deposit." The Deposit shall be held in escrow by Escrow Agent in an interest bearing account and shall be paid to Seller on the Closing Date (as hereinafter defined) or as liquidated damages upon Buyer's default hereunder, unless Buyer is entitled to a refund thereof pursuant to the terms of this Agreement, in which event the Deposit and accrued interest thereon shall be paid over to Buyer. If at the time of Buyer's default, if any, the Second Deposit has not yet been delivered to Escrow Agent, the Initial Deposit shall be paid over to Seller, and Buyer shall remain liable to Seller for damages in an amount equal to the Second Deposit required hereunder; and

five
(5%)
amount
payable

(b) The remainder of the Purchase Price, plus or minus the apportionments and adjustments authorized by this Agreement, on the Closing Date by certified check or wire transfer of immediately available funds to Escrow Agent.

ARTICLE III TITLE AND CONVEYANCE

Section 3.1 On the Closing Date, the Subject Premises shall be conveyed by Bargain and Sale Deed with Covenants Against Grantor's Acts (the "Deed") in proper form for recording, which shall be properly executed and acknowledged so as to convey to Buyer a good, marketable and insurable fee simple title to the Subject Premises, such title to be free, clear and unencumbered subject only to the following:

(a) Real estate taxes, water charges and sewer rents and vault taxes not yet due and payable as of the Closing Date;

(b) Rights, if any, of utility companies to operate and maintain lines, cables, pipes, poles and distribution boxes in, over and upon the Subject Premises;

(c) The state of facts shown on the survey of the Subject Premises, dated March 11, 2010, prepared by Landco, L.P., a copy of which is annexed hereto as Exhibit "B";

(d) Building and zoning laws, and all municipal and governmental restrictions, ordinances, codes and regulations affecting the Subject Premises, and all amendments and additions thereto now or which will be in force and effect on the Closing Date, provided the same does not prohibit the maintenance and/or continued use of the Subject Premises as the same presently exists;

(e) Utility easements, agreements, covenants and restrictions of record affecting the Subject Premises, provided the same does not prohibit the maintenance and/or continued use of the Subject Premises as the same presently exists;

(f) Any matters affecting title hereafter suffered or created with the consent of Buyer (items (i) through (vi) being hereinafter referred to collectively as the "Permitted Exceptions").

Section 3.2 Title to the Subject Premises shall be good and marketable and insurable as such by Escrow Agent or any other reputable title insurance company licensed to do business in the State of New York (the "Title Company"), subject only to (i) Permitted Exceptions and (ii) such other matters as the Title Company shall be willing to omit as an exception to coverage without the payment of an additional premium.

Section 3.3 On the Closing Date, the Personal Property shall be conveyed to Buyer by bill of sale (the "Bill of Sale").

3.4 *

ARTICLE IV APPORTIONMENTS AND ADJUSTMENTS

Section 4.1 Apportionment for the following items shall be made between the parties at the Closing as of 11:59 P.M. of the day preceding the Closing Date:

(a) Real estate taxes and assessments, on the basis of the fiscal period for which assessed. If the Closing shall occur before a new tax rate is fixed, the apportionment of taxes at the Closing shall be upon the basis of the tax rate for the preceding period applied to the latest assessed valuation, which shall be deemed final for purposes hereof. If an application has been made or a proceeding instituted by Seller for the reduction or review of the assessed valuation of the Subject Premises for the fiscal year in which the closing of title occurs, and if the assessed valuation is so reduced pursuant to such application or proceeding, whether by settlement or otherwise, it is understood that any tax savings or refund, less attorneys' fees and expenses, shall be apportioned, computed upon the same basis of the apportionment of taxes as herein provided. If any such application has been filed or shall be filed by Seller with respect to the next succeeding tax year, Buyer shall bear the cost for any reduction granted and shall be entitled to the full benefit resulting from such application or proceeding, whether by means of settlement or otherwise. Any tax savings or refund for any fiscal years which end prior to the fiscal year in which the closing of title occurs shall be the sole and

net

but payable only out of the reduction granted

CLI- 1984130v43

* 3.4 To the extent Buyer is satisfied with the state of title upon expiration (or waiver) of the Due Diligence Period, Seller shall convey subject to the state of title reflected therein and without additional exceptions.

absolute property of Seller, and if received by Buyer, shall be promptly delivered to Seller (which obligation shall survive the Closing).

(b) Water rates, water meter charges and sewer rents, if any, on the basis of the fiscal period for which assessed. If there be a water meter, or meters, on the Subject Premises, the unfixed meter charges and the unfixed sewer rent thereon based for the time intervening from the date of the last reading shall be apportioned on the basis of such last reading, and shall be appropriately readjusted after the Closing on the basis of the next subsequent bills. Seller shall obtain a final actual water meter reading within thirty (30) days prior to the date of Closing.

Section 4.2 The parties shall also make all other adjustments as are usual in a real estate settlement in accordance with the customs and practice for title closings (including but not limited to adjustments for gas, electric and other applicable utility charges), except if specifically set forth to the contrary herein.

Section 4.3 At or prior to Closing, Seller shall pay all charges for any water meters.

Section 4.4 Any discrepancy resulting from any errors or omissions in computing any apportionments at Closing, shall be promptly corrected, which obligations shall survive the Closing for a period of six (6) months.

ARTICLE V REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF SELLER AND BUYER

Section 5.1 Seller represents and warrants to Buyer that:

(a) Seller is a corporation duly formed and validly existing under the laws of the State of New York.

(b) The execution, delivery and performance of this Agreement on behalf of the Seller have been duly authorized, and the person executing this Agreement on the part of the Seller has the authority to do so.

(c) The performance of this Agreement will not result in any violation of, or will not be in conflict with, or will not constitute a default under, any corporate charter, certificate of incorporation, by-law, mortgage, indenture, contract, permit, judgment, decree, order, statute, rule or regulation, applicable to Seller, and no approval, consent, order or authorization by any third party is required in connection with the execution and delivery of and compliance with this Agreement by Seller.

(d) Seller is not a "foreign person" as defined in the Internal Revenue Code Withholding Section.

(e) Seller has not received written notice of any condemnation or taking of the Subject Premises, has no actual knowledge of any pending or threatened condemnation or

taking, and no condemnation or taking has occurred during Seller's ownership of the Subject Premises.

(f) There are no management, service, equipment, supply, security, maintenance, concession or other agreements with respect to or affecting the Subject Premises which cannot be terminated with thirty (30) days' notice (or less) (herein collectively called "Service Agreements").

or shall make during the Due Diligence Period

Section 5.2 Buyer has made such examination of the Subject Premises and Personal Property and all other matters and documents affecting or relating to the physical condition of the Subject Premises and Personal Property as Buyer has deemed necessary, is fully familiar with the physical condition and state of repair thereof, and shall accept them "as is, where is" and in their present condition "with all faults", and Buyer shall assume all liability and responsibility with respect thereto from and after Closing. Buyer acknowledges that, except as expressly set forth in Section 5(a) above, Seller has not made any representation or warranty, whether express or implied, with respect to (i) the physical condition or state of repair of the Subject Premises or Personal Property (including any warranties which may be deemed made at law the benefit of which, if any, Buyer hereby waives), (ii) the use, merchantability, design, quality, description, durability, operation or fitness for use of the Subject Premises or Personal Property, (iii) the quality of the Subject Premises or Personal Property or quality of work therein, (iv) the state of title to the Subject Premises or Personal Property, (v) the rental or other income, operating expenses, tenancies or occupancies of the Subject Premises; (vi) whether the Subject Premises is in compliance with all requirements of law; (vii) as to the real estate tax liability of the Subject Premises; (viii) the compliance of the Subject Premises in its current or any future state, with any certificate of occupancy or with applicable zoning ordinances or any other governmental laws, rules, regulations or requirements and the ability to obtain a variance in respect to the Subject Premises' non-compliance, if any, with said zoning ordinances and/or governmental requirements; (ix) except as expressly set forth herein, the presence or absence of asbestos, hydrocarbon, toxic waste and/or other hazardous materials on the Subject Premises or within the Personal Property as defined and regulated by any federal, state and/or local environmental and/or health agencies having jurisdiction with respect to the Subject Premises notwithstanding any information which may have been furnished by Seller with respect thereto; (x) the availability of any financing for the purchase or operation of the Subject Premises from any source whatsoever; (xi) the compliance of any boiler, oil burners, fuel burning devices, compactors, or any other equipment used in the operation of the Subject Premises, with all requirements of law; (xii) whether the Seller is in compliance with all requirements of law with respect to the maintenance and operation of the Subject Premises or Personal Property; or (xiii) any other matters affecting or relating to the Subject Premises, the Personal Property or this transaction which might be pertinent in considering the making or the execution of this Agreement.

Section 5.3 In entering into this Agreement and acquiring the Subject Premises and Personal Property, Buyer has not been induced by and has not relied upon (and Seller is not liable for or bound by) any representations, warranties, guarantees, promises, statements, real estate broker "set ups" or other information, whether express or implied, made or furnished by Seller or by any agent, employee or other representative of Seller or by any broker or any other person representing or purporting to represent Seller (whether or not any such representations,

warranties, guarantees, promises or statements were made in writing or orally) which are not expressly set forth in this Agreement with respect to the Subject Premises and Personal Property.

Section 5.4 Buyer represents and warrants to Seller that (i) Buyer shall neither encumber nor cause any liens to be created against the Subject Premises in any way, prior to the Closing; (ii) this Agreement and each of the agreements and documents to be executed and delivered in accordance with this Agreement has been, or will at the Closing be, duly authorized, executed and delivered by Buyer, and constitute, or will constitute at the Closing, a valid and legally binding obligation of Buyer, enforceable against Buyer in accordance with its terms; (iii) Buyer has sought the advice of and has been represented by competent legal counsel of Buyer's choice in connection with this Agreement and the transactions related to this Agreement; and (iv) there are no judgments, orders, or decrees of any kind against Buyer which are unpaid or unsatisfied of record, nor any actions, suits or other legal or administrative proceedings pending or, to Buyer's actual knowledge, threatened against Buyer which would have any material adverse effect on the business or assets, or the condition, financial or otherwise, of Buyer or the ability of Buyer to consummate the transaction contemplated by this Agreement.

Section 5.5 Buyer acknowledges that this is an "All Cash Transaction", not subject to Buyer obtaining financing and Buyer represents and warrants to Seller that Buyer has or will have by the Closing Date sufficient funds on hand to consummate the transaction contemplated by this Agreement.

ARTICLE VI DUE DILIGENCE AND BUYER'S INSPECTION OF THE SUBJECT PREMISES

Section 6.1 Buyer's obligations hereunder are subject to it having obtained, within sixty (60) days of the Effective Date (the "Due Diligence Period"), at its sole cost and expense, such title, environmental, engineering, architectural and other studies of the Subject Premises, including but not limited to its title and environmental condition, as it deems necessary, which shall be ~~reasonably~~ satisfactory to Buyer. Notwithstanding the foregoing, the nature and scope of environmental testing and investigation that Buyer shall be permitted to conduct at the Subject Premises during the Due Diligence Period is limited to those activities as approved, in advance and in writing, by Seller. Buyer shall have the right to elect to terminate this Agreement by giving written notice of such election ("Buyer's Termination Notice") to Seller prior to the expiration of the Due Diligence Period, with "Time Being of the Essence" with regard thereto, in the event that Buyer, in the course of its due diligence investigation, determines that it is not ~~reasonably~~ satisfied with its due diligence investigation. In the event this Agreement is terminated pursuant to the preceding sentence, this Agreement shall be null and void and neither party shall have any further obligation or liability to the other except as expressly set forth herein, provided that Escrow Agent shall return the Deposit to Buyer, together with accrued interest thereon. If Buyer fails to deliver Buyer's Termination Notice to Seller prior to the conclusion of the Due Diligence Period, such period shall be deemed, for all purposes hereunder, to have expired.

*Buyer's
Sole &
absolute
discretion.*

Section 6.2 Seller shall reasonably cooperate with Buyer in connection with Buyer's inspections and to facilitate Buyer's investigation and evaluation of the Subject Premises and the condition of title thereto. Seller shall have management personnel reasonably available

() Seller hereby approves in advance test borings, soil & drywell/drainage samplings*

by telephone during normal business hours to discuss the Subject Premises and its operations with agents of the Buyer. Seller shall permit Buyer and its authorized representatives to inspect all portions of the Subject Premises provided Buyer shall give Seller one (1) day prior notice (which notice shall be via telephone, fax or email), provided such notice shall include sufficient information to permit Seller to review the scope of the proposed inspection, and Buyer shall not conduct or allow to be conducted any invasive testing without Seller's prior written consent. Buyer's right to enter upon the Subject Premises to conduct any invasive tests shall be further conditioned upon Buyer's obligation to provide Seller with such insurance coverages as Seller may reasonably require to protect Seller against any and all losses and liabilities which may result from Buyer's entry upon the Subject Premises or Buyer's conduct of such tests. Buyer or its environmental engineer shall obtain all such insurance coverages at Buyer's sole cost and expense, and Buyer or its environmental engineer shall provide Seller with duly issued certificates of insurance for all such coverages on or before the date on which Buyer or its environmental engineer enters upon the Subject Premises pursuant to this Section 6. Buyer shall deliver a copy of such environmental reports and studies to Seller within five (5) business days from its receipt. Buyer shall keep Seller reasonably informed of Buyer's progress in conducting its due diligence investigations during the Due Diligence Period.

(except
as
per the
test
borings
aforesaid)

Substantially

Section 6.3 BUYER AGREES TO RESTORE THE SUBJECT PREMISES TO ITS ORIGINAL CONDITION AFTER THE CONDUCT OF ANY SUCH PHYSICAL INSPECTIONS OR TESTS. BUYER AGREES TO INDEMNIFY, DEFEND AND HOLD SELLER, ITS PARTNERS, MEMBERS, PRINCIPALS, OFFICERS, DIRECTORS AND EMPLOYEES, AND THE SUBJECT PREMISES HARMLESS FROM ANY AND ALL CLAIMS, DEMANDS, LIABILITIES, COSTS OR EXPENSES SUFFERED BY OR ASSERTED AGAINST SELLER, ITS PARTNERS, MEMBERS, PRINCIPALS, OFFICERS, DIRECTORS OR EMPLOYEES, AND/OR THE SUBJECT PREMISES, ARISING IN ANY MATTER INCLUDING OUT OF ANY ENTRY ON TO THE SUBJECT PREMISES OR ACTIVITIES CONDUCTED THEREON BY BUYER, ITS AGENTS, ITS PARTNERS, MEMBERS, PRINCIPALS, OFFICERS, DIRECTORS OR EMPLOYEES, DURING THE PENDENCY OF THIS AGREEMENT, AND SUCH OBLIGATIONS SHALL SURVIVE CLOSING OR ANY TERMINATION OF THE AGREEMENT. NOTWITHSTANDING ANY LIMITING LANGUAGE WHICH MIGHT OTHERWISE BE CONTAINED IN THIS AGREEMENT, SELLER SHALL BE ENTITLED TO THE REMEDIES OF SPECIFIC PERFORMANCE AND DAMAGES AGAINST BUYER IN THE EVENT OF ANY DEFAULT BY BUYER UNDER THIS AGREEMENT WITH RESPECT TO ANY REPAIR OR RESTORATION OBLIGATION IN CONNECTION WITH ANY INSPECTIONS.

Section 6.4 All materials obtained by Buyer pursuant to this Section 6(a) shall be held in confidence by Buyer and disclosed only to its consultants, attorneys, accountants and lenders or as may be otherwise required by law. If the parties fail to consummate the transaction described herein for any reason, Buyer shall deliver to Seller copies of all written information and reports obtained by Buyer pursuant to this Section 6(a) (including but not limited to all assessments, tests and other reports related to the environmental condition of the Subject Premises), which obligation shall survive the termination of this Agreement.

Section 6.5 Buyer, at its sole cost and expense, shall make application during the Due Diligence Period to Title Company for its commitment to insure the Buyer's title to the Subject Premises, subject only to Permitted Exceptions. Buyer shall cause the Title Company to send any title report or certificate of title simultaneously to the Seller's attorney and the Buyer's attorney.

ARTICLE VII OPERATIONS PENDING CLOSING

The Subject Premises will be delivered to Buyer on the Closing Date in substantially the same condition as exists on the date hereof, subject to reasonable wear and tear and damage by casualty or the elements. Seller shall maintain the Subject Premises until the Closing Date in a manner consistent with recent historical practices; provided, however, Seller shall be obligated to remove from the Subject Premises the tangible personal property, trade fixtures and/or equipment listed on Exhibit "C" annexed hereto (the "Excluded Assets") prior to the Closing Date. Seller shall remove all surface trash and debris located on but not under the Subject Premises prior to Closing, and the Subject Premises shall be delivered free and clear of trash and debris at Closing. Seller shall not grant any leases, tenancies or rights of occupancy in or to the Subject Premises prior to the Closing Date without Buyer's prior written approval.

*Premises to be delivered
Vacant, broom clean + free of
trash + debris upon closing.*

ARTICLE VIII CLOSING

The closing of the transaction which is the subject of this Agreement (the "Closing") shall take place no later than the date that is thirty (30) days after the end or earlier waiver by Buyer of the Due Diligence Period (which date or any other date as may be agreed upon by the parties is referred to throughout this Agreement as the "Closing Date") at the offices of the Escrow Agent or such other place as the parties may mutually agree upon in writing.

*to
sixty
(60)
days*

ARTICLE IX BROKERAGE

Each party represents and warrants to the other party that it has dealt with no broker in connection with this Agreement except Indusony One (the "Broker") and that it knows of no other broker who has claimed or may have the right to claim a commission or other compensation, in connection with this transaction. Each party hereto shall indemnify and defend the other party against any costs, claims or expenses, including attorneys' fees, arising out of the breach on the part of the indemnifying party of any representations, warranties or agreements contained in this paragraph. Seller shall pay any commission to the Broker as per separate agreement, but only upon completion of this sale transaction. The representations and obligations under this paragraph shall survive the Closing or, if Closing does not occur, the termination of this Agreement.

**ARTICLE X
SELLER'S CLOSING OBLIGATIONS**

At the Closing, Seller shall deliver or cause to be delivered the following to Buyer:

- (a) The duly executed and acknowledged Deed;
- (b) The duly executed Bill of Sale;
- (c) A duly executed New York State transfer tax returns;
- (d) A Certification of Non-foreign Status in accordance with the provisions of Section 1445 of the Internal Revenue Code of 1986, as amended ("Section 1445"); and
- (e) Any other documents required by this Agreement to be delivered by Seller.

**ARTICLE XI
BUYER'S CLOSING OBLIGATIONS**

At the Closing, Buyer shall:

- (a) Pay the balance of the Purchase Price, subject to adjustment for apportionments and closing costs in accordance with the terms hereof;
- (b) Instruct the Escrow Agent to cause the Deed to be recorded, duly complete all required real property transfer tax returns and cause all such returns and payments of such taxes to be delivered to the appropriate officers promptly after the Closing Date; and
- (c) Deliver any other documents required by this Agreement to be delivered by Buyer.

**ARTICLE XII
OBJECTIONS TO TITLE: FAILURE OF SELLER OR BUYER TO PERFORM**

Section 12.1 If at the date set for the Closing, Seller is unable to convey to the Buyer title to the Subject Premises subject to and in accordance with the provisions of this Agreement or is unable to fulfill any condition precedent to Buyer's obligations under this Agreement or if any representation by Seller hereunder is not true and correct in all material respects at the Closing, Seller shall be entitled, upon written notice delivered to Buyer at or prior to such date, to reasonable adjournments of the Closing Date one or more times not exceeding sixty (60) days in the aggregate, to enable Seller to convey such title or fulfill any such condition or cure the breach of any such representation under this Agreement. If Seller does not elect to adjourn the Closing, or if on the adjourned date Seller is unable to convey title in accordance with the provisions of this Agreement, then either (i) Buyer may terminate this Agreement by written notice delivered at or prior to the date originally fixed for Closing or the adjourned date

(as the case may be), whereupon this Agreement shall terminate and neither party shall have any obligations of any nature to the other hereunder except as expressly set forth herein, provided that Seller shall return the Deposit (with interest earned thereon, if any) or (ii) Buyer may elect, as permitted by Section 12.2, to take such title as Seller is able to convey without any deduction from the Purchase Price. The failure of Buyer to give Seller notice of termination as provided in subdivision (i) above, shall be deemed an election by Buyer to continue this Agreement. This Agreement shall not be deemed to require Seller (x) to institute any legal action or proceeding to remove any defects in or objections to title or to fulfill any condition of the performance of this Agreement or (y) to expend any moneys to remove any defects or objections to title, other than to satisfy existing mortgages, mechanics liens, federal tax liens, judgments or other liens and encumbrances which can be satisfied by the payment of money in a liquidated amount to a maximum of the Purchase Price.

Section 12.2 Buyer, during the time limits set forth in Section 12.1, may accept such title as Seller can convey, without reduction of the Purchase Price or any credit or allowance on account thereof or any claim against Seller. In any event, the acceptance of the Deed by Buyer shall be deemed to be full performance of, and discharge of, every agreement and obligation on the part of Seller to be performed hereunder as a condition precedent to Buyer's obligations except for matters that are expressly provided herein, to survive the Closing.

or thereupon on Closing

Section 12.3 If the Subject Premises shall, at the time of Closing, be subject to any liens, such as for judgments or transfer, franchise, license or other similar taxes, or any encumbrances or other title exceptions which would be grounds for Buyer to reject title hereunder, the same shall not be deemed an objection to title provided that, at the time of Closing, the Title Company will issue or bind itself to issue a policy which will omit same as exceptions to the insurance coverage for a premium computed at regular rates. The existence of any such liens or other defects at the Closing shall not be deemed defects in or objections to title if Seller shall deliver at the Closing instruments in form sufficient to satisfy the same.

Section 12.4 In the event the Buyer shall fail to close by reason of its default under this Agreement, Seller shall be entitled to receive and retain the Deposit (together with any interest earned thereon), which Deposit shall be deemed to be liquidated and agreed upon damages hereunder, provided that this provision shall not limit Seller's right to pursue and recover on a claim with respect to any obligation under this Agreement which survives any such termination of this Agreement, including, but not limited to, any damages arising out of Buyer's due diligence investigation. The provisions herein contained for liquidated agreed upon damages are bona fide and constitute a reasonable estimate of Seller's damages and are not a penalty. The parties agree that by reason of Seller's binding itself to the sale of the Subject Premises and by reason of the withdrawal of the Subject Premises from sale at the time when other parties are or may be interested in acquiring the Subject Premises, that Seller will have sustained damages if Buyer defaults, which damages will be substantial but the actual damages will not be capable of determination with mathematical precision due to the unpredictability of many factors which affect the value and marketability of the Subject Premises.

Section 12.5 If Seller shall fail to close by reason of its ~~willful~~ default under this Agreement, Buyer may as its sole remedy either (i) terminate this Agreement and receive a refund of the Deposit or (ii) pursue an action for specific performance against Seller. Seller shall

not be liable to Buyer for any damages, including, without limitation, any punitive, speculative or consequential damages.

ARTICLE XIII ESCROW

This Agreement shall serve as escrow instructions to the Escrow Agent, subject to its Standard Conditions of Acceptance of Escrow; provided, however, that this Agreement shall govern in the event of any conflict between said Standard Conditions and any of the terms hereof.

ARTICLE XIV NOTICES

Section 14.1 Any notice or other communication required or permitted by this Agreement shall be in writing and shall be sent by Federal Express or other overnight courier service, addressed as follows:

To Seller:

c/o Arctic Glacier Inc.
625 Henry Avenue
Winnipeg, MB R3A 0V1
Attn: Michael D. Wohlgemuth

Copies to:

Jones Day
901 Lakeside Avenue
Cleveland, Ohio 44114.
Attn: William A. Herzberger, Esq.

Aikins, MacAulay & Thorvaldson LLP
30th Floor – 360 Main Street
Winnipeg, MB R3C 4G1
Attn: Dale R. Melanson, Esq.

To Buyer:

Peter P. Paschall, Esq.
17 Green Street
London, NY 11743

Copy to:

Margolin & Margolin
52 Elm St., Suite 1
London, NY 11743

Attn: James S. Margolin, Esq.

Email: MARGOLIN@AOL.COM

Section 14.2 The parties hereto may change the address to which notice shall be sent by giving notice as provided above. The Counsel herein identified for the respective parties are hereby authorized to give notices and any notice given by such Counsel for the respective parties shall be deemed a notice given by such party with the same force and effect as if given by such party.

The copy notice to Counsel may be given by email only.
Notice shall be deemed given on the date sent provided sent per the requirements of 14.1 and 14.2

ARTICLE XV CLOSING COSTS

Seller Buyer shall pay the New York State Real Estate Transfer Tax and any other documentary stamp taxes, escrow and title insurance charges and all other costs or expenses incident to execution or recordation of documents required in order to transfer title to the Subject Premises. Additionally, Buyer shall pay all costs in connection with any financing obtained by Buyer (including New York State Mortgage Recording Tax), the costs of any engineering, architectural and environmental studies in connection with its due diligence, all fees in connection with obtaining any necessary permits and/or approvals, and any updated survey costs. Seller shall pay for any real estate brokerage commission pursuant to Section 9 above and the cost of recording any release of mortgage, mechanic's lien, judgment or other encumbrance to title which Seller is obligated to satisfy pursuant to the terms of this Agreement. Each party shall pay the fees of its own attorneys.

ARTICLE XVI DAMAGE, DESTRUCTION OR CONDEMNATION

Seller shall keep in effect until Closing its present hazard insurance. Seller represents that it carries full replacement cost coverage. The risk of any loss by casualty or by the taking of the Subject Premises or any part thereof by eminent domain shall be assumed solely by Seller until Closing. Notwithstanding anything to the contrary herein, Seller and Buyer each agree that in the event of a loss in connection with damage, destruction or condemnation, New York General Obligations Law Section 5-1311 shall apply.

ARTICLE XVII TAX-FREE EXCHANGE

Seller shall have the option to structure the transaction which is the subject of this Agreement as a "Tax Free Exchange" under Internal Revenue Code Section 1031, in which case the following shall occur: (i) an exchange trustee will be retained by the Seller to act as a qualified intermediary for the purpose of facilitating the exchange; (ii) Seller's interest in the Subject Premises shall be assigned to the exchange trustee, together with an assignment of this Agreement; (iii) the Purchase Price will be paid by Buyer to the exchange trustee and utilized by the exchange trustee to acquire the replacement property in lieu of the Buyer acquiring the replacement property; and (iv) for reasons unrelated to Federal Income Tax, the exchange trustee shall direct the Seller to convey legal title to the Subject Premises, by deed, directly to Buyer, Buyer acknowledges that the exchange trustee will be acting in lieu of the Buyer in completing the exchange transaction, namely the acquisition of the replacement property and its transfer to Seller in exchange for the Subject Premises. Buyer agrees to cooperate with Seller in connection

with such tax-free exchange, which Seller agrees shall be accomplished without delaying the closing and without any additional expense or liability to the Buyer. Seller shall be responsible for the payment of all of Seller's income taxes, interest and penalties, if any, arising out of such tax-free exchange. At Seller's request, Buyer shall execute an exchange trust containing the aforesaid provisions. If Seller shall structure the transaction as a tax-free exchange as permitted herein, at such time as Seller would otherwise be entitled to payment of the Deposit, or any other portion of the Purchase Price, Escrow Agent shall pay such amounts to the exchange trustee and not to Seller. This paragraph shall survive closing. In the event Buyer elects to do a Tax Free Exchange, Seller, at Buyer's sole cost and expense, shall cooperate with Buyer to effectuate the exchange.

ARTICLE XVIII PENDING TAX REDUCTION PROCEEDINGS

Seller is hereby authorized to continue any proceeding or proceedings now pending for the reduction of the assessed valuation of the Subject Premises up to and including the tax year in which the Closing takes place subsequent to the Closing, and in Seller's sole discretion to litigate same. The net refund of taxes, if any, for any tax year received by Seller shall be apportioned between Seller and Buyer, if Buyer is so entitled, in accordance with the provisions of this Agreement. Prior to any apportionment, however, Seller shall be entitled to deduct from any refund that it receives all expenses, including attorneys' fees, incurred in obtaining such refund. Buyer shall deliver to Seller, upon demand, receipted tax bills and cancelled checks used in payment of such taxes and shall execute any and all consents or other documents, and do any act or thing necessary for the collection of such refund by Seller. The provisions of this section shall survive the Closing.

ARTICLE XIX ENVIRONMENTAL

Section 19.1 Buyer acknowledges and agrees that Buyer has reviewed and/or at Closing will have had the opportunity to review to its satisfaction the environmental condition of the Subject Premises.

Section 19.2 Buyer hereby covenants that, unless required by law, it will not initiate, pursue, or otherwise participate in any claim, action, or investigation, nor will it make or refer any action, investigation, or inquiry to any governmental agency or other person, against Seller or its agents, employees, or other representatives relating to the environmental condition of the Subject Premises, including any contamination at, on, under, or from the Subject Premises.

Section 19.3 If there is any environmental condition at the Subject Premises left in place at the Subject Premises at the time of Closing, Buyer agrees to, notwithstanding anything to the contrary contained herein, expressly assume all liabilities and obligations regarding the performance of any investigation or remediation of such condition. Buyer will take such actions as are necessary to effect such assumption with the applicable governmental authorities.

Section 19.4 Buyer does hereby forever release and discharge Seller, and its respective shareholders, parent companies, subsidiaries, affiliates, legal representatives, successors and assigns of and from any and all claims, demands, losses, liabilities, judgments, settlements, damages, penalties, consequential damages, exemplary damages, fines, encumbrances, liens, remediation, abatement, costs and expenses of investigation, remediation or cleanup in defense of or resulting from any claim, action or suit, demand or administrative proceeding or any requirement of any governmental or quasi-governmental authority whatsoever of every name and nature, whether known or unknown, whether or not well founded in fact or in law, and whether in law or in equity or otherwise, whether direct or consequential, compensatory, exemplary, liquidated or unliquidated, which Buyer or its respective legal representatives, successors, assigns, heirs, executors or administrators has, shall have or may ever have with respect to any environmental condition, investigation or remediation with respect to the Subject Premises.

ARTICLE XX MISCELLANEOUS PROVISIONS

Section 20.1 This Agreement embodies and constitutes the entire understanding between the parties with respect to the transaction contemplated herein, and all prior agreements, understandings, representations and statements, oral or written, are merged into this Agreement. Neither this Agreement nor any provision hereof may be waived, modified, amended, discharged, or terminated except by an instrument signed by the party against whom the enforcement of such waiver, modification, amendment, discharge or termination is sought, and then only to the extent set forth in such instrument.

Section 20.2 This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York in all respects including the validity, interpretation and performance thereof and without giving effect to principles of conflict of laws.

Section 20.3 The captions in this agreement are inserted for convenience of reference only and in no way define, describe or limit the scope or intent of this Agreement.

Section 20.4 This Agreement shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the parties.

Section 20.5 The submission of this Agreement by Seller to Buyer shall in no manner bind Seller nor shall the same constitute an offer by Seller to Buyer. This Agreement shall be binding on Seller only when duly executed by Seller and Buyer and upon delivery of a copy of such fully executed agreement by Seller to Buyer.

Section 20.6 If the provisions of any Exhibit or schedule to this Agreement are inconsistent with the provisions of this Agreement, the provisions of such Exhibit or schedule shall prevail.

Section 20.7 The parties agree that neither this Agreement nor any memorandum or notice thereof shall be recorded in any public record and that, unless otherwise agreed to by Seller or otherwise required by law, this Agreement and the transaction contemplated herein shall be kept confidential by the parties.

Section 20.8 Any time period provided herein which shall end on a Saturday, Sunday or legal holiday shall extend to 5:00 p.m. of the next full business day.

Section 20.9 This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which constitute one and the same instrument.

Section 20.10 Each party to this Agreement agrees to execute, acknowledge and deliver or cause to be delivered, such other deeds, assignments, affidavits, certificates and other instruments and documents as may be reasonably necessary and required by the other party from time to time to confirm and carry out the intent and purpose of this Agreement and the performance of each party's obligations under the terms of this Agreement, in such form as shall be reasonably satisfactory to counsel for both parties.

Section 20.11 Buyer may not assign this Agreement to any person or to any entity without the prior written consent of Seller, which consent may be granted or denied in Seller's sole discretion, and any assignment in violation of this provision shall be null and void and constitute a material breach of this Agreement; *however, Buyer may assign to a real estate entity in which Adam J. Pastorelli, Sr., or a member of his immediate family shall be a member/principal.*

Section 20.12 This Agreement has been negotiated by the parties hereto, each of whom have been represented by independent counsel of their choice. Neither party shall be deemed to have been the drafter of this agreement for purposes of any interpretation hereof and no deletions from prior drafts of this Agreement shall be construed to create the opposite intent of the deleted provisions.

Section 20.13 If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or enforceable in any respects, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had ever been contained herein.

Section 20.14 If either Buyer or Seller shall obtain legal counsel or bring an action against the other by reason of the breach of any covenant, provision or condition hereof, or otherwise arising out of or to enforce this Agreement, the unsuccessful party shall pay to the prevailing party reasonable attorney's fees, which shall be payable whether or not any action is prosecuted to judgment and all costs incurred. The term "prevailing party" shall include, without limitation, a party which obtains legal counsel or brings an action against the other by reason of the other's breach or default and obtains substantially the relief sought, whether by compromise, settlement or judgment.

Section 20.15 Nothing in this Agreement shall be construed as giving any person, firm, corporation or other entity, other than the parties hereto, their successors and assigns, any rights, remedy or claim under or in respect to this Agreement or any provisions thereof, and no third party beneficiary status shall be conferred on any other party except as herein set forth.

Section 20.16 No waiver of any breach of any agreement or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof or of any other agreement or provision herein contained. No extension of time for performance of any

obligations or acts shall be deemed an extension of the time for performance of any other obligations or acts.

Section 20.17 The parties hereto knowingly, voluntarily, irrevocably, unconditionally and intentionally waive the right to a trial by jury in respect of any dispute or litigation arising hereunder or arising out of, under, or in connection with any document or agreement executed in connection herewith or the exercise by any party of any of their rights hereunder.

[Signatures Follow]

Section 20.18 - Buyer may waive any condition or contingency/term in this Agreement + close title in accordance with the terms hereof and without abatement in the purchase price.

Section 20.19 - While this Agreement is not subject to financing, in the event Purchaser shall obtain institutional financing, Seller agrees to close title in the office of said lender or its attorneys.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

SELLER:

ARCTIC GLACIER NEW YORK INC.

By: _____

Name: _____

Title: _____

BUYER:

By: _____

Name: _____

Title: _____

EXHIBIT "A"

DESCRIPTION OF SUBJECT PREMISES

All that certain plot, piece, or parcel of land, situate, lying, and being in the Town of Huntington, County of Suffolk, and State of New York being more particularly bounded and described as follows:

BEGINNING at a point of the easterly side of Stewart Avenue where the same is intersected by the northerly side of land now formerly of Nass; said point of beginning being also distant 150.00 feet northerly from the corner formed by the intersection of the easterly side of Stewart Avenue with the northerly side of First Avenue.

RUNNING THENCE south the easterly side of Stewart Avenue, North 5 degrees 14 minutes 50 seconds east 262.49 Feet;

RUNNING THENCE south 57 degrees 00 minutes east 156.38 feet to land now or formerly of prime;

RUNNING THENCE along said land now or formerly of prime the following two courses and distances:

(1) south 11 degrees 53 minutes 50 seconds west 189.87;

(2) south 8 degrees 09 minutes 40 seconds east 1.10 feet to land now or formerly of Nass;

RUNNING THENCE along said land now formerly of Nass north 84 degrees 45 minutes 10 seconds west 116.64 feet to the easterly side of Stewart Avenue at the point or place of beginning.

EXHIBIT "B"

SURVEY

(Please see attached)

EXHIBIT "C"
EXCLUDED ASSETS

(None)

TAB 2

PHELPS & ASSOCIATES, INC.
4400 Veterans Memorial Highway, Suite #210, Holbrook, NY 11741
(631) 588-6500 / (631) 588-2265 – Facsimile
email: phelpsassociates@yahoo.com

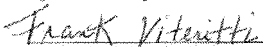
Date: April 18, 2012
To: Industry One
Via email: masaro@industryone.com
Attention: Mario Asaro
Bob Misa
From: Brian R. Phelps
Re: Letter of Intent
50 Stewart Avenue, Huntington, NY 11743

Gentlemen I am pleased to present the following Offer for the purchase of the above-referenced building.

Purchaser: Frank Viteritti
170 Lake Road, Huntington, NY 11743
Purchase Price: \$900,000. (Nine Hundred Thousand Dollars)
Cash On Contract: \$45,000. (Forty Five Thousand Dollars)
Cash At Closing: \$855,000. (Eight Hundred Fifty Five Thousand Dollars)
Due Diligence: Purchaser shall have forty five (45) days from contract execution to perform the inspection of the property and related documentation. Seller will furnish all necessary due diligence materials to Purchaser within five (5) days of signing the Letter of Intent.
1031 Exchange: Seller and Buyer acknowledge that both parties may intend to sell and purchase the Property under the provisions of an Internal Revenue Service Section 1031 Tax Deferred Exchange. Seller and Buyer agree to cooperate in executing any document required by such an Exchange provided that each party incurs no additional cost or liability due to such an Exchange.
Commission: Phelps & Associates shall receive 2 1/2% (Two and one half percent) Of total commission paid from Seller, if, as and when Title passes.

This letter/proposal is intended solely as a preliminary expression of general intentions and is to be used for discussion purposes only. The parties agree that the letter/proposal is not intended to create any agreement or obligation by either party to negotiate a definitive lease/purchase and sale agreement and imposes no duty on either part to continue negotiations. The parties intend that neither shall have any contractual obligations to the other with respect to the matters referred herein unless and until a definitive agreement has been fully executed and delivered by the parties.

Agreed & Accepted:


Frank Viteritti – Purchaser

4/18/12
Date

Seller

Date

TAB 3



Emerson J. Dobbs Inc.

REAL ESTATE

23 GREEN STREET • SUITE 209 • HUNTINGTON, NEW YORK 11743 • (631) 673-8700

May 31, 2012

C/O Arctic Glacier Inc.
625 Henry Avenue
Winnipeg, MB R3A 0V1
Attn: Michael D. Wohlgemuth

Dear Sirs,

Please see the enclosed contract of sale regarding the property located at 50 Stewart Ave.
Huntington, NY 11743. Please contact us with any questions or concerns.

Regards,

Emerson J. Dobbs

PURCHASE AND SALE AGREEMENT

AGREEMENT made this 1 day of June, 2012 (the "Effective Date") by and between 50 Stewart LLC, a limited liability Co., having an address at Suite 208 23 Green St. (hereinafter referred to as the "Buyer") and ARCTIC GLACIER NEW YORK INC., a New York corporation, having an address at 625 Henry Avenue, Winnipeg, Manitoba, Canada R3A0V1 (hereinafter called the "Seller").

Huntington N.Y. 11743

A. Seller and certain of its affiliates (collectively, "Arctic Glacier") commenced proceedings under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended ("CCAA") and were granted an order (the "Initial Order") of the Court of Queen's Bench (Winnipeg Centre) on February 22, 2012.

B. The Initial Order, among other things, imposed a stay of proceedings against the creditors of Arctic Glacier. Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was appointed Monitor (the "Monitor") of the business and financial affairs of Arctic Glacier.

C. On February 23, 2012, the Monitor commenced ancillary proceedings in the United States Bankruptcy Court for the District of Delaware under Chapter 15 of the United States Bankruptcy Code, 11 U.S.C. §§ 101-1330, as amended, seeking recognition of the CCAA proceedings as foreign main proceedings, and to give effect to the Initial Order in the United States. On March 16, 2012 the United States Bankruptcy Court granted an order, among other things, recognizing the CCAA proceedings as foreign main proceedings and giving effect to the Initial Order in the United States.

D. With the approval of the Monitor in accordance with the Initial Order, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, certain real property and personal property on the terms and conditions hereinafter set forth.

ARTICLE I SALE OF PROPERTY

Seller agrees to sell and convey and Buyer agrees to purchase, subject to the terms and conditions of this Agreement: (i) all that certain piece, parcel or tract of land located at 50 Stewart Avenue, Huntington, County of Suffolk and State of New York, known by the tax lot address of District 0400, Section 072, Block 02 and Lot 011, and more fully described on Exhibit "A" annexed hereto (the "Land"); (ii) all right, title and interest, if any, of the Seller in and to any land lying in the bed of any street, road or avenue (open or proposed) in front of or adjoining said premises to the centerline thereof; (iii) subject to and in accordance with Section 17 below, all right, title and interest, if any, of the Seller in and to any award made or to be made in lieu thereof and in and to any unpaid award for damage to said premises by reason of change of grade of any street; (iv) all right, title and interest of Seller in and to all easements, tenements, strips, gores, hereditaments, agreements, privileges and appurtenances in any way belonging to the Land; and (v) any buildings, structures, fixtures and improvements on the Land (the "Improvements") (the foregoing items (i) through (v) being, collectively, the "Subject Premises"); together with all right, title and interest, if any, of the Seller in and to the tangible

personal property, including any trade fixtures, equipment or similar property, located upon the Land or within the Improvements on the Closing Date, as hereinafter defined (the "Personal Property").

ARTICLE II PURCHASE PRICE

The purchase price ("Purchase Price") for the Subject Premises and Personal Property is \$850,000.00 U.S. Dollars, which shall be payable as follows:

Eight Hundred Fifty Thousand Dollars

(a) An amount equal to ten percent (10%) of the Purchase Price (the "Initial Deposit") by certified check or wire transfer of immediately available funds to a reputable title insurance company (selected by the Seller and reasonably acceptable to Buyer) in its capacity as escrow agent (the "Escrow Agent"), within two (2) days of the Effective Date, and an amount equal to five percent (5%) of the Purchase Price (the "Second Deposit") by certified check or wire transfer of immediately available funds to the Escrow Agent at the conclusion (or earlier waiver by Buyer) of the Due Diligence Period described in Section 6 below, provided that Buyer has not elected to terminate this Agreement pursuant to the terms hereof. The Initial Deposit and the Second Deposit are hereafter collectively referred to as the "Deposit." The Deposit shall be held in escrow by Escrow Agent in an interest bearing account and shall be paid to Seller on the Closing Date (as hereinafter defined) or as liquidated damages upon Buyer's default hereunder, unless Buyer is entitled to a refund thereof pursuant to the terms of this Agreement, in which event the Deposit and accrued interest thereon shall be paid over to Buyer. If at the time of Buyer's default, if any, the Second Deposit has not yet been delivered to Escrow Agent, the Initial Deposit shall be paid over to Seller, and Buyer shall remain liable to Seller for damages in an amount equal to the Second Deposit required hereunder; and

(b) The remainder of the Purchase Price, plus or minus the apportionments and adjustments authorized by this Agreement, on the Closing Date by certified check or wire transfer of immediately available funds to Escrow Agent.

ARTICLE III TITLE AND CONVEYANCE

Section 3.1 On the Closing Date, the Subject Premises shall be conveyed by Bargain and Sale Deed with Covenants Against Grantor's Acts (the "Deed") in proper form for recording, which shall be properly executed and acknowledged so as to convey to Buyer a good, marketable and insurable fee simple title to the Subject Premises, such title to be free, clear and unencumbered subject only to the following:

(a) Real estate taxes, water charges and sewer rents and vault taxes not yet due and payable as of the Closing Date;

(b) Rights, if any, of utility companies to operate and maintain lines, cables, pipes, poles and distribution boxes in, over and upon the Subject Premises;

(c) The state of facts shown on the survey of the Subject Premises, dated March 11, 2010, prepared by Landco, L.P., a copy of which is annexed hereto as Exhibit "B";

(d) Building and zoning laws, and all municipal and governmental restrictions, ordinances, codes and regulations affecting the Subject Premises, and all amendments and additions thereto now or which will be in force and effect on the Closing Date, provided the same does not prohibit the maintenance and/or continued use of the Subject Premises as the same presently exists;

(e) Utility easements, agreements, covenants and restrictions of record affecting the Subject Premises, provided the same does not prohibit the maintenance and/or continued use of the Subject Premises as the same presently exists;

(f) Any matters affecting title hereafter suffered or created with the consent of Buyer (items (i) through (vi) being hereinafter referred to collectively as the "Permitted Exceptions").

Section 3.2 Title to the Subject Premises shall be good and marketable and insurable as such by Escrow Agent or any other reputable title insurance company licensed to do business in the State of New York (the "Title Company"), subject only to (i) Permitted Exceptions and (ii) such other matters as the Title Company shall be willing to omit as an exception to coverage without the payment of an additional premium.

Section 3.3 On the Closing Date, the Personal Property shall be conveyed to Buyer by bill of sale (the "Bill of Sale").

ARTICLE IV APPORTIONMENTS AND ADJUSTMENTS

Section 4.1 Apportionment for the following items shall be made between the parties at the Closing as of 11:59 P.M. of the day preceding the Closing Date:

(a) Real estate taxes and assessments, on the basis of the fiscal period for which assessed. If the Closing shall occur before a new tax rate is fixed, the apportionment of taxes at the Closing shall be upon the basis of the tax rate for the preceding period applied to the latest assessed valuation, which shall be deemed final for purposes hereof. If an application has been made or a proceeding instituted by Seller for the reduction or review of the assessed valuation of the Subject Premises for the fiscal year in which the closing of title occurs, and if the assessed valuation is so reduced pursuant to such application or proceeding, whether by settlement or otherwise, it is understood that any tax savings or refund, less attorneys' fees and expenses, shall be apportioned, computed upon the same basis of the apportionment of taxes as herein provided. If any such application has been filed or shall be filed by Seller with respect to the next succeeding tax year, Buyer shall bear the cost for any reduction granted and shall be entitled to the full benefit resulting from such application or proceeding, whether by means of settlement or otherwise. Any tax savings or refund for any fiscal years which end prior to the fiscal year in which the closing of title occurs shall be the sole and

absolute property of Seller, and if received by Buyer, shall be promptly delivered to Seller (which obligation shall survive the Closing).

(b) Water rates, water meter charges and sewer rents, if any, on the basis of the fiscal period for which assessed. If there be a water meter, or meters, on the Subject Premises, the unfixed meter charges and the unfixed sewer rent thereon based for the time intervening from the date of the last reading shall be apportioned on the basis of such last reading, and shall be appropriately readjusted after the Closing on the basis of the next subsequent bills. Seller shall obtain a final actual water meter reading within thirty (30) days prior to the date of Closing.

Section 4.2 The parties shall also make all other adjustments as are usual in a real estate settlement in accordance with the customs and practice for title closings (including but not limited to adjustments for gas, electric and other applicable utility charges), except if specifically set forth to the contrary herein.

Section 4.3 At or prior to Closing, Seller shall pay all charges for any water meters.

Section 4.4 Any discrepancy resulting from any errors or omissions in computing any apportionments at Closing, shall be promptly corrected, which obligations shall survive the Closing for a period of six (6) months.

ARTICLE V REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF SELLER AND BUYER

Section 5.1 Seller represents and warrants to Buyer that:

(a) Seller is a corporation duly formed and validly existing under the laws of the State of New York.

(b) The execution, delivery and performance of this Agreement on behalf of the Seller have been duly authorized, and the person executing this Agreement on the part of the Seller has the authority to do so.

(c) The performance of this Agreement will not result in any violation of, or will not be in conflict with, or will not constitute a default under, any corporate charter, certificate of incorporation, by-law, mortgage, indenture, contract, permit, judgment, decree, order, statute, rule or regulation, applicable to Seller, and no approval, consent, order or authorization by any third party is required in connection with the execution and delivery of and compliance with this Agreement by Seller.

(d) Seller is not a "foreign person" as defined in the Internal Revenue Code Withholding Section.

(e) Seller has not received written notice of any condemnation or taking of the Subject Premises, has no actual knowledge of any pending or threatened condemnation or

taking, and no condemnation or taking has occurred during Seller's ownership of the Subject Premises.

(f) There are no management, service, equipment, supply, security, maintenance, concession or other agreements with respect to or affecting the Subject Premises which cannot be terminated with thirty (30) days' notice (or less) (herein collectively called "Service Agreements").

Section 5.2 Buyer has made such examination of the Subject Premises and Personal Property and all other matters and documents affecting or relating to the physical condition of the Subject Premises and Personal Property as Buyer has deemed necessary, is fully familiar with the physical condition and state of repair thereof, and shall accept them "as is, where is" and in their present condition "with all faults", and Buyer shall assume all liability and responsibility with respect thereto from and after Closing. Buyer acknowledges that, except as expressly set forth in Section 5(a) above, Seller has not made any representation or warranty, whether express or implied, with respect to (i) the physical condition or state of repair of the Subject Premises or Personal Property (including any warranties which may be deemed made at law the benefit of which, if any, Buyer hereby waives), (ii) the use, merchantability, design, quality, description, durability, operation or fitness for use of the Subject Premises or Personal Property, (iii) the quality of the Subject Premises or Personal Property or quality of work therein, (iv) the state of title to the Subject Premises or Personal Property, (v) the rental or other income, operating expenses, tenancies or occupancies of the Subject Premises; (vi) whether the Subject Premises is in compliance with all requirements of law; (vii) as to the real estate tax liability of the Subject Premises; (viii) the compliance of the Subject Premises in its current or any future state, with any certificate of occupancy or with applicable zoning ordinances or any other governmental laws, rules, regulations or requirements and the ability to obtain a variance in respect to the Subject Premises' non-compliance, if any, with said zoning ordinances and/or governmental requirements; (ix) except as expressly set forth herein, the presence or absence of asbestos, hydrocarbon, toxic waste and/or other hazardous materials on the Subject Premises or within the Personal Property as defined and regulated by any federal, state and/or local environmental and/or health agencies having jurisdiction with respect to the Subject Premises notwithstanding any information which may have been furnished by Seller with respect thereto; (x) the availability of any financing for the purchase or operation of the Subject Premises from any source whatsoever; (xi) the compliance of any boiler, oil burners, fuel burning devices, compactors, or any other equipment used in the operation of the Subject Premises, with all requirements of law; (xii) whether the Seller is in compliance with all requirements of law with respect to the maintenance and operation of the Subject Premises or Personal Property; or (xiii) any other matters affecting or relating to the Subject Premises, the Personal Property or this transaction which might be pertinent in considering the making or the execution of this Agreement.

Section 5.3 In entering into this Agreement and acquiring the Subject Premises and Personal Property, Buyer has not been induced by and has not relied upon (and Seller is not liable for or bound by) any representations, warranties, guarantees, promises, statements, real estate broker "set ups" or other information, whether express or implied, made or furnished by Seller or by any agent, employee or other representative of Seller or by any broker or any other person representing or purporting to represent Seller (whether or not any such representations,

warranties, guarantees, promises or statements were made in writing or orally) which are not expressly set forth in this Agreement with respect to the Subject Premises and Personal Property.

Section 5.4 Buyer represents and warrants to Seller that (i) Buyer shall neither encumber nor cause any liens to be created against the Subject Premises in any way, prior to the Closing; (ii) this Agreement and each of the agreements and documents to be executed and delivered in accordance with this Agreement has been, or will at the Closing be, duly authorized, executed and delivered by Buyer, and constitute, or will constitute at the Closing, a valid and legally binding obligation of Buyer, enforceable against Buyer in accordance with its terms; (iii) Buyer has sought the advice of and has been represented by competent legal counsel of Buyer's choice in connection with this Agreement and the transactions related to this Agreement; and (iv) there are no judgments, orders, or decrees of any kind against Buyer which are unpaid or unsatisfied of record, nor any actions, suits or other legal or administrative proceedings pending or, to Buyer's actual knowledge, threatened against Buyer which would have any material adverse effect on the business or assets, or the condition, financial or otherwise, of Buyer or the ability of Buyer to consummate the transaction contemplated by this Agreement.

Section 5.5 Buyer acknowledges that this is an "All Cash Transaction", not subject to Buyer obtaining financing and Buyer represents and warrants to Seller that Buyer has or will have by the Closing Date sufficient funds on hand to consummate the transaction contemplated by this Agreement.

ARTICLE VI

DUE DILIGENCE AND BUYER'S INSPECTION OF THE SUBJECT PREMISES

Section 6.1 Buyer's obligations hereunder are subject to it having obtained, within sixty (60) days of the Effective Date (the "Due Diligence Period"), at its sole cost and expense, such title, environmental, engineering, architectural and other studies of the Subject Premises, including but not limited to its title and environmental condition, as it deems necessary, which shall be reasonably satisfactory to Buyer. Notwithstanding the foregoing, the nature and scope of environmental testing and investigation that Buyer shall be permitted to conduct at the Subject Premises during the Due Diligence Period is limited to those activities as approved, in advance and in writing, by Seller. Buyer shall have the right to elect to terminate this Agreement by giving written notice of such election ("Buyer's Termination Notice") to Seller prior to the expiration of the Due Diligence Period, with "Time Being of the Essence" with regard thereto, in the event that Buyer, in the course of its due diligence investigation, determines that it is not reasonably satisfied with its due diligence investigation. In the event this Agreement is terminated pursuant to the preceding sentence, this Agreement shall be null and void and neither party shall have any further obligation or liability to the other except as expressly set forth herein, provided that Escrow Agent shall return the Deposit to Buyer, together with accrued interest thereon. If Buyer fails to deliver Buyer's Termination Notice to Seller prior to the conclusion of the Due Diligence Period, such period shall be deemed, for all purposes hereunder, to have expired.

Section 6.2 Seller shall reasonably cooperate with Buyer in connection with Buyer's inspections and to facilitate Buyer's investigation and evaluation of the Subject Premises and the condition of title thereto. Seller shall have management personnel reasonably available

by telephone during normal business hours to discuss the Subject Premises and its operations with agents of the Buyer. Seller shall permit Buyer and its authorized representatives to inspect all portions of the Subject Premises provided Buyer shall give Seller one (1) day prior notice (which notice shall be via telephone, fax or email), provided such notice shall include sufficient information to permit Seller to review the scope of the proposed inspection, and Buyer shall not conduct or allow to be conducted any invasive testing without Seller's prior written consent. Buyer's right to enter upon the Subject Premises to conduct any invasive tests shall be further conditioned upon Buyer's obligation to provide Seller with such insurance coverages as Seller may reasonably require to protect Seller against any and all losses and liabilities which may result from Buyer's entry upon the Subject Premises or Buyer's conduct of such tests. Buyer or its environmental engineer shall obtain all such insurance coverages at Buyer's sole cost and expense, and Buyer or its environmental engineer shall provide Seller with duly issued certificates of insurance for all such coverages on or before the date on which Buyer or its environmental engineer enters upon the Subject Premises pursuant to this Section 6. Buyer shall deliver a copy of such environmental reports and studies to Seller within five (5) business days from its receipt. Buyer shall keep Seller reasonably informed of Buyer's progress in conducting its due diligence investigations during the Due Diligence Period.

Section 6.3 BUYER AGREES TO RESTORE THE SUBJECT PREMISES TO ITS ORIGINAL CONDITION AFTER THE CONDUCT OF ANY SUCH PHYSICAL INSPECTIONS OR TESTS. BUYER AGREES TO INDEMNIFY, DEFEND AND HOLD SELLER, ITS PARTNERS, MEMBERS, PRINCIPALS, OFFICERS, DIRECTORS AND EMPLOYEES, AND THE SUBJECT PREMISES HARMLESS FROM ANY AND ALL CLAIMS, DEMANDS, LIABILITIES, COSTS OR EXPENSES SUFFERED BY OR ASSERTED AGAINST SELLER, ITS PARTNERS, MEMBERS, PRINCIPALS, OFFICERS, DIRECTORS OR EMPLOYEES, AND/OR THE SUBJECT PREMISES, ARISING IN ANY MATTER INCLUDING OUT OF ANY ENTRY ON TO THE SUBJECT PREMISES OR ACTIVITIES CONDUCTED THEREON BY BUYER, ITS AGENTS, ITS PARTNERS, MEMBERS, PRINCIPALS, OFFICERS, DIRECTORS OR EMPLOYEES, DURING THE PENDENCY OF THIS AGREEMENT, AND SUCH OBLIGATIONS SHALL SURVIVE CLOSING OR ANY TERMINATION OF THE AGREEMENT. NOTWITHSTANDING ANY LIMITING LANGUAGE WHICH MIGHT OTHERWISE BE CONTAINED IN THIS AGREEMENT, SELLER SHALL BE ENTITLED TO THE REMEDIES OF SPECIFIC PERFORMANCE AND DAMAGES AGAINST BUYER IN THE EVENT OF ANY DEFAULT BY BUYER UNDER THIS AGREEMENT WITH RESPECT TO ANY REPAIR OR RESTORATION OBLIGATION IN CONNECTION WITH ANY INSPECTIONS.

Section 6.4 All materials obtained by Buyer pursuant to this Section 6(a) shall be held in confidence by Buyer and disclosed only to its consultants, attorneys, accountants and lenders or as may be otherwise required by law. If the parties fail to consummate the transaction described herein for any reason, Buyer shall deliver to Seller copies of all written information and reports obtained by Buyer pursuant to this Section 6(a) (including but not limited to all assessments, tests and other reports related to the environmental condition of the Subject Premises), which obligation shall survive the termination of this Agreement.

Section 6.5 Buyer, at its sole cost and expense, shall make application during the Due Diligence Period to Title Company for its commitment to insure the Buyer's title to the Subject Premises, subject only to Permitted Exceptions. Buyer shall cause the Title Company to send any title report or certificate of title simultaneously to the Seller's attorney and the Buyer's attorney.

ARTICLE VII OPERATIONS PENDING CLOSING

The Subject Premises will be delivered to Buyer on the Closing Date in substantially the same condition as exists on the date hereof, subject to reasonable wear and tear and damage by casualty or the elements. Seller shall maintain the Subject Premises until the Closing Date in a manner consistent with recent historical practices; provided, however, Seller shall be obligated to remove from the Subject Premises the tangible personal property, trade fixtures and/or equipment listed on Exhibit "C" annexed hereto (the "Excluded Assets") prior to the Closing Date. Seller shall remove all surface trash and debris located on but not under the Subject Premises prior to Closing, and the Subject Premises shall be delivered free and clear of trash and debris at Closing. Seller shall not grant any leases, tenancies or rights of occupancy in or to the Subject Premises prior to the Closing Date without Buyer's prior written approval.

ARTICLE VIII CLOSING

The closing of the transaction which is the subject of this Agreement (the "Closing") shall take place no later than the date that is thirty (30) days after the end or earlier waiver by Buyer of the Due Diligence Period (which date or any other date as may be agreed upon by the parties is referred to throughout this Agreement as the "Closing Date") at the offices of the Escrow Agent or such other place as the parties may mutually agree upon in writing.

ARTICLE IX BROKERAGE

Each party represents and warrants to the other party that it has dealt with no broker in connection with this Agreement except [] (the "Broker") and that it knows of no other broker who has claimed or may have the right to claim a commission or other compensation, in connection with this transaction. Each party hereto shall indemnify and defend the other party against any costs, claims or expenses, including attorneys' fees, arising out of the breach on the part of the indemnifying party of any representations, warranties or agreements contained in this paragraph. Seller shall pay any commission to the Broker as per separate agreement, but only upon completion of this sale transaction. The representations and obligations under this paragraph shall survive the Closing or, if Closing does not occur, the termination of this Agreement.

**ARTICLE X
SELLER'S CLOSING OBLIGATIONS**

At the Closing, Seller shall deliver or cause to be delivered the following to Buyer:

- (a) The duly executed and acknowledged Deed;
- (b) The duly executed Bill of Sale;
- (c) A duly executed New York State transfer tax returns;
- (d) A Certification of Non-foreign Status in accordance with the provisions of Section 1445 of the Internal Revenue Code of 1986, as amended ("Section 1445"); and
- (e) Any other documents required by this Agreement to be delivered by Seller.

**ARTICLE XI
BUYER'S CLOSING OBLIGATIONS**

At the Closing, Buyer shall:

- (a) Pay the balance of the Purchase Price, subject to adjustment for apportionments and closing costs in accordance with the terms hereof;
- (b) Instruct the Escrow Agent to cause the Deed to be recorded, duly complete all required real property transfer tax returns and cause all such returns and payments of such taxes to be delivered to the appropriate officers promptly after the Closing Date; and
- (c) Deliver any other documents required by this Agreement to be delivered by Buyer.

**ARTICLE XII
OBJECTIONS TO TITLE: FAILURE OF SELLER OR BUYER TO PERFORM**

Section 12.1 If at the date set for the Closing, Seller is unable to convey to the Buyer title to the Subject Premises subject to and in accordance with the provisions of this Agreement or is unable to fulfill any condition precedent to Buyer's obligations under this Agreement or if any representation by Seller hereunder is not true and correct in all material respects at the Closing, Seller shall be entitled, upon written notice delivered to Buyer at or prior to such date, to reasonable adjournments of the Closing Date one or more times not exceeding sixty (60) days in the aggregate, to enable Seller to convey such title or fulfill any such condition or cure the breach of any such representation under this Agreement. If Seller does not elect to adjourn the Closing, or if on the adjourned date Seller is unable to convey title in accordance with the provisions of this Agreement, then either (i) Buyer may terminate this Agreement by written notice delivered at or prior to the date originally fixed for Closing or the adjourned date

(as the case may be), whereupon this Agreement shall terminate and neither party shall have any obligations of any nature to the other hereunder except as expressly set forth herein, provided that Seller shall return the Deposit (with interest earned thereon, if any) or (ii) Buyer may elect, as permitted by Section 12.2, to take such title as Seller is able to convey without any deduction from the Purchase Price. The failure of Buyer to give Seller notice of termination as provided in subdivision (i) above, shall be deemed an election by Buyer to continue this Agreement. This Agreement shall not be deemed to require Seller (x) to institute any legal action or proceeding to remove any defects in or objections to title or to fulfill any condition of the performance of this Agreement or (y) to expend any moneys to remove any defects or objections to title, other than to satisfy existing mortgages, mechanics liens, federal tax liens, judgments or other liens and encumbrances which can be satisfied by the payment of money in a liquidated amount to a maximum of the Purchase Price.

Section 12.2 Buyer, during the time limits set forth in Section 12.1, may accept such title as Seller can convey, without reduction of the Purchase Price or any credit or allowance on account thereof or any claim against Seller. In any event, the acceptance of the Deed by Buyer shall be deemed to be full performance of, and discharge of, every agreement and obligation on the part of Seller to be performed hereunder as a condition precedent to Buyer's obligations except for matters that are expressly provided herein to survive the Closing.

Section 12.3 If the Subject Premises shall, at the time of Closing, be subject to any liens, such as for judgments or transfer, franchise, license or other similar taxes, or any encumbrances or other title exceptions which would be grounds for Buyer to reject title hereunder, the same shall not be deemed an objection to title provided that, at the time of Closing, the Title Company will issue or bind itself to issue a policy which will omit same as exceptions to the insurance coverage for a premium computed at regular rates. The existence of any such liens or other defects at the Closing shall not be deemed defects in or objections to title if Seller shall deliver at the Closing instruments in form sufficient to satisfy the same.

Section 12.4 In the event the Buyer shall fail to close by reason of its default under this Agreement, Seller shall be entitled to receive and retain the Deposit (together with any interest earned thereon), which Deposit shall be deemed to be liquidated and agreed upon damages hereunder, provided that this provision shall not limit Seller's right to pursue and recover on a claim with respect to any obligation under this Agreement which survives any such termination of this Agreement, including, but not limited to, any damages arising out of Buyer's due diligence investigation. The provisions herein contained for liquidated agreed upon damages are bona fide and constitute a reasonable estimate of Seller's damages and are not a penalty. The parties agree that by reason of Seller's binding itself to the sale of the Subject Premises and by reason of the withdrawal of the Subject Premises from sale at the time when other parties are or may be interested in acquiring the Subject Premises, that Seller will have sustained damages if Buyer defaults, which damages will be substantial but the actual damages will not be capable of determination with mathematical precision due to the unpredictability of many factors which affect the value and marketability of the Subject Premises.

Section 12.5 If Seller shall fail to close by reason of its willful default under this Agreement, Buyer may as its sole remedy either (i) terminate this Agreement and receive a refund of the Deposit or (ii) pursue an action for specific performance against Seller. Seller shall

not be liable to Buyer for any damages, including, without limitation, any punitive, speculative or consequential damages.

ARTICLE XIII ESCROW

This Agreement shall serve as escrow instructions to the Escrow Agent, subject to its Standard Conditions of Acceptance of Escrow; provided, however, that this Agreement shall govern in the event of any conflict between said Standard Conditions and any of the terms hereof.

ARTICLE XIV NOTICES

Section 14.1 Any notice or other communication required or permitted by this Agreement shall be in writing and shall be sent by Federal Express or other overnight courier service, addressed as follows:

To Seller:

c/o Arctic Glacier Inc.
625 Henry Avenue
Winnipeg, MB R3A 0V1
Attn: Michael D. Wohlgemuth

Copies to:

Jones Day
901 Lakeside Avenue
Cleveland, Ohio 44114.
Attn: William A. Herzberger, Esq.

Aikins, MacAulay & Thorvaldson LLP
30th Floor – 360 Main Street
Winnipeg, MB R3C 4G1
Attn: Dale R. Melanson, Esq.

To Buyer:

Emerson J Dobbis Inc

Suite 209

23 Green St.

Huntington N.Y. 11743

Copy to:

631-673-8700

emerson@ejdrealestate.com

Section 14.2 The parties hereto may change the address to which notice shall be sent by giving notice as provided above. The Counsel herein identified for the respective parties are hereby authorized to give notices and any notice given by such Counsel for the respective parties shall be deemed a notice given by such party with the same force and effect as if given by such party.

ARTICLE XV CLOSING COSTS

Buyer shall pay the New York State Real Estate Transfer Tax and any other documentary stamp taxes, escrow and title insurance charges and all other costs or expenses incident to execution or recordation of documents required in order to transfer title to the Subject Premises. Additionally, Buyer shall pay all costs in connection with any financing obtained by Buyer (including New York State Mortgage Recording Tax), the costs of any engineering, architectural and environmental studies in connection with its due diligence, all fees in connection with obtaining any necessary permits and/or approvals, and any updated survey costs. Seller shall pay for any real estate brokerage commission pursuant to Section 9 above and the cost of recording any release of mortgage, mechanic's lien, judgment or other encumbrance to title which Seller is obligated to satisfy pursuant to the terms of this Agreement. Each party shall pay the fees of its own attorneys.

ARTICLE XVI DAMAGE, DESTRUCTION OR CONDEMNATION

Seller shall keep in effect until Closing its present hazard insurance. Seller represents that it carries full replacement cost coverage. The risk of any loss by casualty or by the taking of the Subject Premises or any part thereof by eminent domain shall be assumed solely by Seller until Closing. Notwithstanding anything to the contrary herein, Seller and Buyer each agree that in the event of a loss in connection with damage, destruction or condemnation, New York General Obligations Law Section 5-1311 shall apply.

ARTICLE XVII TAX-FREE EXCHANGE

Seller shall have the option to structure the transaction which is the subject of this Agreement as a "Tax Free Exchange" under Internal Revenue Code Section 1031, in which case the following shall occur: (i) an exchange trustee will be retained by the Seller to act as a qualified intermediary for the purpose of facilitating the exchange; (ii) Seller's interest in the Subject Premises shall be assigned to the exchange trustee, together with an assignment of this Agreement; (iii) the Purchase Price will be paid by Buyer to the exchange trustee and utilized by the exchange trustee to acquire the replacement property in lieu of the Buyer acquiring the replacement property; and (iv) for reasons unrelated to Federal Income Tax, the exchange trustee shall direct the Seller to convey legal title to the Subject Premises, by deed, directly to Buyer, Buyer acknowledges that the exchange trustee will be acting in lieu of the Buyer in completing the exchange transaction, namely the acquisition of the replacement property and its transfer to Seller in exchange for the Subject Premises. Buyer agrees to cooperate with Seller in connection

with such tax-free exchange, which Seller agrees shall be accomplished without delaying the closing and without any additional expense or liability to the Buyer. Seller shall be responsible for the payment of all of Seller's income taxes, interest and penalties, if any, arising out of such tax-free exchange. At Seller's request, Buyer shall execute an exchange trust containing the aforesaid provisions. If Seller shall structure the transaction as a tax-free exchange as permitted herein, at such time as Seller would otherwise be entitled to payment of the Deposit, or any other portion of the Purchase Price, Escrow Agent shall pay such amounts to the exchange trustee and not to Seller. This paragraph shall survive closing. In the event Buyer elects to do a Tax Free Exchange, Seller, at Buyer's sole cost and expense, shall cooperate with Buyer to effectuate the exchange.

ARTICLE XVIII PENDING TAX REDUCTION PROCEEDINGS

Seller is hereby authorized to continue any proceeding or proceedings now pending for the reduction of the assessed valuation of the Subject Premises up to and including the tax year in which the Closing takes place subsequent to the Closing, and in Seller's sole discretion to litigate same. The net refund of taxes, if any, for any tax year received by Seller shall be apportioned between Seller and Buyer, if Buyer is so entitled, in accordance with the provisions of this Agreement. Prior to any apportionment, however, Seller shall be entitled to deduct from any refund that it receives all expenses, including attorneys' fees, incurred in obtaining such refund. Buyer shall deliver to Seller, upon demand, receipted tax bills and cancelled checks used in payment of such taxes and shall execute any and all consents or other documents, and do any act or thing necessary for the collection of such refund by Seller. The provisions of this section shall survive the Closing.

ARTICLE XIX ENVIRONMENTAL

Section 19.1 Buyer acknowledges and agrees that Buyer has reviewed and/or at Closing will have had the opportunity to review to its satisfaction the environmental condition of the Subject Premises.

Section 19.2 Buyer hereby covenants that, unless required by law, it will not initiate, pursue, or otherwise participate in any claim, action, or investigation, nor will it make or refer any action, investigation, or inquiry to any governmental agency or other person, against Seller or its agents, employees, or other representatives relating to the environmental condition of the Subject Premises, including any contamination at, on, under, or from the Subject Premises.

Section 19.3 If there is any environmental condition at the Subject Premises left in place at the Subject Premises at the time of Closing, Buyer agrees to, notwithstanding anything to the contrary contained herein, expressly assume all liabilities and obligations regarding the performance of any investigation or remediation of such condition. Buyer will take such actions as are necessary to effect such assumption with the applicable governmental authorities.

Section 19.4 Buyer does hereby forever release and discharge Seller, and its respective shareholders, parent companies, subsidiaries, affiliates, legal representatives, successors and assigns of and from any and all claims, demands, losses, liabilities, judgments, settlements, damages, penalties, consequential damages, exemplary damages, fines, encumbrances, liens, remediation, abatement, costs and expenses of investigation, remediation or cleanup in defense of or resulting from any claim, action or suit, demand or administrative proceeding or any requirement of any governmental or quasi-governmental authority whatsoever of every name and nature, whether known or unknown, whether or not well founded in fact or in law, and whether in law or in equity or otherwise, whether direct or consequential, compensatory, exemplary, liquidated or unliquidated, which Buyer or its respective legal representatives, successors, assigns, heirs, executors or administrators has, shall have or may ever have with respect to any environmental condition, investigation or remediation with respect to the Subject Premises.

ARTICLE XX MISCELLANEOUS PROVISIONS

Section 20.1 This Agreement embodies and constitutes the entire understanding between the parties with respect to the transaction contemplated herein, and all prior agreements, understandings, representations and statements, oral or written, are merged into this Agreement. Neither this Agreement nor any provision hereof may be waived, modified, amended, discharged, or terminated except by an instrument signed by the party against whom the enforcement of such waiver, modification, amendment, discharge or termination is sought, and then only to the extent set forth in such instrument.

Section 20.2 This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York in all respects including the validity, interpretation and performance thereof and without giving effect to principles of conflict of laws.

Section 20.3 The captions in this agreement are inserted for convenience of reference only and in no way define, describe or limit the scope or intent of this Agreement.

Section 20.4 This Agreement shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the parties.

Section 20.5 The submission of this Agreement by Seller to Buyer shall in no manner bind Seller nor shall the same constitute an offer by Seller to Buyer. This Agreement shall be binding on Seller only when duly executed by Seller and Buyer and upon delivery of a copy of such fully executed agreement by Seller to Buyer.

Section 20.6 If the provisions of any Exhibit or schedule to this Agreement are inconsistent with the provisions of this Agreement, the provisions of such Exhibit or schedule shall prevail.

Section 20.7 The parties agree that neither this Agreement nor any memorandum or notice thereof shall be recorded in any public record and that, unless otherwise agreed to by Seller or otherwise required by law, this Agreement and the transaction contemplated herein shall be kept confidential by the parties.

Section 20.8 Any time period provided herein which shall end on a Saturday, Sunday or legal holiday shall extend to 5:00 p.m. of the next full business day.

Section 20.9 This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which constitute one and the same instrument.

Section 20.10 Each party to this Agreement agrees to execute, acknowledge and deliver or cause to be delivered, such other deeds, assignments, affidavits, certificates and other instruments and documents as may be reasonably necessary and required by the other party from time to time to confirm and carry out the intent and purpose of this Agreement and the performance of each party's obligations under the terms of this Agreement, in such form as shall be reasonably satisfactory to counsel for both parties.

Section 20.11 Buyer may not assign this Agreement to any person or to any entity without the prior written consent of Seller, which consent may be granted or denied in Seller's sole discretion, and any assignment in violation of this provision shall be null and void and constitute a material breach of this Agreement.

Section 20.12 This Agreement has been negotiated by the parties hereto, each of whom have been represented by independent counsel of their choice. Neither party shall be deemed to have been the drafter of this agreement for purposes of any interpretation hereof and no deletions from prior drafts of this Agreement shall be construed to create the opposite intent of the deleted provisions.

Section 20.13 If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or enforceable in any respects, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had ever been contained herein.

Section 20.14 If either Buyer or Seller shall obtain legal counsel or bring an action against the other by reason of the breach of any covenant, provision or condition hereof, or otherwise arising out of or to enforce this Agreement, the unsuccessful party shall pay to the prevailing party reasonable attorney's fees, which shall be payable whether or not any action is prosecuted to judgment and all costs incurred. The term "prevailing party" shall include, without limitation, a party which obtains legal counsel or brings an action against the other by reason of the other's breach or default and obtains substantially the relief sought, whether by compromise, settlement or judgment.

Section 20.15 Nothing in this Agreement shall be construed as giving any person, firm, corporation or other entity, other than the parties hereto, their successors and assigns, any rights, remedy or claim under or in respect to this Agreement or any provisions thereof, and no third party beneficiary status shall be conferred on any other party except as herein set forth.

Section 20.16 No waiver of any breach of any agreement or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof or of any other agreement or provision herein contained. No extension of time for performance of any

obligations or acts shall be deemed an extension of the time for performance of any other obligations or acts.

Section 20.17 The parties hereto knowingly, voluntarily, irrevocably, unconditionally and intentionally waive the right to a trial by jury in respect of any dispute or litigation arising hereunder or arising out of, under, or in connection with any document or agreement executed in connection herewith or the exercise by any party of any of their rights hereunder.

[Signatures Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

SELLER:

ARCTIC GLACIER NEW YORK INC.

By: _____
Name: _____
Title: _____

BUYER:

50 Stewart Lf C

By: [Signature]
Name: EMERSON DOBBS
Title: MANAGING MEMBER

EXHIBIT "A"

DESCRIPTION OF SUBJECT PREMISES

All that certain plot, piece, or parcel of land, situate, lying, and being in the Town of Huntington, County of Suffolk, and State of New York being more particularly bounded and described as follows:

BEGINNING at a point of the easterly side of Stewart Avenue where the same is intersected by the northerly side of land now formerly of Nass; said point of beginning being also distant 150.00 feet northerly from the corner formed by the intersection of the easterly side of Stewart Avenue with the northerly side of First Avenue.

RUNNING THENCE south the easterly side of Stewart Avenue, North 5 degrees 14 minutes 50 seconds east 262.49 Feet;

RUNNING THENCE south 57 degrees 00 minutes east 156.38 feet to land now or formerly of prime;

RUNNING THENCE along said land now or formerly of prime the following two courses and distances:

(1) south 11 degrees 53 minutes 50 seconds west 189.87;

(2) south 8 degrees 09 minutes 40 seconds east 1.10 feet to land now or formerly of Nass;

RUNNING THENCE along said land now formerly of Nass north 84 degrees 45 minutes 10 seconds west 116.64 feet to the easterly side of Stewart Avenue at the point or place of beginning.

EXHIBIT "B"

SURVEY

(Please see attached)

EXHIBIT "C"
EXCLUDED ASSETS
(None)

TAB 4

APPRAISAL
Of
REAL ESTATE
At
50 STEWART AVENUE
HUNTINGTON, NEW YORK

As of March 4, 2010

For
ARCTIC GLACIER, INC.

MMJ Commercial
Real Estate Services

MMJ Commercial
Real Estate Services

March 17, 2010

VIA E-MAIL

Mr. Richard Scott
Vice President - Northeast Operating Division
Arctic Glacier, Inc.
1755 Yeager Street
Port Huron, Michigan 48060

Re: Appraisal of Property at 50 Stewart Avenue, Huntington, New York

Dear Mr. Scott:

At your request, we have appraised the market value of an industrial property at 50 Stewart Avenue in Huntington, New York. The property consists of two industrial buildings with an area of approximately 15,672 square feet on a 30,196 square foot lot. We understand the appraisal will be used by you in evaluating your real estate portfolio.

This report complies with the reporting requirements set forth under Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. It presents a value conclusion and a summary of the data, reasoning, and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in our files.

Based on our investigations and analyses, which are described in the accompanying report, we have formed the opinion that the market value of the fee simple interest in the property, as of March 4, 2010, was:

ONE MILLION TWO HUNDRED EIGHTY THOUSAND DOLLARS

The value reported above incorporates our opinion that the highest and best use of the property is in its redevelopment; it is net of an allowance to demolish the improvements.

We thank you for the opportunity to have been of service to you.

Sincerely,

MMJ Commercial, Inc.

Jan A. Barenholtz

Jan A. Barenholtz, MAI
President

SUMMARY OF SALIENT FACTS

Property Address: 50 Stewart Avenue, Unincorporated Village and Town of Huntington, New York

Location: Easterly side of Stewart Avenue between Gerard Street and New York Avenue (Route 110)

Tax Map Designation: District 400, Section 72, Block 2, Lot 11

Site Description: Irregular 30,196 sq. ft. lot sloping gently upward to the east but level at street grade with 269.31 feet of frontage on Stewart Avenue.

Zoning: C-6 General Business

Landmarks: The property is neither landmarked or in a landmark district.

Building Description: Two one-story industrial buildings occupied by an ice-making and distribution company constructed in stages beginning circa 1930 and an addition constructed circa 1990 with a gross building area above grade of approximately 15,672 square feet.

Highest and Best Use of Property: Demolition and construction of mixed use building with ground floor retail and upper floor residences.

Assessed Value and Taxes:

Item	<u>Value</u>
Land Assessment (2009/2010)	\$5,000
Total Assessment (2009/2010)	\$8,000
Real Estate Taxes	\$26,789.45

Value Indications

Type of Value: Market Value

Interest Appraised: Fee simple interest

Effective Date of Appraisal: March 4, 2010

Appraised Values:

APPROACH	As Industrial Building	As Vacant
Sales Approach	\$1,175,000	\$1,280,000
Income Approach	\$1,110,000	
VALUE CONCLUSIONS	\$1,175,000	\$1,280,000
FINAL VALUE CONCLUSION	\$1,280,000	

This value does not account for potential costs of demolition.

Scope of Services

In performing this assignment, we undertook the following scope of services:

- Inspected the property and its environs.
- S** Reviewed demographic and economic trends in the unincorporated Village and Town of Huntington, Suffolk County, Long Island, and the New York Metropolitan region.
- Investigated conditions in the unincorporated Village, Town of Huntington and Western Suffolk and Eastern Nassau County industrial, vacant land, retail and residential markets and relevant submarkets.
- S** Analyzed the zoning status of the property.
- S** Analyzed the highest and best use of the property.
- Estimated the market value of the property using the Sales Comparison and Income, Approaches.

Definition of Value

As used in this appraisal, market value signifies the most probable price at which a willing buyer and willing seller would engage in a transaction involving the property, each well informed and neither acting under duress, with the property having been exposed to the market for an appropriate period.

Effective Date of the Appraisal

The effective date of the appraisal is March 4, 2010, the date of our inspection.

Property Identification

The property is identified as District 400, Section 72, Block 2, Lot 11 according to the land maps of Suffolk County and the Town of Huntington

The Town of Huntington Department of Assessment identifies the owner as Huntington Ice & Cube Corp. which purchased the property more than 10 years ago. Arctic Ice purchased Huntington Ice & Cube in 2005 primarily to obtain the business.

Property Rights

The property rights appraised are those which comprise a fee simple interest in the entire property subject to the limitation of eminent domain, escheat, police power and taxation. The property is appraised as if unencumbered by debt.

Significant Assumptions

The property is currently owner occupied. We assume that property can be vacant and available for rent or sale at market rates.

AREA MAP



Suffolk County Area Description

Introduction

Suffolk County, Long Island is bounded on the north by Long Island Sound and on the south by the Atlantic Ocean. The south shore is protected by barrier beaches which create bays between it and the Atlantic Ocean. The county is approximately 86 miles long and 21 miles wide at its widest point on the western boundary. The major land mass extends eastward from Nassau County for 42 miles to Riverhead. From Riverhead, two peninsulas continue eastward separated by the waters of Peconic and Gardiners Bays. The northern peninsula, terminating at Orient Point, is approximately 28 miles in length. The southern fork terminates at Montauk Point and is about 44 miles long. The area of the county is approximately 912 square miles divided into ten towns containing 29 villages.

The topography of the county is relatively uniform with gentle to moderate slopes extending from north to south. A high ridge of glacial origin extends roughly east and west along the northern one-third of the county. It reaches elevations as high as 400 feet above sea level at West Hills in the Town of Huntington. North of the ridge, the topography is generally abrupt with an overall slope to Long Island Sound. South of the ridge, long gentle slopes terminate in the marsh and meadow land bordering the bays of the south shore. The mean daily temperature on Long Island in January is 31.1 degrees Fahrenheit and in July is 73.2 degrees.

Population

Prior to World War II, Nassau and Suffolk Counties consisted primarily of farmland, estates, and resorts. After the Second World War there was considerable migration from New York City eastward into Nassau and Suffolk. The pre-war population was roughly 200,000. In the post-war decades, population grew by more than one million.

Although, it had served for decades as a "bedroom community" for the business district in Manhattan, and a retreat for the wealthy, many firms have located manufacturing plants, branches and headquarters in Suffolk over the past 40 years. Suffolk is one of the more expensive residential areas in the nation, offering many beautiful homes and estates, as well as access to the Atlantic Ocean and Long Island Sound.

The following table describes population and population growth rates in Nassau and Suffolk Counties, Long Island, and New York City.

POPULATION GROWTH

YEAR	Nassau			Suffolk			Long Island			New York City		
	Changes		Number	Changes		Number	Changes		Number	Changes		Percent
	Absolute	Percent		Absolute	Percent		Absolute	Percent		Absolute	Percent	
1910	83,930		96,138			180,068			4,766,861			
1920	126,120	50.3%	110,134	13,996	14.6%	236,254	56,186	31.2%	5,620,048	853,187	17.9%	
1930	303,053	140.3%	160,861	50,727	46.1%	463,914	227,660	96.4%	6,930,446	1,310,398	23.3%	
1940	406,748	34.2%	197,355	36,494	22.7%	604,103	140,189	30.2%	7,454,995	524,549	7.6%	
1950	672,765	65.4%	276,129	78,774	39.9%	948,894	344,791	57.1%	7,891,957	436,962	5.9%	
1960	1,300,171	93.3%	666,784	390,655	141.5%	1,966,955	1,018,061	107.3%	7,781,984	-109,973	-1.4%	
1970	1,428,838	9.9%	1,127,030	460,246	69.0%	2,555,868	588,913	29.9%	7,895,563	113,579	1.5%	
1980	1,321,582	-7.5%	1,284,231	157,201	13.9%	2,605,813	49,945	2.0%	7,071,639	-823,924	-10.4%	
1990	1,287,348	-2.6%	1,321,864	37,633	2.9%	2,609,212	3,399	0.1%	7,322,564	250,925	3.5%	
2000	1,334,544	3.7%	1,419,369	97,505	7.4%	2,753,913	144,701	5.5%	8,008,278	685,714	9.4%	
2008	1,356,729	1.7%	1,508,602	89,233	6.3%	2,865,331	111,418	4.0%	8,363,710	355,432	4.4%	

Sources: U.S. Census Bureau <http://www.census.gov>, LIPA <http://www.lipower.org/company/pubs/popsurvey.html>

The following table presents population statistics produced by the Long Island Power Authority:

COUNTY POPULATION

Town	1980	1990	2000	2008	Absolute Changes		Percent Changes	
					1980-2008	2000-2008	1980-2008	2000-2008
Babylon	203,483	202,940	211,792	218,370	14,887	6,578	7.3%	3.1%
Brookhaven	365,015	407,977	448,248	491,035	126,020	42,787	34.5%	9.5%
East Hampton	14,029	16,132	19,719	21,784	7,755	2,065	55.3%	10.5%
Huntington	201,512	191,474	195,289	203,977	2,465	8,688	1.2%	4.4%
Islip	298,897	299,587	322,612	333,566	34,669	10,954	11.6%	3.4%
Riverhead	20,243	23,011	27,680	33,864	13,621	6,184	67.3%	22.3%
Shelter Island	2,071	2,263	2,228	2,525	454	297	21.9%	13.3%
Smithtown	116,663	113,406	115,715	120,269	3,606	4,554	3.1%	3.9%
Southampton	43,146	45,351	54,712	60,281	17,135	5,569	39.7%	10.2%
Southold	19,172	19,836	20,599	22,931	3,759	2,332	19.6%	11.3%
Total County	1,284,231	1,321,977	1,418,594	1,508,602	224,371	90,008	17.5%	6.3%

Sources: U.S. Census Bureau www.Census.gov, LIPA <http://www.lipower.org/company/pubs/popsurvey.html>

According to LIPA the population of Suffolk County stood at 1,508,602 in 2008, up 6.3% from 2000 and 17.5% from 1980. The total number of households in Suffolk increased to 469,299 in 2000, from 424,719 in 1990 and from 386,000 in 1980, as average household size fell from 3.33 in 1980 to 3.04 in 1990 to 2.96 in 2000.

The table below presents the population by age group in 2000.

Under 15	15-24	25-34	35-44	45-54	55-64	65-84	85+	Total
22.1%	11.5%	13.5%	17.7%	13.9%	9.3%	10.4%	1.4%	100.0%

The median age was 36.5 in 2000, up from 33.5 in 1990, and from 29.9 in 1980. The county's population averaged 1,556 persons per square mile, well above the state average. Population densities in the county decrease as the distance from New York City increases.

Transportation

A network of major highways connect Suffolk and Nassau Counties. Before the age of the superhighway, the only major Suffolk County route was Sunrise Highway, which led to the Hampton resort areas. Sunrise Highway has been consistently improved and now meets Montauk Highway, which extends to the lighthouse at Montauk Point, the easternmost point of the county.

More recent highways are the Northern and Southern State Parkways. Both serve only noncommercial vehicles, and reach only one-quarter of the way into Suffolk County from Nassau County. The Long Island Expressway (Route 495) is part of the Federal Interstate Highway System. This road extends from the Nassau County border to the edge of the Suffolk County fork. The Long Island Expressway now forms the major east-west commercial route west to New York City. However, traffic is a significant problem on Long Island.

All rail transportation in the Nassau-Suffolk area is provided by the Long Island Rail Road. Although primarily a commuter rail line, freight is handled when necessary. As with the highway systems, major rail lines run east and west, feeding into Brooklyn, Manhattan, and Queens. Three branches serve Suffolk County: the Port Jefferson Branch, the Montauk Line, which serves the south shore to Montauk, and the Greenport line serving the mid-Island and the north fork of the east end.

The average travel time to work was 31.8 minutes in 2000, according to the 2000 Census, up from 29 minutes in 1990 Census.

The west end of Suffolk County is near both John F. Kennedy International Airport and LaGuardia Airport in Queens. In Suffolk County, MacArthur Airport is becoming a major airport. Operated by the Town of Islip, the airport is now the hub for many flights to urban centers in the country, including Chicago, Florida and Boston. Both passenger and freight service is available. MacArthur is currently served by six airlines. Republic Airport, located off Route 110 serves some private and commercial flights. Brookhaven Airport is a private airfield operated and maintained by the Town of Brookhaven. The Grumman Peconic Airport near Calverton, is used by the Grumman Aircraft Corporation. East Hampton Airport operates year round, and services commercial and private flights. The Suffolk County Air Force Base in Westhampton is no longer used by the United States Air Force but is utilized as a New York Air National Guard training station.

Employment and Income

The western portion of the county has a strong economic base of manufacturing, industrial and commercial establishments. The eastern portion of the county is primarily engaged in the agriculture, tourist and fishing industries. Eighty-six percent of the resident population works in Suffolk County.

The driving forces behind the Suffolk economy have been: the prosperity of local residents; defense and high tech firms, and back office bank and insurance company operations.

The county's economy benefits from its proximity to the New York City metropolitan area as well as its own broad employment base that includes higher education and health care, defense, retail, and technology, with numerous corporate and regional headquarters located in the county. Despite the overall economic downturn, the county continues to benefit from several large new development projects as well as a strong tourism sector.

Per capita income levels are above those of the state and considerably above the national average in 2006, at 117% and 135%, respectively.

Employment growth throughout the New York metropolitan region declined significantly after the October 1987 stock market crash. The region lost more than 660,000 jobs from 1989 to 1993. From 1977 to 1988 an average of 28,375 jobs were created on Long Island each year.

Employment in Suffolk reached a cyclical peak at 695,400 in June and July, 1990. By February 1992 69,000 jobs were lost reducing the total job base to 626,400. Annual employment then increased every year until peaking at 775,300 in June, 2008, before falling to 48,200 to 727,100 in February, 2009. Employment then rose to 743,300 in August, 2009, still down from 768,700 in August 2008. The Suffolk unemployment rate fell to a cyclical low of 2.7% in April 1988 then rose to 8.9% in July 1992. It subsequently fell to 3.1% in April, October and December 2000, but then rose to 5.6% in January 2004 following a recession and the September 11th tragedy. The county's unemployment rate fell to 3.4% in October and December of 2006 and April, 2007, but rose to 7.9% in February 2008. The rate stood at 7.5% in August, 2009, up from 5.2% in August 2008.

The private sector job count on Long Island declined over the year ending July 2009 by 36,300, or 3.4 percent, to 1,041,100 in July 2009. Employment grew in educational and health services (+3,800) and other services (+300). The following sectors lost jobs: trade, transportation and utilities (-16,700), natural resources, mining and construction (-7,000), manufacturing (-4,900), professional and business services (-4,800), financial activities (-3,000), leisure and hospitality (-2,900), and information (-1,100). Government employment rose (+700) over the year.

Long Island's 7.4 percent unemployment rate in July was the highest for that month since 1992 but is still well below those of both New York State (8.6 percent) and the U.S. (9.7 percent).

Fiscal Condition

On April, 29, 2009 Fitch Ratings assigned an 'AA-' rating to Suffolk County's \$78.3 million public improvement serial bonds, 2009 series A. It also affirmed the 'AA-' and 'F1+' ratings, respectively, on the county's approximately \$959.3 million outstanding General Obligation bonds and \$395 million of outstanding delinquent tax anticipation notes. Fitch also revised the Rating Outlook to Stable from Positive.

According to Fitch The 'AA-' rating reflected the county's broad and diverse economic base which continues to expand, low debt levels with manageable future capital needs, and its strong financial management and sound budgetary practices, which have enabled the county to successfully contain expenditure growth and accumulate reserves. The Outlook revision to Stable from Positive reflects the county's continued ability to maintain budgetary balance given declining sales tax and property tax revenues with the ongoing pressure from a high fixed-cost burden in light of the current economy. Fitch noted that the county has prudently accumulated reserves across several governmental funds to mitigate this condition, but notes that it will begin to draw on a portion of those reserves in fiscal 2009 given the projected decline of county revenues primarily attributable to a decline in sales tax receipts. The county's ability to rebuild those reserves to historical high levels is somewhat limited at this time.

Fitch added that despite a small decline of 1.9% of full valuation in fiscal 2009, the county's large and diverse tax base has grown significantly since the beginning of the decade. Market value in the county

remains high at \$204,180 per capita. Strong financial management has helped contribute to relatively stable operations despite ongoing pressure from a high social service burden.

The county estimates that for fiscal 2008 (unaudited), it will have a net deficit of approximately \$78.3 million which will result in an unreserved general fund balance of \$44.1 million, which when added to the county's \$126.6 million tax stabilization reserve fund (TSRF), will bring the unreserved general fund balance to 9% of total expenditures and transfers out. The county had a net deficit in fiscal 2007 of \$47.7 million which resulted in an unreserved general fund balance of \$121.6 million which added to the county's \$123.4 million TSRF brought the unreserved fund balance to a favorable 11.2% of total expenditures and transfers out. In early 2008, the county projected a substantial shortfall of approximately \$130 million for fiscal year 2009 and enacted a county mitigation plan to address the shortfall. Many measures have been implemented to close approximately \$125 million of the projected gap and include the elimination of vacant positions, an increase of mortgage recording fees, increases in other fees, the suspension of "pay-go" and other cost saving measures. In addition, the county securitized a portion of its tobacco settlement receipts received under the Master Settlement Agreement through the Suffolk Tobacco Asset Securitization Corporation, using the proceeds to defease approximately \$180 million in outstanding bonds of the county over the next five years. An Early Retirement Incentive program saw participation by 186 employees. In 2008, the county successfully closed on the sale of its HMO, generating the \$18 million anticipated as revenue in its 2008 budget as well as additional annual revenues of \$3.5 million for the life of the contract.

For fiscal 2009, the county has projected a decline in sales tax receipts of 5% from fiscal 2008 and has undertaken numerous measures to address the projected \$130 million gap. The county has successfully negotiated concessions from the majority of its labor unions, revised benefit programs, reduced its overall workforce and approved a \$30 million transfer from the TSRF. Additionally, the county will receive \$50 million of its expected \$90 million in federal stimulus monies in 2009.

Another two-year extension of the additional 1% county sales and compensating use tax was approved by the New York State Legislature, extending the tax to Nov. 1, 2009. The county's sales tax revenue in fiscal 2008 declined by \$36 million from revised budget forecast and is projected to decline by \$100 million in fiscal 2009 compared to the 2009 adopted budget. The county reports that for the first quarter of 2009, sales tax receipts declined 10.4% compared to the same period in fiscal 2008. Fitch believes that the county remains vulnerable to continued declines in sales tax receipts in 2009.

Debt ratios are low and should remain so given the county's growing tax base, manageable capital needs, and rapid principal amortization. Overall net debt is \$2,935 per capita and 1.44% of market value. The county's proposed three-year capital improvement program (CIP) 20010-2012 totals \$514.8 million. The county has completed an actuarial study to determine its long-term liability for other post employment benefits (OPEB). The unfunded actuarial accrued liability is \$3.9 billion and county officials reported in the 2007 audited financial statements an ARC in the amount of \$386.8 million in order to be compliant and on schedule with Governmental Accounting Standards Board Statement 45. The county expects to fund its liability on a pay-go basis. Its net OPEB obligation is estimated at \$303.93 million.

Real Estate -- Residential

The total number of housing units was 522,393 in 2000 up from 481,317 in 1990. Approximately 79.8% of these units were owner occupied, down slightly from 80.1% in 1990. In 2000 the median value of owner occupied units was \$185,200, up from \$165,897 in 1990, and the median gross rent was \$945 per month.

The following table presents the immediately available units according to the number of units in a building in 1990 and 2000.

Unit Type	1990		2000	
	Units	Percent	Units	Percent
One, detached	389,825	81.0%	426,250	81.6%
One, attached	15,903	3.3%	21,835	4.2%
2	23,669	4.9%	20,669	4.0%
3-4	9,621	2.0%	10,116	1.9%
5-9	7,980	1.7%	11,119	2.1%
10-19	12,792	2.7%	11,934	2.3%
20-49	7,447	1.5%	14,927	2.9%
50+	3,292	0.7%		
Mobile Home	4,884	1.0%	5,374	1.0%
Other	5,904	1.2%	99	0.0%
TOTAL	481,317	100.0%		

The next table describes the age of the housing stock

YEAR BUILT	PERCENT
1990-March 2000	9.5%
1980-1989	10.6%
1970-1979	19.3%
1960-1969	24.2%
1940-1959	26.1%
1939 or earlier	10.2%

The Suffolk County housing market is not subject to rent control or rent stabilization. Included in the immediately available housing units are 3,993 units in subsidized or public housing units. One major problem on Long Island, despite recent declines in home prices is housing affordability. At least half of the unmarried college graduates under 30 live with their parents

The 1990 Census found a rental vacancy rate of 7.0% in Suffolk, and the 2000 U.S. Census found a rental vacancy of 3.4%.

The median price for homes contracted for sale on Long Island continued to fall in July, 2009. Homes with signed contracts in July sold for a median price of \$325,000 in Suffolk County and \$394,000 in Nassau, according to statistics from the Multiple Listing Service of Long Island contracts in Nassau and Suffolk counties signed in July, 2009 represented an increase of 275 contracts from 1,927 in July 2008. The inventory of homes listed for sale in July 2009 at 23,214 was up slightly by 202 from June 2009, the first increase registered in several months.

The next chart depicts the rapid advance in home sale prices on Long Island in recent years from MLS data



According to a more comprehensive, but lagging, source, the New York State Office of Real Property Services, in 2008, the median sale price of a single-family home in Nassau County was \$460,800 down from \$490,000 in 2007 and from \$487,600 in 2005. The median price was tied with Rockland County for the third highest in the State outside of New York City, behind only Westchester and Rockland Counties. In 2008, the median sales price of a single-family home in Suffolk County was \$399,000, down from \$425,000 in 2006 and \$420,000 in 2005.

LONG ISLAND HOME VALUE TREND								
Year	Nassau			Suffolk			New York State	
	Median Sale Price	Percent Change	Number of Homes Sold	Median Sale Price	Percent Change	Number of Homes Sold	Median Sale Price	Percent Change
2001	\$290,000			\$225,000			\$140,000	
2002	\$340,000	17.2%		\$270,000	20.0%		\$159,900	14.2%
2003	\$385,000	13.2%	14,402	\$320,000	18.5%	21,724	\$175,500	9.8%
2004	\$429,000	11.4%	16,136	\$360,000	12.5%	21,489	\$195,000	11.1%
2005	\$475,000	10.7%	16,340	\$405,000	12.5%	23,004	\$219,000	12.3%
2006	\$487,600	2.7%	13,633	\$420,000	3.7%	19,211	\$209,000	-4.6%
2007	\$490,000	0.5%	11,256	\$425,000	1.2%	14,616	N/A	N/A
2008	\$460,800	-6.0%	8,462	\$399,000	-6.1%	10,123		

Source: New York State Office of Real Property Services

There is a relatively tight supply of homes in the Long Island residential market, which helps keep prices high. This problem is particularly acute in Nassau, as Suffolk still has room to build new housing stock. In addition, most construction on Long Island consists of one-family homes or town houses, rather than multi-family structures. The market for rental properties is therefore quite different from New York City, featuring more home rentals and less apartment units. The Long Island "Project 2000" noted that "Long Island faces a serious housing crisis that threatens to constrain future growth in the economy and undermine the Island's quality of life . . . Segments of society with lower incomes and a need for relatively small housing units are unable to obtain housing." At least half of the unmarried college graduates under 30 live with their parents.

Risk Factors

First, the aforementioned worldwide economic crisis threatens all nations and regions. Although several signs of improvement have been registered since March, unemployment has risen, "toxic assets" are likely to cloud the future for years to come, financing is difficult to obtain, and many other uncertainties threaten the world, national and regional economies. Few signs of recovery had been registered in May, the date of valuation.

Second, costs in Long Island are high, particularly in terms of taxes, electricity, housing and health care.

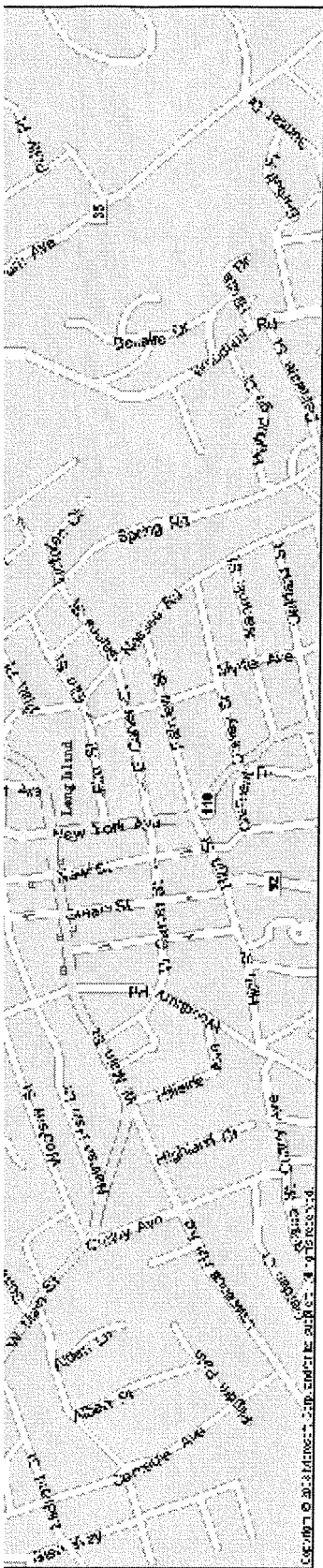
Third, environmental concerns have halted projects, and imposed increased costs upon governments, businesses and individuals.

Fourth, there is a shortage of affordable housing for low and moderate income workers.

Fifth, the fiscal condition of Nassau and Suffolk Counties and New York State is uncertain, and large revenue shortfalls have occurred recently and are projected in coming years.

Conclusion

Although Suffolk County is approaching a point of saturation, its strong economic base, proximity to New York City, and desirable living conditions should continue to have a positive effect on future real estate values. High tax, electricity, and housing costs, international, national and regional economic weakness, and financing difficulties will likely constrain growth. Fiscal problems faced by the County government have also been a source of concern. Although Long Island tends to attract highly educated residents, with the exception of the State University at Stony Brook, it does not offer highly rated colleges and universities. Saturation and environmental concerns will likely limit development in the future.



Neighborhood Description

The subject property is located in the unincorporated Village and Town of Huntington forty miles east of Manhattan on the north central shore of Long Island. The Village is bound by Huntington Station to the south, Cold Spring Harbor to the west, Lloyd Harbor and Halesite to the north and Centerport to the west. The immediate area around the subject is improved primarily with single family homes and small one and two story retail stores, some with offices above.

Huntington Town consists of four incorporated villages - Lloyd Harbor, Asharoken, Northport and Huntington Bay - and more than a dozen other residential "unincorporated places," or residential communities, such as Greenlawn, Melville, Commack, Dix Hills, Cold Spring Harbor, Halesite, Eatons Neck and Fort Salonga. Most have waterfront homes.

The intersection of Main Street and New York Avenue in the village offers one of the largest retail concentrations in Suffolk County. Prosperity is evident in the number of luxury retailers. Huntington has also been called a cultural capital of Long Island due to its arts organizations, theater productions, and independent cinema.

The zoning, primarily for residential sites of a half to two acres, is among the strictest on the Island.

More than ninety percent of the land in the Town has been developed, but there are 63 public parks punctuating residential neighborhoods. Homes are further insulated by sinuous drives, tall, ancient trees and large yards, which are among the reasons the town has won awards from the National Beautification Council.

The houses tend to be more than 80 years old and range from pre- Revolutionary farmhouses, Federal town houses and Tudor and Georgian mansions to ranches and split levels.

Transportation

Many residents commute to Manhattan on the Long Island Rail Road, a trip that takes slightly less than 1 hour on the express and an hour and ten minutes on the local. Trains leave about every 40 minutes during rush hours. The station nearest the subject is 1.5 miles to the south at Route 110 and Broadway in Huntington Station.

The major north-south road in the area is Route 110 (New York Avenue). Other north-south roads include Park Avenue (Route 35), Greenlawn Road, Harbor Road, Centerport Road (Route 86), Ellwood Road and the Sunken Meadow Parkway. The major east-west road is Route 25A (Main Street) which extends under various names as Northern Boulevard in Queens and Nassau to the eastern fork of Long Island. Other east west roads are Pulaski Road (Route 11), Jericho Turnpike (Route 25), the Northern State Parkway and the Long Island Expressway (Interstate 495). However, the subject is relatively distant from major roadways and local roads are subject to congestion, a disadvantage for distributors.

Beside the county-maintained bus lines, Huntington Area Rapid Transit buses interconnect the town's streets and hamlets and serve the Walt Whitman Mall on the Jericho Turnpike.

Off peak travel time to New York City at 50 miles per hour is 50 minutes. Kennedy and LaGuardia Airports are both about 25 miles to the southwest and MacArthur Airport 17 miles southeast of the subject.

Demographic and Economic Data

According to the Long Island Power Authority the population in the Huntington CDP was 18,848 in 2008, up from 18,403 in 2000 and from 18,243 in 1990. In addition, 7,052 households, and 4,992 families resided in the CDP. The average household size is 2.59 (the same as that of the U.S.) and the average family size is 3.08. Approximately 7.3% of the population was foreign-born, below the U.S. average of 11.1%. According to the Census 20.0% of the population was under the age of 15, 8.1% from 15 to 24, 31.6% from 25 to 44, 26.3% from 45 to 64, and 18.2% were 65 years of age or older. The median age was 39.8 years.

The 2000 Census found the median income for a household in the CDP was \$82,934, and for a family \$100,494. The per capita income for the CDP was \$42,960. All income measures were approximately twice the national average. Approximately 12.4% of individuals and 9.2% of families were below the poverty line.

According to www.city-data.com estimated median household income in 2008 was \$108,685, up from \$82,934 in 2000, and well above the New York State median of \$56,033. Estimated per capita income in 2008 was \$57,102 in Huntington.

Real Estate

According to the Census 81.4% of all homes were owner occupied. Approximately 79.4% of all housing units were in detached single family homes, 3.3% in attached single family homes, 5.6% in two-family homes, 7.8% in 3-4 units, 1.9% in 5-9 unit buildings, 0.7% in 10-19 unit structures, and 1.2% in 20 or more units. In addition 4.7% were built in the 1990s, 6.1% in the 1980s, 8.0% in the 1970s, 16.3% in the 1960s, 40.5% between 1940 and 1959, and 24.3% in 1939 or earlier. The average home price was \$312,500 according to the 2000 Census well above the U.S. average of \$119,600, and the median gross rent \$975. The rental vacancy rate was 3.7%

According to www.city-data.com the estimated median house or condo value in 2008 was \$715,593 up from \$302,700 in 2000, and well above the New York State median of \$318,900. City-data.com also reported the following mean prices in 2008 : All housing units: \$736,927; Detached houses: \$766,208; Townhouses or other attached units: \$656,237; In 2-unit structures: \$541,339; In 3-to-4-unit structures: \$306,100; In 5-or-more-unit structures: \$193,434

Culture, Recreation, Health, Education

The town's recreation centers on sailing and fishing in its five harbors and 300 miles of shoreline. Nearly 1,000 sailboats are docked in Huntington Harbor, which is part of the village. There are eight town

beaches, including one reserved for the elderly. The town also has nine golf and country clubs, a polo club and seven yacht clubs.

The 63-year-old Heckscher Museum on Prime Avenue in Huntington Village, in the 69-acre Heckscher Town Park, houses a permanent collection of paintings of the Hudson River and Rocky Mountain Schools and 19th-century French Barbizon paintings, including one by Goustave Courbet.

The Huntington Arts Council has more than 80 independent member organizations. It maintains an amphitheatre in Heckscher Park for programs by local theater, music, and dance companies.

There are about six garden clubs and two African violet clubs in the town, which deck the park areas with greenery during the holidays and maintain plantings in numerous public areas.

The 424-bed nonprofit Huntington Hospital serves the area.

Twelve hundred structures in the Town of Huntington are historically or architecturally important, some dating from the 17th century. Nearly 400 structures will soon be on the National Register of Historic Places.

Walt Whitman was born in West Hills in Huntington in 1819, taught in the schools and founded The Long Islander newspaper, which is still published in the village. The farmhouse in which he was born, on Walt Whitman Road, is now a museum that houses, among other artifacts, a rare edition of "Leaves of Grass."

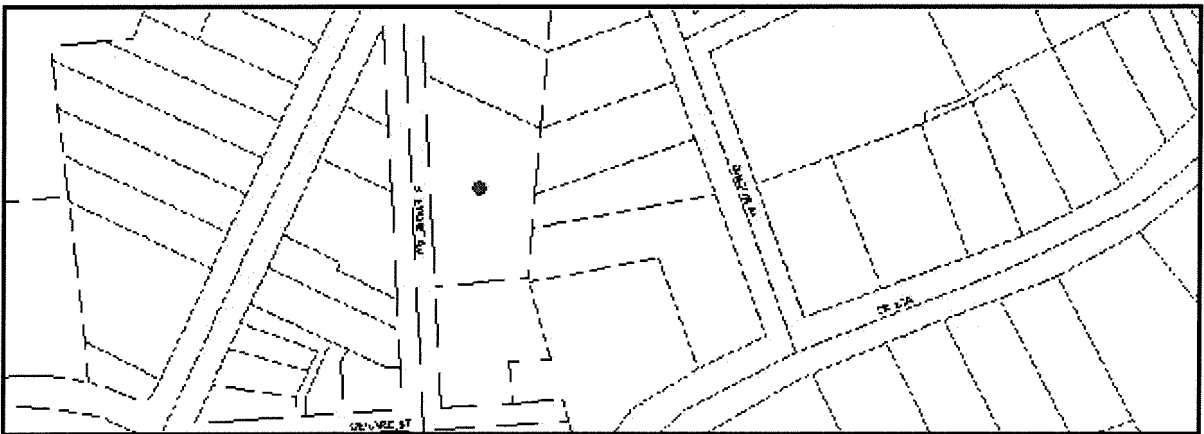
On the corner of New York Avenue and High Street, the 18th-century David Conklin House contains art and furnishings that recall the community's history.

Of the population 25 years and older 94.2% graduated high school and 57.2% graduated college according to the 2000 Census, well above national averages.

TAX MAP



TAX MAP CLOSEUP



Site Description

The property is situated on the easterly side of Stewart Avenue between Gerard Street and New York Avenue (Route 110) on a single 30,196 square foot (0.69 acre) irregular tax lot gently sloping upward to the east, but level at street grade with 269.31 feet of frontage on Stewart Avenue.

Description of Improvements

The existing improvements on the site consist of two one-story industrial buildings utilized for ice-making and distribution constructed in stages with the oldest building constructed circa 1930, and a garage to the east constructed circa 1990. We estimate that the original brick building at the northerly section of the site utilized for ice making and storage is 11,285 square feet. The second building is a concrete block garage contains 4,387 square feet including a 1,650 square foot addition. Our estimates are based upon plans provided by the manager.

Both buildings have reinforced poured concrete foundations on slab, painted concrete floors, exposed concrete block walls, exposed steel deck ceilings, dropped fluorescent lighting and, limited poorly finished office space (less than 350 square feet in each building) with wood paneling, vinyl floors, sheetrock walls, and dropped fluorescent lighting. The main building has brick exterior walls and dock height loading with three doors. It is subdivided into ice-making, storage, loading and office areas. The garage has two steel roll up overhead drive-ins.

The main building is in below average condition. It is old and poorly configured for most uses (even for ice-making and distribution), and is not competitive with newer buildings. The office area is cramped and has not been updated for many years with worn tiles, paneling and ceilings, not offering good working conditions. There are signs of deferred maintenance throughout the building with worn finishes and chipped paint. An engineer should be retained to determine necessary capital expenditures. The roof was not inspected. The current building is functional, but not competitive with newer facilities. The building is not well cleaned and requires painting and updating. The garage is in average-good condition, but offers limited features. The buildings are segregated into relatively small spaces, not well suited for storage and maneuvering.

There have been no material changes since the last inspection. Ice-making has been discontinued. Roof leaks were reported. Minor repairs were made, and no new deficiencies were noted.

Zoning

The property is subject to the zoning ordinance of the Town of Huntington. The subject is situated in a C-6 General Business District. According to the Zoning Ordinance of the Town of Huntington in the C-6 General Business District, a building shall be used only for the following purposes:

- (1) Churches, temples or other religious or philanthropic uses.
- (2) Hospitals, hospices or sanatoriums.
- (3) Fire and police stations, post offices, municipal uses.
- (4) Public utility buildings, substations, business offices or other structures, including telephone exchanges and railway or bus passenger stations.
- (5) Municipal or nonprofit cultural and recreational facilities, including libraries, museums, art galleries, parks, playgrounds, community buildings.
- (6) Clubs, fraternity houses or lodges.
- (7) Professional and medical offices, business offices and office buildings, banks, financial institutions.
- (8) Personal service establishments, including but not limited to barber- and beauty shops, shoe repairs, self-service laundry and dry cleaning, tailor, dressmaker, photographer.
- (9) Schools for instruction in art, music, dancing and clerical or vocational training.
- (10) Any retail sales establishment when conducted entirely within a building.
- (11) Restaurant, food shop, bakery, candy, confectionery or ice-cream shop, but not a drive-in restaurant except where authorized as a special exception by the Zoning Board
- (12) Retail or wholesale florist shop, nursery sales, including accessory greenhouses.
- (13) Radio or television broadcasting studio or office, but not including transmission towers.
- (14) Establishments for the service and repair of household appliances and business machines.
- (15) Newspaper establishment, job printing, bookbinding, blueprinting.
- (16) Automobile parking lots as a principal use or to provide accessory parking for a permitted use, but not to include a yard for the display or storage of motor vehicles as chattel, which is specifically prohibited.
- (17) (Reserved) EN
- (18) Undertaking establishment or funeral home.
- (19) Carpentry, cabinetmaking, custom furniture or upholstery shop.
- (20) Research and development activity, including the manufacture or assembly of prototype equipment related thereto, but not including general manufacture or assembly.
- (21) Game rooms, only where said use is supplementary and subordinate to a permitted principal use of the premises, as enumerated herein.
- (22) Mixed use building(s) where the principal use is one which is permitted and located on the ground floor and where one or more of the upper stories are residential in use and (a) do not exceed the footprint of the ground floor, and (b) meet all of the height, area and bulk requirements of the district. No more than two (2) dwelling units per building shall be permitted and each unit shall not be more than 750 square feet in size. Notwithstanding any other section of this chapter to the contrary, parking for residence above commercial uses shall be calculated at the rate of one and one-half (1 1/2) spaces per dwelling unit.**
- (23) Day-care centers, provided that all state and county regulations are complied with; and

- (a) An outdoor exercise area is to be fenced and shall not be any closer than five (5) feet to a property line nor ten (10) feet to any parking area; and
- (b) An adequate (at the discretion of the Planning Board, during site plan review) drop off/pickup area shall be provided.

The following additional uses shall be permitted, provided that there shall be no outside storage or display of products, inventory or other material:

- (1) Boat sales and display.
- (2) Offices and shops of building contractors, including plumbing, heating, electrical, painting, roofing and decorating contractors.
- (3) Distribution centers for consumer products such as food, milk or bakery goods, but not including packaging, bottling or general warehousing.
- (4) (Reserved) EN
- (5) Monument sales, including stonecutting, sandblasting and related activity accessory thereto.

Conditional uses. The following conditional uses shall be allowed, subject to the issuance of a special use permit by the Zoning Board:

- (1) Outside storage or display of inventory, products or other material, where accessory to a permitted use.
- (2) New automobile sales and the repair and service facilities accessory thereto, provided that no mechanical or body work shall be conducted outside a building, as well as used-car dealerships; the sale, repair, storage and service of trucks, trailers, farm machinery and contractors' equipment; motorcycle sales; or automobile or truck rental establishments; subject to several limitations
- (3) Lumberyards or building material yards, including plumbing supplies, provided that any permitted outside storage area shall be screened by a solid fence or evergreen screen not less than eight feet in height and no outside display of goods shall be permitted in a front yard in any case.
- (4) Auto laundry or car-washing establishment, provided that all activity shall be conducted within an enclosed building and not less than 10 off-street parking spaces shall be provided for each service line or washing machine.
- (5) Animal hospitals, clinics, professional offices of a veterinarian and the practice of veterinary medicine, but not including open kennels, fenced runs or similar outside enclosures.
- (6) Theaters, bowling alleys, skating rinks, game centers and similar places of amusement.
- (7) (Reserved) EN
- (8) Metalworking, blacksmithing or tinsmithing shops.
- (9) Uses similar in character to those permitted unconditionally in the district.
- (10) Accessory uses, including off-street parking and loading areas, accessory storage, signs as regulated in Article XIV and accessory buildings not exceeding one story in height for the storage of vehicles used in connection with a permitted use or for the storage of materials, excluding explosives or flammables.

D. The following uses are specifically prohibited:

- (1) New dwellings, except as provided in (A)(22) of this section.**
- (2) Any general manufacturing or assembly activity or general warehousing.**

E. Parking regulations. In the C-6 General Business District, off-street parking shall be provided as set forth in Article VII for any new building. In addition, the following will apply:

(1) When an existing building is expanded or altered so as to increase the gross floor area, additional off-street parking shall be provided as specified in Article VII, to the extent required by the area of the expansion or alteration.

(2) When the use of a building is changed to a more intensive use, additional off-street parking shall be provided as specified in Article VII, to the extent required by the change in intensity of use. \

There are no off-street loading requirements for the C-6 General Business District.

G. The only limitation regarding height, area, setbacks and bulk aside from those set forth above at A(22) for mixed use buildings are that building may be no taller than 3 stories or 45 feet. In addition, the following shall apply:

(1) Accessory buildings shall not exceed one story in height and shall not be located within two feet of any side or rear lot line nor within 65 feet of any front lot line.

(2) No building or part thereof used as a dwelling shall be extended or structurally altered for such use except in conformance with the area and bulk requirements of the R-5 Residence District as set forth in Article IX.

The subject is nonconforming with respect to use as manufacturing and warehouse uses are prohibited. It meets height, area, bulk and setback requirements. It therefore represents a legal nonconforming preexisting use.

Real Estate Taxes

Real estate taxes typically comprise the largest individual expense item for a property and are a function of the assessed value and the specific tax class of a particular property.

Real estate tax rates may change from year to year in accordance with the fiscal requirements of Town of Huntington, the Huntington School District, Suffolk County and other jurisdictions. In recent years all jurisdictions have striven to relieve pressure on property owners

Assessment Practice

The Town of Huntington is responsible for placing an assessment on each tax parcel in the Town. The assessments for commercial and multi-family residential properties are based on income and expense figures submitted by owners pursuant to law and sales of comparable properties. The assessment, by policy, is .94% of the assessor's estimate of the market value of a commercial property.

Current Taxes

The subject's assessment for 2009/2010 and real estate taxes (using the 2009/2010 rate) are presented below:

Item	Value
Land Assessment	\$5,000
Building Assessment	\$3,000
Total Assessment	\$8,000
Multiplied by Tax Rate	<u>\$334.868</u>
Real Estate Taxes	\$26,789.45
Assessor's Opinion of Market Value (AV/.94)	\$851,064

Highest And Best Use

The highest and best use of a property is that use which yields the highest present value among legal and physically feasible alternate uses. The buildings in their current configuration are suited only for industrial and warehouse uses, and are not well suited for many of these activities. They are relatively old, unattractive and suffer from some deferred maintenance. The buildings are segregated into relatively small spaces not well suited for storage and maneuvering. Most industrial users would opt for new construction.

The subject is also relatively distant from the Long Island Expressway and other major roadways rendering it suboptimal for distribution purposes. Truckers and other employees must travel through congested local roads to access the site.

The property is zoned for commercial uses. Aside from a garage across the street the surrounding uses are primarily retail and residential. Two restaurants are located to the north of the subject. The subject is two blocks north of the thriving Main Street retail district and one block east of Route 110, a primary commercial artery for Western Suffolk.

Despite the recession we note that there is considerable demand for residential apartments throughout the New York metropolitan area, and Huntington is one of the wealthiest and most desirable residential areas in the New York metropolitan area, offering excellent recreational opportunities, shopping, restaurants, cultural activities and other amenities. Although prices increased rapidly in the middle of the last decade, inventory did not rise as much as did in other markets that are witnessing severe oversupply conditions due to difficulties in developing real estate in this saturated market.

Mixed residential/retail uses are permitted as of right by the zoning ordinance. There is also pressure for “smart growth” projects in the area. Demand still exists for both retail and residential uses. Additional vacancies have been observed but the vacancy rate in the immediate area remain low.

The site is also too small to warrant significant industrial development. Industrial and warehouse uses are prohibited in this zone, another indication that such uses are not appropriate.

After evaluating alternative development possibilities we believe that the highest and best use of the site which would likely maximize revenues is for demolition of the existing industrial buildings and redevelopment with a mixed use project with ground floor retail space and upper floor residential space. Current traffic is not sufficient for a retail project to maximize revenue, but a retail facility could be supported when the market returns to a more normal state.

Continued industrial use is financially feasible but not maximally productive.

Calculations regarding income and return potential for various scenarios presented below support our highest and best use conclusion.

“As is” the highest and best use of the property is for demolition of the facility as the value of the land as vacant exceeds that of the value as improved.

VALUATION

In this appraisal we consider two valuation scenarios and apply two valuation approaches. In the first approach we consider the subject as an industrial building and apply the Sales Comparison and Income Capitalization approaches. In the second scenario we consider the subject as vacant and available for development. We then apply the Sales Comparison Approach to vacant parcels zoned for commercial uses in nearby areas.

In determining market value of the industrial building via the Sales Comparison Approach, sales of industrial buildings were collected and analyzed. Adjustments were made to account for differences between the comparable sales and the subject property. In determining market value of the subject as vacant via the Sales Comparison Approach, sales of vacant parcels zoned for Commercial uses were collected and analyzed.

We have thus utilized the Income and Sales Comparison Approaches. The Cost Approach is generally not utilized in the valuation of older improved properties and was not considered to be applicable.

SALES COMPARISON APPROACH

The Sales Comparison Approach is based on the principle of substitution; a purchaser will pay no more for a property than the price for which a similar one might be acquired. In this technique, sales data for similar properties are researched and analyzed. The prices in these transactions are converted into a unit indication of value, such as price per square foot of building area or price per acre.

We have investigated recent and current sales activity in the vicinity of the subject, including a review of public records and discussions with brokers and other individuals who are knowledgeable about the market. We found recent sales of industrial buildings and vacant land zoned for commercial uses in the vicinity of the subject property. Due to lack of comparable sales in the immediate area our search for land sales was expanded to the neighboring towns of Babylon, Smithtown, Oyster Bay and Islip. One vacant land sale from Hempstead and one from North Hempstead was also considered. We used as a unit of comparison price per square foot price per square foot of building for industrial buildings and the price per square foot of land for vacant land. Data on the sales is summarized below.

COMPARABLE SALES OF PROPERTIES IMPROVED WITH INDUSTRIAL BUILDINGS

Sale	Address	Sale Date	Land Area (SF)	Building Area (SF)	Clg	% Off	Dis	Land/ Building Ratio	Price	Price PSF Building	Grantor/ Grantee	Libert/ Page	Block Lot
SUBJ.	50 Stewart Avenue Huntington		30,196	15,672				1.9					
1	110 Central Avenue Farmingdale	LO 12/09	25,265	10,000		20%	2	2.5	\$1,500,000	\$150.00	A Sacks/ 110 Central Avenue LLC	N.A.	890.4/ 130.9/408
2	20 North Grand Ave Brentwood	LO 11/09	22,651	5,714	16	35%	2	4.0	\$705,000	\$123.38	T Kane Gutters on Grand LLC		891.183/ 190.7
3	1179-1183 Sunrise Hwy Copiague	LO 11/09	47,916	19,040	16		2	2.5	\$1,700,000	\$89.29	P Director Royal Sunrise Realty LLC		200/1/2.1
4	124 Carleton Avenue Central Islip	LO 11/09	30,500	13,000	12	10%	2	2.3	\$617,500	\$47.50	T Polio M Flores		141/4/61
5	845 S. 1 st St. Ronkonkoma	LO 11/1/09	187,308	64,224	33		13	2.9	\$4,820,000	\$75.05	Corporate Transport Expr DEA Products		86/4/7.1
6	84 Modular Ave Commack	LO 11/09	87,120	33,000		6%		2.6	\$2,760,000	\$83.64	RJ Lachman Inc. Allied Holdings LLC		800/18/1/ 17
7	131 Heartland Boulevard Brentwood	LO 10/23/09 SW	130,680	35,000		31%	4	3.7	\$3,150,000	\$90.00	Lexador Realty Co./ 1290 Motor Parkway LLC	12605/ 53	500/134/ 5/1
8	880 Marconi Blvd Ronkonkoma	LO 10/09	34,848	8,000				4.4	\$996,880	\$124.61	J Brechisci TYZ Real Estate LLC		891.05/2/ 910.04
9	394 Long Island Ave. Wyandanch	LO 9/1/09	16,553	8,000	16	5%	8	2.1	\$590,000	\$73.75	Ark Property Management/ Town of Babylon	12599/ 716	100/57/ 3/1
10	20 Austin Boulevard Commack	LO 5/20/09 SW	76,230	15,000	14	20%	2	5.1	\$1,830,000	\$122.00	Frank Camilles Realty 20 Austin Commack LLC	12590/ 577	180/1/32
11	151 Remington Blvd Ronkonkoma	LO 4/21/09 SW	74,052	25,000	17	10%		3.0	\$1,900,000	\$76.00	Richard L. Stern/ DMJ Costa Enterprises	12587/ 28	500/126/ 1/70.22
12	80 Crossways Park Dr. Woodbury	LO 3/09	87,120	24,000				3.6	\$1,750,000	\$72.92	Youngwall Realty LLC/ Kailyn Realty II LLC		15/184/6
N/A	25 Stewart Avenue. Huntington	LO 1/22/08	4,792					??	\$2,200,000	??			15/184/6
			4,792	5,714				0.8	\$590,000	\$47.50			
			63,464	21,665				2.9	\$1,886,106	\$94.01			
			187,308	64,224				2.9	\$4,820,000	\$150.00			

Discussion of Improved Industrial Building Sales

We have developed information on 12 sales of industrial buildings in Huntington and neighboring towns.

The sales occurred between March, 2009 and December, 2009. Prices ranged from \$47.50 to \$150.00 per square foot of building area with an average of \$43.95. After eliminating the extremes the ranges narrow to \$72.92 - \$124.61.

We note that since the prior appraisal the market has fluctuated markedly. From 2003 through mid- 2008 rents and sale prices increased rapidly while vacancy rates fell and remained low. From mid 2008 through September 2009 the market stabilized and then fell with rents, sale prices and sales volumes declining, and vacancy rates increasing. The fall in sales volume and the increase in vacancy rates was particularly severe. Since September the market has shown signs of stabilizing with some downward pressure remaining. We conclude that downward time adjustments at the rate of 5% - 10% per annum are appropriate for all sales.

Sales 5, 6, and 7 are significantly larger than the subject in terms of building area and should be adjusted upward for size. Sales 1, 2 8 and 9 are significantly smaller and should be adjusted downwards. Other sales range from 13,000 square feet to 19,040 square feet and are thus roughly comparable to the subject with respect to size.

The subject offers a good location for residential uses, but below average for industrial purposes as it is relatively distant from major expressways, is only accessible via congested local roads, and is surrounded by residential and commercial uses whereas most comparables are near other industrial buildings. All comparable locations are superior with respect to access and surrounding uses, and should be adjusted downward. However, there is a lack of industrial space in the immediate area, and a motivated user might pay a premium for this property. The lack of industrial space in the immediate area resulted in a lack of comparable sales.

Features important for industrial buildings include ceiling height, loading facilities and percentage of office space. The subject is in below average condition with below average features , but is not competitive with some facilities. It offers adequate ceiling heights estimated at 14'-20. Loading is adequate. Office space is minimal and in poor condition. All of the sales are newer with superior condition and features, and should be adjusted negatively for this item.

Conclusion of Sales Comparison Approach – Improved Industrial Building Properties

After comparing these properties to the subject property and considering relevant available information, and after emphasizing the indications from Sales 3, 5, 6, 7, 9, 11 and 12 we estimate the value of the property at \$75 per square foot of building area, which results in the following value indication.

VALUE WITH IMPROVED INDUSTRIAL BUILDING

Unit Value	15,672
Multiplied by Unit Value	\$75.00
Value Indication	\$1,175,400
Rounded to:	\$1,175,000

We thus conclude to a value of \$1,175,000 via the Sales Comparison Approach..

We note that there is a lack of industrial space in the immediate area, and a motivated user might pay a premium to obtain the property despite its deficiencies in terms of location, features and condition.

COMPARABLE SALES OF VACANT LAND

Sale	Address	Source	Tax Map ID	Sale Date	Land Area (SF)	Zone	Price	Price PSF Land	Grantor/Grantee	Libert/ Page
SUBJ	50 Stewart Avenue									
1	40-50 Seabro Avenue Amityville	LO SW		9/09	30,196	C-6	\$1,600,000	\$36.95	Paul Niederaver	
2	619 Broadway Amityville	SW	165/2/49	5/6/09	43,300	Ind G	0		:La Taverna Realty LLC	12593/749
3	537 North Country Road St. James	LO SW	800/37/3/10	3/09	32,200	E-Bus	\$820,000	\$25.47	Riverdale Avenue Assoc/ NP Property Investors Inc.	
4	412-414 Jericho Turnpike New Hyde Park	LO SW	32/89/113	3/5/09	43,124	Cent Bus	\$1,250,000	\$28.99	Miller Wolfe/ Four Boys 1 LLC	
5	495 Montauk Highway West Islip	LO SW	472/1/31	7/30/08	12,800	Bus	\$900,000	\$70.31	Rega Management LLC/ O'Connell Properties LLC	12485/814
6	3274 Long Beach Road Oceanside	SW	43/337/40	3/7/08	111,514	Comm	\$4,000,000	\$35.87	Alfred Heckel	12560/876
7	400 East Jericho Turnpike Mineola	LO SW	9/601/18	1/3/08	14,000	Comm	\$600,000	\$42.86	JCSV Realty Inc./ JBO Consulting LLC	12376/841
8	504 East Jericho Turnpike Huntington	LO SW	400/200/3/2.1	12/19/07	12,645	Comm	\$750,000	\$59.31	AGMB 400 Mineola LLC/ SCJB 400 LLC	12136/91
9	208 New York Avenue Huntington	LO SW	400/171/2/34.1	6/14/07	16,117	C-6	\$650,000	\$40.33	Buffolino Holdings LLC/ C Briuart Real Estate Group	12536/996
					18,295	C-6	\$1,015,000	\$55.48	Dailey Barn Stores, Inc./ DMI Properties	400/17 1/2/34.1
	Low				12,645		\$600,000	\$25.47		
	Average				33,777		\$1,287,222	\$43.95		
	High				111,514		\$4,000,000	\$70.31		
							0			

Discussion of Vacant Land Sales

We have developed information on eight sales of vacant land zoned for commercial uses and one zoned for industrial uses (due to the existing use of the subject and the similarity in characteristics between the subject and this comparable, and the lack of recent comparable land sales) in Huntington and surrounding towns.

The sales occurred between June, 2007 and September, 2009. Prices ranged from \$25.47 and \$70.31 per square foot of land with an average of \$43.95. After eliminating the extremes the ranges narrow to \$28.99 - \$59.31.

We note that since the prior appraisal the market for vacant land has fluctuated markedly. From the 2003 through 2007 sale prices increased rapidly. In the first half of 2008 prices stabilized, but from July 2008 through September, 2009 vacant land prices fell sharply as did the volume of sales. Since September the market has shown signs of stabilizing with some downward pressure remaining. We have estimated the following time adjustments: for 2007 an upward adjustment of 6% per annum., for the first half of 2008 no change (0%), from July 2008 through September 2009 a downward adjustment of 12% per annum, and since then a downward adjustment of 3% per annum.

Sales 5 is significantly larger than the subject and should be adjusted upward for size, while Sales 4, 6, 7 8 and 9 are smaller and were adjusted downward. However, larger sales offer greater opportunities for development and often command a premium.

The subject offers an average location for commercial uses and a good location for residential uses. Traffic is now light but would increase if retail stores were developed at the subject. The subject is near two active commercial roads (Main Street and Route 110). Nearby stores draw significant pedestrian and automotive traffic and upscale retailers. Income in the area is high. There are two restaurants north of the subject. Other restaurants off the main retail hub are successful. Few commercial vacancies were noted.

Most other sales offer significantly greater traffic but lack the potential for mixed use retail/residential development and offer inferior surrounding income levels. Overall minor adjustments for location are indicated with downward adjustments for 4, 6, 7, 8 and 9 due to greater traffic and exposure and superior surrounding uses, and upward adjustment for Sales 1 and 2 due to surrounding income levels. The balance of the sales do not require adjustment.

Sales 8 and 9 offer the same zoning, and all others with the exception of Sale 1 offer similar zoning, permitting similar uses with similar height and setback requirements. Sale 1 is in an inferior industrial zone and should be adjusted upward for zoning.

All sales offer similar shapes, features and topography relatively easy to develop.

Conclusion of Sales Comparison Approach – Vacant Land

After comparing these properties to the subject property and considering relevant available information, and after emphasizing the indications from Sales 2, 8 and 9 due to location and size we estimate the value of the property as vacant and available for commercial development at \$42.50 per square foot of raw land area, which results in the following value indication.

LAND VALUE

	Square Feet Land
Unit Value	30,196
Multiplied by Unit Value	\$42.50
Value Indication	\$1,283,330
Rounded to:	\$1,280,000

We thus conclude that the value via the Sales Comparison Approach for the subject as raw land is \$1,280,000.

Because the Sale Comparison approach for vacant commercial land exceeds the indications from the value for the subject as an industrial building it represents the highest and best use and the value of the property.

This value does not account for potential costs of demolition.

INCOME APPROACH

Investors analyzing income-producing property focus on such factors as the amount, quality and duration of the income as well as prospects for future increases in income and asset value. Suitable Income Approach techniques include direct capitalization, which has been utilized in this appraisal.

We have applied the Income Approach to the subject as an industrial building and utilized elements of the approach in the land residual technique.

The anticipated income to be capitalized to a value estimate is the income left to the owner after deducting operating expenses and taxes from gross income. This is referred to as net operating income. The rate at which the income is capitalized is that rate which would attract investment capital to an investment with income characteristics like the real estate being appraised.

Certain well supported market data are required by the appraiser in order to use the Income Approach. These include:

- An estimate of the economic or market rental value of the property. This is the rental that the property could generate if it were vacant and ready to rent as of the date of valuation. With the information and the details of any lease agreements that may encumber the property, the appraiser is able to estimate the gross income an investor could anticipate receiving;
- The operating expense history of the subject and operating experience of similar properties;
- The typical financing available for properties similar to the subject, and
- The return required by the investors on investments similar to the subject.

This data can then be processed into a reliable value estimate for the income property.

Industrial leases are summarized on the following page:

COMPARABLE INDUSTRIAL RENTALS

#	LOCATION	LESSEE	LEASED AREA (SF)	LEASE DATE	BASE RENT/SF	LEASE TERM (YEARS)	TERMS	TERMS/COMMENTS
1	54 Penataquit Avenue, Bay Shore	Metropolitan Laundry	1,800	8/09	\$11.00	10.0	Gross	Spray booth, overhead doors, offices, new 200 amp/3 phase electrical, alarmed with 10,000 SF building on .62 acres 3.0%
2	63 Cleveland Place, Bay Shore	Confidential	9,200	5/09	\$8.22	N/A	Gross	Entire building on .53 acre lot
3	100 Remington Blvd, Ronkonkoma	Confidential	8,000	3/09	\$8.00	N/A	Gross	10,000 SF industrial/office building up to 15' ceilings, .6 acres
4	1855 Lakeland Avenue, Ronkonkoma	Honeywell	8,000	3/09	\$9.62	N/A	N/A	
5	315 Ralph Avenue, Copiague	Auto Parts	10,000	1/09	\$7.50	N/A	N/A	
6	856 Johnson Avenue, Ronkonkoma	Confidential	3,000	10/08	\$12.80	N/A	N/A	
7	100 Remington Blvd, Ronkonkoma	Martins	1,526	8/08	\$13.76	N/A	N/A	10,000 SF industrial/office building up to 15' ceilings, .6 acres
8	770 Grand Boulevard, Deer Park	Sleep Hollow	4,500	1/08	\$9.09	N/A	N/A	
9	140-16 Oser Avenue, Hauppauge	Confidential	12,000	2/07	\$8.75	5 + 5 op	Gross	Industrial Gross, 3% escalation, multi-tenant building
10	120 Ricefield, Hauppauge	Confidential	17,500	1/07	\$8.00	5	Gross	Industrial Gross, 3% escalation
11	159 Verdi Street, Farmingdale	Confidential	N/A	1/07	\$8.00	5	Gross	Industrial Gross, 3.5% escalation
12	1 Crossways Park Drive, Woodbury	Offering	14,000	Offering	\$12.75	N/A	Full Svc	10% Office to be built, 10' Ceilings, 800 amps, 22,054 SF building separately metered electric
13	1026 New York Avenue, Huntington, Station	Offering	1,173	Offering	\$12.28	N/A	Gross	Sublease Shared overhead door, 1 office, 1 bathroom and warehouse space, separate HVAC
14	171-175 East Second Street, Huntington Station	Offering	5,885	Offering	\$7.75	N/A	Mod Gross	Flex Space, 20% office, 1 dock, 1 double door, 200 amps 16' ceilings, 42,466 SF building
15	171-175 East Second Street, Huntington Station	Offering	6,025	Offering	\$7.50	N/A	Gross	10% BTS office, or with no office \$6.95 PSF 1 drive-in, 200 amps, 1 ceilings, 42,466 SF building
16	266 Pulaski Road, Huntington	Offering	15,000	Offering	\$12.75	N/A	Mod Gross	30,000 SF building, 3 acres of land, 95% office/R&D Ceiling height is 16' above dropped, Heavy power, full A/C 1 drive-in
17	220 Crossways Park Drive West, Woodbury	Offering	5,271	Offering	\$8.00	3-5	Gross	No office, 3 docks, Sublease, flex space
18	3 Brightside Avenue, East Northport	Offering	9,721	Offering	\$8.50	N/A	Mod Net	R&D 13' ceilings, 1,115 SF office, 2,360 SF Showroom, 2 drive-ins, alarm
		LOW			\$7.50			
		AVERAGE			\$9.68			
		HIGH			\$13.76			

The appraisers uncovered 11 leases and 5 offerings of industrial buildings ranging in rent from \$7.50 to \$13.68 per square foot with an average of \$9.68 per square foot. Most offer superior locations, features and condition. We estimated a net rent of \$7.50 per square foot of building area, resulting in a gross potential income of \$117,540. We then subtracted a vacancy and credit loss of 8% generating the effective gross income of \$108,137 and subtracted expenses for management, replacement reserves and professional fees indicating a net operating income of \$94,218. Capitalizing this income at 8.5% results in a value via the income approach of \$1,110,000 after rounding.

<u>ASSUMPTIONS, DATA</u>	
Land Area	30,196
Existing Building Area	15,672
Net Rent Per Square foot	\$7.50
<u>INCOME</u>	
Gross Potential Income	\$117,540
Vacancy and Collection Losses @8.0%	\$9,403
Effective Gross Income	\$108,137
<u>EXPENSES</u>	
Insurance @ \$0.45/SF	\$7,052
Management Fee @2.5%	\$2,703
Replacement Reserves @2.0%	\$2,163
Legal and Audit	<u>\$2,000</u>
TOTAL EXPENSES	\$13,919
NET OPERATING INCOME	\$94,218
Capitalization Rate: 8.5%	
VALUE VIA INCOME APPROACH	\$1,108,450
ROUNDED TO:	\$1,110,000

RECONCILIATION AND FINAL VALUE ESTIMATE

In this appraisal, we have estimated value of the fee simple value of the subject property using the Sales Comparison and Income Approaches. We note that the Cost Approach is not generally used by investors in evaluating existing Long Island income-producing property and was not utilized in this appraisal.

APPROACH	As Industrial Building	As Vacant
Sales Approach	\$1,175,000	\$1,280,000
Income Approach	\$1,110,000	
VALUE CONCLUSION	\$1,175,000	\$1,280,000
FINAL VALUE CONCLUSION	\$1,280,000	

In the Sales Comparison Approach, we investigated recent transactions of industrial buildings and vacant commercially-zoned land in Huntington and surrounding towns. Price per square foot of building area for industrial buildings and of land area for vacant land were the units for comparison. We applied a price per square foot of \$75 per square foot of building for the subject as an industrial building and of \$42.50 per square foot of land area for vacant land, which were within the range of prices for the comparables. The value conclusions were \$1,175,000 for the subject as an industrial building and \$1,280,000 for the subject as vacant land.

We have applied the Income Approach to the subject as an industrial building and utilized elements of the approach in the land residual technique. The anticipated income to be capitalized to a value estimate is the income left to the owner after deducting operating expenses and taxes from gross income. This is referred to as net operating income. The rate at which the income is capitalized is that rate which would attract investment capital to an investment with income characteristics like the real estate being appraised. The value estimate via the Income Approach was \$1,110,000. This approach was not emphasized because the subject would likely be purchased by an owner user and due to data limitations in estimating market industrial building rents because there are few industrial buildings in the area. The estimate did support our estimate via the Sales Comparison Approach.

In comparing the approaches, we emphasized the Sales Comparison Approach applied to vacant land in our conclusion as it would most likely be considered by potential developers because it best indicates the value that would maximize returns. We gave some consideration to other approaches. Based on our investigations and analyses, and subject to the assumptions and limiting conditions stated herein, the "as is" market value of the subject property was, as of March 4, 2010:

ONE MILLION TWO HUNDRED AND EIGHTY THOUSAND DOLLARS
(\$1,280,000)

Factors which influenced our conclusion included (1) the weak condition of the national, regional and local economies; and (2) the weak demand for and prices of all forms of property in the New York Metropolitan Area and Huntington (3) the high real estate prices and incomes in the unincorporated village and the Town, (4) the zoning status of the property (C-6 General Business), which permits retail, office and mixed uses, but does not permit residential or industrial development, (5) the character of the surrounding area which is primarily commercial and residential, (6) the weakened demand for vacant land and industrial buildings, (7) costs and potential profits of redevelopment, (8) traffic levels, (9) high incomes in the area, and (10) the below average condition and features and age of the existing buildings. We estimate the exposure period to be nine to fifteen months.

Certification

I certify that, to the best of my knowledge and belief:

- The property in Huntington, Long Island was inspected by Kenneth Acks. Jan A. Barenholtz, undersigned, has not inspected the property.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- The restricted appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- My analyses, opinions and conclusions were developed, and this report has been prepared, in accordance with the Code of Professional Ethics of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Kenneth Acks inspected the property and provided research assistance. No other persons provided professional assistance to the undersigned.
- As of the date of this report, Jan Barenholtz has completed the continuing education requirements of the Appraisal Institute.

Jan A. Barenholtz

Jan A. Barenholtz, MAI
NYS Certified General Appraiser #46-486

Assumptions and Limiting Conditions

This appraisal has been made with the following assumptions and limiting conditions:

- Title to the property which is the subject of this report is assumed to be good and marketable. No liability is assumed for matters of a legal nature affecting the property.
- The property is assumed to be free and clear of any or all liens and encumbrances.
- Responsible ownership and competent property management is assumed.
- Information furnished by others is believed to be reliable, and, where possible, has been personally verified; however, no warranty is given for its accuracy.
- Any plot plans and exhibits in this report are included only to assist the reader in visualizing the property.
- It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures which would render the property more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
- It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless non-compliance is stated, defined and considered in the report.
- It is assumed that all applicable zoning and use regulations are complied with unless a non-conformity is stated, defined and considered in the report.
- It is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authority from any local, state or federal governmental or private entity are or can be obtained or renewed for any use on which the value estimate contained in this report is based.
- It is assumed that the utilization of the land and improvements is within the boundaries of the property described and that there is no encroachment or trespass unless noted within the report.

Assumptions and Limiting Conditions (continued)

- The appraiser has no knowledge of the existence of hazardous substances or contaminants which may be present on the property and is not qualified to test for the presence of such substances. If the presence of such substances may affect the value or utility of the property, then any value estimates or opinions as to the utility of the property are predicated on the assumption that no such substances or conditions exist.
- The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in compliance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could 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 effect upon the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.
- The appraiser herein by reason of this restricted, limited appraisal is not required to give further consultation or testimony or be in attendance in court with reference to the property unless a separate agreement has been previously made therefor.
- The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
- Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only in its entirety.
- Disclosure of the contents of this report is governed by the by-laws and regulations of the Appraisal Institute. Neither all nor any part of the contents of this report shall be disseminated to the public through advertising, public relations, newspapers, or sales or other media without the prior written consent and approval of the appraiser.

EXPERIENCE: **MMJ Commercial, formerly Barenholtz & Company, New York, NY** (Since 1991) **Principal.** Real estate counseling services, including property valuation, portfolio analysis, transaction counseling and expert witness testimony. (Previously Barenholtz & Farrell)

Landauer Associates, New York, NY (1980-1990)

Senior Vice President, Marketing and Financial Services Division (1986-1990) Investment analysis; property acquisitions, sales and financing; land lease and office negotiation and review; restructuring of equity and leasehold interests.

Vice President, Valuation and Technical Services Division

(1980-1985) General real estate consulting with emphasis on investment analysis, appraisal, portfolio valuation, financial analysis and feasibility studies.

Pyramid Companies, Dewitt, NY (1980)

Associate. Shopping center development and related activities, including budgeting, construction management, valuation and financing.

Ernst & Ernst, New York, NY (1979)

Intern. Corporate merger and acquisition analysis.

**PROFESSIONAL
ACTIVITIES:**

Designation: Member of the Appraisal Institute (MAI)

Adjunct Professor of Real Estate - New York University Real Estate Institute

Licenses: General Certified Appraiser: Connecticut,
 New Jersey and New York
 Real Estate Broker: New York

Lecturer: Real Estate Board of New York
 New York University School of Continuing Education

Member: Appraisal Journal Review Committee
 Appraisal Institute Ethics Administration Division
 Real Estate Board of New York
 Urban Land Institute, Associate Member

EDUCATION: MBA, Accounting and Finance, Columbia University Graduate School of Business

BA, English, Columbia College

Courses at New York University School of Continuing Education in appraisal, development, leasing and joint venture