



Nagle Apartments Corp.
 C/o Blue Woods Management Co.
 42 River St, 2nd FL
 Sleepy Hollow, NY 10591

Date: December 26, 2014

Dear Shareowners,

Yearly recap

As 2014 comes to a close, the year can best be summed up as a year of positive transition. The garage roof replacement project is nearly complete. Progress continues to be made on the interior garage repairs. After receiving your input, the Board has selected three landscape designers to call back for a second round of presentations. And also based on your input, management is receiving bids for garage operators. The work is necessary to perform; it will improve the lives of our residents; and add value to our shares.

2015 Budget and cash needs

The finances of the corporation continue to be strong. Part of what makes our finances strong is setting annual balanced budgets and having a plan for funding capital repairs and improvements. The 2015 budget has both. One exciting event will occur in 2015 in that one of the loans taken out to pay for the replacement windows will be fully paid. A bit further off is another event you may be interested in: the building's mortgage will be fully paid off in less than eight and a half years.

The Board met on Sunday December 14th and approved a balanced budget for 2015. Sadly, most of our costs are not within the control of the corporation. In setting our budget for 2015, estimates were used. All budgets utilize estimates as some information will not be known until sometime in the future. For example, the amount of property tax increase, if any, will not be known until sometime in the May/June 2015 timeframe. The Budget used a 3% increase estimate and as you can see from the below table, a 3% increase is not an unreasonable amount given our past history.

| Nagle Apartments Corp | 2009 | 2010 | 2011 | 2012 | 2013 |
|--------------------------------|------------|------------|------------|------------|------------|
| Property Tax | \$ 213,336 | \$ 228,830 | \$ 243,533 | \$ 257,747 | \$ 260,517 |
| Percent Increase | | 7.26% | 6.43% | 5.84% | 1.07% |
| Average increase for all years | | | | | 4.42% |
| Budget increase assumption | | | | | 3.00% |

Source: Nagle Apartments Corp - Audited financial statements.

Other estimates were used. Here are some of those:

- The amount of Union Contract salary increases
- The amount of property insurance increases as a result of hurricane Sandy
- The final amount of the garage repairs (we are currently within budget)
- What level of income the corporation will receive from the garage

As a result, the Board decided three actions

The Board voted to increase maintenance by \$0.193 per month per share (from \$6.355 to \$6.548); the Board also voted to increase the capital assessment from 7% of maintenance to 8% of maintenance or by \$0.079 (from \$0.445 to \$0.524) per month per share. The combined maintenance and assessment increases total 4.00% overall (from \$6.800 to \$7.072 per month per share). These amounts calculate to an increase of \$38.08 a month for a 5th and 6th floor two bedroom unit (other units will have less of an impact).

The Board is investigating the need for new gym equipment and also voted on increase the gym fees by \$5 per month to help fund that initiative.

Finally, the Board made a commitment to review the amount of maintenance charges in the May/June 2015 timeframe to see if it can be adjusted downward should some of the estimates go our way.

The Board of Directors, the staff and Management wants to wish each of you a fantastic holiday season and a safe, healthy and prosperous 2015!