

ADDENDUM

The Assignment

Goman+York Property Advisors LLC was engaged by Covington Development LLC to provide a preliminary study examining the market capacity and rental/sale parameters for the development of approximately 800-1000 new multifamily and/or condominium housing units in Brewster, New York. That Preliminary Market Feasibility Analysis was presented in June of this year, and concluded that the market response to the contemplated project will be very positive.

This Addendum has been prepared in response to a request for additional detail regarding the longer-term outlook for the likely balance between owner-occupied and rental residential units in the contemplated project. In order to arrive at some reasonable estimate of the long term balance of housing, we examined a variety of indicators.

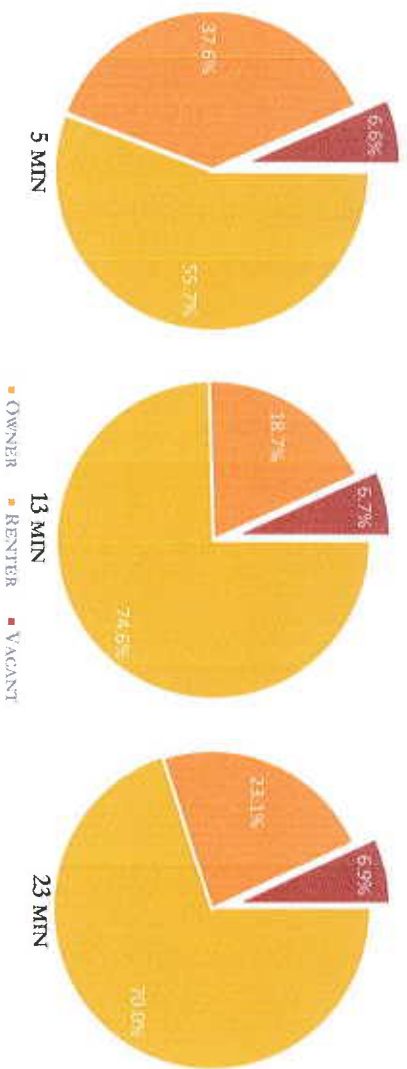
The Market

In the immediate Brewster Village study area, represented by a 5 minute drive time from the train station, the most recent data shows that the percentage of owner occupied vs renter occupied dwelling units is approximately 56% vs 38%. In the larger study area of housing located within 23 minutes (the average U.S. commute time) of Brewster, 70% of the dwelling units are owner-occupied. Furthermore, household growth is expected to average less than 1% annually.

Potential Market

As described in our earlier analysis, on an annual basis approximately 11,400 households are expected to move within the 23 minute trade area. Of this 11,400, 3,400 are expected to buy new homes.

HOUSING OCCUPANCY



Transient Population

	Within	Outside	TOTAL
Renters	5400	2600	8000
Owners	2100	1300	3400
Total	7500	3900	11400

ADDENDUM - CONT.

Pricing

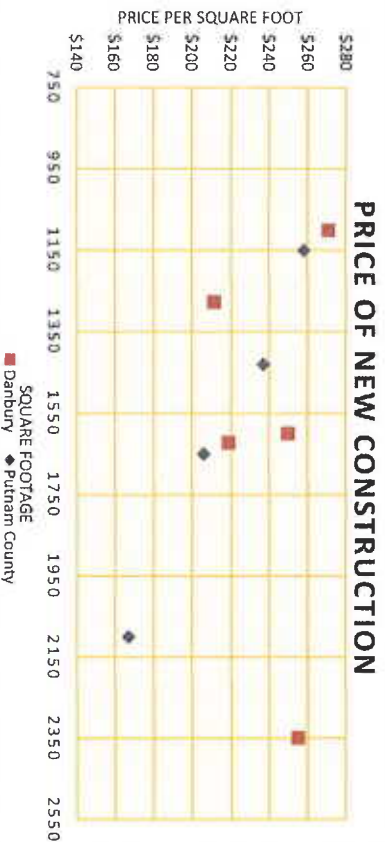
We reviewed sales price data for new residential construction in the immediate area, which shows a fairly typical but wide range of from \$150 - \$275 per square foot. Lastly, we reviewed our data regarding the total transient population of approximately 300, which largely represents commuters who travel into the trade to take the train. The majority of those commuters are coming from the Danbury trade area and we expect this project to capture some of that market.

Implementation

We believe a reasonable estimate regarding the capture rate for the contemplated project is from 1%-5% of the eligible buyers within the market. We will point out that the cost of the housing units will be a significant factor in determining the size of the eligible population.

It is also important to note that we recommend that the initial marketing for the project be focused entirely upon a rental program in order that the project can achieve satisfactory levels of occupancy in the shortest possible time. Further, we also recommend that the marketing program assume that any conversion of units from a rental to a sale program begin only once the overall development has achieved a level of critical mass, which we estimate to be occupancy of several hundred units, at a minimum. We estimate that this is likely to mean that any program aimed at selling versus renting units would not commence until approximately six to seven years after initial occupancy of new units has begun.

Using the foregoing information and related data, we expect that over time the market should reflect similar distributions of owner occupied vs renter occupied dwelling units as is currently experienced within the Brewster study area.



Implementation

Year	1	2	3	4	5
Rental Added	72	73	73	73	73
Sales Added	0	0	0	0	0
TOTAL UNITS	72	145	218	291	364
Year	6	7	8	9	10
Rental Added	74	74	74	74	75
Sales Added	35	35	35	35	35
TOTAL UNITS	472	581	690	799	909