

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

CASE NO. 20-CV-81205-RAR

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

COMPLETE BUSINESS SOLUTIONS
GROUP, INC. d/b/a PAR FUNDING, et al.,

Defendants.

**RECEIVER’S MOTION FOR ORDER AUTHORIZING RECEIVER’S SALE OF REAL
PROPERTY LOCATED AT 915-917 SOUTH 11th STREET, PHILADELPHIA, PA 19147**

Ryan K. Stumphauzer, Esq., Court-Appointed Receiver (“Receiver”) of the Receivership Entities, by and through his undersigned counsel, files this Motion for Order Authorizing Receiver’s Sale of Real Property Located at 915-917 South 11th Street, Philadelphia, PA 19147 (the “South 11th Street Property”). In support thereof, the Receiver states:

1. On January 10, 2023, the Receiver filed a Motion for Order: (1) Authorizing Receiver’s Sale of All Real Property Within the Receivership Estate; and (2) Compelling Lisa McElhone and Joseph LaForte to Vacate and Surrender Haverford Home or, in The Alternative, Pay Obligations for Single-Family Homes [ECF No. 1484] (“Motion for Order Authorizing Sale”).

2. On January 11, 2023, the Court entered an Order Approving the Motion for Order Authorizing Sale [ECF 1486] (“Order Authorizing Sale”).

3. In the Order Authorizing Sale, the Court authorized the Receiver to begin the process of marketing for sale all real estate within the Receivership Estate, including the South 11th Street Property.

4. In accordance with the Order Authorizing Sale, the Receiver has entered into a Purchase and Sale Agreement for the sale of the South 11th Street Property (the “Contract”). The Contract, which is subject to approval by this Court, is scheduled for a closing on September 18, 2023, provided the Court approves the Contract and authorizes the sale of the South 11th Street Property.

5. Attached hereto as **Exhibit 1** is a Declaration of Ryan K. Stumphauzer, Esq. (the “Declaration”), requesting the Court to enter an order authorizing and approving the proposed sale, as provided for in the Contract.

6. The Receiver believes that the sale price for the South 11th Street Property under the Contract, which he has accepted subject to this Court’s approval, is in the best interests of the Receivership Estate.

7. The Receiver represents that this Contract to Purchase the South 11th Street Property is a *bona fide* offer from a proposed buyer with whom the Receiver has no relationship and is the product of arms-length negotiation.

8. The Receiver proposes to proceed with the sale of the South 11th Street Property pursuant to the Contract, provided the Court approves the sale free and clear of liens, encumbrances, and other related obligations or claims.

9. A Proposed Order authorizing and approving the sale of the South 11th Street Property is attached as **Exhibit 2**.

10. To provide an opportunity for any potential objections to the sale of the South 11th Street Property pursuant to the Contract, the Receiver requests that the Court enter the Proposed Order no earlier than seven (7) days after the filing of this Motion (*i.e.*, on or after August 22, 2023), so that the Court may consider and resolve any potential objections to the Contract.

WHEREFORE, the Receiver respectfully requests that the Court enter the Proposed Order on or after August 22, 2023, approving the Contract and authorizing the Receiver to sell the South 11th Street Property.

Local Rule 7.1 Certification

Pursuant to Local Rule 7.1, the undersigned counsel for the Receiver certifies that he has conferred with counsel for the United States Securities and Exchange Commission (“SEC”), regarding the relief requested in this motion. Counsel for the SEC has confirmed that the SEC does not oppose the relief requested herein and agrees to the waiver of the requirements of 28 U.S.C. §2001 and 28 U.S.C. §2004 for the sale of the South 11th Street Property.

Dated: August 15, 2023

Respectfully Submitted,

**STUMPHAUZER KOLAYA
NADLER & SLOMAN, PLLC**
Two South Biscayne Blvd., Suite 1600
Miami, FL 33131
(305) 614-1400 (Telephone)

By: /s/ Timothy A. Kolaya
TIMOTHY A. KOLAYA
Florida Bar No. 056140
tkolaya@sknlaw.com

Co-Counsel for Receiver

**PIETRAGALLO GORDON ALFANO
BOSICK & RASPANTI, LLP**
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(215) 320-6200 (Telephone)

By: /s/ Gaetan J. Alfano
GAETAN J. ALFANO
Pennsylvania Bar No. 32971
(Admitted Pro Hac Vice)
GJA@Pietragallo.com

Co-Counsel for Receiver

CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that on August 15, 2023, I electronically filed the foregoing document with the clerk of the Court using CM/ECF. I also certify that the foregoing document is being served this day on counsel of record via transmission of Notices of Electronic Filing generated by CM/ECF.

/s/ Timothy A. Kolaya
TIMOTHY A. KOLAYA

Exhibit 1

Declaration of Ryan K. Stumphauzer. Esq.

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

CASE NO. 20-CV-81205-RAR

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

COMPLETE BUSINESS SOLUTIONS
GROUP, INC. d/b/a PAR FUNDING, et al.,

Defendants.

DECLARATION OF RYAN K. STUMPHAUZER, ESQ.

I, Ryan K. Stumphauzer, Esq., declare as follows:

1. I am the Court-appointed Receiver for certain Receivership Entities,¹ including 915-917 South 11th Street, Philadelphia, PA 19147. 915-917 S. 11th LLC owns the real property

¹ The “Receivership Entities” are Complete Business Solutions Group, Inc. d/b/a Par Funding (“Par Funding”); Full Spectrum Processing, Inc.; ABetterFinancialPlan.com LLC d/b/a A Better Financial Plan; ABFP Management Company, LLC f/k/a Pillar Life Settlement Management Company, LLC; ABFP Income Fund, LLC; ABFP Income Fund 2, L.P.; United Fidelis Group Corp.; Fidelis Financial Planning LLC; Retirement Evolution Group, LLC; RE Income Fund LLC; RE Income Fund 2 LLC; ABFP Income Fund 3, LLC; ABFP Income Fund 4, LLC; ABFP Income Fund 6, LLC; ABFP Income Fund Parallel LLC; ABFP Income Fund 2 Parallel; ABFP Income Fund 3 Parallel; ABFP Income Fund 4 Parallel; and ABFP Income Fund 6 Parallel; ABFP Multi-Strategy Investment Fund LP; ABFP Multi-Strategy Fund 2 LP; MK Corporate Debt Investment Company LLC; Fast Advance Funding LLC; Beta Abigail, LLC; New Field Ventures, LLC; Heritage Business Consulting, Inc.; Eagle Six Consulting, Inc.; 20 N. 3rd St. Ltd.; 118 Olive PA LLC; 135-137 N. 3rd St. LLC; 205 B Arch St Management LLC; 242 S. 21st St. LLC; 300 Market St. LLC; 627-629 E. Girard LLC; 715 Sansom St. LLC; 803 S. 4th St. LLC; 861 N. 3rd St. LLC; 915-917 S. 11th LLC; 1250 N. 25th St. LLC; 1427 Melon St. LLC; 1530 Christian St. LLC; 1635 East Passyunk LLC; 1932 Spruce St. LLC; 4633 Walnut St. LLC; 1223 N. 25th St. LLC; 500 Fairmount Avenue, LLC; Liberty Eighth Avenue LLC; Blue Valley Holdings, LLC; LWP North LLC; The LME 2017 Family Trust; Recruiting and Marketing Resources, Inc.; Contract Financing Solutions, Inc.; Stone Harbor Processing LLC; LM Property Management LLC; and ALB Management, LLC; and the Receivership also includes the property located at 2413 Roma Drive, Philadelphia, PA 19145.

located at 915-917 South 11th Street, Philadelphia, PA 19147 (the “Property”). The Property was acquired by 915-917 S. 11th LLC on September 21, 2018, for \$1,860,000.

The legal description of the Property is:

ALL THE CERTAIN lot or piece of ground with the building and improvements thereon erected.

SITUATE on the East side of 11th Street at the distance of 166 feet Northward from the North side of Carpenter Street in the 2nd Ward of the City of Philadelphia.

CONTAINING in front or breadth on the said 11th Street 31 feet; thence extending Eastward between parallel lines with Carpenter Street 89 feet 2 inches on the North side thereof and 84 feet on the South side thereof to a 14 feet wide court.

BOUNDED on the West side by said 11th Street on the South side of Montrose Street (31 feet wide and extending 10th street to 11th Street between parallel lines with Carpenter Street) on the East by Clifton Street; thence extending North at right angles 30 feet 7 inches; thence widening on the West by a course parallel with 11th Street to the South boundary of a lot of ground now or late of George McCellan. Being known as 915-917 South 11th Street.

I have personal knowledge of the facts detailed in this Declaration and make this Declaration in support of the Proposed Sale of the Property.

2. Specifically, and as detailed further herein, I have completed my marketing efforts for the Property in accordance with this Court’s prior Order, and now respectfully request that the Court enter an Order authorizing and approving my proposed sale of the Property.

3. As authorized by the Amended Order Appointing Receiver [ECF No. 141] and the Order (1) Authorizing Receiver’s Sale of All Real Property Within the Receivership Estate; (2) Compelling Lisa McElhone and Joseph LaForte to Vacate and Surrender Haverford Home or, in the Alternative, Pay Obligations for Single-Family homes [ECF 1486], I engaged a licensed real estate broker with decades of experience in the relevant Philadelphia neighborhood (“Broker”) as the real property broker for the purposes of marketing the Property in anticipation of a sale of the Property out of receivership. In conformity with my instructions, the Broker has marketed the Property in a manner consistent with ordinary custom and practice for sales of similar properties

in Philadelphia, Pennsylvania. These efforts included marketing on the Broker's website and on the Multiple Listing Service. The Property was listed for \$2,150,000.

4. Before listing the Property, I obtained a Pennsylvania Certified Residential Appraisal of the Property dated May 23, 2023 [the "First Appraisal"]. The First Appraisal valued the Property at \$1.9 million. A true and correct copy of this Appraisal is attached as **Exhibit A**.

5. Before listing the Property, I also obtained Opinions of Value from the office of the current property manager [which also includes a licensed Broker] and the Broker. Separately, each opined that based on comparative sales the property should sell for approximately \$2.1 million (the "Opinions of Value").

6. Both the First Appraisal and the Opinions of Value were premised on the assumption that the Property, a converted bank building,² consisted of six (6) leased residential units. In conducting my due diligence in marketing the property, however, I learned that the sixth unit, a basement unit, was not compliant with the City of Philadelphia's building and licensing codes due to insufficient egress in the event of an emergency. I considered different options for compliance. Those options would require, however, extensive construction renovations and would have been cost prohibitive and time-consuming. I ultimately decided against those options and negotiated an early termination of that tenant's lease.

7. After I learned that the Property may only be leased for five (5) residences, I obtained a renewed Pennsylvania Certified Residential Appraisal of the Property on July 10, 2023 (the "Second Appraisal"). A true and correct copy of this Second Appraisal is attached as **Exhibit B**. According to that Second Appraisal, the Property is valued at \$1,750,000.³

² The property originally was constructed as the South Philadelphia State Bank in 1919 and converted to multi-family space in 2013.

³ For security purposes, the Appraiser's identity has been redacted.

8. As a result of my marketing efforts, I have received an offer from W.B.C.,⁴ a third party unaffiliated with the Receivership Entities (“Buyer”), to purchase the Property out of receivership for \$1,750,000. The Buyer’s offer is consistent with the Second Appraisal of the Property. It is an “all cash” offer with no contingencies. In my reasonable business judgment, I believe Buyer’s offer to purchase the Property for \$1,750,000 is appropriate, and consistent with the Property’s current market value. As a result, on or about August 11, 2023, I entered into a contingent Purchase and Sale Agreement (“Contract”) for the Property with Buyer, a true and correct copy of which is attached hereto as **Exhibit C** to this Declaration, and which has been redacted for security purposes. Closing is scheduled for September 21, 2023.

9. Pursuant to the Contract, performance of which is contingent upon an Order from this Court approving and authorizing the proposed sale of the Property to Buyer, the sale of the Property will be made on an “as-is / where-is basis,” with no representations or warranties on my part, individually or on behalf of the Receivership Entities, except as expressly set forth in the Contract. In the event that the Court authorizes and approves the proposed sale of the Property as provided for in the Contract, and the sale is consummated, the Broker will receive a commission of 5% of the sales price, consistent with ordinary custom and practice.

10. Accordingly, I respectfully request that this Court enter an Order approving the sale of the South 11th Street Property, as provided for in the Contract.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Executed on August 15, 2023.

/s/ Ryan K. Stumphauzer
Ryan K. Stumphauzer
Court-appointed Receiver

⁴ For security purposes, the Buyer’s identity has been redacted.

Exhibit A

*Redacted Pennsylvania Certified Residential Appraisal
Dated May 23, 2023*



915-917 South 11th Street

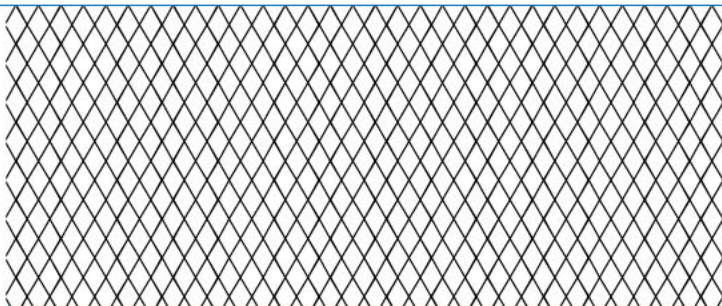
915-917 S. 11th Street
Philadelphia, PA 19147



Appraisal Report Prepared For:

Timothy M. Hazel, Esquire
Pietragallo Gordon Alfano Bosick & Raspanti,
LLP
One Oxford Centre, 38th Floor
Pittsburgh, PA 15219

Prepared By:



[REDACTED]

May 23, 2023

Timothy M. Hazel, Esquire
Pietragallo Gordon Alfano Bosick & Raspanti, LLP
One Oxford Centre, 38th Floor
Pittsburgh, PA 15219

RE: Appraisal of a multifamily property located at 915-917 S. 11th Street, Philadelphia, Philadelphia County, PA 19147, prepared by [REDACTED] (herein "Firm" or [REDACTED])

[REDACTED]

Dear M. Hazel, Esquire:

The "Subject Property" is a 6-unit walk-up apartment building located in the Bella Vista/Southwark neighborhood of Philadelphia. The property was originally constructed as South Phila State Bank in 1919 but was converted to multifamily space in 2013. The improvements were in excellent condition at time of inspection and contain 5,306 square feet, net rentable area (including one apartment that is located on the lower level). The corner site consists of 2,803 square feet and does not include off-street parking.

Key Value Considerations

Strengths

- 1. The property is in excellent condition and is of good quality and tenant appeal.
- 2. The property was fully occupied and is considered to be stabilized as of the effective valuation date.
- 3. Access to amenities, employment centers, and public transportation is considered to be above average.

National Trends and Uncertainties

- 1. Federal Reserve interest rate increases and associated effects on cost of capital and investment rates along with credit tightening have impaired transaction volumes.
- 2. Despite positives such as a healthy job market, at least a mild recession is expected later this year.
- 3. Easing of inflation, consumer spending, and continued job growth have so far kept the economy growing in spite of interest rate increases and bank system stress.

[REDACTED]

[REDACTED]

May 23, 2023

TIMOTHY M. HAZEL, ESQUIRE

Based on the analysis contained in the following report, the opinion of value for the subject is:

Value Conclusions			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value "As Is"	Leased Fee	4/10/2023	\$1,900,000
[REDACTED]			

Extraordinary Assumptions

An extraordinary assumption is defined in USPAP as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results.

1. Individual unit sizes were not available for this property. We measured four of six apartments and have estimated the sizes for the remaining two units based on available data and building measurements. We reserve the right to amend our report if different information becomes available to us.
2. Unit 1C was fit-out with three bedrooms and three bathrooms at time of inspection. The provided rent roll lists the unit as having two bedrooms and two bathrooms. Given the higher rental rate, in conjunction with our property inspection and historical listings for unit, we purport that Unit 1C is a 3BR/3BA apartment.

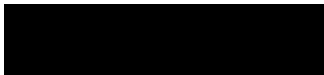
The use of these extraordinary assumptions might have affected assignment results.

Hypothetical Conditions

A hypothetical condition is defined in USPAP as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. The value conclusions are based on the following hypothetical conditions that may affect the assignment results.

1. None

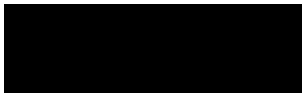
The appraisal was developed based on, and this report has been prepared in conformance with the Client's appraisal requirements, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, Title XI of the Financial Institution Reform, Recovery and Enforcement Act (FIRREA) of 1989, and the Interagency Appraisal and Evaluation Guidelines (December 2, 2010).



Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of Pennsylvania.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, [REDACTED] has completed the continuing education program for Designated Members of the Appraisal Institute.
12. As of the date of this report, [REDACTED] has completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
13. [REDACTED] made a personal inspection of the property that is the subject of this report. [REDACTED] has not personally inspected the subject.
14. No one provided significant real property appraisal assistance to the person(s) signing this certification.
15. The Firm operates as an independent economic entity. Although employees of other service lines or affiliates of the Firm may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
16. Within this report, [REDACTED] and similar forms of reference refer only to the appraiser(s) who have signed this certification and any persons noted above as having provided significant real property appraisal assistance to the persons signing this report.
17. [REDACTED] has not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment. [REDACTED] has not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.



CERTIFICATION



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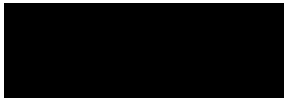
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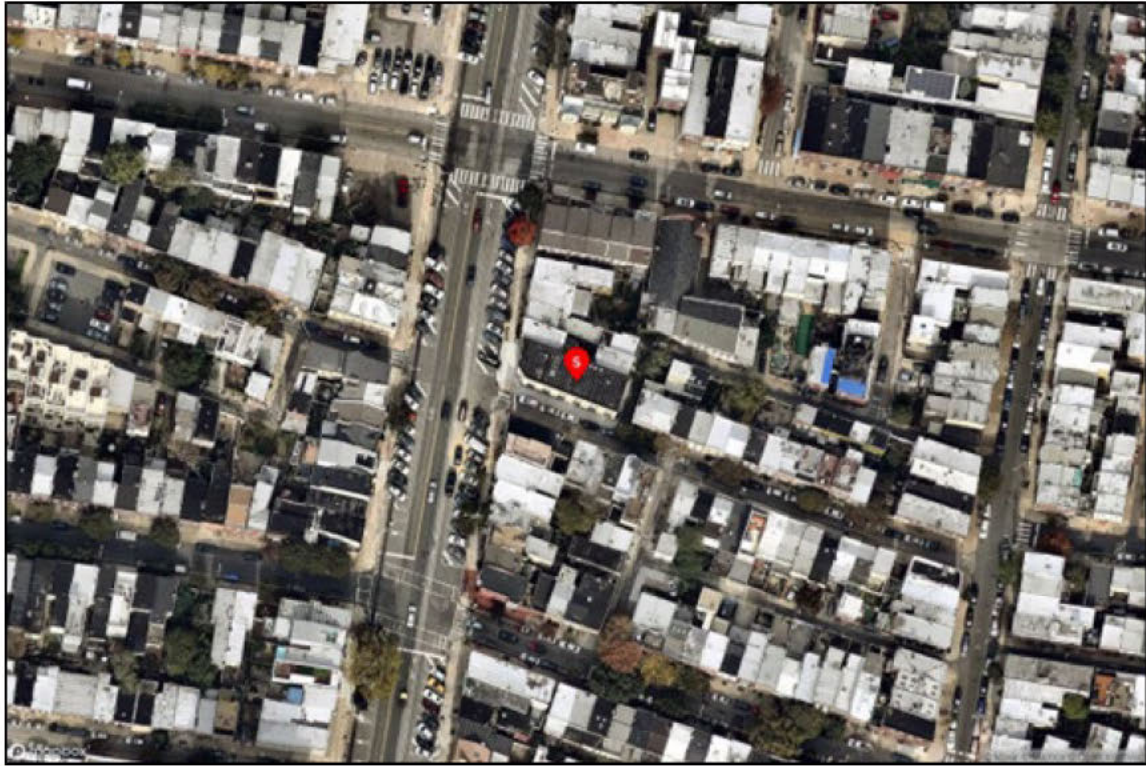
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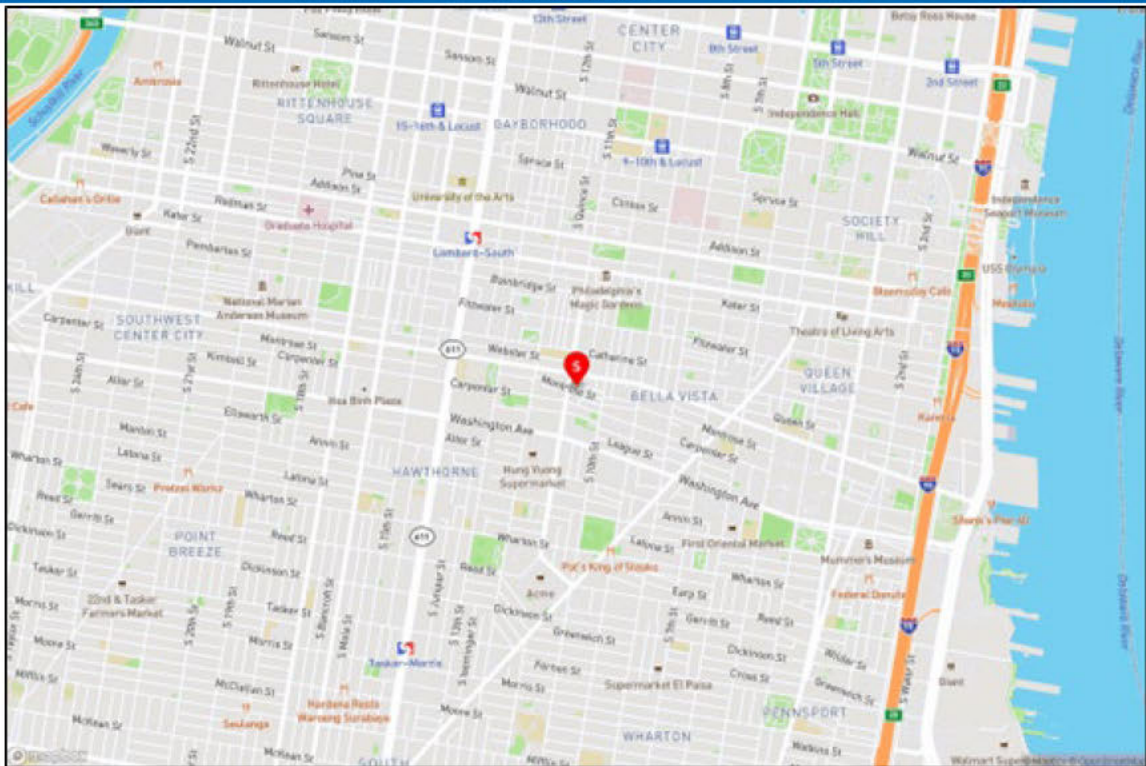
- A. Glossary of Terms
- B. Engagement Letter
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- E. Appraiser Qualifications and Licenses



SUBJECT MAPS



Aerial Photo



Location Map



SUBJECT PHOTOGRAPHS



S. 11th Street facing South



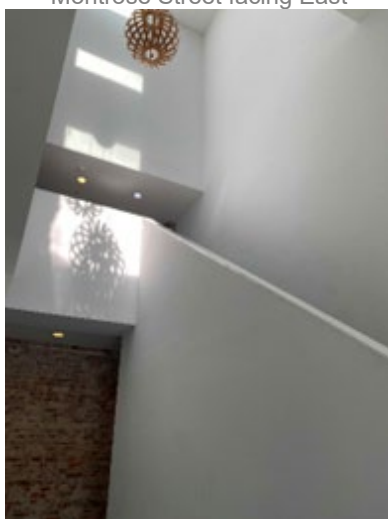
S. 11th Street facing North



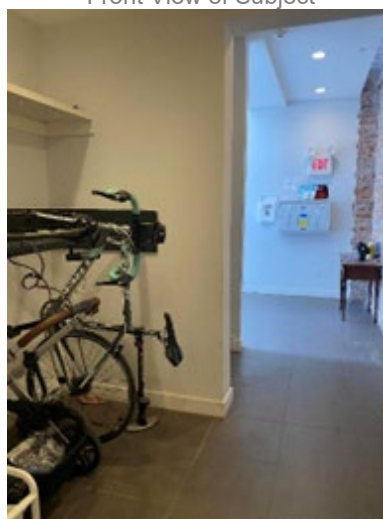
Montrose Street facing East



Front View of Subject



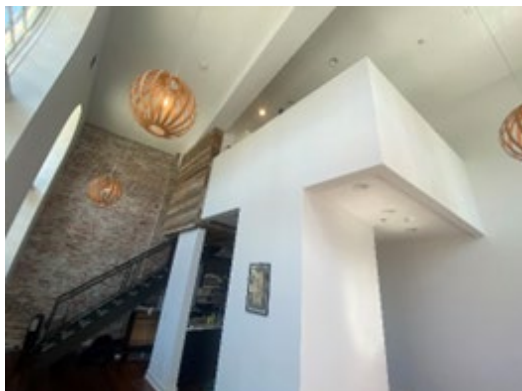
Common Area Entrance



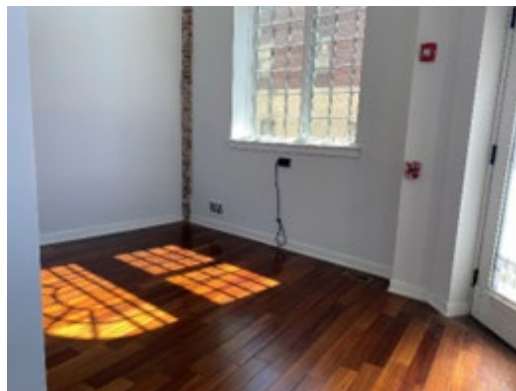
Bicycle Storage



SUBJECT PHOTOGRAPHS



Unit 1A - Overview



Unit 1A - Living Room



Unit 1A - Kitchen



Unit 1A - Restroom



Unit 1A - Loft



Unit 1B - Living Room



SUBJECT PHOTOGRAPHS



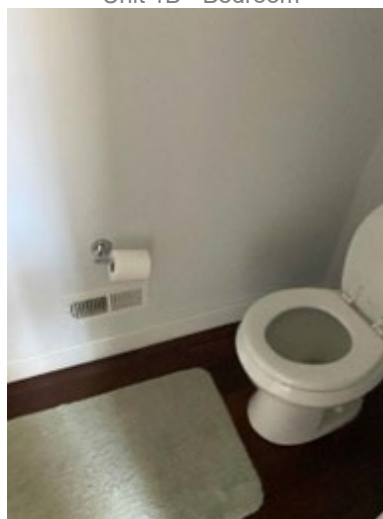
Unit 1B - Kitchen



Unit 1B - Bedroom



Unit 1B - Bedroom



Unit 1B - Half Bathroom



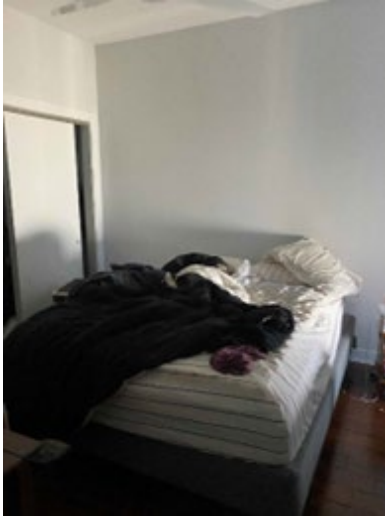
Unit 1B - Restroom



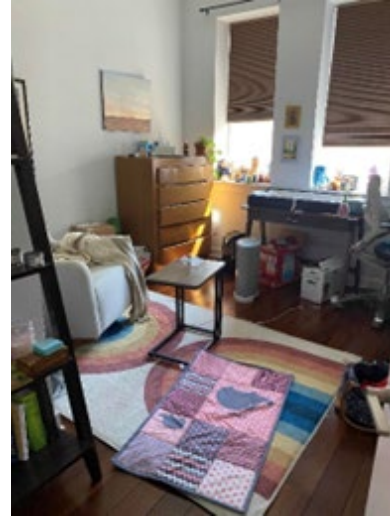
Unit 3B - Living Room



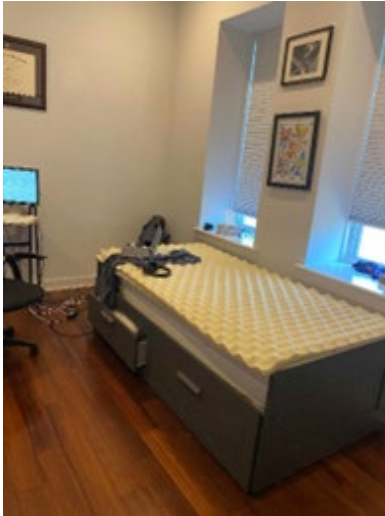
SUBJECT PHOTOGRAPHS



Unit 3B - Bedroom



Unit 3B - Bedroom



Unit 3B - Bedroom



Unit 3B - Restroom



Unit 3B - Restroom



Basement with Storage Lockers



SUBJECT PHOTOGRAPHS



Separate Gas Meters



Furnace



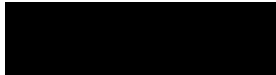
Hot Water Heater



Sump Pump



Sprinkler System



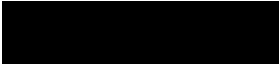
Executive Summary

915 - 917 South 11th Street

Property Type:	Multifamily-Walk-Up
Street Address:	915 - 917 South 11th Street
City, State & Zip:	Philadelphia, PA 19147
MSA Name:	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
Market Name:	PA - Philadelphia - Greater
Submarket Name:	Bella Vista - Southwark
Investment Class:	Class B
Latitude:	39.93888
Longitude:	-75.16076
Census Tract:	24.00
Gross Building Area (SF):	6,558
Net Rentable Area (SF):	5,306
Number of Units:	6
Year Built (Renovated):	1919 (2013)
Current Occupancy:	100.0%
Land Area:	0.064 acres; 2,803 SF
Zoning:	RM1
Assessor's Parcel ID(s):	881571305
Highest and Best Use - As Vacant:	Multifamily Use
Highest and Best Use - As Improved:	Multifamily Use

Analysis Details

Valuation Date:	April 10, 2023
Market Value "As Is"	April 10, 2023
Inspection Date and Date of Photos:	April 10, 2023
Report Date:	May 23, 2023
Report Type:	Appraisal Report
Client:	Pietragallo Gordon Alfano Bosick & Raspanti, LLP
Intended Use:	Establishing market value for pricing in connection with a potential disposition involving each of the subject properties and no other use.
Intended User:	Client and OCF Realty and no other party is permitted to use or rely on the appraisal.
Appraisal Premise:	Market Value "As Is"
Intended Use and User:	The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and [REDACTED] will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.
Interest Appraised:	Leased Fee
Exposure Time (Marketing Period) Estimate:	6 to 9 Months (6 to 9 Months)



EXECUTIVE SUMMARY

Leasing Summary					
Rental Unit Subtotals	1 BR	2 BR	3 BR	Overall	
Average Unit Size	554 SF	964 SF	1,135 SF	884 SF	
Average Unit Asking Rent	\$1,433	\$2,340	\$2,678	\$2,272	
Unit Occupancy	100.0%	100.0%	100.0%	100.0%	
Unit Market Rent	\$1,525	\$2,340	\$2,678	\$2,301	
Valuation Summary					
Sales Comparison Approach				\$/Unit	\$ Total
Number of Sales					5
Range of Sale Dates					Aug-21 to Feb-23
Adjusted Range of Comparables (\$/Unit)					\$228,000 to \$372,400
Value Conclusion:				\$316,667	\$1,900,000
Income Capitalization Approach - Direct Capitalization Method				\$/Unit	\$ Total
Capitalization Rate Indicators and Conclusion					
				Indication	
Comparable Sales				6.89% - 7.52%	
Investor Surveys				4.25% - 8.25%	
Band of Investment				6.25%	
Concluded Going-In Capitalization Rate				6.25%	
Stabilized Income Estimate					
Potential Gross Income				\$25,800	\$154,800
Stabilized % Vacancy & Collection Loss				6.00%	\$9,288
Effective Gross Income				\$27,348	\$164,088
Operating Expenses				\$7,422	\$44,531
Operating Expense Ratio					27.1%
Net Operating Income				\$19,926	\$119,557
Capitalization Rate					6.25%
Market Value Conclusions		As Is	\$316,667	\$1,900,000	
Exposure / Marketing Time					
Concluded Exposure Time		6 to 9	Months or Less		
Concluded Marketing Time		6 to 9	Months or Less		

Compiled by [REDACTED]

Extraordinary Assumptions and Hypothetical Conditions

An extraordinary assumption is defined in USPAP as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions. The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results.

1. Individual unit sizes were not available for this property. We measured four of six apartments and have estimated the sizes for the remaining two units based on available data and building measurements. We reserve the right to amend our report if different information becomes available to us.
2. Unit 1C was fit-out with three bedrooms and three bathrooms at time of inspection. The provided rent roll lists the unit as having two bedrooms and two bathrooms. Given the higher rental rate, in conjunction with our property inspection and historical listings for unit, we purport that Unit 1C is a 3BR/3BA apartment.

The use of these extraordinary assumptions might have affected assignment results.

A hypothetical condition is defined in USPAP as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. The value conclusions are based on the following hypothetical conditions that may affect the assignment results.

1. None

Compiled by [REDACTED]



Introduction

OWNERSHIP HISTORY

The current owner is 915 South 11th LLC. The following summarizes a three-year history of ownership, the current listing status, and pending transactions for the subject property (as applicable).

Ownership History

To the best of our knowledge, no sale or transfer of ownership has taken place within the three-year period prior to the effective date of the appraisal.

Listing Status:	Not Listed For Sale
Current or Pending Contract:	None Reported

Previous Sales

Sales in the Previous Three Years:	None
Most Recent Reported Sale:	September 13, 2018
Buyer:	915 South 11th LLC
Seller:	915-917 South 11th Street LLC
Purchase Price:	\$1,860,000 \$350.55 Per SF (Net Rentable Area)
Deed Information:	53431322

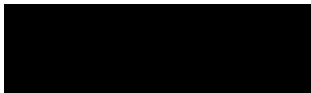
Compiled by [REDACTED]

To the best of our knowledge, no other sale or transfer of ownership has taken place within a three-year period prior to the effective date of the appraisal.

INTENDED USE AND USER

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and [REDACTED] will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.

- The intended use of the appraisal is for establishing market value for pricing in connection with a potential disposition involving each of the subject properties and no other use.
- The client is Pietragallo Gordon Alfano Bosick & Raspanti, LLP.
- The intended user is Client and OCF Realty and no other party is permitted to use or rely on the appraisal.



DEFINITION OF VALUE

Market value is defined as:

“The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

(Source: Code of Federal Regulations, Title 12, Chapter I, § 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

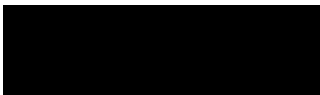
APPRAISAL REPORT

This appraisal is presented in the form of an appraisal report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of USPAP. This report incorporates sufficient information regarding the data, reasoning and analysis that were used to develop the opinion of value in accordance with the intended use and user.

PURPOSE OF THE APPRAISAL & INTEREST APPRAISED

The primary purpose of the appraisal is to develop an opinion of the Market Value "As Is" of the Leased Fee interest in the property. (Please see Glossary of Terms for definition(s) of interest(s) appraised)

Purpose of the Appraisal		
Appraisal Premise	Interest Appraised	Date of Value
Market Value "As Is"	Leased Fee	4/10/2023
Compiled by: [REDACTED]		



SCOPE OF WORK

Extent to Which the Property is Identified

- Physical characteristics
- Legal characteristics
- Economic characteristics

Extent to Which the Property is Inspected

██████████ inspected the subject property on April 10, 2023 as per the defined scope of work. ██████████ made a personal inspection of the property that is the subject of this report. ██████████ ██████████ has not personally inspected the subject.

Type and Extent of the Data Researched

- Exposure and marketing time;
- Neighborhood and land use trends;
- Demographic trends;
- Market trends relative to the subject property type;
- Physical characteristics of the site and applicable improvements;
- Flood zone status;
- Zoning requirements and compliance;
- Real estate tax data;
- Relevant applicable comparable data; and
- Investment rates

Type and Extent of Analysis Applied

We analyzed the property and market data gathered through the use of appropriate, relevant, and accepted market-derived methods and procedures. Further, we employed the appropriate and relevant approaches to value, and correlated and reconciled the results into an estimate of market value, as demonstrated within the appraisal report. The applied scope of work is appropriate and sufficient to produce credible assignment results for the intended use of this report.



Economic Analysis

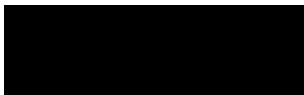
NATIONAL TRENDS AND UNCERTAINTIES

National and Global economies have experienced record setting inflation and interest rates have continued to increase. Influences of the COVID-19 pandemic on the economy have reduced but some fallout effects continue. A recession is still a concern among economists and the populace at large while the yield curve continues to signal a recession. The April 2023 forecast by The Conference Board shows a strong likelihood of recession later this year. Surveys of economists are not as severe with usually about 60% saying they expected a recession this year. However, consumer spending and robust job growth have allowed the economy to continue to grow.

In an effort to curtail inflation, The Federal Reserve embarked on an aggressive strategy which may be bearing fruit. In spite of three major bank failures, the Fed raised rates another 25 basis points in May 2023, for a total of 500 basis points over the course of 2022 into 2023. The Fed is targeting a range of 5.00% to 5.25% for the Federal Funds Rate – the highest since August 2007. The three 2023 increases were smaller at 25 basis points than the previous increases and the Fed signaled a tentative hint that the current tightening cycle is near an end bringing to a close the fastest increase in rates the Federal Reserve has ever engineered.

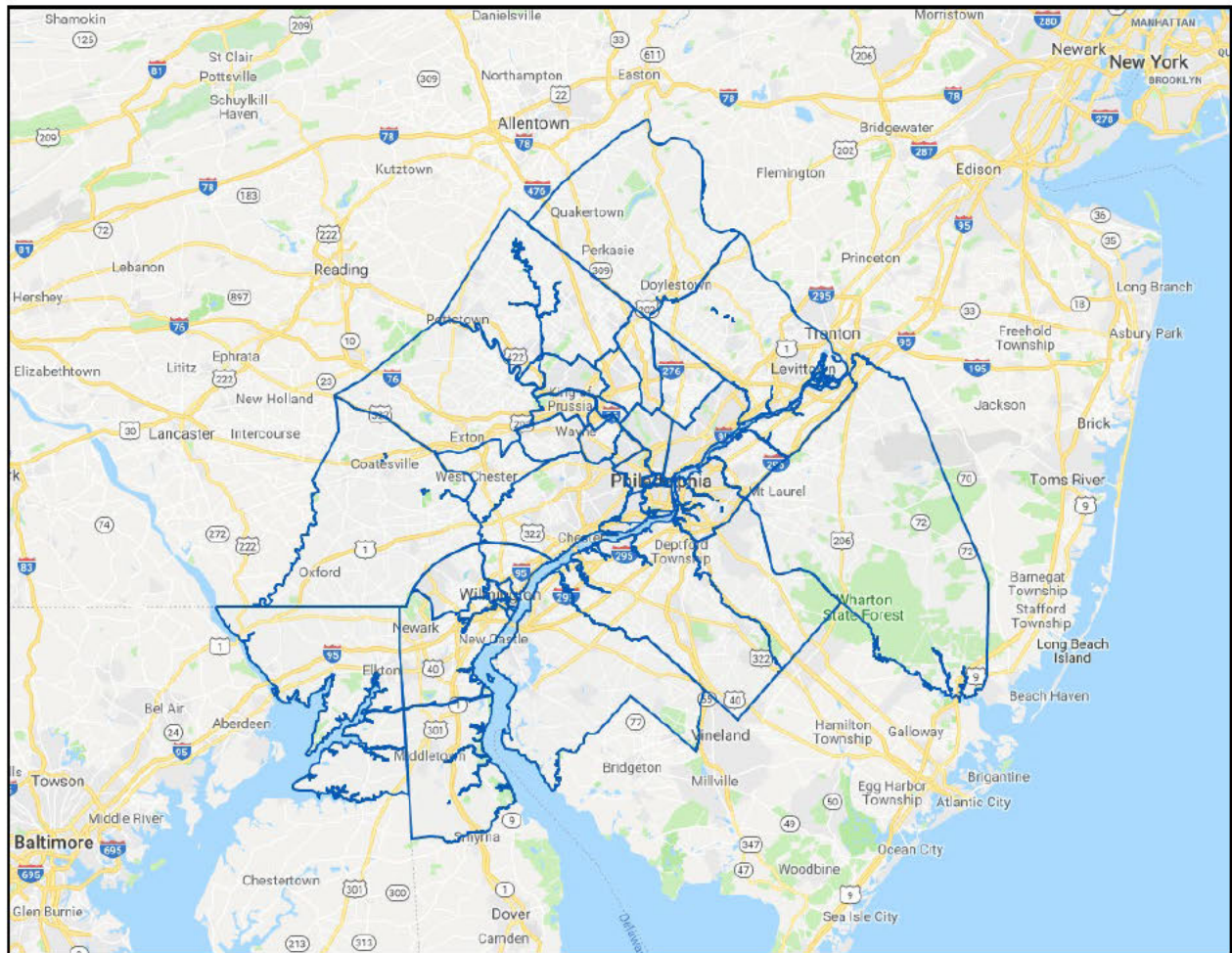
Commercial real estate is receiving an increased amount of attention as prices are demonstrably falling and transaction volumes plummeting. These effects are a function of the unfavorable economic and credit conditions as well as other factors such as impacts to office use driven in part by the COVID-19 pandemic. Credit tightening, which includes wider credit spreads and lower loan-to-value ratios, is arising due to uncertain economic outlooks, deterioration in real estate collateral values, and concerns about bank liquidity. According to Real Capital Analytics (RCA), commercial transaction volume was down 56% in the first quarter of 2023 over the same period in 2022. Note, however, that the first quarter of 2022 had record high transaction volumes which skews the comparison.

We have considered, and will address, these issues throughout this appraisal and report including in our determinations of overall capitalization rates, discount rates, market rent assumptions, market conditions adjustments, and growth of rents and expenses where applicable.



GREATER PHILADELPHIA

The subject is located within the Philadelphia-Camden-Wilmington Statistical Area, also known as Greater Philadelphia. This is the nation's seventh largest metropolitan area and benefits from central geography in the heart of the Northeast Corridor and is the keystone of major north-south, east-west highway and rail networks. More than 100 million people are within a one-day drive of Philadelphia. The Greater Philadelphia market area spans thirteen counties in Southeastern Pennsylvania, Southern New Jersey and Northern Delaware (boundary lines are shown in the following map that comprises the Philadelphia MSA).



Source: Costar



The Greater Philadelphia Region is located at the heart of one of the nation's wealthiest and most populous areas. It ranks:

- 2nd largest urban density in the United States (Downtown Philadelphia)
- 4th largest media market
- 6th largest personal income & 6th largest in employment
- 7th in academic R&D expenditures
- 7th in gross metropolitan product (and ranked in the top 3 in the Northeast)



The chart on the left (produced by Select Philadelphia) demonstrates the excellent transportation access the Philadelphia region offers to other East Coast markets.

The strength and desirability of Greater Philadelphia is characterized by its economic diversity and population density. Its location, high concentration of educational, medical and government facilities, and a strong transportation network underscore these strengths. Residents of the Philadelphia area historically have enjoyed a quality of life ranked among the highest in the country. In addition to the numerous and growing number of high-quality urban housing opportunities, there are an abundance of desirable suburban communities that are easily accessible by some of the best highway and mass transit systems in the country.

Transportation Infrastructure

- New York City and Washington D.C. are within a 2.5-hour drive; high-speed Amtrak Acela and Metroliner provide fast service to both
- Philadelphia is home to the 3rd busiest Amtrak station in the U.S. with 11,000 daily riders.
- Greater Philadelphia is at the intersection of the county's major highway infrastructures with over 100 interstate highways connecting the various submarkets throughout the Philadelphia region
- 100 million people are located within a one-day drive
- Served by 30 airlines offering more than 550 daily departures to 128 cities, including 40 international destinations
- The Delaware River Port Complex, comprised of active, full-service marine terminals in Delaware, New Jersey and Pennsylvania, is an active conduit for international trade and comprises three major ports with full-service docking facilities and over 30 active port terminals.



-
- The Port of Philadelphia is the only major port on the East Coast served by two Class 1 railroads (CSX Transportation and Norfolk Southern) and provides easy access to the Midwest, Mid-Atlantic, and Northeast markets.

Other Factors Fueling the Growth of Greater Philadelphia

- Top 3 major Bio-Science clusters in the Northeast
- Lower cost of living than other major Northeast Metros (including New York, Boston, Washington D.C.)
- Lowest rental rates for Class A industrial space compared to other major East Coast cities
- Lowest rental rates for Class A office space in the Northeast Corridor
- 25 Fortune 500 companies call the Philadelphia Region their home
- One of the few regions in the Northeast with active Class 1 railroads
- Average of 125 cultural events take place every day

Major Employers

The Greater Philadelphia Region is well known for its stable and broadly diversified economic base. This is best characterized by the following list of its major employers with “eds and meds,” the burgeoning bio-science employment base, and Comcast (Philadelphia is their world HQ) leading the charge, along with several major pharmaceutical companies in the Top 25.

Over the past six years, the Greater Philadelphia Region has experienced a surge in digital health innovation. The sector’s growth has both contributed to, and benefited from, the region’s strengths, with more than 2,000 medical technology companies based within the Greater Philadelphia market. Of those, over 100 companies are specifically focused in the digital health vertical, with more than half focusing on enhancing the efficiency of health care delivery and making medicine more personalized and precise by health care providers, including hospitals, physicians and other caregivers.



Selected Major Employers: Greater Philadelphia

Rank	Employer	Employees
1	University of Pennsylvania Health System	46,554
2	Thomas Jefferson University and TJU Health System Inc.	32,000
3	Children's Hospital of Philadelphia	22,051
4	Comcast	17,607
5	Drexel University	9,347
6	Independence Blue Cross	8,210
7	Wells Fargo	6,023
8	Einstein Healthcare Network	4,768
9	SAP America	3,292
10	Elwyn	3,243
11	Deloitte	1,825
12	Rivers Casino	1,680
13	Ernst & Young LLP	1,482
14	Widener University	1,374
15	Saint Joseph's University	1,341
16	KPMG LLP	1,274
17	Burns' Family Neighborhood Markets	1,095
18	The Protocall Group	975
19	La Salle University	930
20	Jacobs	892

Source: Philadelphia Business Journal, 2020; compiled by NKF

Expansion of Life Sciences

Since the 1990s, early gene therapy research was underway at the University of Pennsylvania. Today, three FDA-approved therapies are on the market as a result of innovations in the region. They include the first FDA-approved cell therapy, first FDA-approved gene therapy, and the first FDA-approved aesthetic cell therapy.

More than thirty R&D companies in this space originated within Greater Philadelphia. Leading this expanding sector includes: University of Pennsylvania Perelman School of Medicine, Children's Hospital of Philadelphia, The Coriell Institute for Medical Research, Christiana Care Gene Editing Institute, Jefferson Health, Temple University, and the Wistar Institute – all of which have the infrastructure and expertise to support the new medicines.

Labor Pool

With a labor force of approximately 3 million people, there is an abundant supply of skilled workers available in virtually all occupations.



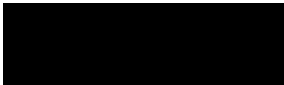
-
- 16% of the population (25 years and older) have advanced degrees, compared with the U.S. average of 13%
 - Greater Philadelphia is the 7th largest labor force among the nation’s largest metro areas
 - Over 1.15 million workers worked in Knowledge Occupations as defined by the Economic Development Administration (EDA), comprising 40.6% of total employment.

Greater Philadelphia is a National Leader in Higher Education

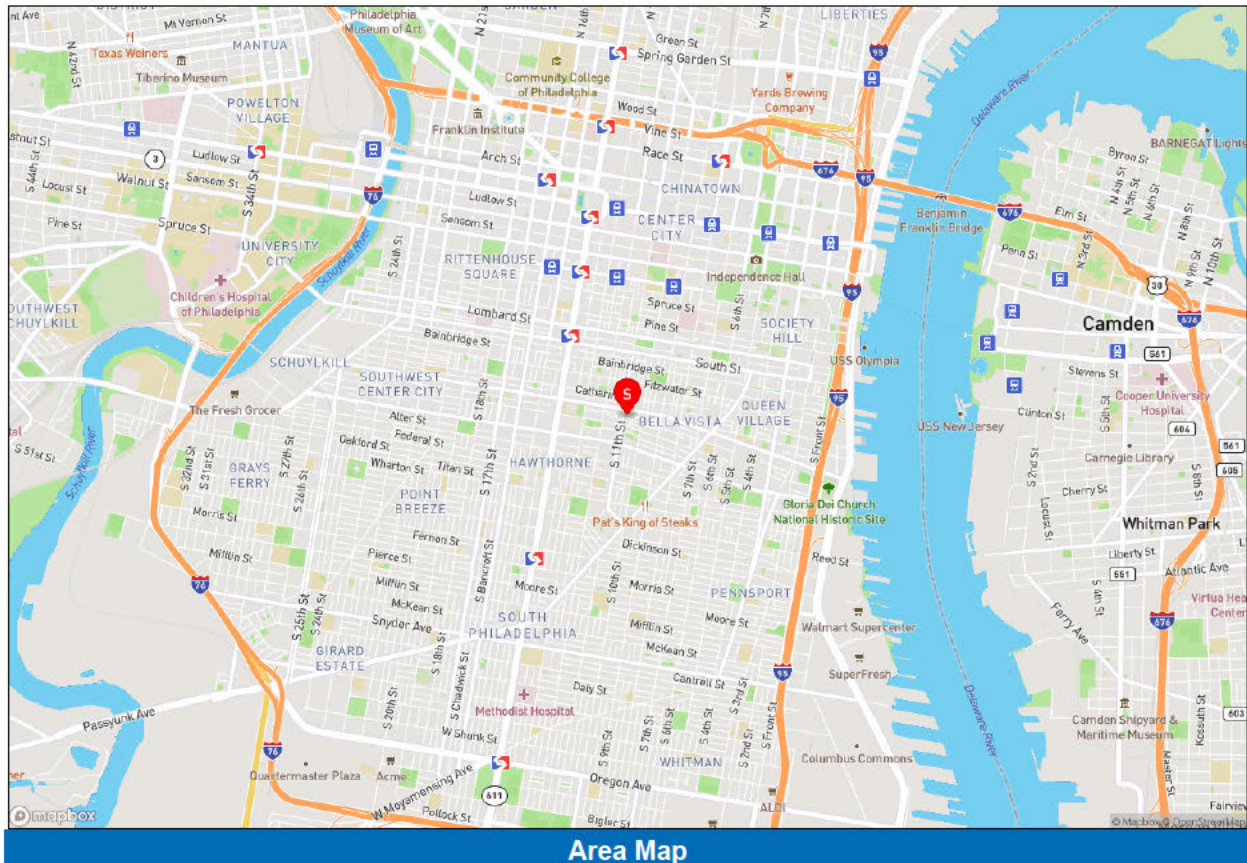
- Over 100 degree-granting institutions including Princeton University and University of Pennsylvania, two Ivy League universities plus three of the very top liberal arts colleges: Swarthmore, Haverford, and Bryn Mawr Colleges.
- Approximately 500,000 full- and part-time students
- 6 medical schools, 3 pharmacy schools, and two dental schools
- 39% of residents (25 years and older) hold a bachelor’s degree or higher, well above the national average of 33%.

Summary

Competitive accessibility and professional talent are hallmark attributes that drive the regional economy of the Greater Philadelphia Region. As the seventh largest metropolitan center in the United States, the region offers an extensive array of cultural, historical and recreational facilities. And from its strategic position in the center of the eastern megalopolis to its economic diversity, the Greater Philadelphia Region is poised for continued growth and prosperity into the 21st century. Key industries are thriving in the region because of the region’s global access, deep talent pool, attractive cost of doing business, diversified customer markets, and high quality of residential life.



NEIGHBORHOOD ANALYSIS



Area Map

Boundaries

The subject is located in the Bella Vista/Southwark neighborhood of South Philadelphia. This area is generally delineated as follows:

North	South Street
South	Snyder Avenue
East	S. 5 th Street
West	Broad Street

Access

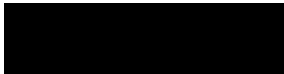
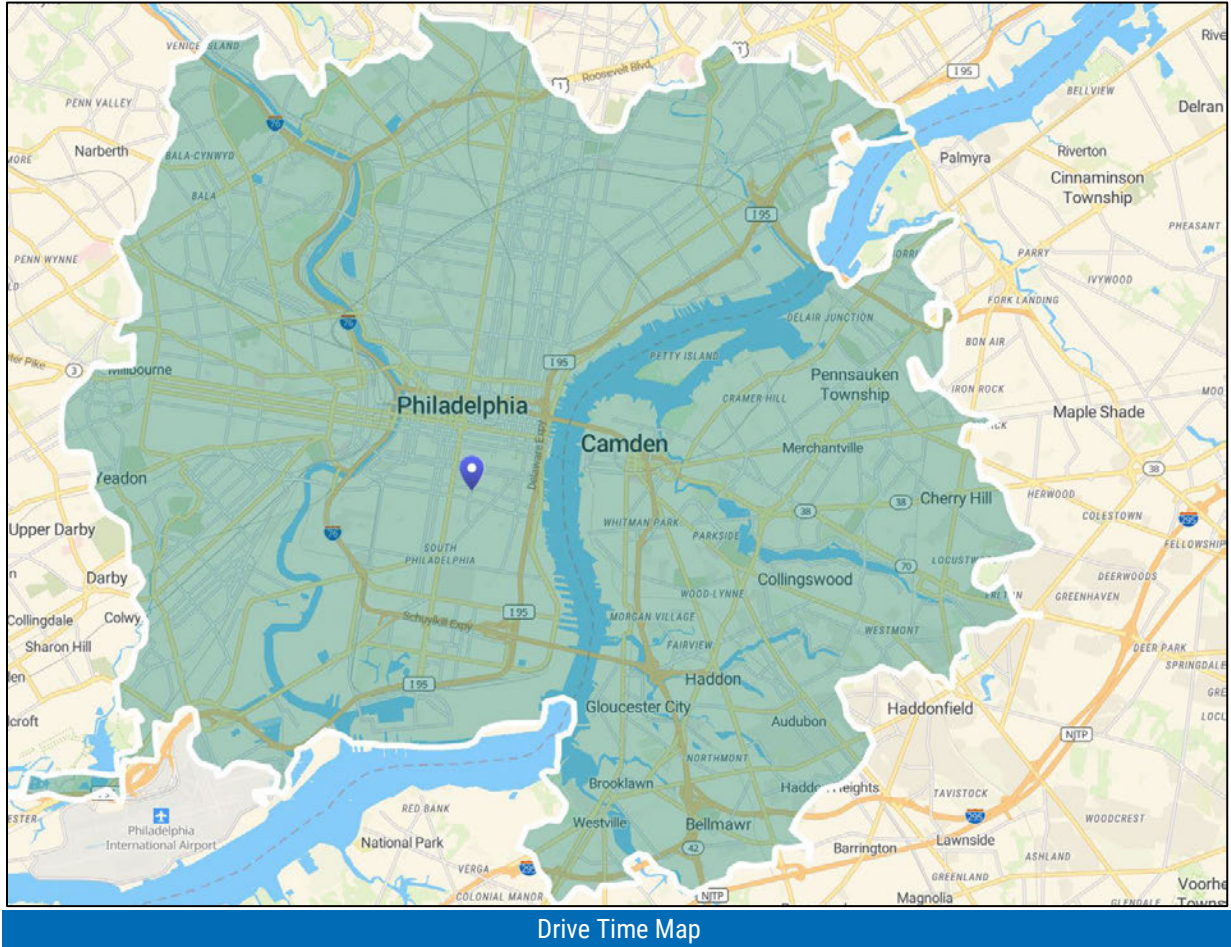
Market East and Suburban Station offering extended linkage throughout the region and access to Amtrak at 30th Street Station. The property is located along S. 11th Street, between Christian Street and Carpenter Street. The neighborhood is well-served by surface bus and subway lines. The Broad Street subway stop Ellsworth-Federal is located approximately six blocks southwest of the subject and runs in a North/South direction to City Hall and the CBD to the north, and the city's sports complexes to the south. This line operates every seven minutes during peak rush



ECONOMIC ANALYSIS

hours and every 15 minutes during non-peak time. The subway in turn accesses the commuter rail stations at Market East

The following map illustrates a 15-minute drive time from the subject property:



Land Use

The subject is located along S. 11th Street, in between Christian and Carpenter Streets. The subject is situated just off of Washington Avenue, a busy local roadway lined with restaurants, retail uses, apartment buildings, and retail strip centers. Also located nearby is the Italian Market that is set up along S. 9th Street, stretching from Christian Street to Washington Avenue. The Italian Market originated in the mid-to-late 1880s and is known for its restaurants, fresh food stands, and local retail stores that line both sides of the street.

This area has been the site to many new development projects over the last five years, specifically near the intersection of Broad and Washington Streets, four blocks west of the subject property. As can be seen in the photo below, a newer mixed-use development (Lincoln Square) was constructed at the intersection and includes national retailers like Target, PetSmart, Fine Wine and Good Spirits, Starbucks, Chase Bank, Sprint, and Chipotle. Directly across the street is a proposed 1.8 million square foot development project covering 5 acres that will consist of retail and multifamily space (shown below on right)



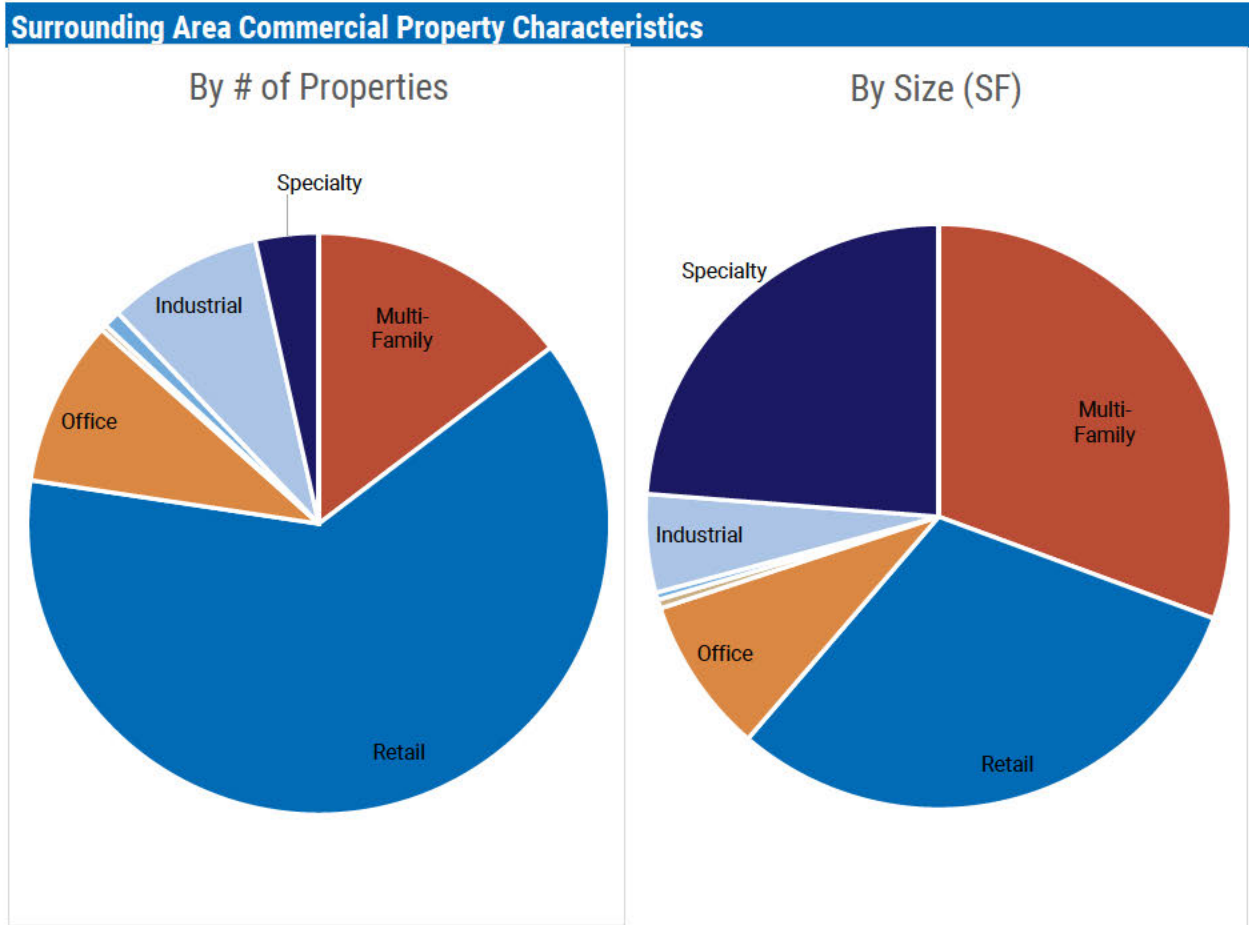
1403 Washington Avenue



Proposed Development



The following was developed from Costar data for the major property types in the surrounding 0.25 mile radius around the subject.



Source: Costar; Compiled by [REDACTED]



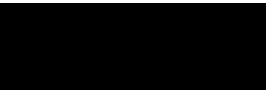
Demographics

A demographic summary for the defined area is illustrated as follows:

Demographic Analysis								
	1-Mile Radius	3-Miles Radius	5-Miles Radius	19147	Philadelphia City	Philadelphia County	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA	Pennsylvania
Population								
2010 Total Population	96,456	371,548	834,273	37,396	1,526,006	1,526,006	5,965,343	12,702,379
2022 Total Population	113,498	437,719	896,986	42,436	1,619,078	1,619,078	6,290,595	13,027,451
2027 Total Population	114,517	445,448	899,050	43,145	1,604,021	1,604,159	6,309,366	13,011,297
Projected Annual Growth %	0.2%	0.4%	0.0%	0.3%	-0.2%	-0.2%	0.1%	0.0%
Households								
2010 Total Households	48,076	160,502	330,363	18,044	599,635	599,736	2,260,312	5,018,904
2022 Total Households	58,892	201,995	382,450	20,597	667,219	667,219	2,438,223	5,232,785
2027 Total Households	59,666	207,108	386,176	20,974	664,975	665,034	2,454,567	5,244,451
Projected Annual Growth %	0.3%	0.5%	0.2%	0.4%	-0.1%	-0.1%	0.1%	0.0%
Income								
2022 Median Household Income	\$89,633	\$67,216	\$50,788	\$93,286	\$52,721	\$52,721	\$81,273	\$69,170
2022 Average Household Income	\$141,318	\$111,288	\$85,710	\$147,034	\$83,843	\$83,843	\$119,011	\$99,758
2022 Per Capita Income	\$73,363	\$51,655	\$36,691	\$70,972	\$34,678	\$34,678	\$46,256	\$40,217
Housing								
2022 Owner Occupied Housing Units	41.0%	38.0%	40.5%	48.3%	46.9%	46.9%	62.0%	62.1%
2022 Renter Occupied Housing Units	48.9%	51.1%	47.6%	42.9%	43.5%	43.5%	31.1%	28.4%
2022 Median Home Value	\$391,520	\$327,421	\$230,497	\$391,361	\$224,010	\$224,010	\$299,485	\$232,971
Median Year Structure Built	1940	1943	1940	1940	1948	1948	1965	1964
Miscellaneous Data Items								
2022 Bachelor's Degree	34.2%	28.1%	20.1%	34.6%	19.3%	19.3%	24.5%	20.8%
2022 Grad/Professional Degree	33.0%	25.1%	15.7%	32.0%	13.6%	13.6%	16.6%	13.4%
2022 College Graduate %	67.1%	53.1%	35.8%	66.6%	32.8%	32.8%	41.1%	34.2%
2022 Average Household Size	1.89	2.04	2.26	2.05	2.36	2.36	2.52	2.41
2022 Median Age	36.2	34.0	34.1	37.2	35.7	35.7	39.7	41.9

Source: ESRI; Compiled [REDACTED]

- As shown above, the current population within the subject's zip code was estimated to be 42,436 in 2022. The population in the area is expected to grow over the next five years at a faster pace than the City of Philadelphia as a whole.
- Median household income is significantly higher in the '19147' zip code than in the City of Philadelphia as a whole.



Demand Generators

Center City is a dynamic and growing “24-hour” market, one of only a few in the United States. Comprising retail, office, residential and many other forms of institutional and commercial development, Center City has a diverse and balanced economic base containing multiple levels of demand generators ranging from office-related employment to retail, cultural, education, medical, entertainment, and residential. The center core of the CBD is considered to be City Hall, which is located at Penn Square at the intersection of Market and Broad Streets. Center City Philadelphia, the focal point of the Greater Philadelphia Metropolitan Area, offers a blend of some of the most acclaimed historic properties and architecture in the United States.

Some key facts regarding Greater Center City are summarized below:

- In the middle of the nation's Northeast Corridor and at the center of a nine-county region of about 5.9 million residents.
- Philadelphia is the second largest city along the East Coast. Greater Center City now ranks second only to Midtown Manhattan in size of population among U.S. downtown districts.
- Center City has a transit network that sees more than 4 million passerbys in a year, namely Amtrak’s 30th Street Station. 30th Street Station is the third busiest train station in the Northeast Corridor.
- Close proximity to major colleges and universities also gives employers access to the latest research of colleges and steady stream of recent graduates and affords employees numerous opportunities for continuing education. University of Pennsylvania leads medical research with the assistance of federal grants in the region.
- Philadelphia has potential to become a major energy hub. With its proximity to Marcellus Shale natural gas production and its unique industrial infrastructure (oil refineries, ports, pipeline systems, freight rail network), Philadelphia has potential to become a major energy hub.
- Philadelphia includes a wide array of arts, significant history and cultural institutions, four public squares, historic public markets, shops, restaurants, and outdoor cafes, all of which add to the vitality of the city. In fact, Center City was ranked 4th most walkable city in the United States behind New York, San Francisco, and Boston.
- The combined spending on research at Drexel, Temple, Thomas Jefferson and Penn totals more than \$1.23 billion. Penn’s expenditures accounted for nearly 75% of this total.



Employment

- Center City is the largest center of employment in the state and is considered a major economic driver for the region. The primary sectors in the Center City office sector employment are education, health care, finance, insurance, real estate, engineering and legal services. Office sector employment accounts for over 40% of downtown private-sector jobs.
- Major employers include the City of Philadelphia, University of Pennsylvania, Temple University, two major medical schools and three major hospitals. It is the headquarters for Comcast, Cigna, ACE, Blue Cross of Pennsylvania, Delaware Valley Investments, and several others. Moreover, there are numerous City and Federal agencies located in Center City (EPA, HUD, Justice Department, U.S. Mint, and The Federal Reserve) and many others.
- While office jobs are the largest employment sector in Center City, the education and healthcare institutions are the largest segment of the balance of the city's economy, accounting for 20% of citywide employment or nearly 60,000 jobs. Thomas Jefferson University and Hospital is the largest private employer. Even Penn, with most of its employees in University City, employs about 4,000 people in Center City.



Conclusion

The market is in the growth stage of its life cycle. Recent development activity has been increasing in terms of multifamily development, as well be discussed in the upcoming Multifamily Market Analysis section of this report. Given the history and growth trends, it is our opinion that property values will increase in the near future.



MULTIFAMILY MARKET ANALYSIS

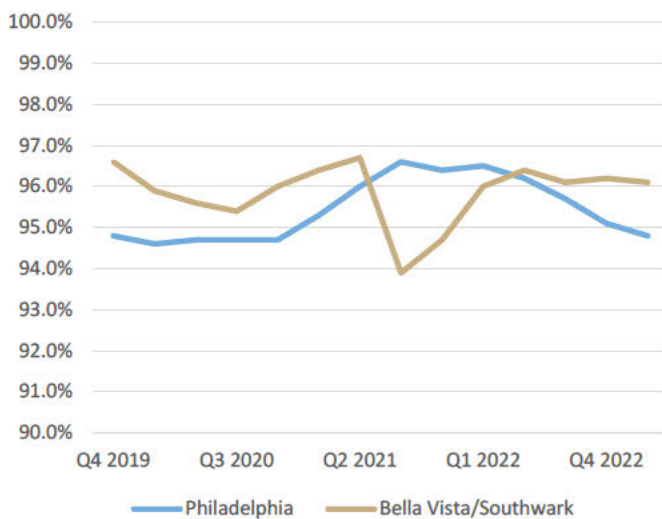
Classification

The subject is in the Bella Vista-Southwark submarket of the Philadelphia market. The property is considered a Class B Walk-Up Apartment Building in this market.

Multifamily Market Overview

The following discussion outlines overall market performance in the surrounding multifamily market using Costar market metric data. Presented first are market statistics of the City of Philadelphia and the subject's Bella Vista-Southwark submarket overall.

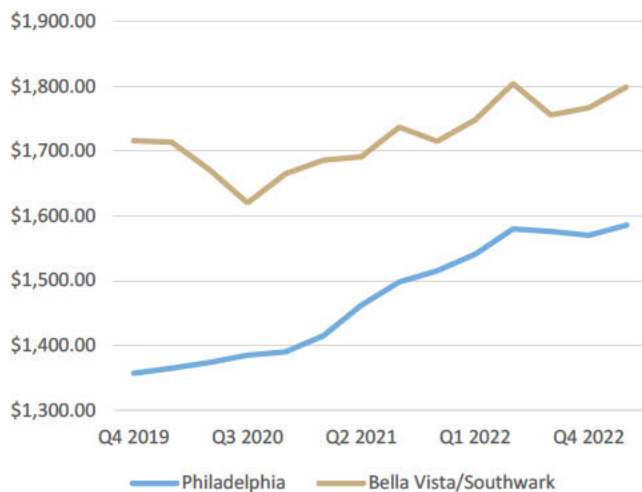
Occupancy Rate



Period	Philadelphia	Bella Vista/Southwark
Q4 2019	94.8%	96.6%
Q1 2020	94.6%	95.9%
Q2 2020	94.7%	95.6%
Q3 2020	94.7%	95.4%
Q4 2020	94.7%	96.0%
Q1 2021	95.3%	96.4%
Q2 2021	96.0%	96.7%
Q3 2021	96.6%	93.9%
Q4 2021	96.4%	94.7%
Q1 2022	96.5%	96.0%
Q2 2022	96.2%	96.4%
Q3 2022	95.7%	96.1%
Q4 2022	95.1%	96.2%
Q1 2023	94.8%	96.1%

Source: Costar; Compiled by [REDACTED]

Asking Rent Per Unit



Period	Philadelphia	Bella Vista/Southwark
Q4 2019	\$1,357	\$1,716
Q1 2020	\$1,365	\$1,714
Q2 2020	\$1,374	\$1,671
Q3 2020	\$1,385	\$1,620
Q4 2020	\$1,390	\$1,665
Q1 2021	\$1,415	\$1,686
Q2 2021	\$1,462	\$1,691
Q3 2021	\$1,498	\$1,737
Q4 2021	\$1,515	\$1,715
Q1 2022	\$1,541	\$1,748
Q2 2022	\$1,580	\$1,804
Q3 2022	\$1,576	\$1,756
Q4 2022	\$1,570	\$1,767
Q1 2023	\$1,586	\$1,799

Source: Costar; Compiled by [REDACTED]



Market and Submarket Trends

Multifamily Market Trends								
	Philadelphia				Bella Vista/Southwark			
	Inventory (Unit)	Completions (Unit)	Vacancy %	Asking Rent Per Unit	Inventory (Unit)	Completions (Unit)	Vacancy %	Asking Rent Per Unit
Q1 2021	414,485	1,212	4.7%	\$1,415	1,623	18	3.6%	\$1,686
Q2 2021	416,928	2,443	4.0%	\$1,462	1,641	18	3.3%	\$1,691
Q3 2021	418,921	1,993	3.4%	\$1,498	1,699	58	6.1%	\$1,737
Q4 2021	420,918	1,997	3.6%	\$1,515	1,699	0	5.3%	\$1,715
Q1 2022	422,660	1,742	3.5%	\$1,541	1,699	0	4.0%	\$1,748
Q2 2022	424,800	2,140	3.8%	\$1,580	1,699	0	3.6%	\$1,804
Q3 2022	428,210	3,410	4.3%	\$1,576	1,699	0	3.9%	\$1,756
Q4 2022	430,212	2,002	4.9%	\$1,570	1,699	0	3.8%	\$1,767
Q1 2023	432,518	2,306	5.2%	\$1,586	1,699	0	3.9%	\$1,799

* Forecast

Source: Costar; Compiled by [REDACTED]

- Vacancy rates for the subject’s Bella Vista-Southwark submarket have been fluctuating over the past few years and are slightly lower than that of the overall market area.
- The average rental rate for the submarket is higher than that of the overall metro market. Over the past several years, effective rental rates have been following an increasing trend in both the market and submarket.



Supply & Demand

Supply Additions – Center City Submarket

New Multifamily Projects in the Center City Pipeline		
Project / Location	No. Units	Status
1600 Carpenter St	131	Proposed
The Piazza / 1001 N 2nd St	695	Under Construction
2301 Walnut St	172	Proposed
21st St & Ludlow St	304	Proposed
1001 S Broad St	1,457	Under Construction
2120 Market St	147	Proposed
1101 Walnut St	198	Proposed
412 N 2nd St	397	Proposed
435-443 N Broad St	344	Under Construction
5th & Spring Garden St	329	Under Construction
700-730 N Delaware Ave	466	Proposed
918 N Delaware Ave	462	Under Construction
Harper Square / 113-121 S 19th St	215	Proposed
Italian Market Apts/1101 S 9th St	157	Proposed
Liberty on the River Ph 1 / 1375 S Christopher Columbus Blvd	280	Planned
Lits Tower / 701 Market St	342	Proposed
Mercato / 1021 N Hancock St	280	Proposed
Pier 34 / 735 S Christopher Columbus Blvd	308	Proposed
Vine St Apts / 1201 Vine St	360	Under Construction
900 Callowhill St	146	Proposed
619 N Broad St	119	Proposed
417 Callowhill St	220	Under Construction
210 S 12th St Apts	378	Under Construction
2012 Chestnut St	162	Proposed
801 N 19th St	115	Proposed
200 Spring Garden St	360	Under Construction
12+ Sansom / 123-127 S 12th St	399	Under Construction
1153 Chestnut St Apts	396	Under Construction
1001 S Broad St Ph 2 & 3	511	Planned
1100 Chestnut St	396	Proposed
The Imperium / 1499 S Christopher Columbus Blvd	370	Planned
The Carson / 501 Spring Garden St	373	Under Construction
Renaissance Plaza-Residential / 400 N Christopher Columbus Blvd	1,358	Planned
Fairmount Ave Apts / 650 Fairmount Ave	297	Planned
Broad & Lombard / 500 S Broad St	468	Planned
1428-1438 Callowhill Street	162	Proposed
Mural West / 523 N Broad St	200	Proposed
Festival Pier Waterfront South Tower / 501 N Christopher Columbus Blvd	223	Proposed
Fairmount North / 2601 Poplar St	108	Under Construction
Festival Pier Waterfront North Tower / 501 N Christopher Columbus Blvd	247	Proposed
933 N Penn St	196	Proposed
1120 Frankford Ave	150	Proposed
139 N 23rd St	115	Under Construction
The Hannah Callowhill / 1306 Callowhill St	181	Under Construction
1223-1245 Washington Ave	375	Under Construction
The Laurel Rittenhouse / 1911 Walnut St	245	Under Construction



ECONOMIC ANALYSIS

The Deliah / 900 N 8th St	338	Proposed
Quarters Co-Living / 1201-1205 Callowhill St	239	Planned
One Dock St	272	Under Construction
545 N Broad St	108	Under Construction
Penns Landing / 300 N Christopher Columbus Blvd	360	Under Construction
741 Spring Garden St	306	Under Construction
1620 Sansom St	306	Under Construction
2101 Washington Ave	247	Under Construction
1130-1134 N Delaware Ave	182	Proposed
Total	17,672	

Source: Reis New Construction Listings >100 units; compiled by [REDACTED]

New construction continues to enter the submarket; as of this writing, a total of 17,672 apartment units are in the submarket pipeline. The planned and proposed projects may or may not come to fruition depending on the availability of construction financing, increasing material and labor costs, material supply shortages, and changing market conditions and economic uncertainty.

Construction Versus Absorption

Multifamily Market Statistics						
Trailing Four Quarters Ended Q1 2023						
Market / Submarket	Inventory (Unit)	Completions (Unit)	Vacancy (%)	Net Absorption (Unit)	Asking Rent Per Unit	Effective Rent Per Unit
Philadelphia	432,518	9,858	5.20%	2,256	\$1,586	\$1,574
Bella Vista/Southwark	1,699	0	3.90%	1	\$1,799	\$1,791

Source: Costar; Compiled by [REDACTED]

- Construction/absorption in the Bella Vista/Southwark submarket is minimal.



Trends and Projections

Subject and Market Historical and Forecast Trends

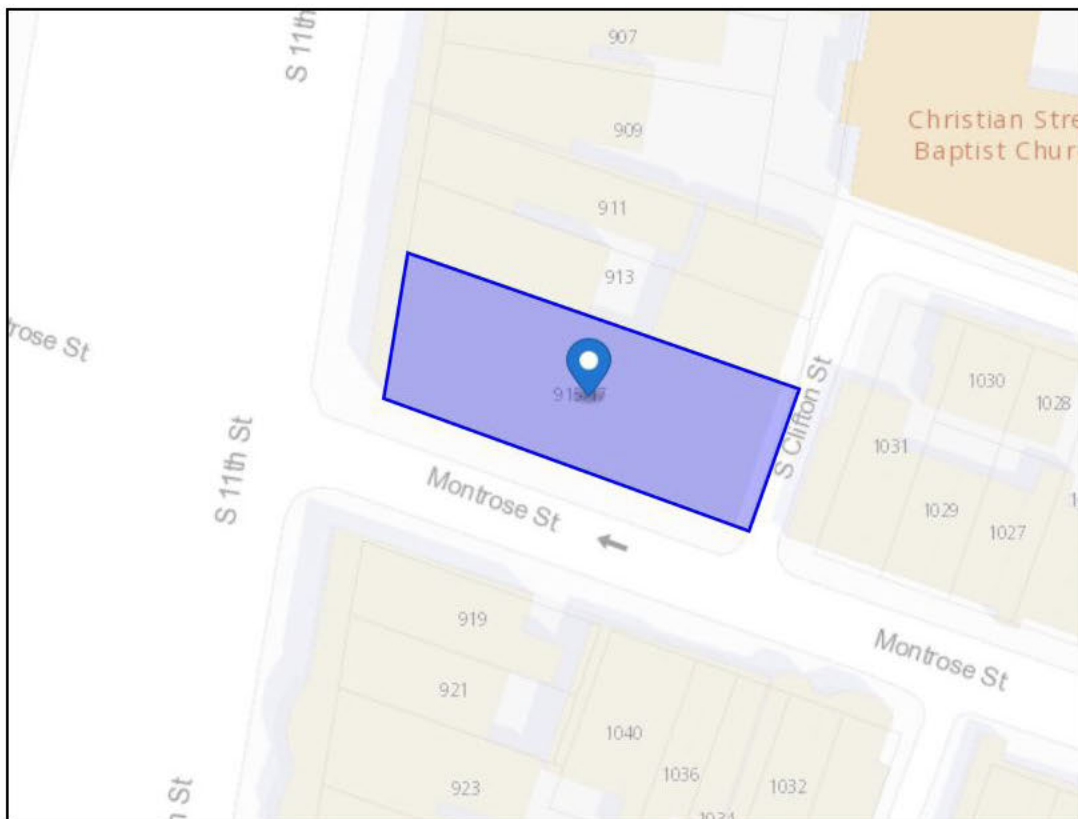
Market Vacancy Rate Indicators					
	Current	Most Recent Full Year	Trailing 3-Year	Trailing 5-Year	Trailing 10-Year
Costar					
Philadelphia	5.20%	4.90%	5.30%	5.50%	6.00%
Bella Vista/Southwark	3.90%	3.80%	4.00%	4.80%	4.30%
Concluded Subject Vacancy Rate					
	4.00%				

Source: Costar, [REDACTED]

- We have considered the subject’s location and recent market trends for this area and have concluded to a vacancy rate of 4.00%, similar to the trailing 3-year vacancy rate for the submarket.
- Based on the key metro and submarket area trends, construction outlook and the performance of competing properties, [REDACTED] expects the mix of property fundamentals and economic conditions in the Philadelphia metro area to have a positive impact on the subject property’s performance in the long term.



Land and Site Analysis



Tax Map



915-917 South 11th Street



Flood Map



LAND AND SITE ANALYSIS

Land Parcels			
Parcel Summary	Associated APN(s)	Land Area (SF)	Land Area (Acres)
915-917 S. 11th Street	881571305	2,803	0.0643
Total Gross Land Area		2,803	0.0643
Total Usable Land Area		2,803	0.0643
Total Surplus Land Area		0	0.0000
Total Excess Land Area		0	0.0000

Compiled by [REDACTED]

Land Description

Total Land Area	0.0643 Acres; 2,803 SF
Usable Land Area	0.0643 Acres; 2,803 SF
Excess Land Area	None
Surplus Land Area	None
Source of Land Area	Public Records

Site Characteristics

Primary Street Frontage	S. 11th Street (31 FF)
Secondary Street Frontage	Montrose Street (84 FF)
Traffic Control at Entry	None
Traffic Flow	Moderate
Accessibility Rating	Average
Visibility Rating	Average
Shape	Generally Rectangular
Corner	Yes
Topography	Level
Easement/Encroachments	None Noted
Environmental Issue	None Noted

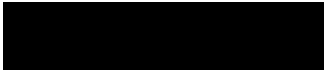
Flood Zone Analysis

Flood Area Panel Number	4207570183G
Date	1/17/2007
Zone	Zone X
Description	Area of minimal flood hazard, usually depicted on Flood Insurance Rate Maps as above the 500-year flood level.
Insurance Required?	No

Utilities

Utility Services	Electricity, gas, sewer, water
------------------	--------------------------------

Compiled by [REDACTED]



EXCESS OR SURPLUS LAND

Analysis of the site and current use indicates that there is not an area of the site that is not in use and would be viewed as excess / surplus land.

EASEMENTS, ENCROACHMENTS AND RESTRICTIONS

We were not provided a current title report to review. Further, there do not appear to be any easements, encroachments, or restrictions other than those that are typical for the property type. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

ENVIRONMENTAL ISSUES

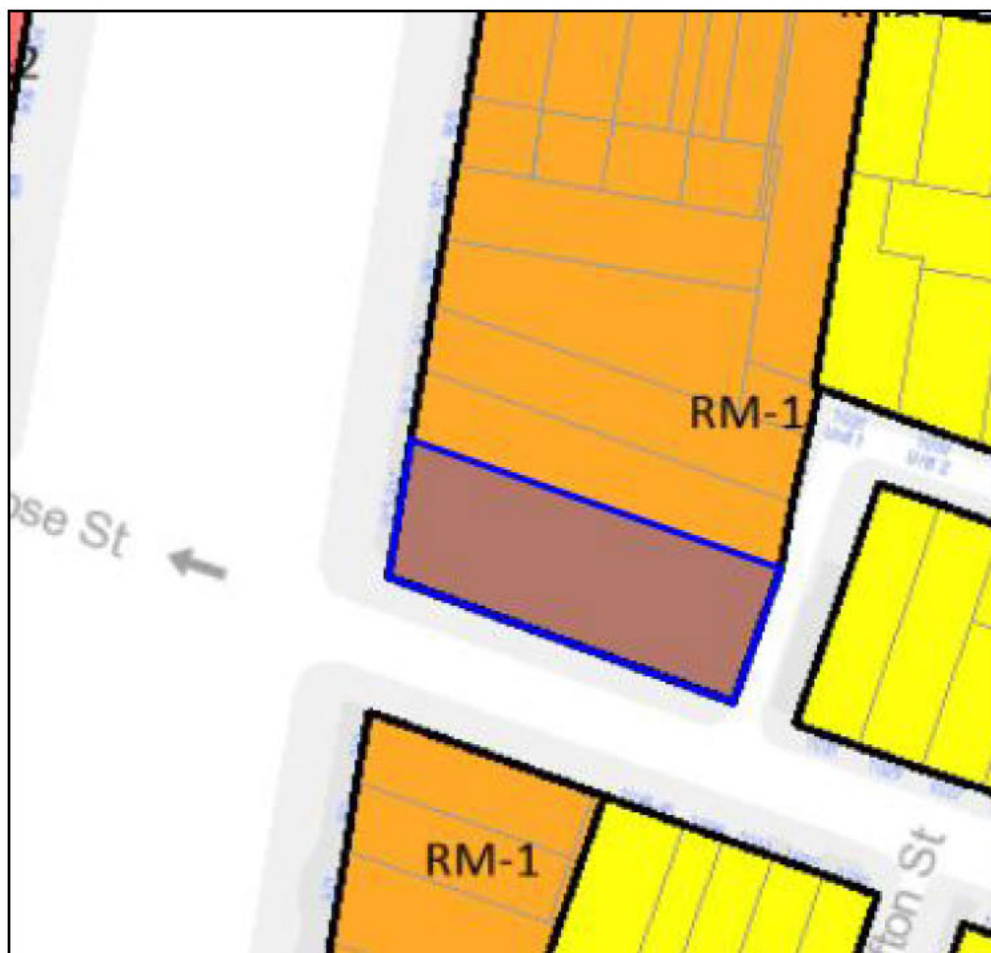
No environmental issues were observed or reported. [REDACTED] is not qualified to detect the existence of potentially hazardous issues such as soil contaminants, the presence of abandoned underground tanks, or other below-ground sources of potential site contamination. The existence of such substances may affect the value of the property. For this assignment, we have specifically assumed that any hazardous materials that would cause a loss in value do not affect the subject.

CONCLUSION

Overall, functionality is considered to be good, as the site is easily accessible and is of a typical size for this property use.



Zoning and Legal Restrictions



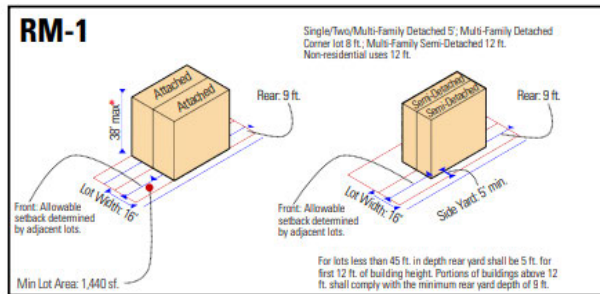
Zoning Map



ZONING AND LEGAL RESTRICTIONS

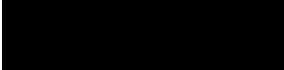
Zoning Summary	
Category	Description
Zoning Jurisdiction	City of Philadelphia
Zoning Designation	RM1
Description	Residential Multifamily
Legally Conforming?	No
Zoning Change Likely?	Unlikely
Permitted Uses	Residential, multifamily
Minimum Lot Width	16 ft.
Minimum Lot Area	1,440 SF
Maximum Occupied Area	80%
Minimum Side Yard Width	5 ft.
Minimum Rear Yard Depth	9 ft.
Maximum Building Height	38 ft.
Dwelling Unit Density	Minimum 360 SF of lot area required per dwelling unit for the first 1,440 SF of lot area; minimum 480 SF of lot area is required per dwelling unit for the lot area in excess of 1,440 SF.

Compiled by [REDACTED]



* Zoning Bonus Summary		RM-1 Housing Unit Bonus
Mixed Income Housing (\$14-702(7))	Moderate Income	25% increase in units permitted
	Low Income	50% increase in units permitted
Green Roof (\$14-702(16))		25% increase in units permitted
For bonus restrictions in select geographic areas, see page 49 .		

We are not experts in the interpretation of zoning ordinances. A qualified land use/zoning expert should be engaged if there are any zoning concerns or if a determination of compliance with zoning is required. The subject's fit-out as a multifamily property is a legally permitted use, though the property does not conform to current dimensional requirements having been constructed prior to current standards within this zoning district. The subject's legal non-conforming use does not negatively impact the subject's marketability.



Improvements Analysis

The "Subject Property" is a 6-unit walk-up apartment building located in the Bella Vista/Southwark neighborhood of Philadelphia. The property was originally constructed as South Phila State Bank in 1919 but was converted to multifamily space in 2013. The improvements were in excellent condition at time of inspection and contain 5,306 square feet, net rentable area (including one apartment that is located on the lower level). The corner site consists of 2,803 square feet and does not include off-street parking. The improvements are more fully described in the following table.



IMPROVEMENTS ANALYSIS

Improvements Description	
Component Structures	
Improvements (Structures)	Primary Use
General Improvement Type	Multifamily
Use Description	Walk-Up
No. Buildings	1
No. Units	6
GBA (SF)	6,558
Rentable SF	5,306
Average Unit Size (SF)	884
Occupied Units	6
% Occupied	100.00%
Construction Status	Existing, Stabilized Operations
Construction Class	Class C
Quality	Good
Current Condition	Excellent
Age/Life Depreciation Analysis	
Year Built	1919
Year Renovated	2013
Actual Age (Yrs.)	104
Economic Life (Yrs.)	60
Effective Age (Yrs.)	10
Remaining Economic Life (Yrs.)	50
Floor Area Analysis	
Number of Stories	2
Max Ceiling Height (Ft)	9 - 30 ft.
Est. Ground Floor Area (GBA)	2,803
Attributed Site Area (SF)	2,803
Site Coverage	100.0%
Floor Area Ratio (FAR)	2.340
Unit Density (Units/Acre)	93.2
Land to Building Ratio	0.43:1
Parking Type	No off-street parking
Construction Details	
Foundation	Brick and concrete
Basement	Partially finished lower level consisting of tenant storage lockers, utility provisions, and Apartment B
Structural Frame/Construction Summary	Masonry
Exterior Walls	Brick and concrete block
Windows	Replacement windows in aluminum framing
Roof	Flat rolled tar, presumed
Interior Finish	
Floors	Vinyl plank and ceramic tile throughout
Walls	Textured and painted sheetrock
Ceilings	Textured and painted sheetrock
Lighting	Recessed spot lighting and ceiling-suspended incadescent lighting fixtures



IMPROVEMENTS ANALYSIS

Engineering & Mechanical		Walk-Up
HVAC		Forced warm air heat; electric furnace and hot water heater; central air conditioning
Electrical		Assumed adequate
Plumbing		Assumed adequate
Utility Meters		Individually metered gas and electric
Elevators		None
Fire Sprinklers		Wet
Improvement Features and Amenities		Walk-Up
Property Amenities		Tenant storage lockers; bike rack
<i>Compiled by</i> [REDACTED]		

UNIT MIX

Unit Mix					
No. Units	Unit Description	Unit Size (SF)	Rentable Area (SF)	Occupied Units	Unit Occupancy
1	1 BR/1 BA B - 444 SF	444	444	1	100.0%
1	1 BR/1 BA 1A - 664 SF	664	664	1	100.0%
2	1 BR Total	554	1,108	2	100.0%
1	2 BR/2 BA 3A - 660 SF	660	660	1	100.0%
1	2 BR/2.5 BA 1B - 1,268 SF	1,268	1,268	1	100.0%
2	2 BR Total	964	1,928	2	100.0%
1	3 BR/3 BA 1C - 1,070 SF	1,070	1,070	1	100.0%
1	3 BR/2 BA 3B - 1,200 SF	1,200	1,200	1	100.0%
2	3 BR Total	1,135	2,270	2	100.0%
6	Totals		5,306	6	
	Averages	884			100.0%

Compiled by [REDACTED]

PROPERTY CONDITION

Recent Renovations

The property was extensively renovated in 2013 when the building was converted from warehouse to multifamily use. Known renovations were new exterior windows, exterior paint, the inclusion of a sprinkler system, and full fit-out into multifamily space. The cost to renovate the property was not available.

Deferred Maintenance

Our observation of the property indicated no significant items of deferred maintenance.



OTHER PROPERTY CONSIDERATIONS

Functional Utility

Based on our inspection and consideration of its current and/or future use as well as review of individual floor plans and the overall complex, there do not appear to be any significant items of functional obsolescence.

ADA Compliance

Based on our observation as well as any information provided, no ADA compliance issues were noted. However, the client is advised to obtain review by a qualified professional versed in ADA compliance as we do not have expertise.

Environmental Assessment

Although requested, we were not provided a Phase I Environmental Assessment. We did not observe any potentially hazardous materials such as lead paint, asbestos, urea formaldehyde foam insulation, or other potentially hazardous construction materials on or in the improvements. However, it is noted that we did not search for such materials and are not qualified to detect such materials. The existence of said hazardous materials (if any) may have an effect on the value of the property. Therefore, for the purpose of this appraisal, we have specifically assumed that the property is not affected by any hazardous materials that may be present on or in the improvements. We strongly recommend that a qualified environmental engineering firm be retained by the Client prior to making a business decision.

Personal Property

Certain items in apartment projects are sometimes considered personal property, such as furniture, fixtures or equipment. These items include kitchen appliances (stove, refrigerator and dishwasher) in each unit and various items in the common areas including miscellaneous maintenance tools, pool furniture, leasing office furniture, recreational room and clubhouse furniture, and various exercise machines. The apartment units are rented on an unfurnished basis. However, typically personal property is included in the sale of multifamily apartment complexes. The personal property items contained in the subject are not considered to contribute significantly to the overall value of the real estate.

CONCLUSION

- Overall, the quality, condition, and functional utility of the improvements are rated as above average for their age and location.

Real Estate Taxes

Real estate taxes in Pennsylvania are assessed under the jurisdiction of the individual counties that comprise the region. They are derived on an ad valorem basis with a total taxation reflecting the application of appropriate tax rates to a proportion of perceived market value – known as assessed value. These tax rates, or millage rates, are assembled from three components, applicable to their specific county authorities, local municipalities, and school districts. They are then applied on an annual dollar for dollar basis per \$1,000 of total assessed value. It is further noted that the counties and municipalities set their tax rates on a calendar year and school districts typically operate on a fiscal year. In the City of Philadelphia, the Office of Property Assessment (OPA) has affirmed a tax rate of 1.3998% through 2023.

Real estate taxes and assessments for the subject for the 2023 tax year are shown in the following table. The current assessed value is identical to the concluded market value present herein, given Philadelphia’s Actual Value Initiative. Tax records show that the property qualified for the 10-year tax abatement program in 2015, leaving two years left in the program. The exemption totals \$712,319 for the improvements.

Taxes and Assessments												
Tax Year 2023	Assessor's Market Value				Assessed Value			Tax Rates	Taxes and Assessments			
Tax ID	Land	Improvements	Total	Assessment Ratio	Land	Improvements	Total	Land & Improvements	Ad Valorem Taxes	Direct Assessments	Total	
881571305	\$108,420	\$975,780	\$1,084,200	100.0%	\$108,420	\$975,780	\$1,084,200	1.3998%	\$15,177	\$0	\$15,177	

Compiled by [REDACTED]

In Pennsylvania, properties are not automatically reassessed upon sale. Reassessments may be triggered by the issuance of building permits to improve a property, or through the appeal by a proper authority (i.e. school district/municipality) or individual taxpayer. In the City of Philadelphia, assessments can change each year by the assessment office. It is noted that the subject may likely be reassessed upon full building completion and occupancy. Therefore, in an attempt to determine appropriate taxation for the property, once complete, we analyze the assessments of several competitive properties summarized as follows.



TAX COMPARABLES

Tax Comparables						
Tax Year 2023	1	2	3	4	5	Subject (Actual)
Address	808 S. 10th Street	1214 Annin Street	1343 Fitzwater Street	1600 South Street	1121 S. 20th Street	915-917 S. 11th Street
City, State	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA
Improvements SF	2,970	5,354	5,728	6,950	5,418	5,306
Apt. Units	6	5	6	6	6	6
Total Assessed Value	\$826,000	\$671,600	\$1,590,000	\$1,803,300	\$1,100,000	\$1,084,200
Assessed Value/SF	\$278.11	\$125.44	\$277.58	\$259.47	\$203.03	\$204.33
Assessed Value/Unit	\$137,667	\$134,320	\$265,000	\$300,550	\$183,333	\$180,700
Total Taxes	\$11,562	\$9,401	\$22,257	\$25,243	\$15,398	\$15,177
Taxes/SF	\$3.89	\$1.76	\$3.89	\$3.63	\$2.84	\$2.86
Taxes/Unit	\$1,927	\$1,880	\$3,710	\$4,207	\$2,566	\$2,529

Compiled by [REDACTED]

Newer and renovated apartment buildings were considered for our tax analysis. The subject falls in line with nearby comparables, falling at the middle of the range.



Highest and Best Use

AS VACANT

Legally Permissible

The site is zoned RM1 which allows for residential and multifamily uses. Based on available data and analysis, no other legal restrictions such as easements or deed covenants are present which would impair the utility of the site. Given that surrounding properties have similar zoning and the future land use plan is focused on similar uses as well, it is unlikely that there would be a change of zoning classification. Further information and analysis about the legal restrictions to the subject property is included in the Site Analysis and Zoning and Legal Restrictions sections of this report.

Physically Possible

The subject site contains 2,803 square feet (0.064 acres), has favorable topography, adequate access, and all necessary utilities to support the range of legally permissible uses. No significant physical limitations were noted. The size of the site is typical for the categories of uses allowed under zoning. In total, the site is physically capable of supporting the legally permissible uses.

Financially Feasible

Of the legally permissible and physically possible uses, only a multifamily use appears most probable based on observation of surrounding properties as well as the location. This use is more fully analyzed for their financial feasibility.

While market metric data and both market and economic trends are not favorable at present, there is evidence of improvement in the near term. Therefore, multifamily use development could be feasible in the foreseeable future.

Maximally Productive

The test of maximum productivity is to determine the actual use of the property that results in the highest land value and/or the highest return to the land. It is important to consider the risk of potential uses as a use that may generate the highest returns in cash could also be the riskiest and thus not as likely for a developer to consider. In this case, the maximally productive use is multifamily use development. The associated risk is typical and market conditions appear to be supportive.

Highest and Best Use Conclusion – As Vacant

The highest and best use of the subject as though vacant is the eventual development of the site for multifamily use. The most likely buyer would be an investor or developer. An investor is a potential buyer as a result of the fact that immediately development is not possible and the investor could capture appreciation as market conditions improve.



AS IMPROVED

Legally Permissible

The existing multifamily improvements appear to be legally conforming to zoning.

Physically Possible

The current improvements conform to the physical characteristics of the site. Therefore, continued multifamily use of the property is reasonably probable and appropriate.

Financially Feasible

Financial feasibility focuses on positive and excess returns from the improved property. In this case, the subject is an income producing property and is capable of generating sufficient income to support the continuation of the use. This is demonstrated in the income capitalization approach by the fact that a positive income stream can be generated.

Maximally Productive

The existing multifamily improvements are legally permissible, physically possible, and financially feasible. The concluded value as though improved exceeds the value of the underlying land and removal of the improvements for redevelopment or substantial conversion to an alternative use is not indicated based on current neighborhood trends. Given no alternatives, the maximally productive use of the property is consistent with the existing multifamily development.

Highest and Best Use – As Improved

Therefore, the highest and best use of the subject as improved is the existing multifamily use. Market and economic conditions are supportive of this continued use. The most likely buyer would be a single investor or investment partnership.



Appraisal Methodology

COST APPROACH

The cost approach is based on the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

SALES COMPARISON APPROACH

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the property units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value.

INCOME CAPITALIZATION APPROACH

The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

Application of Approaches to Value	
Approach	Comments
Cost Approach	The Cost Approach is not applicable and is not utilized in this appraisal.
Sales Comparison Approach	The Sales Comparison Approach is applicable and is utilized in this appraisal.
Income Capitalization Approach	The Income Capitalization Approach is applicable and is utilized in this appraisal.

Compiled by: [REDACTED]

The cost approach was not utilized in this appraisal as market participants considering properties like the subject do not give consideration to the cost approach. The exclusion of this approach is not considered to impact the reliability of the appraisal.

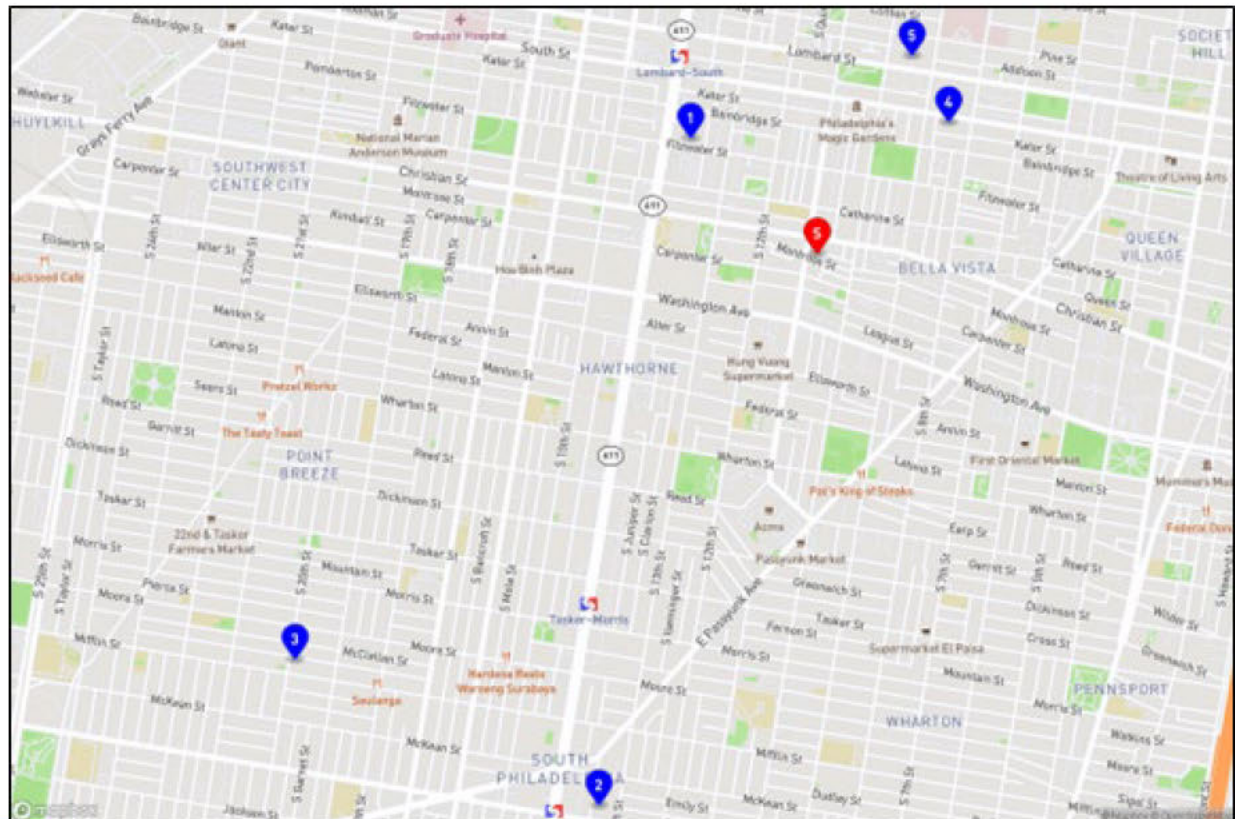


Sales Comparison Approach

The sales comparison approach value is derived by analyzing closed sales, listings, or pending sales of properties that are similar to the subject. The sales comparison approach includes the following steps.

- Research and verify information on properties in the competitive market that are similar to the subject and that have recently sold, are listed for sale, or are under contract.
- Select the most relevant units of comparison in the market and develop a comparative analysis.
- Examine and quantify via adjustments differences between the comparable sales and the subject property using all appropriate elements of comparison.
- Reconcile the various value indications to a value bracket and then a single value indication.







The unit of comparison applied in this sales comparison analysis is price per unit as it mirrors the primary comparison method used by market participants.



Comparable Map



SALES COMPARISON APPROACH

Comparable Sales Summary						
	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
						
Address	915 - 917 South 11th Street	1343 Fitzwater Street	2031 S. Juniper Street	1827-29 South 20th Street	822-824 South Street	919-921 S. Lombard Street
City, State	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA
Land Size	0.06 Acres	0.04 Acres	0.10 Acres	0.05 Acres	0.08 Acres	0.07 Acres
Rentable Area (SF)	5,306 SF	5,226 SF	8,857 SF	7,389 SF	6,560 SF	4,840 SF
Number of Apt. Units	6	6	8	6	10	6
Average Unit Size (SF)	884 SF	871 SF	1,107 SF	1,232 SF	656 SF	807 SF
Year Built (Renovated)	1919 (2013)	2021	2016	2017	1986 (2021)	1928
Occupancy/Owner Occ.	100%	96%	100%	0%	70%	94%
Condition	Excellent	Excellent	Excellent	Excellent	Good	Good
Buyer	-	Manor Ranch LLC	G Prime Juniper LLC	Rostom Real Estate California II, LLC	South Street Ten LLC	919 Lombard Street CC LLC
Seller	-	1347 FS LLC	Elitza Beta Acquisitions LLC	Arsens 1827 20th LLC	Kenneth & Ellen Lit	Hutchinson Properties Par
Interest Conveyed	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Competitive Class	Class B	Class B	Class B	Class B	Class B	Class B
Transaction Status	-	Closed	Closed	Closed	Closed	Closed
Transaction Date	-	Dec-21	Jan-22	Feb-22	Aug-21	Feb-23
Stabilized Price	-	\$2,450,000	\$2,150,000	\$2,100,000	\$2,000,000	\$1,955,000
Price per Unit	-	\$408,333	\$268,750	\$350,000	\$200,000	\$325,833
Cap Rate	-	6.89%	7.52%	-	7.04%	-

Compiled by [REDACTED]

ANALYSIS OF IMPROVED COMPARABLE DATA

Property Rights Conveyed

All sales represent the transfer of the leased fee interest, like the subject property. Therefore, no adjustments are necessary for property rights conveyed.

Financing

All transactions sold with cash or conventional financing therefore no adjustments apply.

Conditions of Sale

There were no reported sales conditions that affected the sale price.

Market Conditions

Although the market for multifamily assets has significantly increased over the last several years, given the recent (last several months) increase in interest rates and increased cost of capital, pricing for similar assets has decreased resulting from higher overall capitalization rates. As a result, downward adjustments for market conditions of 3% per year is deemed reasonable and utilized herein.

Location/Access

Sales 2 and 3 both received upward adjustments for their inferior locations further away from the CBD of Center City, while Sales 4 and 5 received downward adjustments for their locations closer to the CBD of Center City.



Building Size (Number of Units)

Sale 4 received an upward adjustment for its higher unit count, given that larger properties tend to sell for less per square foot and smaller properties tend to sell for more per square foot.

Age/Condition/Quality

The property was originally constructed as South Phila State Bank in 1919 and was renovated into multifamily space in 2013. The property is currently in excellent condition and is of good construction quality. For this reason, Sales 1, 2, and 3 received downward adjustments for their ages, though all were considered to be in a similar condition as the subject. Sales 4 and 5 both received upward adjustments for inferior conditions. Each comp was given an upward adjustment for inferior design (lower ceiling heights and exclusion of loft space). For this reason, a zeroed adjustment will show for properties that received both downward and upward adjustments.

Average Unit Size

Sales 2 and 3 both received downward adjustments for their superior (higher) average unit sizes. All others were deemed similar.

Features/Amenities

Sales 1 and 2 received downward adjustments for their inclusion of outdoor space. Sales 4 and 5 received upward adjustments for their exclusion of sprinklers.

Economic Characteristics

The subject was fully occupied as of the effective valuation date. Sale 3 sold vacant, thereby receiving a significant upward adjustment. Sale 4 received a moderate upward adjustment for its 70% occupancy rate. Sale 2 received a downward adjustment for its inclusion of retail space. Sale 3 also received a downward adjustment for its 10-year tax abatement which started in 2020 (7 years remaining). The subject only has two years of exemption left in the program.

Summary of Adjustments / Adjustment Grid

Based on our comparative analysis, the following table summarizes the adjustments warranted to each comparable.



SALES COMPARISON APPROACH

Comparable Sales Adjustment Grid						
	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Address	915 - 917 South 11th Street	1343 Fitzwater Street	2031 S. Juniper Street	1827-29 South 20th Street	822-824 South Street	919-921 S. Lombard Street
City	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA
Land Size	0.06 Acres	0.04 Acres	0.10 Acres	0.05 Acres	0.08 Acres	0.07 Acres
Size (Rentable Area)	5,306 SF	5,226 SF	8,857 SF	7,389 SF	6,560 SF	4,840 SF
Number of Apt. Units	6	6	8	6	10	6
Average Unit Size (SF)	884 SF	871 SF	1,107 SF	1,232 SF	656 SF	807 SF
Year Built (Renovated)	1919 (2013)	2021	2016	2017	1986 (2021)	1928
Transaction Type	--	Closed	Closed	Closed	Closed	Closed
Transaction Date	--	Dec-21	Jan-22	Feb-22	Aug-21	Feb-23
Stabilized Sale Price	--	\$2,450,000	\$2,150,000	\$2,100,000	\$2,000,000	\$1,955,000
Price per Unit	--	\$408,333	\$268,750	\$350,000	\$200,000	\$325,833
Occupancy	100%	96%	100%	0%	70%	94%
Cap Rate	--	6.89%	7.52%	--	7.04%	--
Transaction Adjustments						
Property Rights		0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%
Market Conditions (Time)	4/10/2023	-4%	-4%	-3%	-5%	-1%
Subtotal (adjustments are multiplied)		-4.0%	-4.0%	-3.0%	-5.0%	-1.0%
Transaction Adjusted Price per Unit		\$392,000	\$258,000	\$339,500	\$190,000	\$322,575
Property Adjustments						
Location		0%	5%	5%	-5%	-5%
Building Size (Number of Units)		0%	5%	0%	5%	0%
Age/Condition/Quality		0%	0%	0%	10%	10%
Average Unit Size		0%	-5%	-5%	0%	0%
Features/Amenities		-5%	-5%	0%	5%	5%
Economic Characteristics		0%	-10%	0%	5%	0%
Subtotal (adjustments are summed)		-5%	-10%	0%	20%	10%
Gross Adjustment		9%	34%	13%	35%	21%
Overall Adjustment		-8.8%	-13.6%	-3.0%	14.0%	8.9%
Indicated Price per Unit		\$372,400	\$232,200	\$339,500	\$228,000	\$354,833

Compiled by [REDACTED]

PRICE PER UNIT CONCLUSION

Multifamily Sales Adjustment Summary			
Price per Unit	Low	High	Average
Unadjusted Range	\$200,000	\$408,333	\$310,583
Adjusted Range	\$228,000	\$372,400	\$305,387
Concluded Price per Unit Indication			\$315,000

Compiled by [REDACTED]

- Prior to adjustments, the sales reflect a range of \$200,000 to \$408,333 per unit.
- After adjustment, the range is narrowed to \$228,000 to \$372,400 per unit with an average of \$305,387 per unit.

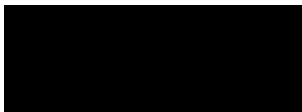


SALES COMPARISON APPROACH CONCLUSION

Based on the preceding analysis, the value indication by the sales comparison approach is as follows:

Sales Comparison Approach Conclusion		
Reconciliation of Price per Unit Indication		Value Indication
Adjusted Value Range - Low		\$228,000
Adjusted Value Range - High		\$372,400
Market Value As Is - Price per Unit	Effective Date: 4/10/2023	\$315,000
Subject Apt. Units		6
Market Value As Is - Price per Unit Analysis		\$1,890,000
Market Value As Is - Sales Comparison Approach	Effective Date: 4/10/2023	\$1,890,000

Value Indications		
As Is		Value Indication
Market Value As Is	Effective Date: 4/10/2023	\$1,900,000
<i>Compiled by</i> [REDACTED]		



Income Capitalization Approach

The income capitalization approach reflects the subject’s income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

The direct capitalization method is normally more appropriate for properties with relatively stable operating histories and expectations. The DCF analysis is more appropriate for investment properties with multiple or long-term leases, particularly leases with cancellation clauses or renewal options, and especially in volatile markets.

In this analysis, we utilized only direct capitalization because investors and market participants typically rely more on this method.

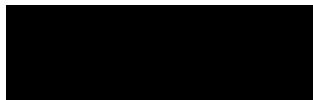
RENT ROLL / TENANT OVERVIEW

A summary rent roll for the property is shown below, based on our review of the current rent roll. Market rent will be developed on the following pages.

Residential Unit Rent Roll						
Unit No.	Unit Description	Unit Size (SF)	No. Occupied Units	Contract Rent	Contract Rent PSF	
1A	1 BR/1 BA 1A - 664 SF	664	1	\$1,805	\$2.72	
1B	2 BR/2.5 BA 1B - 1,268 SF	1,268	1	\$2,420	\$1.91	
1C	3 BR/3 BA 1C - 1,070 SF	1,070	1	\$2,705	\$2.53	
B	1 BR/1 BA B - 444 SF	444	1	\$1,060	\$2.39	
3A	2 BR/2 BA 3A - 660 SF	660	1	\$2,260	\$3.42	
3B	3 BR/2 BA 3B - 1,200 SF	1,200	1	\$2,650	\$2.21	
Property Total		5,306	6	\$12,900		
Average		884		\$2,150	\$2.53	

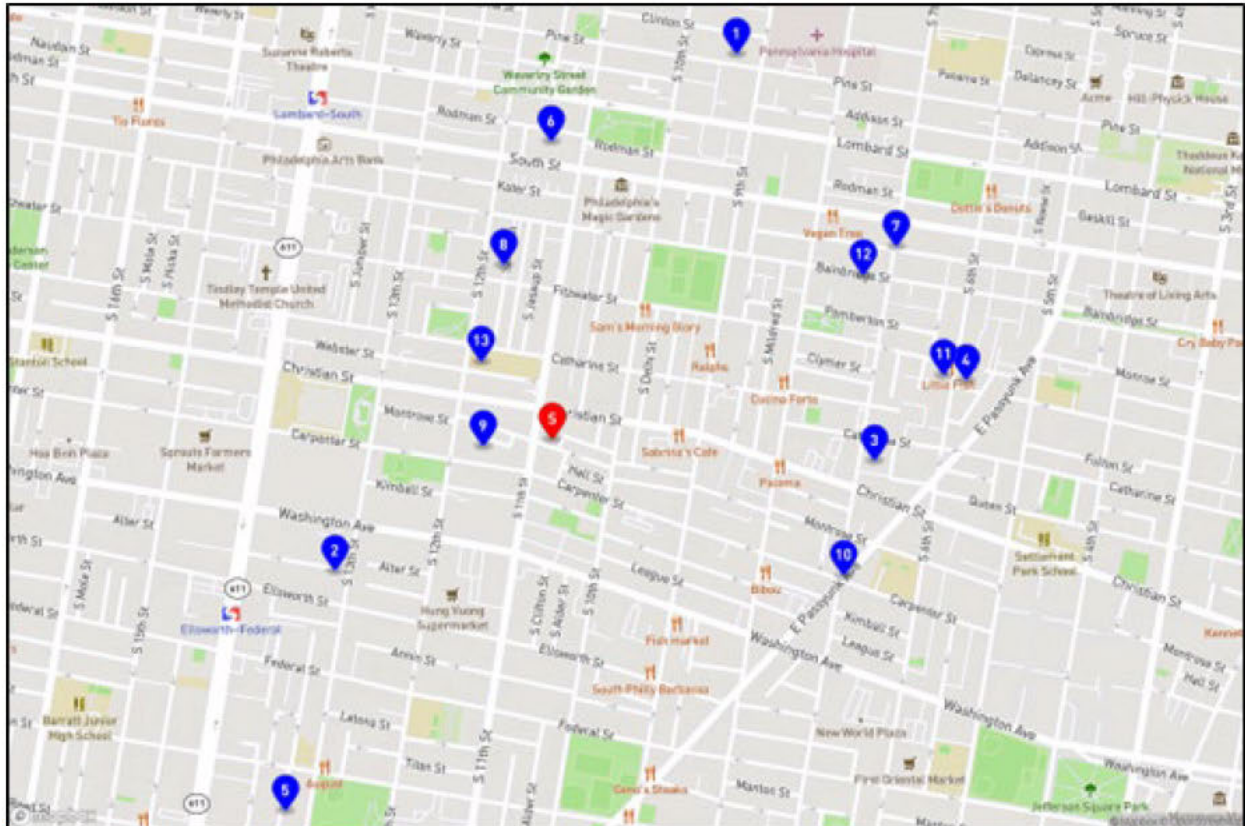
Compiled by [REDACTED]

- The subject includes 6 units, all of which were leased and occupied at time of inspection.
- Tenants are responsible for their pro-rata share of (cooking) gas and electric (heat and hot water) usage which is separately billed and paid for by the tenant.



MARKET RENT ANALYSIS



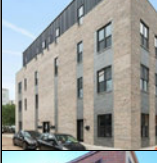

In estimating market rent for the subject property, we considered data from leasing activity with competing properties and market area leasing trends



Comparable Map

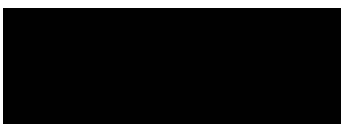


Analysis of Comparable Leases





MARKET RENT ANALYSIS - 1BR						
Photo	Property	Unit Size (SF)	Rent (\$)	\$/SF RA	Tenant Pays	Comparison to Subject
SUBJECT: 915 - 917 S. 11th Street, Philadelphia, PA						
	Unit 1A	664	\$1,805	\$2.72	Gas, Electric	
	Unit B	444	\$1,060	\$2.39	Gas, Electric	
	406 S. 9th Street, Unit 2F, Philadelphia, PA 19147	712	\$1,945	\$2.73	Electric, Water	Superior location; similar condition; one level
	1128-30 S. 13th Street, Unit 2F, Philadelphia, PA 19147	900	\$1,850	\$2.06	All utilities	Similar location and condition; larger size; one level
	849 S. 7th Street, Unit 2A, Philadelphia, PA 19147	695	\$1,795	\$2.58	Electric	Similar location and condition; average size; one level
	506 Clymer Street, Unit A, Philadelphia, PA 19147	447	\$1,600	\$3.58	All utilities	Similar location; smaller size; bilevel design; similar condition; inferior ceiling height
COMPETITIVE RENT SUMMARY						
	Average Rent					
	Competitors	Subject				
1BR	\$1,748	Unit 1A - \$1,950 Unit B - \$1,100				

One Bedroom Units

- Unit 1A is a 1BR/1BA unit located on the first floor that contains a loft.
- Unit B is a 1BR/1BA unit that is located on the lower level of the building and is not bilevel in design.
- We have determined a market rental rate of \$1,950 per month for the first floor apartment with loft, as is supported by the included rental comps.
- Unit 1A has superior tenant appeal over Unit B, given its location at the front of the building, inclusion of exposed brick walls, loft space, good fenestration, and a significantly higher ceiling height. For this reason, Unit B is given a discounted rental rate of \$1,100 per month given its smaller size and less conventional lower level positioning (minimal natural lighting with interior access only).



INCOME CAPITALIZATION APPROACH





MARKET RENT ANALYSIS - 2BR						
Photo	Property	Unit Size (SF)	Rent (\$)	\$/SF RA	Tenant Pays	Comparison to Subject
SUBJECT: 915 - 917 S. 11th Street, Philadelphia, PA						
	Unit 1B	1,268	\$2,420	\$1.91	Gas, Electric	
	Unit 3A	660	\$2,260	\$3.42	Gas, Electric	
	1340-48 S. 13th Street, Unit 2A, Philadelphia, PA 19147	700	\$2,000	\$2.86	N/A	Similar location; smaller size; similar condition; inferior ceiling height
	1107 South Street, Unit D, Philadelphia, PA 19147	1,073	\$2,250	\$2.10	Electric	Superior location; average size; inferior condition and ceiling height; includes a private balcony
	613 S. 7th Street, Unit 3F, Philadelphia, PA 19147	900	\$2,500	\$2.78	All utilities	Superior location; average size; similar condition; inferior ceiling height
	728 S. Sartain Street, Unit 3, Philadelphia, PA 19147	950	\$2,400	\$2.53	Electric	Similar location; average size; similar condition; inferior ceiling height; gated development
COMPETITIVE RENT SUMMARY						
Average Rent						
	Competitors			Subject (Rounded)		
2BR	\$2,288			Unit 1B - \$2,400 Unit 3A - \$2,100		

Two Bedroom Units

- Unit 1B is a 2BR/2.5BA unit that is located on the first floor and contains a loft.
- Unit 3A is a 2BR/2BA unit that is located on the second floor and is not bilevel in design.
- Contract rent is considered equal to market rent for Unit 1B.
- Market rent is concluded at \$2,100 per month for Unit 3A. Unit 3A is considered to be leased above market.

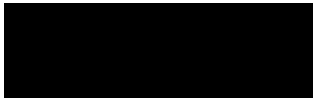


INCOME CAPITALIZATION APPROACH

MARKET RENT ANALYSIS - 3BR						
Photo	Property	Unit Size (SF)	Rent (\$)	\$/SF RA	Tenant Pays	Comparison to Subject
SUBJECT: 915 - 917 S. 11th Street, Philadelphia, PA						
	Unit 1C	1,070	\$2,705	\$2.53	Gas, Electric	
	Unit 3B	1,200	\$2,650	\$2.21	Gas, Electric	
	646 Carpenter Street, Philadelphia, PA 19147	1,260	\$2,625	\$2.08	All utilities	Similar location and size; superior bilevel design with patio; modestly inferior condition; inferior ceiling height
	758 S. 6th Street, Philadelphia, PA 19147	1,392	\$2,700	\$1.94	Gas, Electric	Similar location; larger size; superior bilevel design with patio; modestly inferior condition; inferior ceiling height
	714 Bainbridge Street, Unit 6, Philadelphia, PA	1,376	\$2,750	\$2.00	N/A	Similar location; larger size; superior bilevel design with parking space; modestly inferior condition; inferior ceiling height
	1132 Webster Street, Philadelphia, PA	1,176	\$2,600	\$2.21	N/A	Similar location and size; superior bilevel design with patio; inferior condition; inferior ceiling height
COMPETITIVE RENT SUMMARY						
	Competitors		Average Rent		Subject (Rounded)	
3BR	\$2,683				Unit 1C - \$2,700 Unit 3B - \$2,650	

Three Bedroom Unit

- Unit 1C is a 3BR/3BA unit that is located on the first floor and contains a loft.
- Unit 3B is a 3BR/2BA unit that is located on the second floor and is not bilevel in design.
- Contract rent is considered equal to market rent for both units.



MARKET RENT CONCLUSIONS

The following is a summary of the subject’s unit mix and our market rent conclusions based on our analysis of the subject rent roll and comparable market data detailed in the preceding.

Unit Mix									
No. Units	Unit Description	Unit Size (SF)	Rentable Area (SF)	Occupied Units	Unit Occupancy	Contract Rent	Contract Rent PSF	Market Rent	Market Rent PSF
1	1 BR/1 BA B - 444 SF	444	444	1	100.0%	\$1,060	\$2.39	\$1,100	\$2.48
1	1 BR/1 BA 1A - 664 SF	664	664	1	100.0%	\$1,805	\$2.72	\$1,950	\$2.94
2	1 BR Total	554	1,108	2	100.0%	\$1,433	\$2.46	\$1,525	\$2.71
1	2 BR/2 BA 3A - 660 SF	660	660	1	100.0%	\$2,260	\$3.42	\$2,100	\$3.18
1	2 BR/2.5 BA 1B - 1,268 SF	1,268	1,268	1	100.0%	\$2,420	\$1.91	\$2,400	\$1.89
2	2 BR Total	964	1,928	2	100.0%	\$2,340	\$1.21	\$2,340	\$2.43
1	3 BR/3 BA 1C - 1,070 SF	1,070	1,070	1	100.0%	\$2,705	\$1.94	\$2,700	\$2.50
1	3 BR/2 BA 3B - 1,200 SF	1,200	1,200	1	100.0%	\$2,650	\$2.21	\$2,650	\$2.21
2	3 BR Total	1,135	2,270	2	100.0%	\$2,678	\$2.21	\$2,678	\$2.36
6	Totals		5,306	6		\$12,900		\$12,900	
	Averages	884			100.0%	\$2,272	\$2.20	\$2,301	\$2.52

Compiled by [REDACTED]

Our research of the market for comparable leases purports that contract rent is equal to market rent.

GROSS INCOME ESTIMATE

Potential Gross Rent

Figures presented below reflect the 12-month period following the effective date of the appraisal.

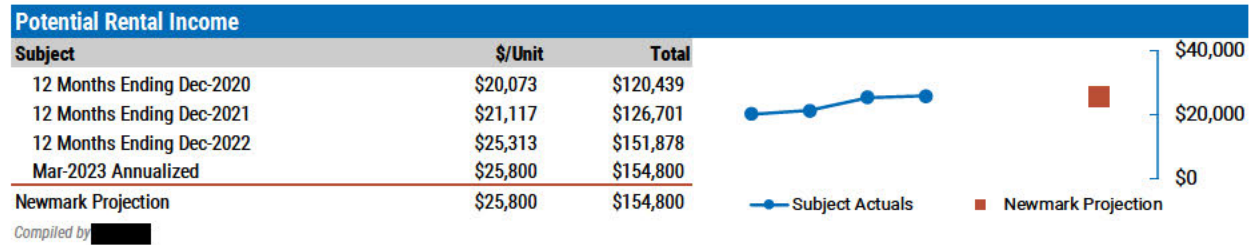
Potential Gross Rent					
Unit Description	No. Units	Contract Rent / Unit	Potential Gross Rent-Contract	Market Rent / Unit	Potential Gross Rent-Market
Leased Units					
1 BR/1 BA B - 444 SF	1	\$1,060	\$12,720	\$1,100	\$13,200
1 BR/1 BA 1A - 664 SF	1	\$1,805	\$21,660	\$1,950	\$23,400
2 BR/2 BA 3A - 660 SF	1	\$2,260	\$27,120	\$2,100	\$25,200
2 BR/2.5 BA 1B - 1,268 SF	1	\$2,420	\$29,040	\$2,400	\$28,800
3 BR/3 BA 1C - 1,070 SF	1	\$2,705	\$32,460	\$2,700	\$32,400
3 BR/2 BA 3B - 1,200 SF	1	\$2,650	\$31,800	\$2,650	\$31,800
Total Leased	6	\$2,150	\$154,800	\$2,150	\$154,800
Vacant Units (at market rents)					
Total Vacant	0		\$0		\$0
Grand Total	6	\$2,150	\$154,800	\$2,150	\$154,800

Compiled by [REDACTED]

- For the direct capitalization analysis, potential gross rent is based on contract rent. Total contract rent is \$154,800.



Potential Rental Income



- Our estimate of potential rental income is before the deduction for vacancy and collection loss.

Operating History

Three years of historical operating data, trailing 12 month data, year-to-date, and a current budget for the property were requested. All requested information was provided except a current budget.

As appropriate, the owner’s operating expenses are reclassified into standard categories and exclude items that do not reflect normal operating expenses for this type of property. The reclassification is done for proper analysis against comparable data and industry benchmarks as appropriate. Because the historical operating data statements use different names for some categories and it is not always immediately apparent which expenses belong to which standard expense category, the following provides a mapping of these expenses. The categories on the historical operating statements are in the far left column while the [REDACTED] Revenue or Operating Expense Category” are the categories used in this analysis for that line item.



INCOME CAPITALIZATION APPROACH

Application of [REDACTED]		Standards to Owner's Revenue and Expenses				
Actual or Proforma		Actuals	Actuals	Actuals	Actuals	Actuals
Period Length		12 Mos.	12 Mos.	12 Mos.	3 Mos.	Annualized
Period Ending		12/31/2020	12/31/2021	12/31/2022	3/31/2023	3/31/2023
Apt. Units		6	6	6	6	6
Owner's Revenue Category	Revenue Category					
Rent Income	Rental Income	\$120,439	\$126,701	\$151,878	\$38,700	\$154,800
Late Fee	Omit Row	\$200	\$0	\$0		\$0
Effective Gross Income	Effective Gross Income	\$120,439	\$126,701	\$151,878	\$38,700	\$154,800
Actual or Proforma		Actuals	Actuals	Actuals	Actuals	Actuals
Period Length		12 Mos.	12 Mos.	12 Mos.	3 Mos.	Annualized
Period Ending		12/31/2020	12/31/2021	12/31/2022	3/31/2023	3/31/2023
Owner's Operating Expense Category	Operating Expense Category					
Keys	Repairs and Maintenance	\$63	\$0	\$0	\$0	\$0
Turnover Maintenance	Repairs and Maintenance	\$0	\$750	\$0	\$0	\$0
Maintenance Materials	Repairs and Maintenance	\$0	\$2,131	\$392	\$51	\$0
Painting	Repairs and Maintenance	\$86	\$0	\$75	\$225	\$900
HVAC	Repairs and Maintenance	\$350	\$99	\$926	\$0	\$0
Common Area Cleaning	Repairs and Maintenance	\$0	\$4,875	\$5,916	\$1,430	\$5,720
Cleaning Expense	Repairs and Maintenance	\$165	\$0	\$180	\$145	\$580
Pest Control	Repairs and Maintenance	\$0	\$632	\$0	\$135	\$540
Snow Removal	Repairs and Maintenance	\$75	\$935	\$765	\$65	\$260
Trash Removal	Repairs and Maintenance	\$2,075	\$2,150	\$2,200	\$760	\$3,040
Management Fees	Management	\$5,780	\$5,950	\$6,120	\$1,530	\$6,120
OCF Leasing Commission	Management	\$2,075	\$9,240	\$2,650	\$0	\$0
OCF Renewal Fee	Management	\$0	\$250	\$0	\$0	\$0
Fire Protection	Repairs and Maintenance	\$0	\$575	\$2,080	\$0	\$0
Security Service	Repairs and Maintenance	\$892	\$1,615	\$1,350	\$0	\$0
Common Area Electricity	Utilities	\$3,314	\$2,801	\$2,318	\$2,333	\$9,332
Vacant Apartment Electric	Utilities	\$236	\$46	\$0	\$0	\$0
Plumbing	Repairs and Maintenance	\$0	\$1,140	\$1,287	\$600	\$2,400
Water	Utilities	\$888	\$226	\$811	\$204	\$817
Maintenance Labor	Repairs and Maintenance	\$185	\$207	\$765	\$0	\$0
Repairs and Maintenance	Repairs and Maintenance	\$590	\$6,916	\$7,719	\$213	\$850
Appliances	Repairs and Maintenance	\$326	\$329	\$564	\$555	\$2,221
Roof Repairs & Maintenance	Repairs and Maintenance	\$351	\$450	\$0	\$0	\$0
Licenses & Permits	General and Administrative	\$281	\$0	\$303	\$0	\$0
Legal Expenses	General and Administrative	\$0	\$325	\$0	\$0	\$0
Inspections & Tests	General and Administrative	\$0	\$0	\$718	\$0	\$0
Total Operating Expenses	Total Operating Expenses	\$17,732	\$41,642	\$37,139	\$8,246	\$32,780
Net Operating Income		\$102,707	\$85,058	\$114,739	\$30,454	\$122,020

Compiled by [REDACTED]



INCOME CAPITALIZATION APPROACH

Operating History and Projections											
Period Length	12 Mos.		12 Mos.		12 Mos.		3 Mos.		Annualized		Projection
Period Ending	12/31/2020		12/31/2021		12/31/2022		3/31/2023		3/31/2023		
Occupancy	100.0%		100.0%		100.0%		100.0%		100.0%		105.0%
Apt. Units	6		6		6		6		6		6
Multifamily Income	Total \$	\$/Unit	Total \$	\$/Unit	Total \$	\$/Unit	Total \$	Total \$	\$/Unit	Total \$	\$/Unit
Rental Income	\$120,439	\$20,073	\$126,701	\$21,117	\$151,878	\$25,313	\$38,700	\$154,800	\$25,800	\$154,800	\$25,800
Potential Rental Income	\$120,439	\$20,073	\$126,701	\$21,117	\$151,878	\$25,313	\$38,700	\$154,800	\$25,800	\$154,800	\$25,800
Potential Gross Multifamily Income	\$120,439	\$20,073	\$126,701	\$21,117	\$151,878	\$25,313	\$38,700	\$154,800	\$25,800	\$154,800	\$25,800
Vacancy	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,740	\$1,290
Collection Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,548	\$258
Effective Gross Income	\$120,439	\$20,073	\$126,701	\$21,117	\$151,878	\$25,313	\$38,700	\$154,800	\$25,800	\$164,088	\$27,348
Operating Expenses	Total \$	\$/Unit	Total \$	\$/Unit	Total \$	\$/Unit	Total \$	Total \$	\$/Unit	Total \$	\$/Unit
Real Estate Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,177	\$2,529
Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,100	\$850
Utilities	\$4,438	\$740	\$3,074	\$512	\$3,129	\$521	\$2,537	\$10,149	\$1,692	\$3,150	\$525
Repairs and Maintenance	\$5,158	\$860	\$22,804	\$3,801	\$24,219	\$4,036	\$4,179	\$16,511	\$2,752	\$9,000	\$1,500
General and Administrative	\$281	\$47	\$325	\$54	\$1,021	\$170	\$0	\$0	\$0	\$2,100	\$350
Management	\$7,855	\$1,309	\$15,440	\$2,573	\$8,770	\$1,462	\$1,530	\$6,120	\$1,020	\$8,204	\$1,367
Replacement Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,800	\$300
Total Operating Expenses	\$17,732	\$2,955	\$41,642	\$6,940	\$37,139	\$6,190	\$8,246	\$32,780	\$5,463	\$44,531	\$7,422
Operating Expense Ratio	14.7%		32.9%		24.5%		21.3%	21.2%		27.1%	
Net Operating Income	\$102,707	\$17,118	\$85,058	\$14,176	\$114,739	\$19,123	\$30,454	\$122,020	\$20,337	\$119,557	\$19,926

Compiled by [REDACTED]

Vacancy & Collection Loss Allowance

Vacancy Allowance

Market Vacancy Rate Indicators						
	Current	Most Recent Full Year	Trailing 3-Year	Trailing 5-Year	Trailing 10-Year	
Costar						
Philadelphia	5.20%	4.90%	5.30%	5.50%	6.00%	
Bella Vista/Southwark	3.90%	3.80%	4.00%	4.80%	4.30%	

Concluded Subject Vacancy Rate 4.00%

Source: Costar, [REDACTED] Valuation & Advisory

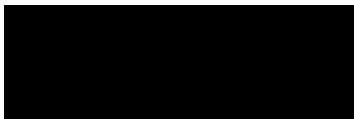
- The vacancy estimate for the subject was previously developed in the market analysis section of this report and was determined to be 4.00%.

Collection Loss

- Based on available data and analysis, the concluded collection loss allowance is 1.00%.

Combined Vacancy and Collection Loss Conclusion

- Based on this analysis, the total stabilized vacancy and collection loss allowance for the subject is 5.00%.



INCOME CAPITALIZATION APPROACH

Effective Gross Income

Effective Gross Income		
Subject	\$/Unit	Total
12 Months Ending Dec-2020	\$20,073	\$120,439
12 Months Ending Dec-2021	\$21,117	\$126,701
12 Months Ending Dec-2022	\$25,313	\$151,878
Mar-2023 Annualized	\$25,800	\$154,800
Projection	\$24,252	\$145,512

Compiled by Newmark

- Our pro forma estimate is slightly below the most recent actual figures due to our inclusion of vacancy and collection loss.

OPERATING EXPENSE ANALYSIS

Expense data for the subject and comparable properties are summarized in the following table.

Expense Analysis Per Unit										
	Comp 1	Comp 2	Comp 3	Comp 4	Subject Historical and Projections					
Year Built	2022	2017	1915	1880	1915					
Apt. Units	6	4	6	7	6	6	6	6	6	6
Operating Data Type	Budget	Actual	Actual	Budget	Actual	Actual	Actual	Partial Year	Annualized	Newmark
Year	2023	2020	2022	2022	2020	2021	2022	2023	2023	Projection
Operating Expenses Per Unit										
Real Estate Taxes	\$3,201	\$533	\$1,411	\$565	\$0	\$0	\$0	\$0	\$0	\$2,529
Insurance	\$1,417	\$874	\$517	\$726	\$0	\$0	\$0	\$0	\$0	\$850
Utilities	\$467	\$857	\$934	\$788	\$740	\$512	\$521	\$423	\$1,692	\$525
Repairs and Maintenance	\$1,067	\$579	\$403	\$2,940	\$860	\$3,801	\$4,036	\$696	\$2,752	\$1,500
General and Administrative	\$400	\$159	\$0	\$540	\$47	\$54	\$170	\$0	\$0	\$350
Management	\$1,071	\$960	\$519	\$0	\$1,309	\$2,573	\$1,462	\$255	\$1,020	\$1,367
Replacement Reserves	\$333	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$300
Total Operating Expenses Per Unit	\$7,956	\$3,962	\$3,784	\$5,559	\$2,955	\$6,940	\$6,190	\$1,374	\$5,463	\$7,422

Compiled by [REDACTED]

Real Estate Taxes

Real Estate Taxes		
Source	\$/Unit	Total
Comparables Low	\$533	
Comparables High	\$3,201	
Comparables Average	\$1,428	
Projection	\$2,529	\$15,177

Compiled by [REDACTED]

- This expense category includes all local, county, and state property tax levies.
- Our projection is based on the property assessment and tax rate for the subject, as discussed previously in the Real Estate Tax Analysis. The subject currently has two years left of the tax abatement program therefore our consideration of real estate taxes is projected as if the tax abatement program ended to accurately reflect the value of the property.
- Real estate taxes were not included as operating expenses over the past three years.

Insurance

Insurance		
Source	\$/Unit	Total
Comparables Low	\$517	
Comparables High	\$1,417	
Comparables Average	\$884	
Projection	\$850	\$5,100

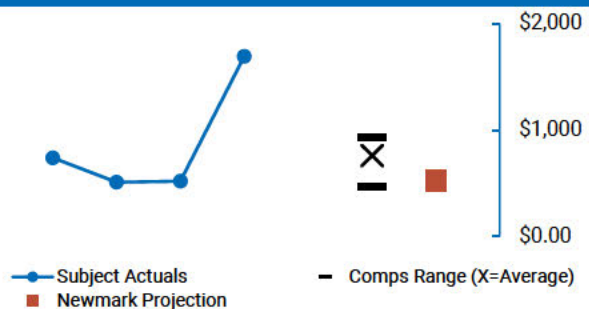
Compiled by [REDACTED]

- Insurance expense includes property and casualty insurance for the subject. We researched comparable properties for our insurance estimate, as the provided historical operating income expenses exclude insurance.

Utilities

Utilities		
Source	\$/Unit	Total
Comparables Low	\$467	
Comparables High	\$934	
Comparables Average	\$762	
Subject		
2020 (Actual Operations)	\$740	\$4,438
2021 (Actual Operations)	\$512	\$3,074
2022 (Actual Operations)	\$521	\$3,129
2023 (Annualized Operations)	\$1,692	\$10,149
Newmark Projection	\$525	\$3,150

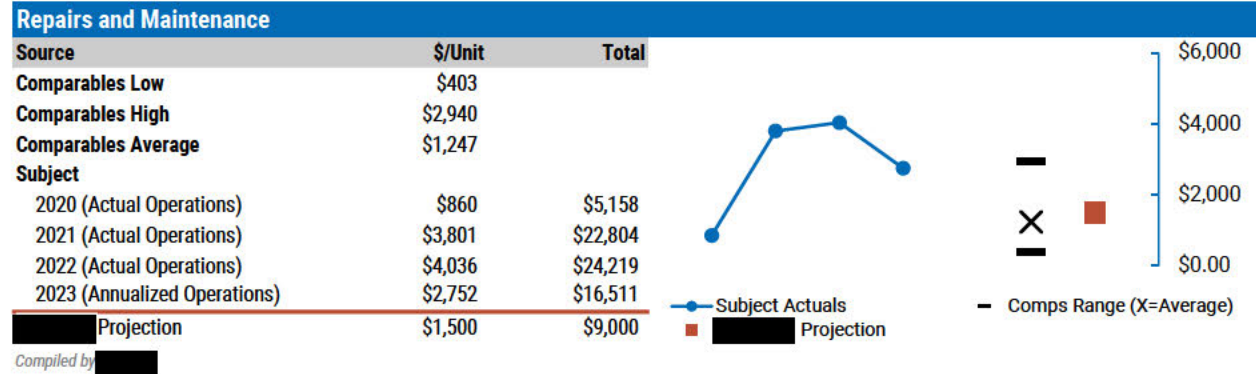
Compiled by [REDACTED]



INCOME CAPITALIZATION APPROACH

- Utility charges include cold water, sewer, and common area electricity, all of which are centrally metered and billed to the owner. All other utilities are billed directly to the tenant.

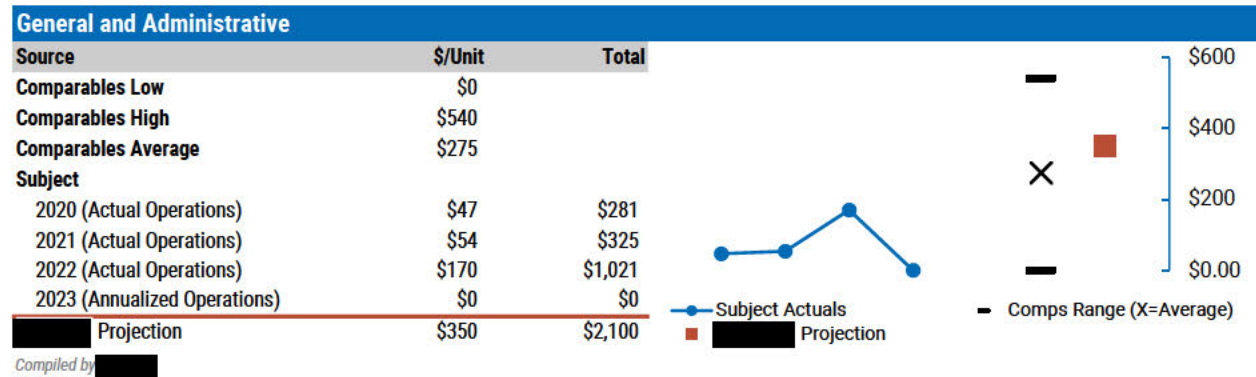
Repairs and Maintenance



The umbrella category of repairs and maintenance includes expenditures to repair and maintain mechanical systems and structural components, encompassing payroll and contract costs, as appropriate, pest control, snow removal, trash removal, and appliance/kay replacement. Excluded are alterations and major replacements, which are considered capital costs rather than periodic expenses.

- Our projected estimate for repairs and maintenance falls in line with comparable properties and the subject's historical figures.

General/Administrative

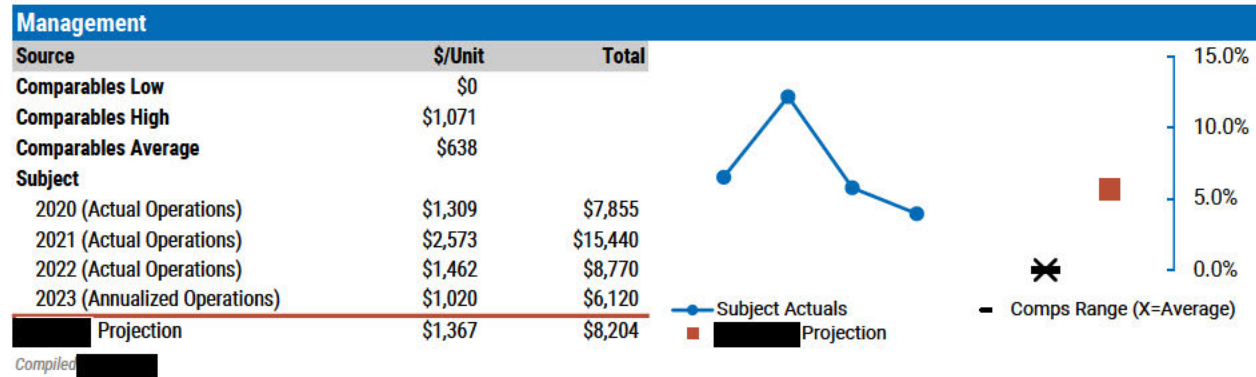


General and administrative expenses are minimal for the subject and include licenses and permits, legal expenses, and inspections and tests. We've included a higher figure which is more typical of the market.



INCOME CAPITALIZATION APPROACH

Management



- Typical management fees for properties of this type range from 3% to 5%
- Considering that the subject has typical management needs, we project an overall management fee of 5% of effective gross income.

Replacement Reserves

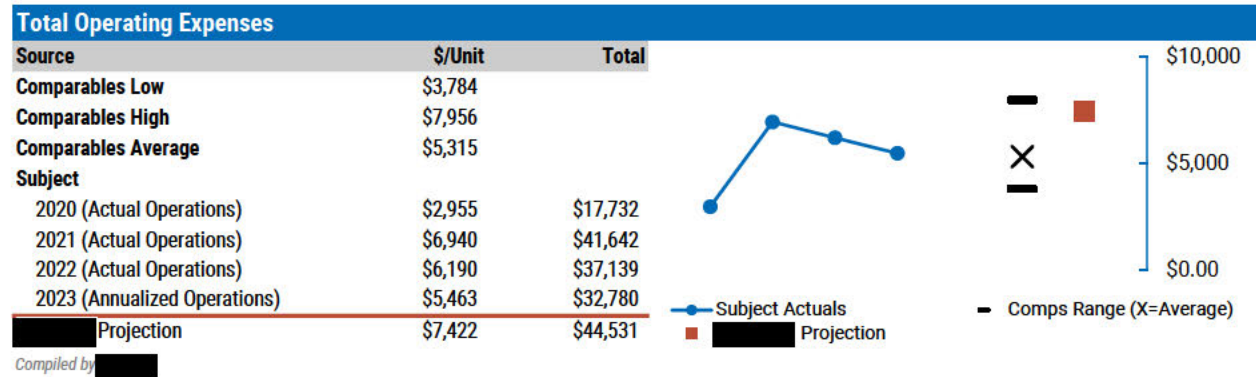
Replacement Reserves		
Source	\$/Unit	Total
Comparables Low	\$0	
Comparables High	\$333	
Comparables Average	\$83	
██████████ Projection	\$300	\$1,800

Compiled by ██████████

For multifamily properties, it is customary to include replacement reserves as an expense line item in developing an estimate of net operating income. Replacement reserves are estimated to account for replacement costs of certain capital items, such as the roof and HVAC systems.

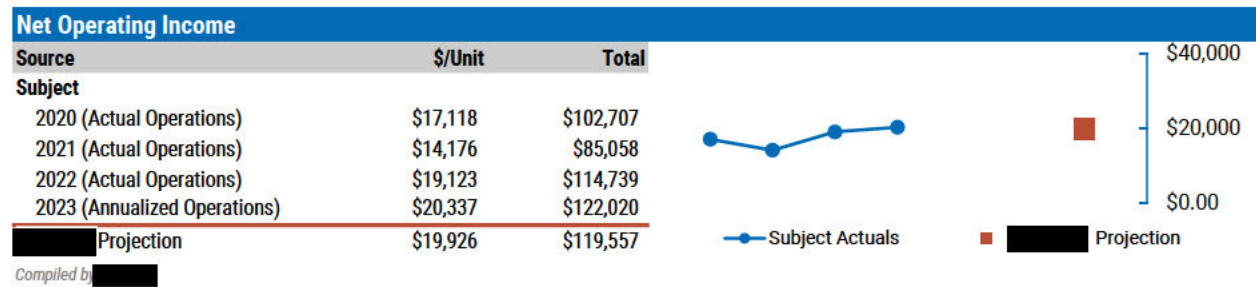


Total Operating Expenses



The projected rate is higher than recent operating history trends for the subject, considering that real estate taxes and insurance are excluded from the provided operating income statements.

NET OPERATING INCOME



Our estimated net operating income is similar to the historical operating trends for the subject.

CAP RATE AND VALUE CHANGES – EARLY 2Q 2023

As we all know, the national and global economies are shaky and interest rate changes are having a significant impact on the commercial real estate market. The Federal Reserve has raised the Federal Funds Rate to a range of 4.50% to 4.75% and continues to signal further increases.

The impacts to both the residential and commercial real estate markets have been material as borrowing costs have increased significantly. “Rescue equity” has been observed replacing some of the capital shortfalls as values decline and cost of debt rises. Further, negative leverage is occurring as mortgage rates trend above capitalization rates and this is unsustainable. Transactions have slowed, deals have stalled, and there has been a lack of current data points which has reduced clarity with respect to price discovery and valuations. The majority of investors surveyed by PwC expect capitalization rates to increase over the next six months.

Real Capital Analytics reported in their Q1 2023 Capital Trends publication that “Deal volume is down at double-digit rates from a year earlier, prices are in retreat and cap rates are ticking



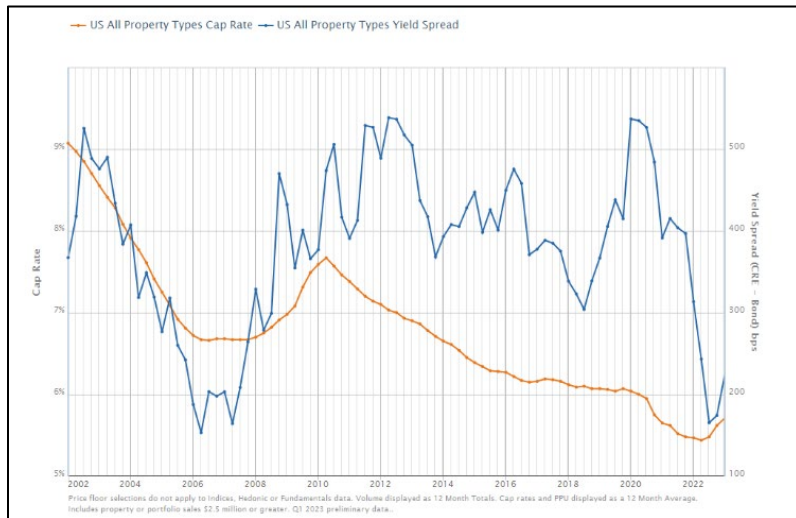
upward.” “The RCA CPPI National All-Property Index fell 8.0% from a year earlier in the first quarter, marking two consecutive quarters of year-over-year declines.”

Cost of Capital

The increase in base interest rates directly affects financing rates. Various debt sources are quoting and achieving mortgage interest rates of 6% and above with bank financing commonly at 7% and above. This is creating a situation where debt coverage ratios are too low based on existing cash flows and this, in turn, is forcing lower leverage and greater equity positions. Where stress testing is employed, the higher stressed rates also tend to force lower leverage. Equity funds generally carry higher rates of return than debt and this translates to higher capitalization rates as well.

Capitalization Rates

The majority of investors surveyed by PwC for their First Quarter 2023 Real Estate Investor Survey expect capitalization rates to increase over the next six months. This translates to slowing transaction volume but also directly impacts pricing expectations. “We need higher returns due to rising capital costs and additional risk,” remarks one investor surveyed by PwC.

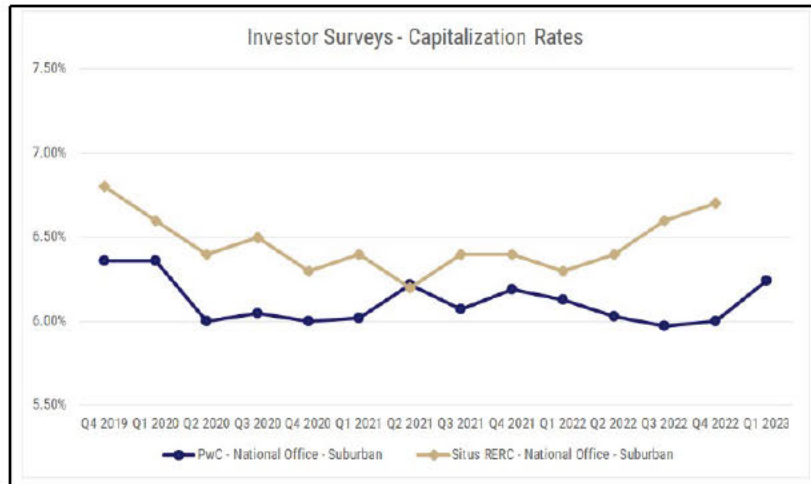


In the past, there tended to be a noticeable lag between changes in capitalization rates and underlying financing rates. The graph to the left from Real Capital Analytics depicts the spread between capitalization rates and underlying interest rate yields (bond rates in this case). As interest rates began to climb into 2007, while capitalization rates continued a slow downtrend, the spread fell to below 200 basis points. In 2009, capitalization rates hit a peak while the spread widened to the 350 to 500 basis point range. Very recently (Fourth Quarter 2022 and First Quarter 2023), the spread had again fallen to around 200 basis points largely reflecting investors’ continued interest in CRE.



INCOME CAPITALIZATION APPROACH

Cap rates have begun reacting. As shown in the graph above, the past three quarters reflected a tick up in the Real Capital Analytics cap rate data (which is based on closed transactions). The graph to the right depicts investor survey data for suburban office properties from PwC and Situs RERC. Situs RERC has reflected upward trending cap rates since the first



of 2022 while PwC’s data has only recent reflected upward trends. PwC reports that 60% of their respondents expect capitalization rates for suburban office to increase in the next six months while the other 40% expect cap rates for this category to hold steady.

Green Street tracks capitalization rates in six property types in the top 50 MSA’s. Their February 2023 Cap Rate Observer, which is inclusive of both REIT and actual transaction data, reflects even more dramatic indicated changes in capitalization rates. The following summarizes the weighted averages for various property types in these 50 top MSA’s. Because the index does include REIT returns, it tends to be more reactionary to macro-economic conditions and stock market trends. This makes the Green Street data more reflective of trends as opposed to actual changes now occurring.

Green Street – Cap Rate Observer – February 2023			
Property Type Sector	March 22 Cap Rates	March 23 Cap Rates	One Year ▲ (bps)
Apartment	3.9%	5.2%	+130
Industrial	3.9%	4.6%	+70
Office	6.5%	8.7%	+220
Strip Center	5.5%	6.6%	+110
Self-Storage	4.3%	5.1%	+80
Single-Family Rental	4.6%	5.1%	+50

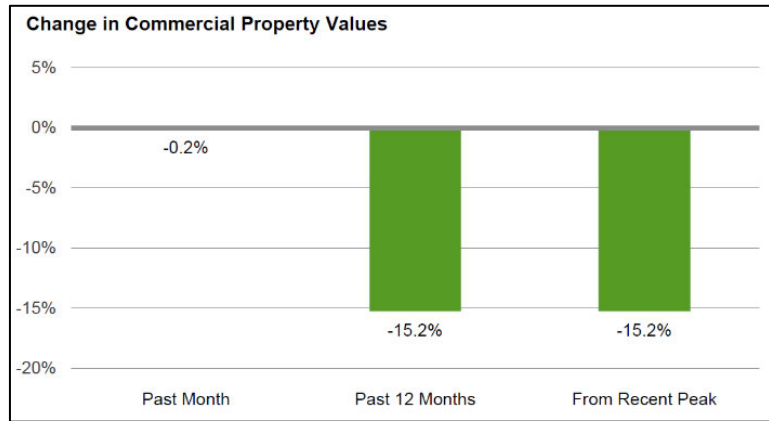
Compiled by [REDACTED]

Investors expect, and the data is showing, that capitalization rates are increasing. We have also heard of specific transaction examples including repricing of deals and simply offers at lower levels owing to the increased cost of capital – not to mention other economic factors such as inflation, recession, supply chain, Ukraine, etc.



Property Values

Property values are declining both from transactional evidence and from REIT valuations. The graph to the right from Green Street is their most recent Commercial Property Price Index report on February 6, 2023 reflects the change from the recent peak.



Green Street CPPI®: Sector-Level Indexes

	Index Value	Change in Commercial Property Values		
		Past Month	Past 12 Mos	Recent Peak
All Property	131.4	-0.2%	-15%	-15%
Core Sector	130.5	-0.2%	-18%	-18%
Apartment	150.7	0.0%	-21%	-21%
Industrial	221.2	0.0%	-13%	-13%
Mall	79.5	0.0%	-15%	-19%
Office	85.2	0.0%	-25%	-25%
Strip Retail	112.9	-2.0%	-14%	-14%
Health Care	133.6	-0.9%	-10%	-11%
Lodging	108.9	1.2%	-1%	-4%
Manufactured Home Park	283.8	0.0%	-12%	-12%
Net Lease	97.6	0.0%	-16%	-16%
Self-Storage	281.6	1.0%	-10%	-10%

The lead-in to this report stated the following: The Green Street Commercial Property Price Index® decreased by 0.2% in March. The index has fallen by 15% since property prices peaked a year ago.

All property sectors have now turned negative since the recent peak as shown in the table to the left. The

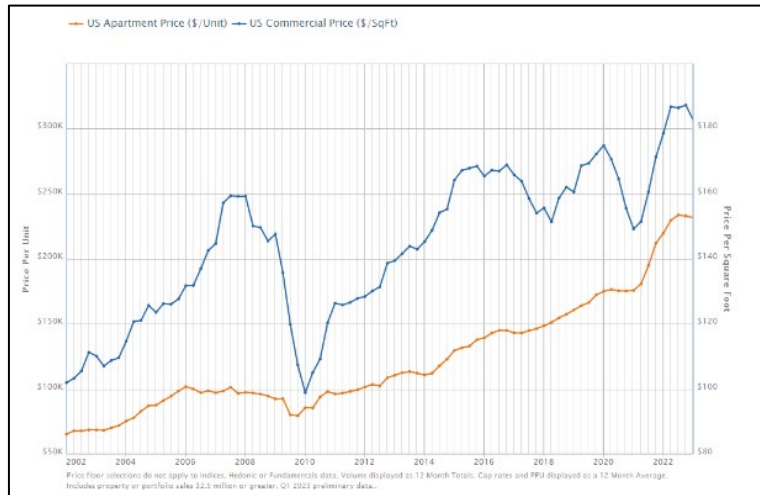
largest downturn is in the malls and apartment sectors. The apartment sector appears to have been impacted by financing availability in that agency debt has been priced higher forcing more bank and life insurance company financed transactions. However, it is our understanding the Agencies have recently adjusted terms to capture more potential transactions (such as relaxed prepayment penalties). Self-storage and hotels are the least impacted at this time but still down from their recent peaks.

Again, note that the Green Street data is heavily REIT based and tends to be more volatile than the CRE market by itself and this should be viewed as an indication of trends and not necessarily



absolute change. For the alternate view, Real Capital Analytics data is reflective of closed transactions only.

Deal volume has been falling from recent peaks. According to Real Capital Analytics, investment sales averaged about \$87.8b across every first quarter from 2005 to 2019. For first quarter 2023, investment sales totaled \$85.0b which means that the first quarter was in line with historical averages. However, against first quarter 2022, sales volume is down 56%



this quarter. Demand is clearly falling – which means that pricing will fall as well just from a simple economics supply and demand model. On the other hand, pricing metrics from Real Capital Analytics have not been severely impacted – for first quarter 2023, the price change was only - 8.0% year over year. The graph to the right shows price per unit for apartments (orange line) and price per square foot for commercial properties (blue line) – neither has moved significantly downward yet.

Final Thoughts / Action Items

It is important to acknowledge that there is a dearth of transactions in the marketplace which makes it more difficult to determine the impact on cap rates. This is partly a function of the reported disconnect between sellers and buyers – brokers and capital markets professional report this disconnect is as much as 30%.

We have to make sure we are considering data relevant to the property we are appraising. Remember, the definition of market value talks about the buyer and seller being “knowledgeable” and “well informed or well advised”. These individuals will be fully cognizant of the challenges they face from cost of capital and will make appropriate adjustments in their underwriting – this means that we must do the same.

It is beyond important that we use all available sources to properly analyze market value because all of it together provides us the best view. The above is a short review of available data from a macro standpoint but the market participants relevant to the property we are appraising are the most significant data source. We must continuously keep our ears to the ground and talking to investors and brokers which is a must in this environment.



INCOME CAPITALIZATION APPROACH

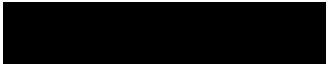
- Investors have become selective, cautious, and tentative as cost of capital has increased.
- Volatility in the market has led to the disconnect between buyers and sellers thus reducing transaction volume – both in number of sales and overall price volume.
- Although the number of transactions has dropped precipitously, market participants are saying that price discovery is demonstrating that values are trending lower.
- Negative leverage is present in the market and this cannot be sustained which is putting downward pressure on values.
- Brokers report re-trades are occurring at lower pricing and higher indicated capitalization rates.
- There is a significant amount of capital (dry powder) from both the debt and equity side waiting to be invested once transactions start occurring.

COMPARABLE PROPERTIES

Comparable Multifamily Sales Summary							
No.	Property Location	Yr. Built	Sale Date	Number of Apt. Units	Occ. %	Price per Unit	OAR
1	1343 Fitzwater Street, Philadelphia, PA	2021	Dec-2021	6	0%	\$408,333	6.89%
2	2031 S. Juniper Street, Philadelphia, PA	2016	Jan-2022	8	100%	\$268,750	7.52%
3	1827-29 South 20th Street, Philadelphia, PA	2017	Feb-2022	6	0%	\$350,000	-
4	822-824 South Street, Philadelphia, PA	1986	Aug-2021	10	70%	\$200,000	7.04%
5	919-921 Lombard Street, Philadelphia, PA	1928	Feb-2023	6	94%	\$325,833	-
Average (Mean) Cap Rate:							7.15%

Compiled by: [REDACTED]

- Based on this information, a capitalization rate ranging from 6.75% to 7.50% is considered reasonable for the subject.

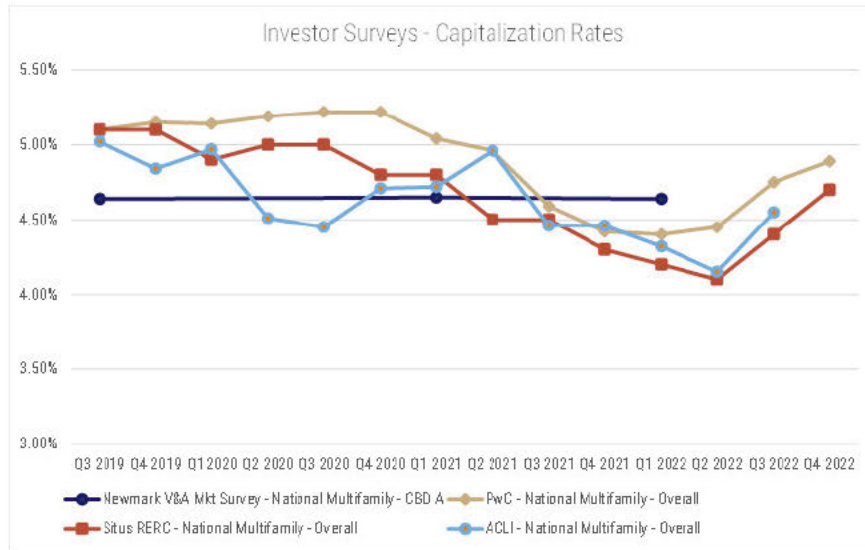


INCOME CAPITALIZATION APPROACH

Investor Surveys

Investor Surveys - Capitalization Rates				
Source	Period	Low	High	Average
Newmark V&A Mkt Survey - National Multifamily - CBD A	Q1 2022	N/A	N/A	4.64%
PwC - National Multifamily - Overall	Q4 2022	3.25%	8.00%	4.89%
Situs RERC - National Multifamily - Overall	Q4 2022	3.90%	6.00%	4.70%
ACLI - National Multifamily - Overall	Q3 2022	N/A	N/A	4.55%

Compiled by [REDACTED]



- Recent national survey data indicates that going-in capitalization rates for multifamily properties range from 3.25% - 8.00% with central tendencies ranging from 4.70% - 4.89%.

Band of Investment

Band of Investment					
Mortgage/Equity Assumptions					
Loan to Value Ratio	75%				
Interest Rate	5.50%				
Amortization (Years)	30				
Mortgage Constant	0.0681				
Equity Ratio	25%				
Equity Dividend Rate	5.00%				
Weighted Average Of Mortgage/Equity Requirements					
Mortgage Requirement	75%	x	6.81%	=	5.11%
Equity Requirement	25%	x	5.00%	=	1.25%
Indicated Capitalization Rate (Rounded)					6.25%

Compiled by [REDACTED]



- We've included an approximate interest rate of 5.50% on a 30-year amortization and an LTV of less than 70%.
- The equity dividend rate is based on prior testing and extraction as well as alternative investments.

Key Value Considerations

Strengths

1. The property is in excellent condition and is of good quality and tenant appeal.
2. The property was fully occupied and is considered to be stabilized as of the effective valuation date.
3. Access to amenities, employment centers, and public transportation is considered to be above average.

National Trends and Uncertainties

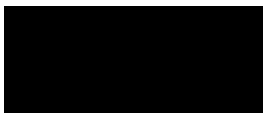
1. Federal Reserve interest rate increases and associated effects on cost of capital and investment rates along with credit tightening have impaired transaction volumes.
2. Despite positives such as a healthy job market, at least a mild recession is expected later this year.
3. Easing of inflation, consumer spending, and continued job growth have so far kept the economy growing in spite of interest rate increases and bank system stress.

Capitalization Rate Conclusion

Source	Indication
Comparable Multifamily Sales	6.89% - 7.52%
Investor Surveys	4.25% - 8.25%
<u>Band of Investment</u>	<u>6.25%</u>
Concluded Going-In Capitalization Rate	6.25%

Compiled by [REDACTED]

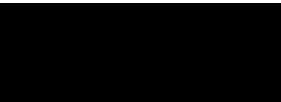
- We have concluded a capitalization rate of 6.00% given its excellent condition, good location with access to amenities and public transportation, and history of full occupancy.



Direct Capitalization Summary

Net operating income is divided by the capitalization rate to derive the stabilized value of the subject. The as-is value indication is derived through the adjustments noted above. Valuation of the subject by direct capitalization is shown in the table immediately following.

Income Capitalization Approach			
Summary of Stabilized Net Operating Income			
Item Description	% of Income	\$/Unit	Total \$
Multifamily Income		6 Units	
Rental Income		\$25,800	\$154,800
Potential Rental Income		\$25,800	\$154,800
Potential Gross Multifamily Income		\$25,800	\$154,800
Vacancy	5.00%	\$1,290	\$7,740
Collection Loss	1.00%	\$258	\$1,548
Effective Rental Income		\$27,348	\$164,088
Effective Gross Multifamily Income		\$27,348	\$164,088
Effective Gross Income		\$27,348	\$164,088
Operating Expenses		6 Units	
Real Estate Taxes		\$2,529	\$15,177
Insurance		\$850	\$5,100
Utilities		\$525	\$3,150
Repairs and Maintenance		\$1,500	\$9,000
General and Administrative		\$350	\$2,100
Management	5.00%	\$1,367	\$8,204
Replacement Reserves		\$300	\$1,800
Total Operating Expenses	27.14%	\$7,422	\$44,531
Net Operating Income		\$19,926	\$119,557



INCOME CAPITALIZATION APPROACH

Direct Capitalization Method		
Value Indication	\$/Unit	Total \$
As Stabilized		
Stabilized Net Operating Income	\$19,926	\$119,557
Overall Capitalization Rate		6.25%
As Stabilized Value	Effective Date: 4/10/2023	\$1,912,911
Rounded	\$316,667	\$1,900,000

Valuation Matrix	
OAR	Value
5.75%	\$2,079,252
6.00%	\$1,992,616
6.25%	\$1,912,911
6.50%	\$1,839,338
6.75%	\$1,771,214

As Is		
As Is Value as of Current Date	Effective Date: 4/10/2023	\$1,912,911
Rounded	\$316,667	\$1,900,000



Reconciliation of Value

The values indicated by our analyses are as follows:

Market Value Indications	
Market Value Premise As of Date:	As Is April 10, 2023
Cost Approach:	Not Used
Sales Comparison Approach:	\$1,900,000
Income Capitalization Approach:	\$1,900,000
Market Value Conclusion	\$1,900,000

Compiled by [REDACTED]

Cost Approach

In this case, the cost approach was not utilized due to the age of the improvements which results in significant depreciation thereby reducing the reliability of this approach. More significantly, however, market participants considering properties like the subject do not give consideration to the cost approach.

Sales Comparison Approach

The Sales Comparison Approach is focused on comparing the subject to sale and other market transactions with the aim to develop an indication of value that is founded on the theory of substitution. Basically, the intention is to determine value through considering the prices of properties which would be a substitute property to the subject. In this case, a selection of reasonably similar sales were obtained and the adjustment process was well founded by reasoning and direct evidence. Although this analysis is considered to be well founded and reliable, the subject property is an income producing property and the sales comparison approach, like the cost approach, is limited its ability to directly consider the income levels of the subject and the sales. Accordingly, secondary weight is given to the sales comparison approach.

Income Capitalization Approach

The subject property is an apartment property. It is distinctly an income producing property and this approach is specifically designed to address the value of such a property. Direct capitalization was developed. Market rent was well established by reasonably similar lease data. The property has a stable history and both income and expense estimates track with historical trends. Capitalization rates were developed from a number of sources including the sales used in the



RECONCILIATION OF VALUE

sales comparison approach. In total, the income capitalization approach is considered to be most applicable to the subject and most reliable. This approach is given greatest weight for that reason.

Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value "As Is"	Leased Fee	4/10/2023	\$1,900,000

Compiled by [REDACTED]

Extraordinary Assumptions and Hypothetical Conditions

An extraordinary assumption is defined in USPAP as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results.

1. Individual unit sizes were not available for this property. We measured four of six apartments and have estimated the sizes for the remaining two units based on available data and building measurements. We reserve the right to amend our report if different information becomes available to us.
2. Unit 1C was fit-out with three bedrooms and three bathrooms at time of inspection. The provided rent roll lists the unit as having two bedrooms and two bathrooms. Given the higher rental rate, in conjunction with our property inspection and historical listings for unit, we purport that Unit 1C is a 3BR/3BA apartment.

The use of these extraordinary assumptions might have affected assignment results.

A hypothetical condition is defined in USPAP as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. The value conclusions are based on the following hypothetical conditions that may affect the assignment results.

1. None

Compiled by [REDACTED]

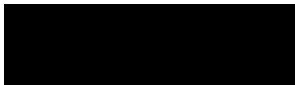
EXPOSURE TIME

Exposure time is the estimated length of time the subject property would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. It is a retrospective estimate based on an analysis of past events assuming a competitive and open market.

Recent sales transaction data for similar properties, supply and demand characteristics for the local multifamily market, and the opinions of local market participants were reviewed and analyzed. Based on this data and analysis, it is our opinion that the probable exposure time for the subject at the concluded market value stated previously is 6 to 9 months.

MARKETING TIME

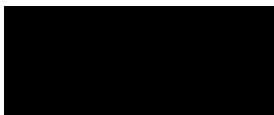
Marketing time is an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede



RECONCILIATION OF VALUE

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the effective date of an appraisal. As no significant changes in market conditions are foreseen in the near term, it is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 6 to 9 months.



Assumptions and Limiting Conditions

The Appraisal contained in this Report (herein "Report") is subject to the following assumptions and limiting conditions:

1. Unless otherwise stated in this report, title to the property which is the subject of this report (herein "Property") is assumed to be good and marketable and free and clear of all liens and encumbrances and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. No responsibility is assumed for the legal description, zoning, condition of title or any matters which are legal in nature or otherwise require expertise other than that of a professional real estate appraiser. This report shall not constitute a survey of the Property.
2. Unless otherwise stated in this report, it is assumed: that the improvements on the Property are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the Property and improvements conform to all applicable local, state, and federal laws, codes, ordinances and regulations including environmental laws and regulations. No responsibility is assumed for soil or subsoil conditions or engineering or structural matters. The Property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated. The physical condition of the Property reflected in this report is solely based on a visual inspection as typically conducted by a professional appraiser not someone with engineering expertise. Responsible ownership and competent property management are assumed.
3. Unless otherwise stated in this report, this report did not take into consideration the existence of asbestos, PCB transformers or other toxic, hazardous, or contaminated substances or underground storage tanks, or the cost of encapsulation, removal or remediation thereof. Real estate appraisers are not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials and substances may adversely affect the value of the Property. Unless otherwise stated in this report, the opinion of value is predicated on the assumption that there is no such material or substances at, on or in the Property.

ASSUMPTIONS AND LIMITING CONDITIONS

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4. All statements of fact contained in this report as a basis of the analyses, opinions, and conclusions herein are true and correct to the best of the appraiser's actual knowledge and belief. The appraiser is entitled to and relies upon the accuracy of information and material furnished by the owner of the Property or owner's representatives and on information and data provided by sources upon which members of the appraisal profession typically rely and that are deemed to be reliable by such members. Such information and data obtained from third party sources are assumed to be reliable and have not been independently verified. No warranty is made as to the accuracy of any of such information and data. Any material error in any of the said information or data could have a substantial impact on the conclusions of this Report. The appraiser reserves the right to amend conclusions reported if made aware of any such error.
5. The opinion of value stated in this report is only as of the date of value stated in this report. An appraisal is inherently subjective and the conclusions stated apply only as of said date of value, and no representation is made as to the effect of subsequent events. This report speaks only as of the date hereof.
6. Any projected cash flows included in the analysis are forecasts of estimated future operating characteristics and are predicated on the information and assumptions contained within this report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of market expectations of future income and expenses. The achievement of any financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. There is no warranty or assurances that these forecasts will occur. Projections may be affected by circumstances beyond anyone's knowledge or control. Any income and expense estimates contained in this report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
7. The analyses contained in this report may necessarily incorporate numerous estimates and assumptions regarding Property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by the analysis will vary from estimates, and the variations may be material.
8. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraphs, several events may occur that could substantially alter the outcome of the estimates such as, but not limited to changes

in the economy, interest rates, capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. In making prospective estimates and forecasts, it is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

9. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. This report shall be considered only in its entirety. No part of this report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the Firm. Possession of this report, or a copy hereof, does not carry with it the right of publication.
11. Client and any other Intended User identified herein should consider this report and the opinion of value contained herein as only one factor together with its own independent considerations and underwriting guidelines in making any decision or investment or taking any action regarding the Property. Client agrees that Firm shall not be responsible in any way for any decision of Client or any Intended User related to the Property or for the advice or services provided by any other advisors or contractors. The use of this report and the appraisal contained herein by anyone other than an Intended User identified herein, or for a use other than the Intended Use identified herein, is strictly prohibited. No party other than an Intended User identified herein may rely on this report and the appraisal contained herein.
12. Unless otherwise stated in the agreement to prepare this report, the appraiser shall not be required to participate in or prepare for or attend any judicial, arbitration, or administrative proceedings.
13. The Americans with Disabilities Act (ADA) became effective January 26, 1992. No survey or analysis of the Property has been made in connection with this report to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. No expertise in ADA issues is claimed, and the report renders no opinion regarding the Property's compliance with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.



ASSUMPTIONS AND LIMITING CONDITIONS

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14. Acceptance and/or use of this report constitutes full acceptance of these Assumptions and Limiting Conditions and any others contained in this report, including any Extraordinary Assumptions and Hypothetical Conditions, and is subject to the terms and conditions contained in the agreement to prepare this report and full acceptance of any limitation of liability or claims contained therein.



ADDENDA

Addendum A

Glossary of Terms



ADDENDA

The following definitions are derived from The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022).

- ◆ **Absorption Period:** The actual or expected period required from the time a property, group of properties, or commodity is initially offered for lease, purchase, or use by its eventual users until all portions have been sold or stabilized occupancy has been achieved.
- ◆ **Absorption Rate:** 1) Broadly, the rate at which vacant space in a property or group of properties for sale or lease has been or is expected to be successfully sold or leased over a specified period of time. 2) In subdivision analysis, the rate of sales of lots or units in a subdivision.
- ◆ **Ad Valorem Tax:** A tax levied in proportion to the value of the thing(s) being taxed. Exclusive of exemptions, use-value assessment provisions, and the like, the property tax is an ad valorem tax. (IAAO)
- ◆ **As Is Market Value:** The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Interagency Appraisal and Evaluation Guidelines) Note that the use of the “as is” phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States. The concept of an “as is” value is not included in the Standards of Valuation Practice of the Appraisal Institute, Uniform Standards of Professional Appraisal Practice, or International Valuation Standards.
- ◆ **Assessed Value:** The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.
- ◆ **Cash Equivalency Analysis:** An analytical process in which the sale price of a transaction with atypical financing or financing with unusual conditions or incentives is converted into a price equivalent or consistent with what a cash buyer would pay with all other factors the same.
- ◆ **Cash-Equivalent Price:** The sale price of a property that is equivalent to what a cash buyer would pay.
- ◆ **Contract Rent:** The actual rental income specified in a lease.
- ◆ **Disposition Value:** The most probable price that a specified interest in property should bring under the following conditions: 1) Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) An adequate marketing effort will be made during the exposure time. 8) Payment will be made in cash in US dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.
- ◆ **Economic Life:** The period over which improvements to real estate contribute to property value.
- ◆ **Effective Gross Income (EGI):** The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income.
- ◆ **Effective Rent:** Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord.
- ◆ **Excess Land:** Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. See also *surplus land*.
- ◆ **Excess Rent:** The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties.

ADDENDA

- ◆ **Exposure Time:** 1) The time a property remains on the market. 2) An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. (USPAP, 2020-2021 ed.)
- ◆ **Extraordinary Assumption:** An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property, or conditions external to the property, such as market conditions or trends, or about the integrity of data used in an analysis. (USPAP, 2020-2021 ed.)
- ◆ **Fee Simple Estate:** Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.
- ◆ **Floor Area Ratio (FAR):** The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.
- ◆ **Frictional Vacancy:** The amount of vacant space needed in a market for its orderly operation. Frictional vacancy allows for move-ins and move-outs.
- ◆ **Full Service (Gross) Lease:** See *gross lease*.
- ◆ **General Vacancy:** A method of calculating any remaining vacancy and collection loss considerations when using discounted cash flow (DCF) analysis, where turnover vacancy has been used as part of the income estimate. The combined effects of turnover vacancy and general vacancy relate to total vacancy and collection loss.
- ◆ **Going-Concern Premise:** One of the premises under which the total assets of a business can be valued; the assumption that a company is expected to continue operating well into the future (usually indefinitely).
- ◆ **Going-Concern Value:** An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the market value of the going concern or market value of the total assets of the business. See also *Market Value of the Going Concern and Market Value of the Total Assets of the Business (MVTAB)*.
- ◆ **Going-In Capitalization Rate (R_o):** The overall capitalization rate obtained by dividing a property's net operating income for the first year after purchase by the present value of the property.
- ◆ **Gross Building Area (GBA):** 1) Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. 2) Gross leasable area plus all common areas. 3) For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space.
- ◆ **Gross Lease:** A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called full-service lease.
- ◆ **Hypothetical Condition:** 1) A condition that is presumed to be true when it is known to be false. (Appraisal Institute: The Standards of Valuation Practice [SVP]) 2) A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2020-2021 ed.)
- ◆ **Intended Use:** 1) The valuer's intent as to how the report will be used. (SVP) 2) The use(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment. (USPAP, 2020-2021 ed.)

ADDENDA

- ◆ **Intended Users:** 1) The party or parties the valuer intends will use the report. (SVP) 2) The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment. (USPAP, 2020-2021 ed.)
- ◆ **Investment Value:** 1) The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2) The value of an asset to the owner or a prospective owner given individual investment or operational objectives (may also be known as worth). (International Valuation Standards [IVS])
- ◆ **Land-to-Building Ratio:** The proportion of land area to gross building area; one of the factors determining comparability of properties. See also *floor area ratio*.
- ◆ **Lease:** A contract in which the rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.
- ◆ **Leased Fee Interest:** The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.
- ◆ **Leasehold Estate:** The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.
- ◆ **Lessee:** One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement.
- ◆ **Lessor:** One who conveys the rights of occupancy and use to others under a lease agreement.
- ◆ **Liquidation Value:** The most probable price that a specified interest in property should bring under the following conditions: 1) Consummation of a sale within a short time period. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under extreme compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) A normal marketing effort is not possible due to the brief exposure time. 8) Payment will be made in cash in US dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.
- ◆ **Market Rent:** The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby • Lessee and lessor are typically motivated; • Both parties are well informed or well advised, and acting in what they consider their best interests; • Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and • The rent reflects specified terms and conditions typically found in that market, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, frequency of payments (annual, monthly, etc.), and tenant improvements (TIs).
- ◆ **Market Value:** A type of value that is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined.¹
- ◆ **Market Value of the Going Concern:** The market value of an established and operating business including the real property, personal property, financial assets, and the intangible assets of the business.
- ◆ **Market Value of the Total Assets of the Business (MVTAB):** The market value of all of the tangible and intangible assets of a business as if sold in aggregate as a going concern.
- ◆ **Modified Gross Lease:** A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified

¹ The actual definition of value used for this appraisal is contained within the body of the report.

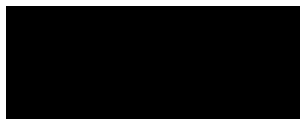
ADDENDA

gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a double net lease, net net lease, partial net lease, or semi-gross lease. See also *net lease*.

- ◆ **Net Lease:** A lease in which the landlord passes on all expenses to the tenant. See also *gross lease*; *modified gross lease*.
- ◆ **Net Net Net Lease:** An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called *NNN lease*, *triple net lease*, or *fully net lease*.
- ◆ **Net Operating Income (NOI or I_o):** The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization).
- ◆ **Occupancy Rate:** 1) The relationship or ratio between the potential income from the currently rented units in a property and the income that would be received if all the units were occupied. 2) The ratio of occupied space to total rentable space in a building.
- ◆ **Operating Expenses:** The periodic expenditures necessary to maintain the real estate and continue production of the effective gross income, assuming prudent and competition management.
- ◆ **Overage Rent:** The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakpoint sales volume.
- ◆ **Percentage Rent:** Rental income received in accordance with the terms of a percentage lease; typically derived from retail store and restaurant tenants and based on a certain percentage of their gross sales.
- ◆ **Prospective Opinion of Value:** A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.
- ◆ **Rentable Area:** For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.
- ◆ **Retrospective Value Opinion:** A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."
- ◆ **Shell Rent:** The typical rent paid for retail, office, or industrial tenant space based on minimal "shell" interior finishes (called vanilla finish or white wall finish in some areas). Usually the landlord delivers the main building shell space or some minimum level of interior build-out, and the tenant completes the interior finish, which can include wall, ceiling, and floor finishes, mechanical systems, interior electricity, and plumbing. Typically these are long-term leases with tenants paying all or most property expenses.
- ◆ **Surplus Land:** Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. See also *excess land*.
- ◆ **Turnover Vacancy:** A method of calculating vacancy allowance that is estimated or considered as part of the potential income estimate when using discounted cash flow (DCF) analysis. As units or suites turn over and are available for re-leasing, the periodic vacancy time frame (vacancy window) to release the space is considered.

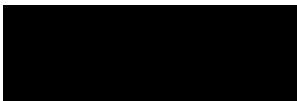
ADDENDA

- ◆ **Usable Area:** 1) For office buildings, the actual occupiable area of a floor or an office space; computed by measuring from the finished surface of the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Sometimes called net building area or net floor area. See also floor area. 2) The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas.
- ◆ **Usable Site Area:** The area of a site that can legally and physically accommodate buildings or significant site improvements. The usable site area equals the total site area less certain obstructions, such as flood hazard areas, required natural buffers, cemeteries, archeologically restricted areas, ecologically restricted areas, areas within certain restrictive easements, and other obstructions. The net site area or usable site area should be more precisely defined in each appraisal because the significance of improvements or the obstruction depends on the specific assignment.
- ◆ **Use Value:** The value of a property based on a specific use, which may or may not be the property's highest and best use. If the specified use is the property's highest and best use, use value will be equivalent to market value. If the specified use is not the property's highest and best use, use value will be equivalent to the property's market value based on the hypothetical condition that the only possible use is the specified use.
- ◆ **Value In Use:** 1. The amount determined by discounting the future cash flows (including the ultimate proceeds of disposal) expected to be derived from the use of an asset at an appropriate rate that allows for the risk of the activities concerned. (FASB Accounting Standards Codification, Master Glossary) 2. Formerly used in valuation practice as a synonym for contributory value or use value. See also *use value*.



ADDENDA

Addendum B
Engagement Letter



[Redacted]

March 24, 2023

Ryan K. Stumphauzer, Esquire, Court-Appointed Receiver of the Receivership Entities (Case No. 20.-CV-81205-RAR) for the United States District Court for the Southern District of Florida

C/O

Timothy M. Hazel, Esquire
PIETRAGALLO GORDON ALFANO BOSICK & RASPANTI, LLP
38th Floor, One Oxford Centre
Pittsburgh, PA 15219

Phone: (412) 263-1831
Email: TMH@Pietragallo.com

Re: Appraisal of the property described as:
12 properties in Philadelphia, PA as described in Schedule "C" of this letter (collectively, "Property")

Dear Mr. Hazel:

[Redacted] ("Firm") agrees to provide Pietragallo Gordon Alfano Bosick & Raspanti, LLP ("Client") an appraisal of the above-referenced Property in accordance with, and subject to, the terms and conditions set forth below and in the attached Schedules (collectively, "Agreement").

APPRAISAL FEE: \$31,800.00 (inclusive of expense).

ADDITIONAL HOURLY FEES: Should court time and preparation be required, it will be billed at \$450.00/hr plus expenses.

COMMENCEMENT AND DELIVERY DATE: Delivery is as follows:

Appraisal report: four (4) weeks

The appraisal process will commence upon receipt by the Firm of (i) this Agreement, signed by Client, (ii) the retainer, and (iii) information and materials identified in Schedule "B." The appraisal process will conclude upon delivery of the final appraisal report, unless terminated sooner by the Firm or Client or as provided herein.

REPORT TYPE: Appraisal Report

NEWMARK

[Redacted]

Timothy M. Hazel, Esquire
PIETRAGALLO GORDON ALFANO BOSICK & RASPANTI, LLP
March 24, 2023
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VALUATION PREMISE: Market Value As-Is

INTEREST IN THE PROPERTY APPRAISED: Leased Fee Interest

DATE(S) OF VALUE: Current as of: the Date of Inspection

INTENDED USER(S): Intended users of the appraisal include only Client and OCF Realty ("**Intended User(s)**"), and no other party is permitted to use or rely on the appraisal. The identification of Intended User(s) of the appraisal is to determine the type and extent of research, analysis and reporting appropriate for the assignment. Designation of a party other than Client as an Intended User is not intended to confer upon such party any rights under this Agreement.

INTENDED USE: The intended use of the appraisal is solely for establishing market value for pricing in connection with a potential disposition involving each of the subject properties ("**Intended Use**") and no other use. It is noted that our valuation is solely reflective of each property individual with no consideration given to the value of the portfolio in bulk

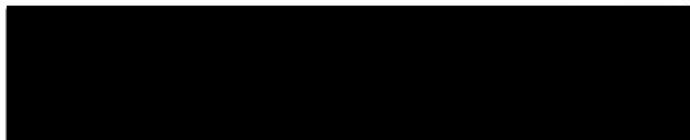
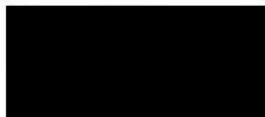
RELIANCE LANGUAGE: None

GUIDELINES: The analyses, opinions and conclusions are to be developed based on, and the appraisal will be prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) as published by the Appraisal Foundation.

SCOPE OF WORK: The appraiser will use and properly apply all applicable and appropriate approaches to value sufficient to produce credible assignment results. The scope of the analysis will be appropriate for the appraisal problem.

ASSUMPTIONS/ LIMITING CONDITIONS: The appraisal will be subject to Firm's standard Assumptions and Limiting Conditions, which will be incorporated into the appraisal report. In addition, the appraisal may be subject to, and the appraisal report may contain, Extraordinary Assumptions and Hypothetical Conditions.

ACCEPTANCE: This shall constitute a binding agreement only if countersigned by the Client, or by an officer, director or other representative of Client who, by signing and accepting this Agreement, represents and warrants that he/she is authorized by Client to do so.



Timothy M. Hazel, Esquire
PIETRAGALLO GORDON ALFANO BOSICK & RASPANTI, LLP
March 24, 2023
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PAYMENT:

It is in our understanding that the appraisal fees outlined herein have been preliminarily approved by the receiver with authority to retain our services, Ryan K. Stumphauzer Esq. of Stumphauzer Kolaya Nadler & Sloman, PLLC. Although formal approval will be required as part of the on-going case, should the fees not be acceptable to the court, Client (Pietragallo) will be responsible for the difference between our invoiced fees (outlined herein), and those fees deemed acceptable to the presiding courts.

Client will be invoiced the appraisal fee (and any expenses) which will be earned in full upon initial delivery of the appraisal report (draft or final).

Payment for services rendered are to be made no later than 120 days from submission of the invoice from Newmark to Client (Pietragallo Gordon Alfano Bosick & Raspanti, LLP)

Payment of the fee is not contingent upon any predetermined value or on an action or event resulting from the analysis, opinions, conclusions or use of the appraisal.

CHANGES TO THE AGREEMENT:

Any significant changes to the assignment as outlined in this Agreement, such as the identity of the Client, Intended User, or Intended Use, will require the preparation and execution of a new agreement.

CANCELLATION OF ASSIGNMENT:

Client may cancel this Agreement at any time prior to the Firm's delivery of the appraisal upon written notification to the Firm. Client shall pay Firm for all work completed on the assignment prior to Firm's receipt of such written cancellation notice, unless otherwise agreed upon by Firm and Client in writing. The Firm may withdraw without penalty or liability from the assignment(s) contemplated by the Agreement before completion or reporting if the Firm determines, in the Firm's sole discretion, that incomplete information was provided to the Firm prior to the engagement, that Client or other parties have not or cannot provide documentation or information necessary to the Firm's analysis or reporting, that conditions of the Property render the original scope of work inappropriate, that a conflict of interest has arisen, or that Client has not complied with its payment obligations under this Agreement. The Firm shall notify Client of such withdrawal in writing.

NO THIRD-PARTY BENEFICIARIES:

Nothing in the Agreement shall create a contractual relationship or any legal duty between Firm or Client and any third party, nor any cause of action, right, or claim in favor of any third party and against Firm or Client.



Timothy M. Hazel, Esquire
PIETRAGALLO GORDON ALFANO BOSICK & RASPANTI, LLP
March 24, 2023
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In addition, this Agreement is not intended to, and shall not be construed to, render any person or entity a third-party beneficiary of this Agreement. Client acknowledges and agrees that the appraisal report shall reflect the foregoing. In addition, the appraisal report shall state that no party other than an Intended User identified in the Agreement is entitled to rely upon the appraisal.

This Agreement may be rescinded by the Firm unless signed and returned to the undersigned within 10 days from the date hereof.

If this Agreement correctly sets forth the Client's understanding of the services to be rendered, and if the terms are satisfactory, please execute and return the Agreement together with any required retainer.

Respectfully,



Agreed:
PIETRAGALLO GORDON ALFANO BOSICK & RASPANTI, LLP

SIGNATURE:

A handwritten signature in blue ink, appearing to read "Gaetano J. Alfano".

PRINT NAME:

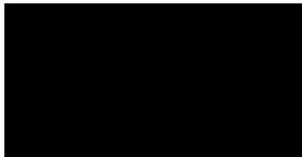
GAETANO J. ALFANO

TITLE:

PARTNER

DATE:

3-24-23



Schedule "A"

TERMS AND CONDITIONS

ATTACHED TO AND A PART OF THE AGREEMENT DATED MARCH 24, 2023 TO PROVIDE APPRAISAL SERVICES FOR PIETRAGALLO GORDON ALFANO BOSICK & RASPANTI, LLP

1. These Terms and Conditions are attached to and incorporated into the above referenced Agreement as though fully set forth in full therein. Capitalized terms if not defined herein shall have the same meaning as defined in the Agreement.
2. With respect to any appraisal report, use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by the Firm, constitutes acceptance of these Terms and Conditions as well as acceptance of all other appraisal statements, limiting conditions and assumptions stated in the Agreement and appraisal report.
3. It is assumed that there are no matters affecting the Property that would require the expertise of other professionals, such as engineers or an environmental consultant, for Firm to provide the appraisal. If such additional expertise is required, it shall be provided by other parties retained by Client at Client's sole cost and expense.
4. Client acknowledges that the Firm is being retained as an independent contractor to provide the services described herein and nothing in this Agreement shall be deemed to create any other relationship between Firm and Client, including but not limited to an agency relationship. The parties neither intend nor have any expectation that any such relationship will arise as a matter of law or as a result of this Agreement. This assignment shall be deemed concluded and the services hereunder completed upon delivery of the appraisal described herein to Client.
5. All statements of fact contained in the appraisal report as a basis of the appraiser's analyses, opinions, and conclusions will be true and correct to the best of the appraiser's actual knowledge and belief. The appraiser is entitled to, and shall rely upon the accuracy of information and material furnished to the Firm by Client. Appraiser is also entitled to, and shall, rely on information provided by sources upon which members of the appraisal profession typically rely and that are deemed to be reliable by members of that profession without independent verification.
6. The Firm and the appraiser shall have no responsibility for legal matters, or questions or issues involving survey or title, soil or subsoil conditions, engineering, zoning, buildability, environmental contamination, structural matters, construction defects, material or methodology, or other similar technical matters with regarding the Property. Furthermore, the appraisal will not constitute a survey of the Property.
7. The appraisal and the data and information gathered in its preparation (other than the confidential data and information provided by Client) is and will remain, the property of the Firm. The Firm shall not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished by Client to the Firm. Notwithstanding the foregoing, the Firm and the appraiser are authorized by Client to disclose all or any portion of the appraisal and appraisal report and the related data and information, including confidential data and information provided by Client, to appropriate representatives of the Appraisal Institute if such disclosure is required to comply with the Standards, Bylaws and Regulations of the Appraisal Institute, as well as, such disclosure as required by law and regulations, including compliance with a subpoena and licensing authority regulatory inquiries. The Firm is also authorized to include both confidential and non-confidential data assembled in the course of preparing the appraisal and which may be incorporated into the appraisal report in a database controlled by the Firm for the aggregation of such data and information to produce analytics and other metrics or products.
8. Unless specifically noted in the appraisal report, the appraisal will not take into consideration the possibility or probability of the existence of asbestos, PCB transformers, other toxic, hazardous, or contaminated substances



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- and/or underground storage tanks (hazardous material) at on or in the Property, or the cost of encapsulation, removal or remediation thereof.
9. Client shall indemnify, defend (by counsel to be selected by Firm), protect, and hold Firm and Firm's appraisers, agents, employees, affiliates, representatives, successors and assigns (each, a "Firm Party"), free and harmless from any and all claims, liabilities, losses, penalties, fines, forfeitures, amounts paid in settlement, judgments, and all reasonable attorneys' fees and related litigation costs, fees and expenses incurred by the any of such indemnitees, which result from (i) any failure by Client or Client's agents or representatives to provide Firm with complete and accurate information regarding the Property; (ii) any material breach by Client of the provisions of the Agreement; (iii) if delivery of the appraisal to a third party is permitted by the Firm, Client providing an incomplete copy of the appraisal to such third party; or (iv) arising from Client or Client's agents or representatives providing a copy of the appraisal to a party not authorized by the Firm to receive such copy.
 10. In preparing the appraisal, it is possible that the appraiser will discover conflicting information. In that event, appraiser will utilize information and data considered to be the most authoritative and for critical information will document the source. Information and data referred to may include, but is not limited to, legal descriptions; physical street addresses; assessor parcel numbers; property history; dimensions and areas of the site/land; dimensions and areas of the building improvements; physical unit counts; rent rolls; leases; lease abstracts; income and expense data; and any other related data. Any material discrepancy and/or error in any of the above data could have a substantial impact on the conclusions reported, and the Firm therefore reserves the right to amend conclusions reported if the Firm is made aware of any such discrepancy and/or error.
 11. The appraisal may not be used, included or referenced, in whole or in part, in any offering or other materials without the prior written consent of the Firm, which consent may be conditioned upon the receipt by the Firm of an indemnity agreement, in form and content, satisfactory to Firm and provided by an indemnitor satisfactory to Firm. Client agrees to pay the fees of the Firm's legal counsel for review of any materials which is the subject of the requested consent. Except as agreed by the Firm expressly in writing, the Firm disclaims liability to any party other than Client.
 12. The Firm shall not provide a copy of the appraisal to, or disclose the results of the appraisal to, any party other than Client, unless Client authorizes same, except as provided in the Confidentiality Section of the ETHICS RULE of the Uniform Standards of Professional Appraisal Practice (USPAP) or as otherwise required by law or regulations.
 13. Client and any other identified Intended User should consider the appraisal as only one factor together with its own independent considerations and underwriting guidelines in making any decision or investment or taking any action regarding the Property. Client agrees that Firm shall not be responsible in any way for any decision of Client or any Intended User related to the Property or for the advice or services provided by any other advisors or contractors.
 14. Unless otherwise stated in this Agreement, Client agrees that the services pursuant to this Agreement shall not include participation in or preparation for, or attendance at, any legal, judicial, administrative, or arbitration proceeding relating to this assignment. In the event the Firm or any Firm Party is required, whether through the service of a subpoena or otherwise, to produce documents or participate in or prepare for any discovery, testimony or attendance, relating to the appraisal or this assignment, where the Firm or Firm Party is not a party to the action or proceedings involved, Client agrees to reimburse expenses incurred by the Firm or Firm Party, including attorney's fees, in responding to such subpoena or other legal process and compensate the Firm therefor based upon the appraiser's prevailing hourly or daily rate for providing services as an expert consultant or witness.
 15. Except as expressly provided herein, Firm makes no representations or warranties to Client or to any other person or entity with respect to the appraisal and the services to be provided by Firm under this Agreement. To the maximum extent permitted under applicable law, in no event will the Firm or any Firm Party be liable to Client or any third party (regardless of whether such party's claimed use or reliance on the appraisal was authorized by the

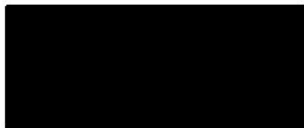
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- Firm or a Firm Party) for any indirect, special, exemplary, incidental, or consequential damages (including loss of profits) arising from or relating to this Agreement or the appraisal, even if such party knew or should have known of the possibility of, or could reasonably have prevented, such damages. In no event shall the total liability of the Firm or any Firm Party to Client or any third party (regardless of whether such party's claimed use or reliance on the appraisal was authorized by the Firm or a Firm Party) arising from or relating to this Agreement or the appraisal, whether based on tort, contract, or any other legal theory, exceed the amount of fees paid to the Firm for the appraisal and the services described herein. Legal claims or causes of action relating to the appraisal are not assignable, except: (i) as the result of a merger, consolidation, sale or purchase of a legal entity, (ii) with regard to the collection of a bona fide existing debt for services but then only to the extent of the total compensation for the appraisal plus reasonable interest, or (iii) in the case of an appraisal performed in connection with the origination of a mortgage loan, as part of the transfer or sale of the mortgage before an event of default on the mortgage or note or its legal equivalent.
16. Federal banking regulations require banks and other lending institutions to engage appraisers where FIRREA compliant appraisals must be used in connection with mortgage loans or other transactions involving federally regulated lending institutions. In view of that requirement, the appraisal may not be accepted by a federally regulated financial institution.
 17. In the event Client fails to make payments of any fees or sums when due and payable under this Agreement; then from the date due and payable until paid, the amount due and payable shall bear interest at the maximum rate permitted under the laws of the state in which the Property is located. If the Firm is required to undertake collection efforts including institution of legal action against Client relating to the Agreement, the Firm shall be entitled to recover attorney's fees, litigation expenses, and costs from Client.
 18. To the extent permitted under applicable law, any legal action or lawsuit or other proceeding by Client or any Intended User of the appraisal against Firm or a Firm Party whether based in contract, tort, warranty, indemnity or otherwise, relating to the appraisal shall be commenced within two (2) years from the date of delivery of the appraisal to the claimant in such action or proceeding, unless the applicable law provides for a shorter period, and any such claimant waives the right to a jury in any such legal action or lawsuit or other proceeding. Notwithstanding the state of domicile or residency of either party to this Agreement, this Agreement shall be governed and construed under the laws of the state in which the Property is located, and venue for any action or proceeding arising out of this Agreement shall be deemed proper only in the court of competent jurisdiction located in the state in which the Property is located.
 19. Throughout the performance of services under this Agreement, the Firm shall maintain at its sole cost and expense the following insurance:
 - (a) Workers' Compensation, so as to provide statutory benefits as required by the laws of each state within the United States in which the Firm's services are being provided, and Employer's Liability insurance with limits of liability of \$1,000,000 each accident, \$1,000,000 disease each employee and \$1,000,000 disease policy limit covering all employees of the Firm engaged in the performance of such services.
 - (b) Fidelity insurance or bond with a limit of \$1,000,000 to insure the Firm against loss of its or Client's assets caused from the dishonest acts of the Firm's employees.
 - (c) Professional Liability insurance with a limit of liability of \$1,000,000 each claim and \$1,000,000 aggregate, which limits may be provided by a combination of primary and excess policies.
 - (d) Commercial General Liability insurance providing coverage against damages due to bodily injury (including death), property damage and personal and advertising injury arising in connection with the Firm's services provided under this Agreement, which insurance coverage shall: (i) be occurrence-based; (ii) provide limits of liability in an amount of \$1,000,000 each occurrence and \$1,000,000 aggregate (including excess and/or umbrella limits), (iii) include at least those coverages generally included in the most current ISO Commercial

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General Liability insurance policy form (or its equivalent); and (iv) include Client, and such other persons or entities as Client has identified in writing, as additional insureds solely with regard to claims arising out of this Agreement.

- (e) Commercial automobile liability for owned, hired and non-owned motor vehicles, with a \$1,000,000 combined single limit.



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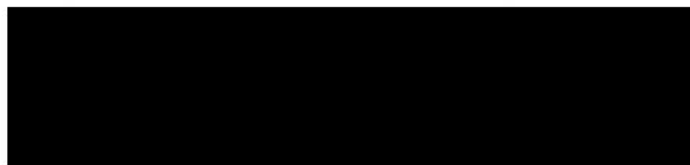
Schedule "B"

PROPERTY INFORMATION LIST

ATTACHED TO AND A PART OF THE AGREEMENT DATED MARCH 24, 2023 TO PROVIDE APPRAISAL SERVICES FOR PIETRAGALLO GORDON ALFANO BOSICK & RASPANTI, LLP

The following information is requested to be delivered to the Firm so we can provide the proposed services and prepare the Appraisal within the agreed upon time frame. Please forward the physical data such as the site plan, previous engineering reports and/or property reports describing the physical attributes of the Property and all financial information such as rent roll and income and expense statements first as these items are the most time sensitive and should be received immediately to meet the time requirements of this assignment. If, at this time, you are certain you will not be providing any specific items noted below, please cross out the item and mark "NA" next to the item so that we will be notified that the information is not available and will not be forthcoming.

1. Please advise if [REDACTED] is a property manager or broker for this property.*
2. Name and contact info (phone and email) of the contact person for the on-site physical inspection.*
3. Agreements of Sale/Options to Buy (current and/or during last three years), if any.*
4. As-Built Survey or ALTA Site Survey, if available. (PDF) *
5. Building plans showing dimensions for building area calculation purposes. Apartment interior floor plans with dimensions for rentable area calculations, if available. (PDF)*
6. Prior engineering report or physical descriptions from prior appraisals, if available.
7. Prior and/or current property condition reports, if available.*
8. Three-year history of capital improvements including description and costs.*
9. Past feasibility or market studies as well as any relevant information collected from third party sources.
10. Management contracts.
11. Copy of most recent real estate tax bill(s). Please advise if there has been a recent assessment increase or decrease.
12. Title report AND copy of deed.
13. Ground leases, if any.*
14. Phase I environmental site assessment report, if available.*
15. List of any known major repairs and improvements needed.*
16. Schedule of planned capital improvement programs to include scope/description of the renovations, plans & specifications, schedule of costs and timeline (schedule) of the planned improvements.*
17. Schedule of personal property at the property.



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FOR APARTMENT PROPERTY

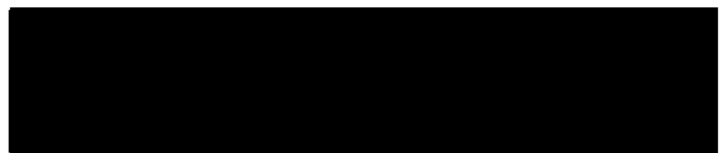
18. **Current Rent Roll** (in Excel if possible) showing tenant name, apartment number, dates of leases and the type of apartment, asking/market rents for each apartment, and contractual rent for each apartment unit. If rent roll does not show past due rent or rent in arrears, please forward aging report or the document you use to account for past due rent.*
19. **Current Unit Mix** showing the following breakdown for each unit type: a) total number of units; b) square foot per unit; c) average contract rent; and d) average asking rent.*
20. Terms of leases and/rent roll for leased commercial space or roof top rentals. Copies of commercial leases are desirable. If any commercial leases provide for pass through of operating expenses over a base year stop, please provide the dollar amount of the base year stop.*
21. Recent Competitive Market Rent Survey, if any.

FOR COMMERCIAL PROPERTY

22. **Current Rent Roll and PDF copies of leases**, including addenda and all amendments. Please indicate which leases are owner-related, and those which may have early termination provisions, expansion and/or purchase options. Please identify any tenants who have initiated discussions to renew, terminate or renegotiate/modify their lease(s), or who have given notice to terminate. Proposed terms for such re-negotiations should be revealed.*
23. Provide letters of intent to lease or other any outstanding lease proposals that have a reasonable likelihood of being finalized into executed leases.*
24. Prior Argus files, if any.
25. List of outstanding leasing commissions brokers and terms of future payments.
26. Financial information such as Annual Statements or credit report/ratings for major tenant(s) at the property.
27. Identify tenants and rents in arrears.
28. CAM and real estate tax reimbursement worksheets or listing of base year operating expenses, if applicable.

FOR ALL INCOME-PRODUCING PROPERTIES

29. Income and expense statements for the past three years (CY2019, 2020, 2021) and T-12 income and expense statements; Excel is preferred.*
30. Operating budget for 2022.*
31. Occupancy rates for the last three years, if not revealed in the financial statements.

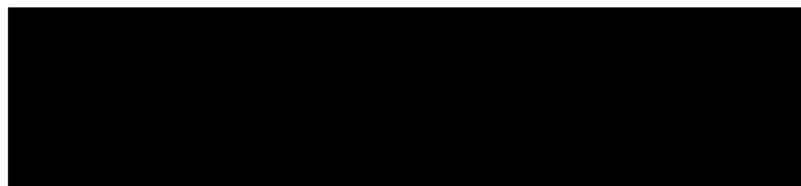


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Schedule "C"

PROPERTY DETAILS

Location	Type	Fee
300 Market Street, Philadelphia, PA	(12 Apts / 1 Comm)	\$2,800
1427 Melon Street, Philadelphia, PA	(24 Apts)	\$2,800
627-629 E. Girard Avenue, Philadelphia, PA	(8 Apts / 2 Comm)	\$2,500
861 N. 3 rd Street, Philadelphia, PA	(3 Apts / 1 Comm)	\$2,500
915-917 S. 11 th Street, Philadelphia, PA	(6 Apts)	\$2,500
135-137 N. 3 rd Street, Philadelphia, PA	(16 Apts / 2 Comm)	\$2,800
500 Fairmount Avenue, Philadelphia, PA	(5 Apts / 1 Comm)	\$2,500
1932 Spruce Street, Philadelphia, PA	(6 Apts)	\$2,500
1635 Passyunk Avenue, Philadelphia, PA	(2 Apts / 1 Comm)	\$2,500
715 Sansom Street, Philadelphia, PA	(6 Apts / 2 Comm)	\$2,800
205 Arch Street - Unit B, Philadelphia, PA		\$2,800
20 N. 3rd Street, Philadelphia, PA - Units 101, 102, 201, and 202 (Valued as a single economic unit as one operating/combined space)		\$2,800
Total Fee		\$31,800



ADDENDA

Addendum C

Financials and Property Information



Cash Flow - 12 Month

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OCF Realty LLC

Properties: 915-17 S 11th St Philadelphia, PA 19147

Period Range: Jan 2020 to Dec 2020

Accounting Basis: Cash

Level of Detail: Detail View

Include Zero Balance GL Accounts: No

Account Name	Total
Operating Income & Expense	
Income	
Rent Income	120,438.61
Late Fee	200.00
Total Operating Income	120,638.61
Expense	
Keys	63.13
Painting	85.77
HVAC (Heat, Ventilation, Air)	350.00
Cleaning Expense	165.00
Snow Removal	75.00
Trash Removal	2,075.14
Management Fees	5,780.00
OCF Leasing Commission	2,075.00
Security Service	891.65
Common Area Electricity	3,313.87
Vacant Apartment Electric	236.16
Water	888.20
Maintenance Labor	-185.00
Repairs & Maintenance	590.00
Appliances	326.16
Roof Repairs and Maintenance	351.00
Licenses & Permits	280.50
Total Operating Expense	17,361.58
NOI - Net Operating Income	103,277.03
Total Income	120,638.61
Total Expense	17,361.58
Net Income	103,277.03
Other Items	
Owner Distribution	-102,807.71
Prepaid Rent	2,205.00
Net Other Items	-100,602.71
Cash Flow	2,674.32
Beginning Cash	1,761.24
Beginning Cash + Cash Flow	4,435.56
Actual Ending Cash	4,435.56

Cash Flow - 12 Month

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OCF Realty LLC

Properties: 915-17 S 11th St Philadelphia, PA 19147

Period Range: Jan 2021 to Dec 2021

Accounting Basis: Cash

Level of Detail: Detail View

Include Zero Balance GL Accounts: No

Account Name	Total
Operating Income & Expense	
Income	
Rent Income	126,700.81
Last Month's Rent (LMR)	-1,000.00
Total Operating Income	125,700.81
Expense	
Turnover Maintenance	750.00
Maintenance Materials	2,131.03
Common Area Cleaning	4,875.00
HVAC (Heat, Ventilation, Air)	99.00
Cleaning Expense	1,967.90
Pest Control	631.80
Snow Removal	935.00
Trash Removal	2,150.00
Management Fees	5,950.00
OCF Leasing Commission	9,240.00
OCF Renewal Fee	250.00
Security Service	1,615.10
Fire Protection	575.00
Insurance - Property	1,532.30
Common Area Electricity	2,801.00
Vacant Apartment Electric	46.41
Water	-226.32
Plumbing	1,140.00
Maintenance Labor	206.50
Repairs & Maintenance	6,915.92
Appliances	329.40
Roof Repairs and Maintenance	450.00
Legal Expenses	325.00
Total Operating Expense	44,690.04
NOI - Net Operating Income	81,010.77
Total Income	125,700.81
Total Expense	44,690.04
Net Income	81,010.77
Other Items	
Owner Distribution	-82,000.00
Prepaid Rent	170.00
Net Other Items	-81,830.00
Cash Flow	-819.23
Beginning Cash	4,435.56
Beginning Cash + Cash Flow	3,616.33
Actual Ending Cash	3,616.33

Cash Flow - 12 Month

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OCF Realty LLC

Properties: 915-17 S 11th St Philadelphia, PA 19147

Period Range: Jan 2022 to Dec 2022

Accounting Basis: Cash

Level of Detail: Detail View

Include Zero Balance GL Accounts: No

Account Name	Total
Operating Income & Expense	
Income	
Rent Income	151,877.80
Total Operating Income	151,877.80
Expense	
Maintenance Materials	391.78
Paint	75.25
Common Area Cleaning	5,916.00
HVAC (Heat, Ventilation, Air)	925.56
Cleaning Expense	180.00
Snow Removal	765.00
Trash Removal	2,200.00
Management Fees	6,120.00
OCF Leasing Commission	2,650.00
Security Service	1,350.00
Fire Protection	2,080.00
Common Area Electricity	2,317.77
Water	-811.11
Plumbing	1,287.25
Maintenance Labor	765.00
Repairs & Maintenance	7,719.04
Appliances	564.00
Inspections & Tests	717.50
Licenses & Permits	303.48
Total Operating Expense	35,516.52
NOI - Net Operating Income	116,361.28
Total Income	151,877.80
Total Expense	35,516.52
Net Income	116,361.28
Other Items	
Owner Distribution	-115,000.00
Prepaid Rent	1,340.00
Net Other Items	-113,660.00
Cash Flow	2,701.28
Beginning Cash	3,616.33
Beginning Cash + Cash Flow	6,317.61
Actual Ending Cash	6,317.61

Cash Flow - 12 Month

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OCF Realty LLC

Properties: 915-17 S 11th St Philadelphia, PA 19147

Period Range: Apr 2022 to Mar 2023 (Trailing 12 Months)

Accounting Basis: Cash

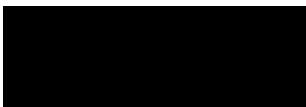
Level of Detail: Detail View

Include Zero Balance GL Accounts: No

Account Name	Jan 2023	Feb 2023	Mar 2023
Operating Income & Expense			
Income			
Rent Income	12,900.00	12,900.00	12,900.00
Rent Credit	-150.00	0.00	0.00
Total Operating Income	12,750.00	12,900.00	12,900.00
Expense			
Maintenance Materials	51.00	0.00	0.00
Paint	0.00	0.00	0.00
Common Area Cleaning	440.00	440.00	550.00
Painting	0.00	0.00	225.00
HVAC (Heat, Ventilation, Air)	0.00	0.00	0.00
Cleaning Expense	145.00	0.00	0.00
Pest Control	0.00	135.00	0.00
Snow Removal	0.00	65.00	0.00
Trash Removal	250.00	250.00	259.99
Management Fees	510.00	510.00	510.00
OCF Leasing Commission	0.00	0.00	0.00
Fire Protection	0.00	0.00	0.00
Common Area Electricity	2,333.01	0.00	0.00
Water	-79.60	-45.12	-79.60
Plumbing	0.00	0.00	600.00
Maintenance Labor	0.00	0.00	0.00
Repairs & Maintenance	212.50	0.00	0.00
Appliances	0.00	555.14	0.00
Inspections & Tests	0.00	0.00	0.00
Licenses & Permits	0.00	0.00	0.00
Total Operating Expense	3,861.91	1,910.02	2,065.39
NOI - Net Operating Income	8,888.09	10,989.98	10,834.61
Total Income	12,750.00	12,900.00	12,900.00
Total Expense	3,861.91	1,910.02	2,065.39
Net Income	8,888.09	10,989.98	10,834.61
Other Items			
Owner Distribution	-9,000.00	-10,000.00	-11,000.00
Prepaid Rent	3,960.00	-1,240.00	-95.62
Net Other Items	-5,040.00	-11,240.00	-11,095.62
Cash Flow	3,848.09	-250.02	-261.01
Beginning Cash	6,317.61	10,165.70	9,915.68
Beginning Cash + Cash Flow	10,165.70	9,915.68	9,654.67
Actual Ending Cash	10,165.70	9,915.68	9,654.67

ADDENDA

Addendum D
Comparable Data



ADDENDA

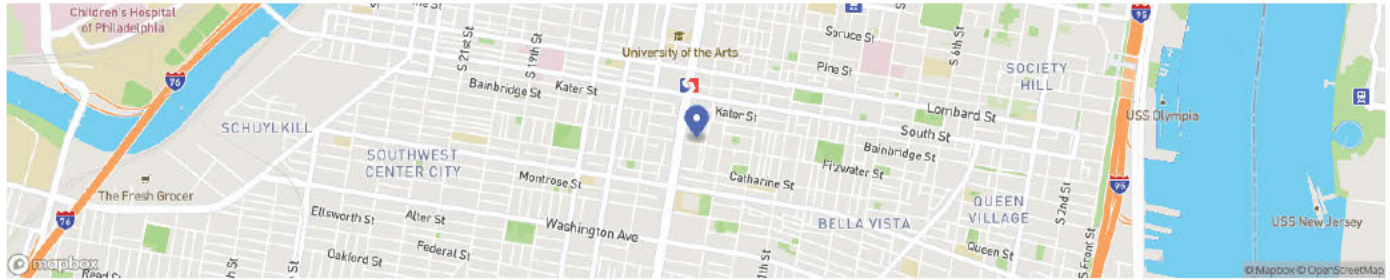
Improved Sales



Multifamily Sale

NEWMARK

1343 Fitzwater Street Fitzwater Flats



Location & Property Info

Property Name	Fitzwater Flats
Property Type	Multifamily
Sub Type	Garden/Low-Rise
Major Market	PA Philadelphia Greater
Sub Market	Philadelphia - Greater
Address	1343 Fitzwater Street, Philadelphia, PA 19147
County	Philadelphia
Country	USA
Location	Bella Vista neighborhood
Latitude	39.94186800
Longitude	75 16503600
MSA	Philadelphia-Camden- Wilmington MSA
Legal/Tax/Parcel ID	02 3224400
Market Orientation	CBD
Verification Type	Confirmed-Seller Broker
Verification Source	Isela Lares, Compass Real Estate
Event ID	708808



Site Details

Source Of Land Info	City records
Gross Land Area SF	1,818
Gross Land Area Acres	0.0417
Usable/Gross Ratio	1.00
Usable Land Area SF	1,818
Usable Land Area Acres	0 0417
Zoning Designation	RM 2
Zoning Description	Residential Multifamily-2
Potential Units	6
Site Shape	Rectangular
Site Topography	Level

Flood Zone Designation	X
Utilities	<ul style="list-style-type: none"> • Electricity • Gas • Sewer • Water
Corner Lot	Yes
Accessibility Rating	Average
Visibility Rating	Average

Improvement Details

Rentable Area SF	5,226
Gross Building Area	5,726
Demised Unit Of Comparison	Apt. Units
Number Of Demised Units	6
Average Unit Size (SF)	871
Construction Status	Completed
Year Built	2021
Investment Class	Class B
Condition	Good
Construction Type	Wood frame
Construction Quality	Good
Number Of Buildings	1
Exterior Walls	Brick
Number Of Stories/Floors	4.00
Land To Building Ratio	0.32

Sale Information

Listing Date	07/27/2021
Listing Price	\$2,750,000
Sale Status	Closed
Sale Date	12/23/2021
Sale Price	\$2,450,000
Grantor (Seller)	1347 FS LLC
Grantee (Buyer)	Manor Ranch LLC
Property Rights	Leased Fee
Recording Number	53989047
Financing Type	Cash to seller
Effective Sales Price	\$2,450,000 00
Price Per SF GBA	\$427.87
Price Per SF NRA	\$468.81
Effective Price Per Unit	\$408,333.33
Price Per Land SF (Gross)	\$1,347.63
Price Per Acre (Gross)	\$58,752,997.60

Price Per Land SF (Usable)	\$1,347.63
Price Per Acre (Usable)	\$58,752,997.60

Operations at Date of Sale

Operations Status Type	Stabilized Operations
Actuals Occupancy	96.00 %

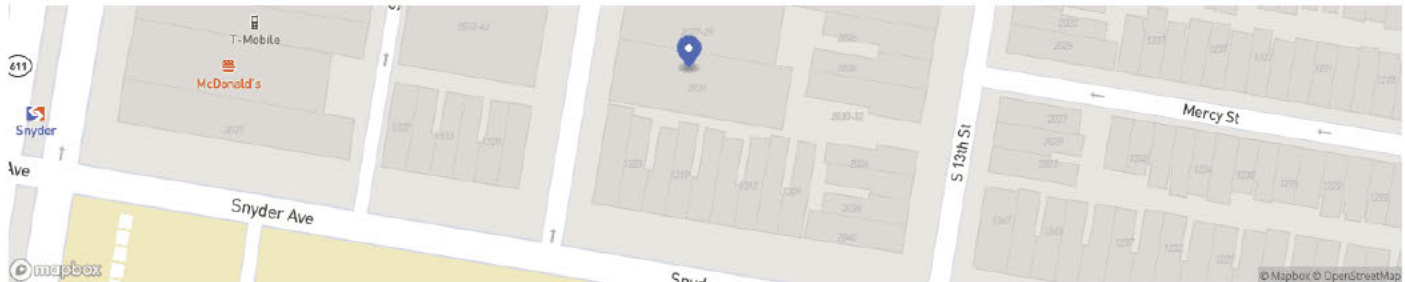
Comments

Favorable site located within one block of South Broad Street. Former parking lot converted to a corner multifamily property with 6 apartment units (4 one-bedroom and 2 two-bedroom) with private outdoor space, modern kitchens and baths, in-unit washers & dryers. Ten-year tax abatements and condo conversion approvals included with the 2021 sale. Street parking. Projected asking rents are \$2,250/month for 1-BR units and \$3,200/month for 2-BR units.

Multifamily Sale



2031 S. Juniper St.
2031-2033 S Juniper Street



Location & Property Info

Property Name	2031-2033 S Juniper Street
Property Type	Multifamily
Sub Type	Walk-Up
Address	2031 S. Juniper St., Philadelphia, PA 19148
County	Philadelphia
Country	USA
Latitude	39.92455030
Longitude	-75.16814760
MSA	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area 881137531
Legal/Tax/Parcel ID	
Market Orientation	Urban
Verification Type	Secondary Verification
Event ID	909097



Site Details

Source Of Land Info	Public Record
Gross Land Area SF	4,515
Gross Land Area Acres	0.1037
Usable/Gross Ratio	1.00
Usable Land Area SF	4,515
Usable Land Area Acres	0.1037
Zoning Designation	CMX-2, Neighborhood Commercial Mixed Use 4207570191H
Flood Map	
Flood Map Date	11/18/2015
Flood Insurance Required	No

Improvement Details

Rentable Area SF	8,857
Gross Building Area	10,820
Demised Unit Of Comparison	Apt. Units
Number Of Demised Units	8
Average Unit Size (SF)	1,107
Construction Status	Completed
Construction Purpose	Speculative
Year Built	2016
Investment Class	Class B
Construction Class	C

Site Shape	Rectangular	Condition	Good
Site Topography	Level	Construction Type	Wood frame
Flood Zone Designation	X	Construction Quality	Average
Vegetation	Minimal	Number Of Buildings	1
Traffic Control At Entry	None	Foundation	Reinforced concrete
Traffic Flow	Low	Exterior Walls	Brick and painted stucco
Utilities	<ul style="list-style-type: none"> • Electricity • Gas • Sewer • Water 	Number Of Stories/Floors	3.00
Frontage Street Name	South Juniper Street	Elevators Count	1
Frontage Feet	40	Ceiling Height Max	9
Corner Lot	No	Fire Sprinkler Type	Wet
Accessibility Rating	Average	HVAC Comments	Gas-fired rooftop package units
Visibility Rating	Average	Roof Description	Flat rubber membrane with partial fiberglass roof deck Street parking only
		Parking Description	
		Land To Building Ratio	0.42
		Property Amenities	<ul style="list-style-type: none"> • Roof deck • elevator

Unit Mix

UNIT DESCRIPTION	BR	BA	UNITS	UNIT SF	TOTAL SF	% OF UNITS	VACANT UNITS	BASE RENT	TOTAL RENT	BASE RENT PER SF	COMMENTS
1BR/1BA	1.00	1.00	2.00	515.00	1,030.00	25 %	0.00	\$1,425.00	\$2,850.00	\$2.77	
2BR/1BA	2.00	1.00	6.00	749.00	4,494.00	75 %	0.00	\$1,683.00	\$10,098.00	\$2.25	
Total/Average			8.00	690.50	5,524.00	100 %	0.00	\$1,618.50	\$12,948.00	\$2.34	

Commercial Space Summary

SPACE TYPE	SAMPLE IN-PLACE TENANTS	TOTAL SF	% TOTAL	LEASED SF	OCCUPANCY	AVG ASKING RENT PER SF	AVG CONTRACT RENT PER SF	LEASE REIMBURSEMENT METHOD	AVG REMAINING LEASE TERM (MOS)	COMMENTS
Grocery Store	South Philly Co-op	3,333	100.00 %	3333	100.00 %	\$0.00	\$15.00	Triple Net	0	
Subtotal		3,333	100.00 %	3,333	100.00 %					

Sale Information

Listing Price	\$2,650,000
Sale Status	Closed
Sale Date	01/25/2022
Sale Price	\$2,150,000
Grantor (Seller)	Elitza Betta Acquisitions LLC
Grantee (Buyer)	G Prime Juniper LLC
Recording Date	03/01/2022
Property Rights	Leased Fee
Document Type	Deed
Recording Number	53984453
Financing Type	Cash to seller
Effective Sales Price	\$2,150,000.00
Price Per SF GBA	\$198.71
Price Per SF NRA	\$242.75
Effective Price Per Unit	\$268,750.00
Price Per Land SF (Gross)	\$476.19
Price Per Acre (Gross)	\$20,732,883.32
Price Per Land SF (Usable)	\$476.19

Price Per Acre (Usable) \$20,732,883.32

Operations at Date of Sale

Operations Status Type	Stabilized Operations	Reported Cap Rate	7.40 %
Financials Source/Data Type	Pro Forma	NIM (Net Income Multiplier)	13.30
Reserves Included	No		
Management Included	Yes		
Actuals Occupancy	100.00 %		

	Pro Forma		PER SF	PER UNIT
	EGI	\$193,369	\$21.83	\$24,171
	Operating Expense	\$31,705	\$3.58	\$3,963
	NOI	\$161,664	\$18.25	\$20,208

Financial Indicators

Pro Forma Operating Expense Ratio	16.40 %
Cap Rate Derived - Stabilized	7.52 %
EGIM Derived - Stabilized	11.12

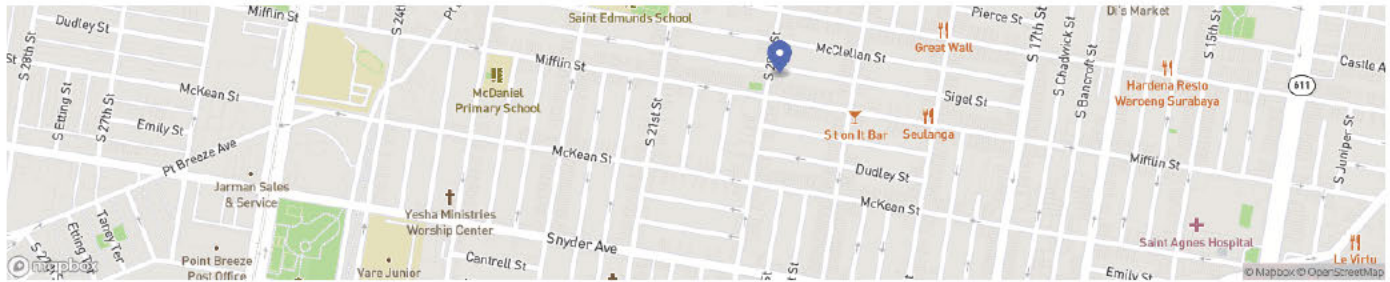
Comments

Sale of a mixed-use property in the East Passyunk neighborhood of South Philadelphia. Property is located one block east of South Broad Street in close proximity to the Snyder subway stop. Improvements were delivered to market in 2016 and comprise 8 apartment units (2 x 1BR/1BA and 6 x 2BR/1BA) and a ground floor commercial unit which was leased to South Philly Co-op, a neighborhood grocer) as of the effective sale date. Amenities include in-unit washer/dryer, shared roof deck, and elevator.

Multifamily Sale

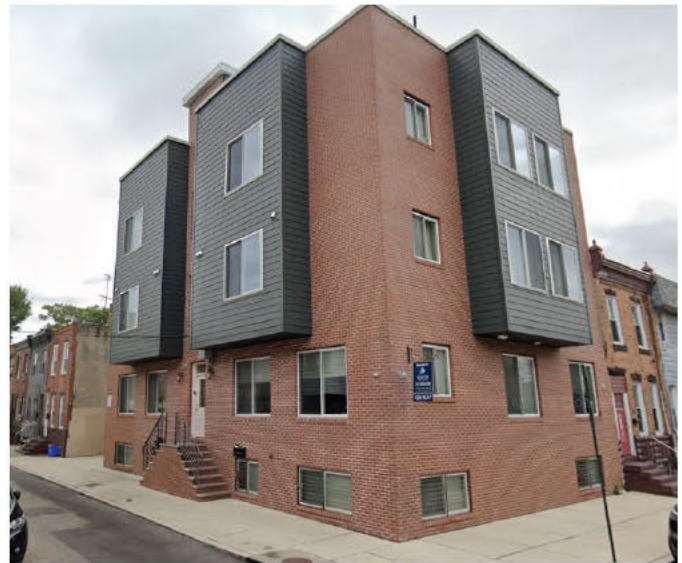
NEWMARK

1827-29 South 20th Street
 1827-29 South 20th Street



Location & Property Info

Property Name	1827-29 South 20th Street
Property Type	Multifamily
Sub Type	Walk-Up
Major Market	PA - Philadelphia - Greater
Sub Market	Philadelphia Greater
Address	1827-29 South 20th Street, Philadelphia, PA 19145
County	Philadelphia
Country	USA
Latitude	39.92835000
Longitude	-75.17844000
MSA	Philadelphia/Camden/Wilmington
Legal/Tax/Parcel ID	881146227
Market Orientation	Urban
Verification Type	Secondary Verification
Verification Source	Public Records
Event ID	813492



Site Details

Source Of Land Info	Public Records
Gross Land Area SF	2,393
Gross Land Area Acres	0 0549
Usable/Gross Ratio	1 00
Usable Land Area SF	2,393
Usable Land Area Acres	0.0549

Improvement Details

Rentable Area SF	7,389
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Sale Information

Gross Building Area	7,389	Listing Price	\$2,500,000
Demised Unit Of Comparison	Apt. Units	Sale Status	Closed
Number Of Demised Units	6	Sale Date	02/23/2022
Average Unit Size (SF)	1,232	Sale Price	\$2,100,000
Construction Status	Completed	Grantor (Seller)	Arsens 1827 20th LLC
Construction Purpose	Owner-built	Grantee (Buyer)	Rostom Real Estate California II, LLC
Year Built	2017	Contract Date	02/23/2022
Investment Class	Class A	Property Rights	Leased Fee
Condition	Good	Financing Type	Cash to seller
Construction Type	Wood frame	Effective Sales Price	\$2,100,000.00
Construction Quality	Good	Price Per SF GBA	\$284.21
Number Of Buildings	1	Price Per SF NRA	\$284.21
Land To Building Ratio	0.32	Effective Price Per Unit	\$350,000.00
		Price Per Land SF (Gross)	\$877.56
		Price Per Acre (Gross)	\$38,251,366.12
		Price Per Land SF (Usable)	\$877.56
		Price Per Acre (Usable)	\$38,251,366.12

Multifamily Sale

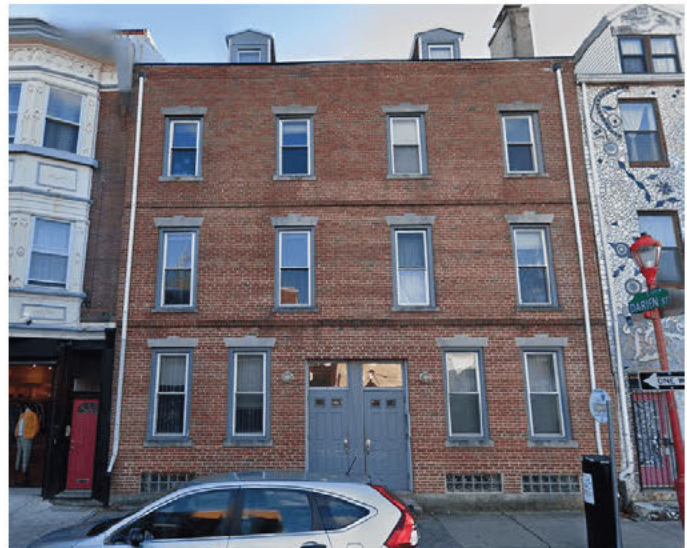
NEWMARK

822-824 South Street

822-824 South Street

Location & Property Info

Property Name	822-824 South Street
Property Type	Multifamily
Sub Type	Walk-Up
Major Market	PA - Philadelphia - Greater
Sub Market	Philadelphia - Greater
Address	822-824 South Street, Philadelphia, PA 19147
County	Philadelphia
Country	USA
Latitude	39.94231200
Longitude	-75.15627500
MSA	Philadelphia-Camden-Wilmington
Legal/Tax/Parcel ID	881515520; 881515510
Market Orientation	Urban
Verification Type	Confirmed-Buyer
Verification Source	Public Records
Event ID	708804



Site Details

Source Of Land Info	Public Record
Gross Land Area SF	3,582
Gross Land Area Acres	0.0822
Usable/Gross Ratio	1.00
Usable Land Area SF	3,582
Usable Land Area Acres	0.0822
Zoning Designation	CMX-2.5
Site Shape	Rectangular
Site Topography	Generally Level and at Street Grade
Flood Zone Designation	X
Traffic Control At Entry	None
Traffic Flow	High
Utilities	<ul style="list-style-type: none"> • Electricity • Gas • Sewer • Water
Frontage Street Name	South Street
Frontage Feet	36
Corner Lot	No
Accessibility Rating	Above Average
Visibility Rating	Good

Improvement Details

Rentable Area SF	6,560
Gross Building Area	6,952
Demised Unit Of Comparison	Approved Units

Number Of Demised Units	10
Average Unit Size (SF)	656
Construction Status	Under Renovation
Construction Purpose	Owner-built
Year Built	1986
Year Renovated	2021
Investment Class	Class C
Construction Class	C
Condition	Average
Construction Type	Wood frame
Construction Quality	Good
Number Of Buildings	2
Exterior Walls	Brick and Exposed Concrete Superstructure
Number Of Stories/Floors	3.00
Fire Sprinkler Type	n/a
Land To Building Ratio	0.52

Unit Mix

UNIT DESCRIPTION	BR	BA	UNITS	UNIT SF	TOTAL SF	% OF UNITS	VACANT UNITS	BASE RENT	TOTAL RENT	BASE RENT PER SF	COMMENTS
2 BR	2.00	1.50	2.00	794.00	1,588.00	20 %	1.00	\$1,695.00	\$3,390.00	\$2.13	
1 BR (1/2 Bath)	1.00	1.50	2.00	491.00	982.00	20 %	0.00	\$1,172.00	\$2,344.00	\$2.39	
1 BR Large	1.00	1.00	2.00	600.00	1,200.00	20 %	1.00	\$1,235.00	\$2,470.00	\$2.06	
1 BR Small	1.00	1.00	2.00	480.00	960.00	20 %	0.00	\$1,295.00	\$2,590.00	\$2.70	
1 BR w/Den	1.00	1.50	2.00	915.00	1,830.00	20 %	1.00	\$1,455.00	\$2,910.00	\$1.59	
Total/Average			10.00	656.00	6,560.00	100 %	3.00	\$1,370.40	\$13,704.00	\$2.09	

Sale Information

Sale Status	Closed
Sale Date	08/09/2021
Sale Price	\$2,000,000
Grantor (Seller)	Kenneth & Ellen Lit
Grantee (Buyer)	South Street Ten LLC (Tom Donatucci)
Contract Date	07/02/2021
Recording Date	12/13/2021
Property Rights	Leased Fee
Document Type	Deed
Recording Number	53915688
Financing Type	Cash to seller
Effective Sales Price	\$2,000,000.00
Price Per SF GBA	\$287.69
Price Per SF NRA	\$304.88
Effective Price Per Unit	\$200,000.00
Price Per Land SF (Gross)	\$558.35
Price Per Acre (Gross)	\$24,330,900.24
Price Per Land SF (Usable)	\$558.35
Price Per Acre (Usable)	\$24,330,900.24

Operations at Date of Sale

Operations Status Type	Sub-stabilized Operations	NIM (Net Income Multiplier)	14.20
Actuals Occupancy	70.00 %		

	Pro Forma	PER SF	PER UNIT	
	NOI	\$140,797	\$21.46	\$14,080

Financial Indicators

Cap Rate Derived - Stabilized 7.04 %

Comments

Two, Class C multifamily walkup properties located in the Bella Vista neighborhood of the CBD. Post-sale, the Buyer intends to invest \$414,460 for capital improvements and renovations. Occupancy was 70%. Private sale; financial info was not available.

Multifamily Sale

NEWMARK

919 Lombard Street

Location & Property Info

Property Type	Multifamily
Sub Type	Walk-Up
Major Market	PA - Philadelphia - Greater
Sub Market	Philadelphia - Greater
Address	919 Lombard Street, Philadelphia, PA 19147
County	Philadelphia
Country	USA
Latitude	39.94388000
Longitude	-75.15752500
MSA	Philadelphia-Camden-Wilmington-PA-NJ-DE
Legal/Tax/Parcel ID	881511220
Market Orientation	CBD
Verification Type	Secondary Verification
Event ID	918673



Site Details

Source Of Land Info	Public Records
Gross Land Area SF	2,880
Gross Land Area Acres	0.0661
Zoning Designation	RM!
Zoning Description	Residential Multifamily
Flood Insurance Required	No
Site Shape	Rectangular
Site Topography	Level
Flood Zone Designation	X
Utilities	<ul style="list-style-type: none"> • Electricity • Gas • Sewer • Water
Frontage Feet	36
Corner Lot	Yes

Accessibility Rating Average
 Visibility Rating Average

Improvement Details

Rentable Area SF	4,840
Demised Unit Of Comparison	Apt. Units
Number Of Demised Units	6
Average Unit Size (SF)	807
Construction Status	Completed
Construction Purpose	Owner-built
Year Built	1928
Investment Class	Class B
Construction Class	Class C
Condition	Good
Construction Type	Brick
Construction Quality	Average
Number Of Buildings	1
Number Of Stories/Floors	4.00

Sale Information

Listing Price	\$2,200,000
Sale Status	Closed
Sale Date	02/08/2023
Sale Price	\$1,955,000
Grantor (Seller)	Hutchinson Properties Par
Grantee (Buyer)	919 Lombard Street CC LLC
Property Rights	Leased Fee
Recording Number	54157759
Financing Type	Cash to seller
Effective Sales Price	\$1,955,000.00
Price Per SF NRA	\$403.93
Effective Price Per Unit	\$325,833.33
Price Per Land SF (Gross)	\$678.82
Price Per Acre (Gross)	\$29,576,399.39

Operations at Date of Sale

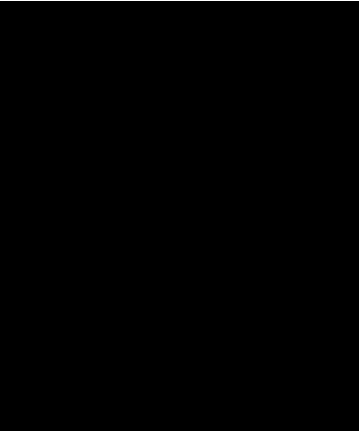
Actuals Occupancy 94.00 %

ADDENDA

Addendum E

Appraiser Qualifications and Licenses





brings to his position more than 29 years of valuation and advisory experience. He has performed valuations, consulting, and market studies on a wide variety of property types, including shopping centers, office properties, multifamily communities, development sites, and special-purpose properties such as college campuses, museums, places of worship, and sports facilities. These properties include proposed, partially completed, renovated and existing structures. has performed valuations for condemnation purposes, title issues, matrimonial, estate planning, arbitration, lease negotiations, tax assessment appeals, financing, equity participation and due diligence support. His clients have included life insurance companies, banks and financial institutions, developers and investors, law firms, businesses, quasi government and government agencies.

He joined from Integra Realty Resources in 2017.

Quotes from Publications

- "Big Sale of Land between Old City and NoLibs Offers Chance to Make a Mark," *Philadelphia Inquirer* (February 21, 2017)
- "Office Tower Planned at Long-Empty lot near Philadelphia City Hall," *Philadelphia Inquirer* (December 19, 2016)
- "Canada Job Searches Soar while Many Business Leaders are Cautious about Trump Victory," *Philadelphia Inquirer* (November 9, 2016)
- "Real Estate Bubble? Prices Rising Faster than Rents," *Philadelphia Inquirer* (January 19, 2015)
- "In Camden, Development Projects Kindle Hope," *The New York Times* (December 9, 2014)
- "Planned Comcast Tech Center Raises Sights in Philadelphia," *The New York Times* (January 28, 2014)
- "Philadelphia Schools See Cash in Old Classrooms," *The New York Times* (November 12, 2013)

Professional Affiliations

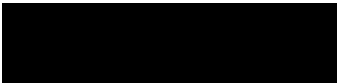
- Appraisal Institute Philadelphia Metro Chapter:
 - President, 2011
 - Vice president, 2010
 - Treasurer, 2009
 - Education chair, 2007 – 2009
 - Secretary, 2008
- Counselors of Real Estate – Delaware Valley Chapter
 - Chair, 2017

YEARS OF EXPERIENCE

29+

AREAS OF SPECIALTY

Valuation & Advisory



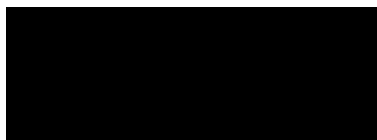


Licenses and Designations

- MAI designation, Appraisal Institute
- CRE designation, the Counselors of Real Estate
- Member, Royal Institution of Chartered Surveyors (MRICS)
- Certified general real estate appraiser, Commonwealth of Pennsylvania and State of New Jersey
- Licensed real estate broker, Commonwealth of Pennsylvania

Education

██████ earned a Bachelor of Business Administration degree in real estate from the Pennsylvania State University. He has also successfully completed numerous real estate and valuation courses and seminars sponsored by the Appraisal Institute, accredited universities and others.



DISPLAY THIS CERTIFICATE PROMINENTLY • NOTIFY AGENCY WITHIN 10 DAYS OF ANY CHANGE

Commonwealth of Pennsylvania
Department of State
Bureau of Professional and Occupational Affairs
PO BOX 2649 Harrisburg PA 17105-2649

License Type
Certified General Appraiser

License Status
Active

Initial License Date
09/04/1996

Expiration Date
06/30/2023

License Number

Commissioner of Professional and Occupational Affairs

ALTERATION OF THIS DOCUMENT IS A CRIMINAL OFFENSE UNDER 18 P.A.C.S. §. 4911

DISPLAY THIS CERTIFICATE PROMINENTLY • NOTIFY AGENCY WITHIN 10 DAYS OF ANY CHANGE

Commonwealth of Pennsylvania
Department of State
Bureau of Professional and Occupational Affairs
PO BOX 2649 Harrisburg PA 17105-2649

License Type
Certified General Appraiser

License Status
Active

Initial License Date
03/03/2022

Expiration Date
06/30/2022

License Number

Acting Commissioner

ALTERATION OF THIS DOCUMENT IS A CRIMINAL OFFENSE UNDER 18 PA.C.S. §. 4911

Exhibit B

*Redacted Pennsylvania Certified Residential Appraisal
Dated July 10, 2023*



915-917 South 11th Street

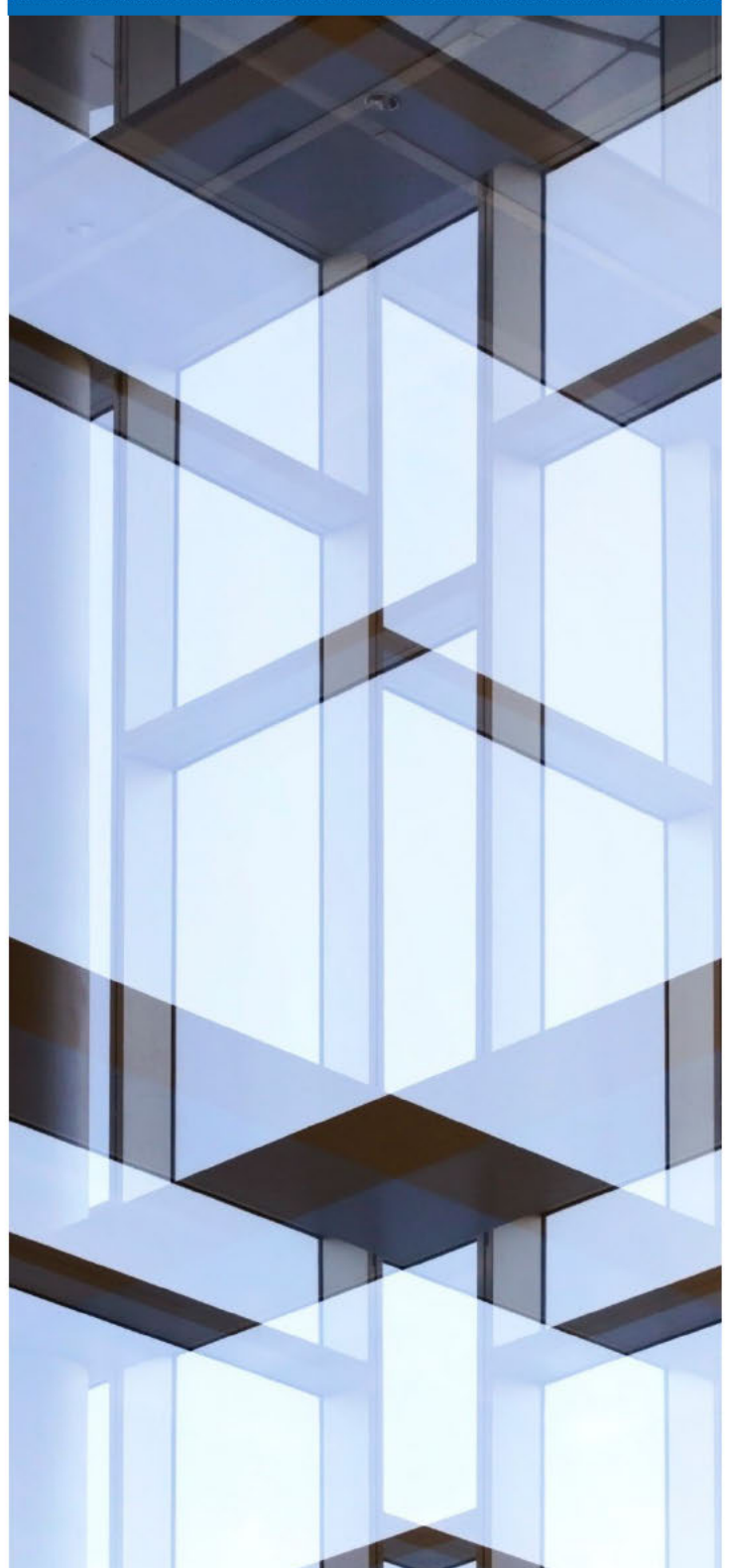
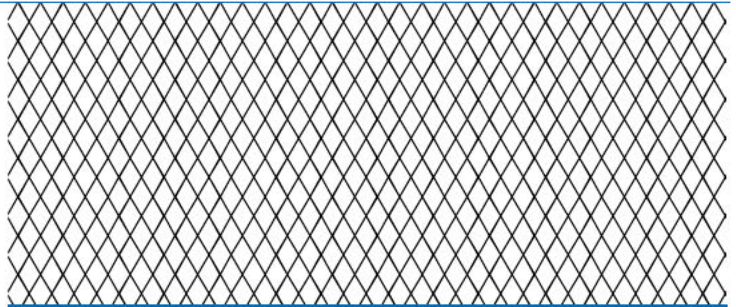
915-917 S. 11th Street
Philadelphia, PA 19147



Appraisal Report Prepared For:

Timothy M. Hazel, Esquire
Pietragallo Gordon Alfano Bosick & Raspanti,
LLP
One Oxford Centre, 38th Floor
Pittsburgh, PA 15219

Prepared By:



[REDACTED]

July 10, 2023

Timothy M. Hazel, Esquire
Pietragallo Gordon Alfano Bosick & Raspanti, LLP
One Oxford Centre, 38th Floor
Pittsburgh, PA 15219

RE: Appraisal of a multifamily property located at 915-917 S. 11th Street, Philadelphia, Philadelphia County, PA 19147, prepared by [REDACTED] (herein "Firm" or [REDACTED])

[REDACTED]

Dear M. Hazel, Esquire:

The "Subject Property" is a 5-unit walk-up apartment building located in the Bella Vista/Southwark neighborhood of Philadelphia. The property was originally constructed as South Phila State Bank in 1919 but was converted to multifamily space in 2013. The improvements were in excellent condition at time of inspection and contain 4,862 square feet, net rentable area. The corner site consists of 2,803 square feet and does not include off-street parking.

Key Value Considerations

Strengths

1. The property is in excellent condition and is of good quality and tenant appeal.
2. The property was fully occupied and is considered to be stabilized as of the effective valuation date.
3. Access to amenities, employment centers, and public transportation is considered to be above average.

National Trends and Uncertainties

1. Federal Reserve interest rate increases and associated effects on cost of capital and investment rates along with credit tightening have impaired transaction volumes.
 2. Despite positives such as a healthy job market, at least a mild recession is expected later this year.
 3. Easing of inflation, consumer spending, and continued job growth have so far kept the economy growing in spite of interest rate increases and bank system stress.
- [REDACTED]
- [REDACTED]

July 10, 2023
TIMOTHY M. HAZEL, ESQUIRE

Based on the analysis contained in the following report, the opinion of value for the subject is:

Value Conclusions			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value "As Is"	Leased Fee	4/10/2023	\$1,750,000

Extraordinary Assumptions

An extraordinary assumption is defined in USPAP as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results.

1. Individual unit sizes were not available for this property. We measured four of five apartments and have estimated the size for the remaining unit based on available data and building measurements. We reserve the right to amend our report if different information becomes available to us.
2. Unit 1C was fit-out with three bedrooms and three bathrooms at time of inspection. The provided rent roll lists the unit as having two bedrooms and two bathrooms. Given the higher rental rate, in conjunction with our property inspection and historical listings for unit, we purport that Unit 1C is a 3BR/3BA apartment.

The use of these extraordinary assumptions might have affected assignment results.

Hypothetical Conditions

A hypothetical condition is defined in USPAP as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. The value conclusions are based on the following hypothetical conditions that may affect the assignment results.

1. The subject was fit-out with 6 units at time of inspection. The 1BR/1BA unit (Apartment B) located on the lower level of the building is not licensed and is thereby excluded from our calculations. According to the site contact, they are in the process of vacating the tenant. Therefore, our analysis utilizes the hypothetical condition that the property contains five units.

The use of this hypothetical condition might have affected assignment results.

The appraisal was developed based on, and this report has been prepared in conformance with the Client's appraisal requirements, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, Title XI of the Financial Institution Reform, Recovery and Enforcement Act (FIRREA) of 1989, and the Interagency Appraisal and Evaluation Guidelines (December 2, 2010).



Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of Pennsylvania.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, [REDACTED] has completed the continuing education program for Designated Members of the Appraisal Institute.
12. As of the date of this report, [REDACTED] has completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
13. [REDACTED] made a personal inspection of the property that is the subject of this report. [REDACTED] has not personally inspected the subject.
14. No one provided significant real property appraisal assistance to the person(s) signing this certification.
15. The Firm operates as an independent economic entity. Although employees of other service lines or affiliates of the Firm may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
16. Within this report, [REDACTED] and similar forms of reference refer only to the appraiser(s) who have signed this certification and any persons noted above as having provided significant real property appraisal assistance to the persons signing this report.
17. [REDACTED] has not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment. [REDACTED] has not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

CERTIFICATION

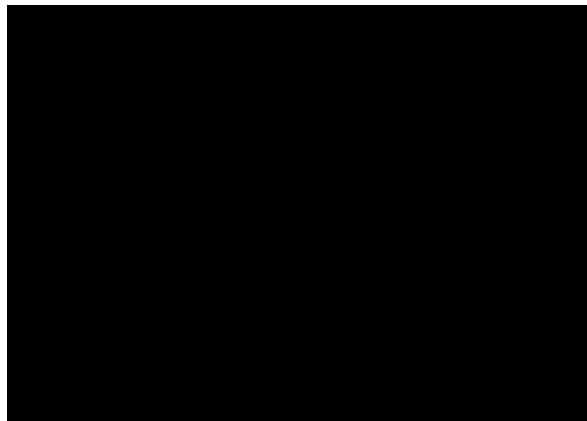
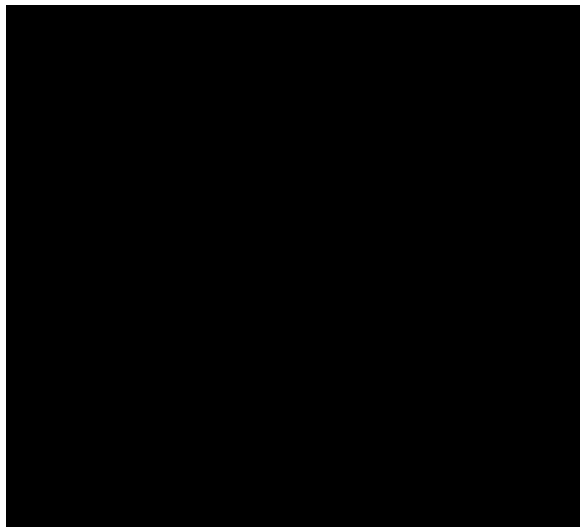


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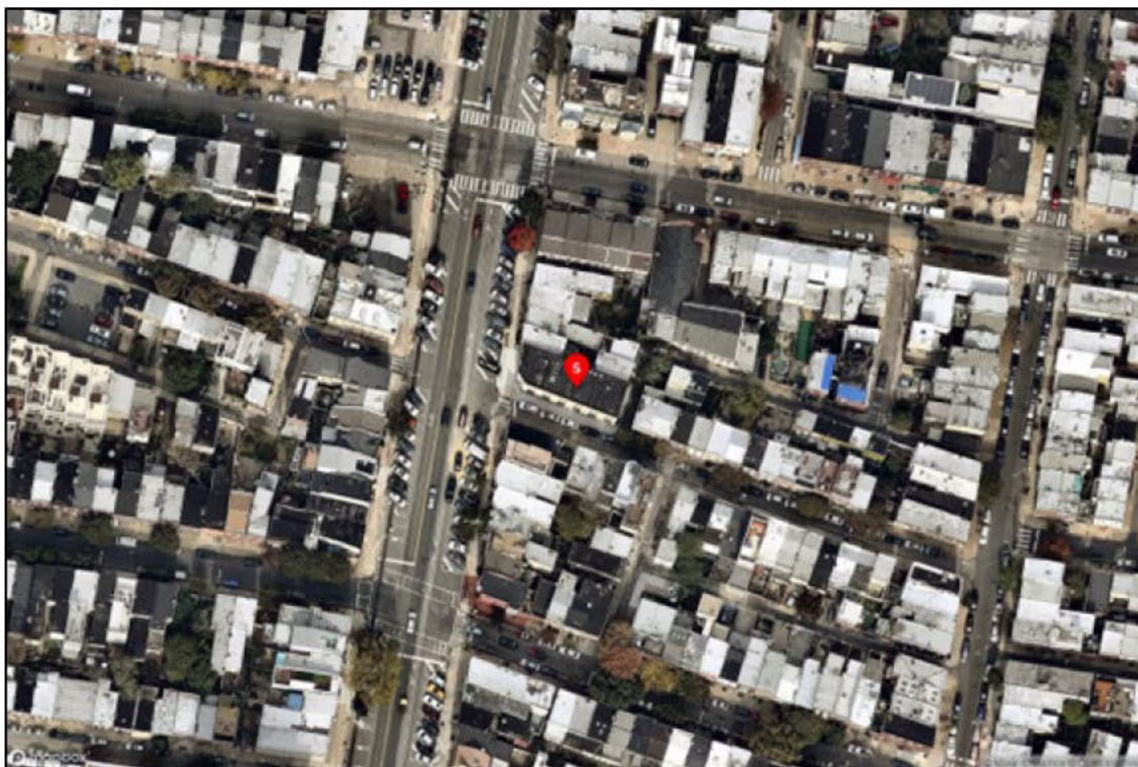
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Addenda

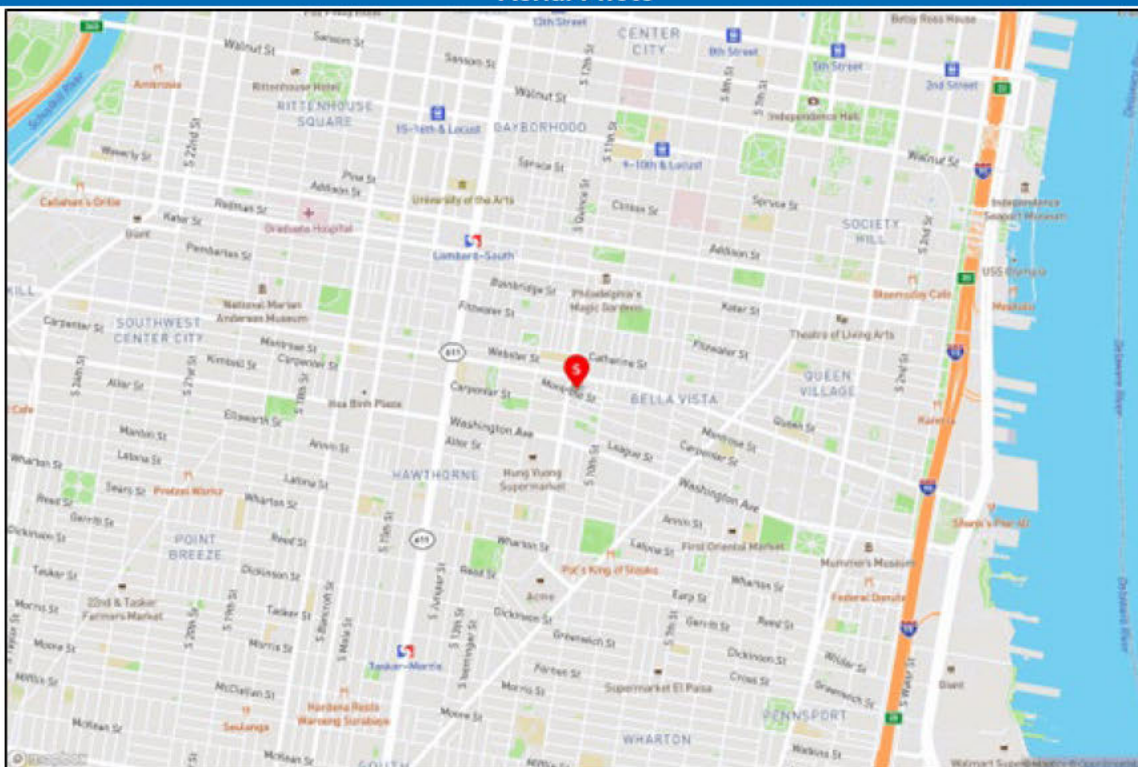
- A. Glossary of Terms
- B. Engagement Letter
- C. Financials and Property Information
- D. Comparable Data
 Improved Sales
- E. Appraiser Qualifications and Licenses



SUBJECT MAPS



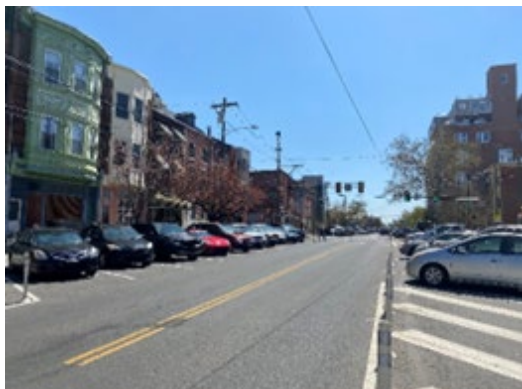
Aerial Photo



Location Map



SUBJECT PHOTOGRAPHS



S. 11th Street facing South



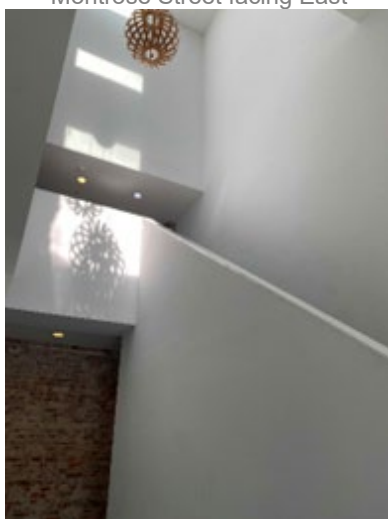
S. 11th Street facing North



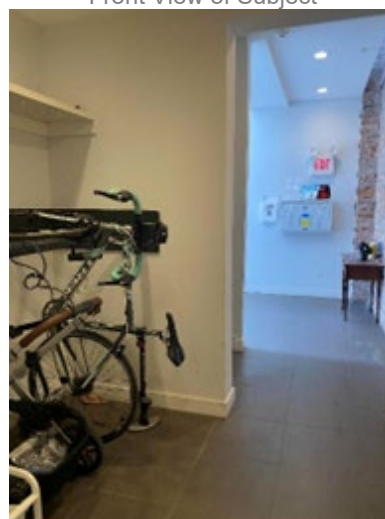
Montrose Street facing East



Front View of Subject



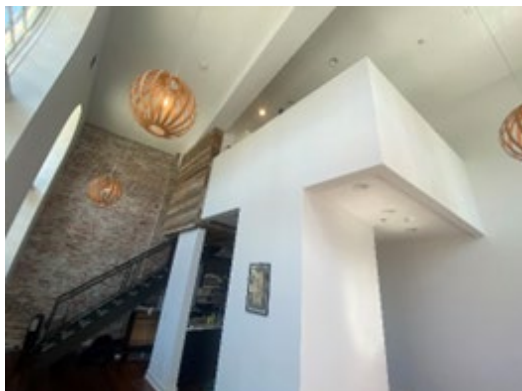
Common Area Entrance



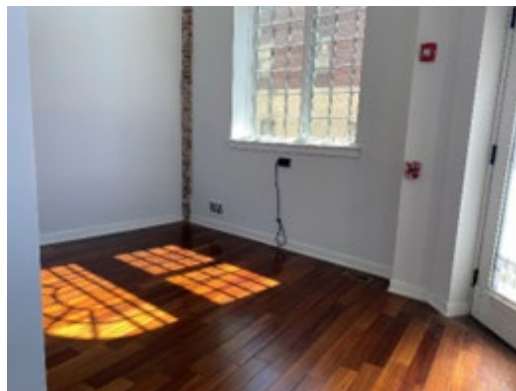
Bicycle Storage



SUBJECT PHOTOGRAPHS



Unit 1A - Overview



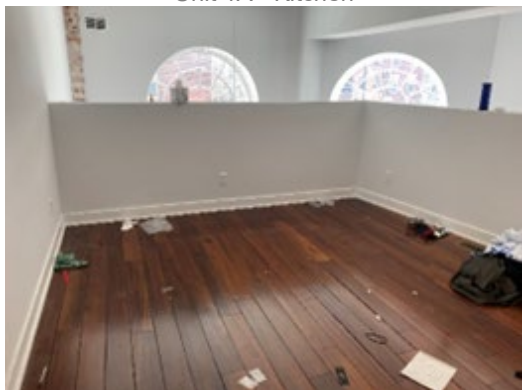
Unit 1A - Living Room



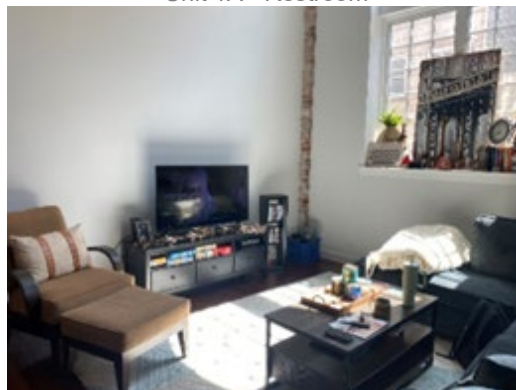
Unit 1A - Kitchen



Unit 1A - Restroom



Unit 1A - Loft



Unit 1B - Living Room



SUBJECT PHOTOGRAPHS



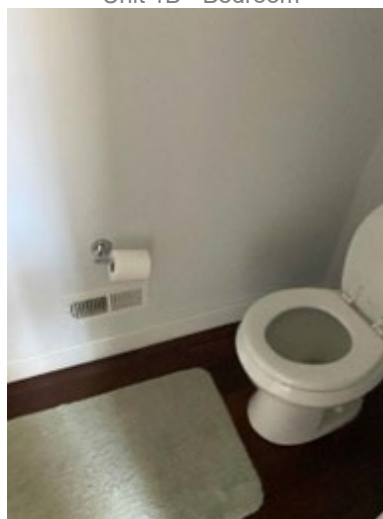
Unit 1B - Kitchen



Unit 1B - Bedroom



Unit 1B - Bedroom



Unit 1B - Half Bathroom



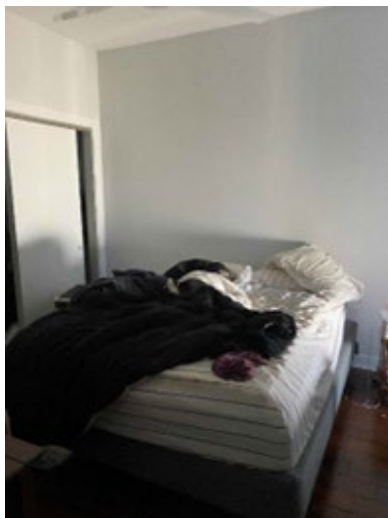
Unit 1B - Restroom



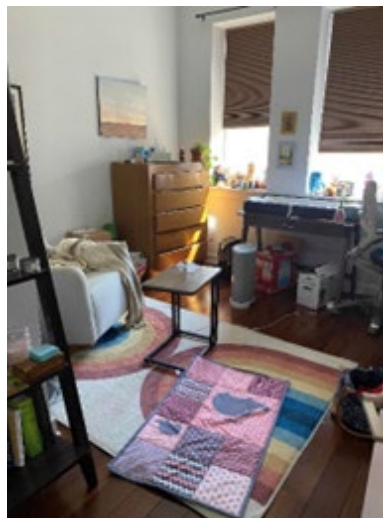
Unit 3B - Living Room



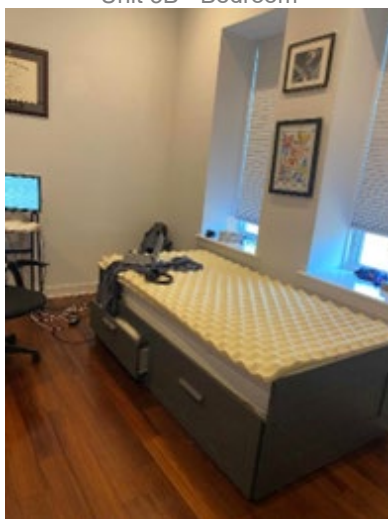
SUBJECT PHOTOGRAPHS



Unit 3B - Bedroom



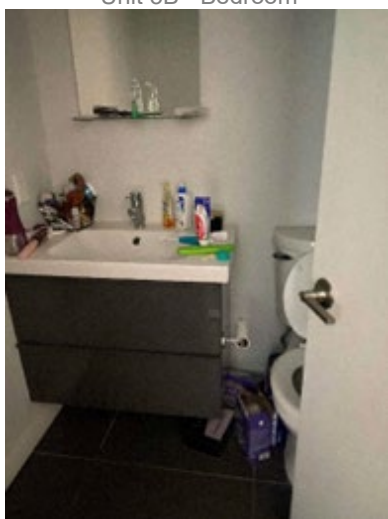
Unit 3B - Bedroom



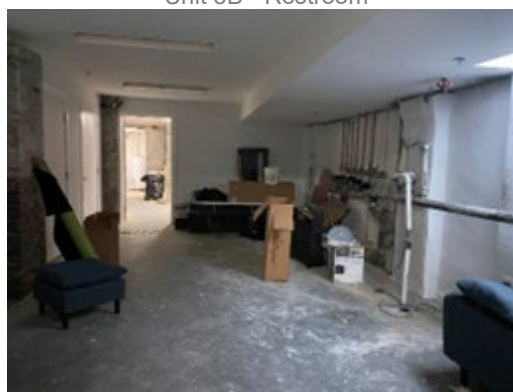
Unit 3B - Bedroom



Unit 3B - Restroom



Unit 3B - Restroom



Basement with Storage Lockers



SUBJECT PHOTOGRAPHS



Separate Gas Meters



Furnace



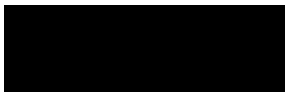
Hot Water Heater



Sump Pump



Sprinkler System



Executive Summary

915 - 917 South 11th Street

Property Type:	Multifamily-Walk-Up
Street Address:	915 - 917 South 11th Street
City, State & Zip:	Philadelphia, PA 19147
MSA Name:	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
Market Name:	PA - Philadelphia - Greater
Submarket Name:	Bella Vista - Southwark
Investment Class:	Class B
Latitude:	39.93888
Longitude:	-75.16076
Census Tract:	24.00
Gross Building Area (SF):	6,114
Net Rentable Area (SF):	4,862
Number of Units:	5
Year Built (Renovated):	1919 (2013)
Current Occupancy:	100.0%
Land Area:	0.064 acres; 2,803 SF
Zoning:	RM1
Assessor's Parcel ID(s):	881571305
Highest and Best Use - As Vacant:	Multifamily Use
Highest and Best Use - As Improved:	Multifamily Use

Analysis Details

Valuation Date:	April 10, 2023
Market Value "As Is"	April 10, 2023
Inspection Date and Date of Photos:	April 10, 2023
Report Date:	July 10, 2023
Report Type:	Appraisal Report
Client:	Pietragallo Gordon Alfano Bosick & Raspanti, LLP
Intended Use:	Establishing market value for pricing in connection with a potential disposition involving each of the subject properties and no other use.
Intended User:	Client and OCF Realty and no other party is permitted to use or rely on the appraisal.
Appraisal Premise:	Market Value "As Is"
Intended Use and User:	The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and [REDACTED] will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.
Interest Appraised:	Leased Fee
Exposure Time (Marketing Period) Estimate:	6 to 9 Months (6 to 9 Months)



EXECUTIVE SUMMARY

Leasing Summary				
Rental Unit Subtotals	1 BR	2 BR	3 BR	Overall
Average Unit Size	664 SF	964 SF	1,135 SF	972 SF
Average Unit Asking Rent	\$1,805	\$2,340	\$2,678	\$2,396
Unit Occupancy	100.0%	100.0%	100.0%	100.0%
Unit Market Rent	\$1,950	\$2,340	\$2,678	\$2,443
Valuation Summary				
Sales Comparison Approach		\$/Unit	\$ Total	
Number of Sales			5	
Range of Sale Dates			Aug-21 to Feb-23	
Adjusted Range of Comparables (\$/Unit)			\$232,200 to \$372,400	
Value Conclusion:		\$340,000	\$1,700,000	
Add PV of Tax Abatement			\$50,000	
Indicated Sales Comparison Approach Value		As Is	\$350,000	\$1,750,000
Income Capitalization Approach - Direct Capitalization Method		\$/Unit	\$ Total	
Capitalization Rate Indicators and Conclusion				
Comparable Sales			6.89% - 7.52%	
Investor Surveys			4.25% - 8.25%	
Band of Investment			6.25%	
Concluded Going-In Capitalization Rate			6.25%	
Stabilized Income Estimate				
Potential Gross Income			\$28,992	\$144,960
Stabilized % Vacancy & Collection Loss			-5.00%	(\$7,248)
Effective Gross Income			\$27,542	\$137,712
Operating Expenses			\$6,243	\$31,216
Operating Expense Ratio				22.7%
Net Operating Income			\$21,299	\$106,496
Capitalization Rate				6.25%
Value Conclusion:				\$1,700,000
Add PV of Tax Abatement				\$50,000
Indicated Direct Capitalization Value		As Is	\$350,000	\$1,750,000
Market Value Conclusions		As Is	\$350,000	\$1,750,000
Exposure / Marketing Time				
Concluded Exposure Time		6 to 9	Months or Less	
Concluded Marketing Time		6 to 9	Months or Less	



Extraordinary Assumptions and Hypothetical Conditions

An extraordinary assumption is defined in USPAP as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results.

1. Individual unit sizes were not available for this property. We measured four of five apartments and have estimated the size for the remaining unit based on available data and building measurements. We reserve the right to amend our report if different information becomes available to us.
2. Unit 1C was fit-out with three bedrooms and three bathrooms at time of inspection. The provided rent roll lists the unit as having two bedrooms and two bathrooms. Given the higher rental rate, in conjunction with our property inspection and historical listings for unit, we purport that Unit 1C is a 3BR/3BA apartment.

The use of these extraordinary assumptions might have affected assignment results.

A hypothetical condition is defined in USPAP as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. The value conclusions are based on the following hypothetical conditions that may affect the assignment results.

1. The subject was fit-out with 6 units at time of inspection. The 1BR/1BA unit (Apartment B) located on the lower level of the building is not licensed and is thereby excluded from our calculations. According to the site contact, they are in the process of vacating the tenant. Therefore, our analysis utilizes the hypothetical condition that the property contains five units.

The use of this hypothetical condition might have affected assignment results.

[REDACTED]

[REDACTED]

Introduction

OWNERSHIP HISTORY

The current owner is 915 South 11th LLC. The following summarizes a three-year history of ownership, the current listing status, and pending transactions for the subject property (as applicable).

Ownership History

To the best of our knowledge, no sale or transfer of ownership has taken place within the three-year period prior to the effective date of the appraisal.

Listing Status:	Not Listed For Sale
Current or Pending Contract:	None Reported

Previous Sales

Sales in the Previous Three Years:	None
Most Recent Reported Sale:	September 13, 2018
Buyer:	915 South 11th LLC
Seller:	915-917 South 11th Street LLC
Purchase Price:	\$1,860,000 \$382.56 Per SF (Net Rentable Area)
Deed Information:	53431322

To the best of our knowledge, no other sale or transfer of ownership has taken place within a three-year period prior to the effective date of the appraisal.

INTENDED USE AND USER

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and [REDACTED] will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.

- The intended use of the appraisal is for establishing market value for pricing in connection with a potential disposition involving each of the subject properties and no other use.
- The client is Pietragallo Gordon Alfano Bosick & Raspanti, LLP.
- The intended user is Client and OCF Realty and no other party is permitted to use or rely on the appraisal.



DEFINITION OF VALUE

Market value is defined as:

“The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

(Source: Code of Federal Regulations, Title 12, Chapter I, § 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

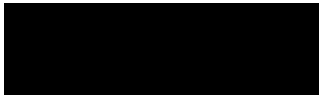
APPRAISAL REPORT

This appraisal is presented in the form of an appraisal report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of USPAP. This report incorporates sufficient information regarding the data, reasoning and analysis that were used to develop the opinion of value in accordance with the intended use and user.

PURPOSE OF THE APPRAISAL & INTEREST APPRAISED

The primary purpose of the appraisal is to develop an opinion of the Market Value "As Is" of the Leased Fee interest in the property. (Please see Glossary of Terms for definition(s) of interest(s) appraised)

Purpose of the Appraisal		
Appraisal Premise	Interest Appraised	Date of Value
Market Value "As Is"	Leased Fee	4/10/2023



SCOPE OF WORK

Extent to Which the Property is Identified

- Physical characteristics
- Legal characteristics
- Economic characteristics

Extent to Which the Property is Inspected

[REDACTED] inspected the subject property on April 10, 2023 as per the defined scope of work.
 [REDACTED] made a personal inspection of the property that is the subject of this report. [REDACTED]
 [REDACTED]

Type and Extent of the Data Researched

- Exposure and marketing time;
- Neighborhood and land use trends;
- Demographic trends;
- Market trends relative to the subject property type;
- Physical characteristics of the site and applicable improvements;
- Flood zone status;
- Zoning requirements and compliance;
- Real estate tax data;
- Relevant applicable comparable data; and
- Investment rates

Type and Extent of Analysis Applied

We analyzed the property and market data gathered through the use of appropriate, relevant, and accepted market-derived methods and procedures. Further, we employed the appropriate and relevant approaches to value, and correlated and reconciled the results into an estimate of market value, as demonstrated within the appraisal report. The applied scope of work is appropriate and sufficient to produce credible assignment results for the intended use of this report.

Economic Analysis

NATIONAL TRENDS AND UNCERTAINTIES

National and Global economies have experienced record setting inflation and interest rates have continued to increase. Influences of the COVID-19 pandemic on the economy have reduced but some fallout effects continue. A recession is still a concern among economists and the populace at large while the yield curve continues to signal a recession. The April 2023 forecast by The Conference Board shows a strong likelihood of recession later this year. Surveys of economists are not as severe with usually about 60% saying they expected a recession this year. However, consumer spending and robust job growth have allowed the economy to continue to grow.

In an effort to curtail inflation, The Federal Reserve embarked on an aggressive strategy which may be bearing fruit. In spite of three major bank failures, the Fed raised rates another 25 basis points in May 2023, for a total of 500 basis points over the course of 2022 into 2023. The Fed is targeting a range of 5.00% to 5.25% for the Federal Funds Rate – the highest since August 2007. The three 2023 increases were smaller at 25 basis points than the previous increases and the Fed signaled a tentative hint that the current tightening cycle is near an end bringing to a close the fastest increase in rates the Federal Reserve has ever engineered.

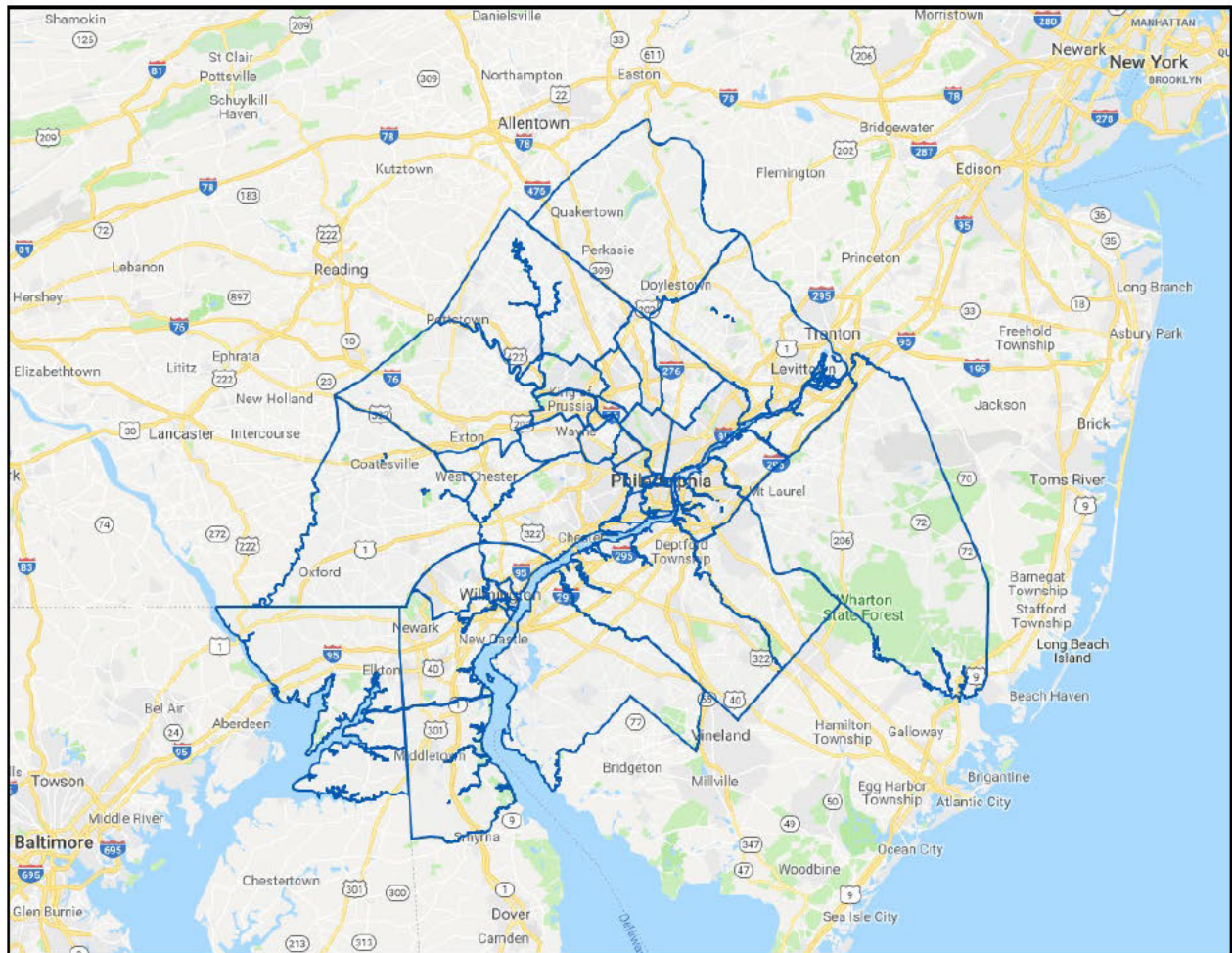
Commercial real estate is receiving an increased amount of attention as prices are demonstrably falling and transaction volumes plummeting. These effects are a function of the unfavorable economic and credit conditions as well as other factors such as impacts to office use driven in part by the COVID-19 pandemic. Credit tightening, which includes wider credit spreads and lower loan-to-value ratios, is arising due to uncertain economic outlooks, deterioration in real estate collateral values, and concerns about bank liquidity. According to Real Capital Analytics (RCA), commercial transaction volume was down 56% in the first quarter of 2023 over the same period in 2022. Note, however, that the first quarter of 2022 had record high transaction volumes which skews the comparison.

We have considered, and will address, these issues throughout this appraisal and report including in our determinations of overall capitalization rates, discount rates, market rent assumptions, market conditions adjustments, and growth of rents and expenses where applicable.



GREATER PHILADELPHIA

The subject is located within the Philadelphia-Camden-Wilmington Statistical Area, also known as Greater Philadelphia. This is the nation’s seventh largest metropolitan area and benefits from central geography in the heart of the Northeast Corridor and is the keystone of major north-south, east-west highway and rail networks. More than 100 million people are within a one-day drive of Philadelphia. The Greater Philadelphia market area spans thirteen counties in Southeastern Pennsylvania, Southern New Jersey and Northern Delaware (boundary lines are shown in the following map that comprises the Philadelphia MSA).



Source: Costar



The Greater Philadelphia Region is located at the heart of one of the nation’s wealthiest and most populous areas. It ranks:

- 2nd largest urban density in the United States (Downtown Philadelphia)
- 4th largest media market
- 6th largest personal income & 6th largest in employment
- 7th in academic R&D expenditures
- 7th in gross metropolitan product (and ranked in the top 3 in the Northeast)



The chart on the left (produced by Select Philadelphia) demonstrates the excellent transportation access the Philadelphia region offers to other East Coast markets.

The strength and desirability of Greater Philadelphia is characterized by its economic diversity and population density. Its location, high concentration of educational, medical and government facilities, and a strong transportation network underscore these strengths. Residents of the Philadelphia area historically have enjoyed a quality of life ranked among the highest in the country. In addition to the numerous and growing number of high-quality urban housing opportunities, there are an abundance of desirable suburban communities that are easily accessible by some of the best highway and mass transit systems in the country.

Transportation Infrastructure

- New York City and Washington D.C. are within a 2.5-hour drive; high-speed Amtrak Acela and Metroliner provide fast service to both
- Philadelphia is home to the 3rd busiest Amtrak station in the U.S. with 11,000 daily riders.
- Greater Philadelphia is at the intersection of the county’s major highway infrastructures with over 100 interstate highways connecting the various submarkets throughout the Philadelphia region
- 100 million people are located within a one-day drive
- Served by 30 airlines offering more than 550 daily departures to 128 cities, including 40 international destinations
- The Delaware River Port Complex, comprised of active, full-service marine terminals in Delaware, New Jersey and Pennsylvania, is an active conduit for international trade and comprises three major ports with full-service docking facilities and over 30 active port terminals.



-
- The Port of Philadelphia is the only major port on the East Coast served by two Class 1 railroads (CSX Transportation and Norfolk Southern) and provides easy access to the Midwest, Mid-Atlantic, and Northeast markets.

Other Factors Fueling the Growth of Greater Philadelphia

- Top 3 major Bio-Science clusters in the Northeast
- Lower cost of living than other major Northeast Metros (including New York, Boston, Washington D.C.)
- Lowest rental rates for Class A industrial space compared to other major East Coast cities
- Lowest rental rates for Class A office space in the Northeast Corridor
- 25 Fortune 500 companies call the Philadelphia Region their home
- One of the few regions in the Northeast with active Class 1 railroads
- Average of 125 cultural events take place every day

Major Employers

The Greater Philadelphia Region is well known for its stable and broadly diversified economic base. This is best characterized by the following list of its major employers with “eds and meds,” the burgeoning bio-science employment base, and Comcast (Philadelphia is their world HQ) leading the charge, along with several major pharmaceutical companies in the Top 25.

Over the past six years, the Greater Philadelphia Region has experienced a surge in digital health innovation. The sector’s growth has both contributed to, and benefited from, the region’s strengths, with more than 2,000 medical technology companies based within the Greater Philadelphia market. Of those, over 100 companies are specifically focused in the digital health vertical, with more than half focusing on enhancing the efficiency of health care delivery and making medicine more personalized and precise by health care providers, including hospitals, physicians and other caregivers.



Selected Major Employers: Greater Philadelphia

Rank	Employer	Employees
1	University of Pennsylvania Health System	46,554
2	Thomas Jefferson University and TJU Health System Inc.	32,000
3	Children's Hospital of Philadelphia	22,051
4	Comcast	17,607
5	Drexel University	9,347
6	Independence Blue Cross	8,210
7	Wells Fargo	6,023
8	Einstein Healthcare Network	4,768
9	SAP America	3,292
10	Elwyn	3,243
11	Deloitte	1,825
12	Rivers Casino	1,680
13	Ernst & Young LLP	1,482
14	Widener University	1,374
15	Saint Joseph's University	1,341
16	KPMG LLP	1,274
17	Burns' Family Neighborhood Markets	1,095
18	The Protocall Group	975
19	La Salle University	930
20	Jacobs	892

Source: Philadelphia Business Journal, 2020; compiled by NKF

Expansion of Life Sciences

Since the 1990s, early gene therapy research was underway at the University of Pennsylvania. Today, three FDA-approved therapies are on the market as a result of innovations in the region. They include the first FDA-approved cell therapy, first FDA-approved gene therapy, and the first FDA-approved aesthetic cell therapy.

More than thirty R&D companies in this space originated within Greater Philadelphia. Leading this expanding sector includes: University of Pennsylvania Perelman School of Medicine, Children's Hospital of Philadelphia, The Coriell Institute for Medical Research, Christiana Care Gene Editing Institute, Jefferson Health, Temple University, and the Wistar Institute – all of which have the infrastructure and expertise to support the new medicines.

Labor Pool

With a labor force of approximately 3 million people, there is an abundant supply of skilled workers available in virtually all occupations.



-
- 16% of the population (25 years and older) have advanced degrees, compared with the U.S. average of 13%
 - Greater Philadelphia is the 7th largest labor force among the nation’s largest metro areas
 - Over 1.15 million workers worked in Knowledge Occupations as defined by the Economic Development Administration (EDA), comprising 40.6% of total employment.

Greater Philadelphia is a National Leader in Higher Education

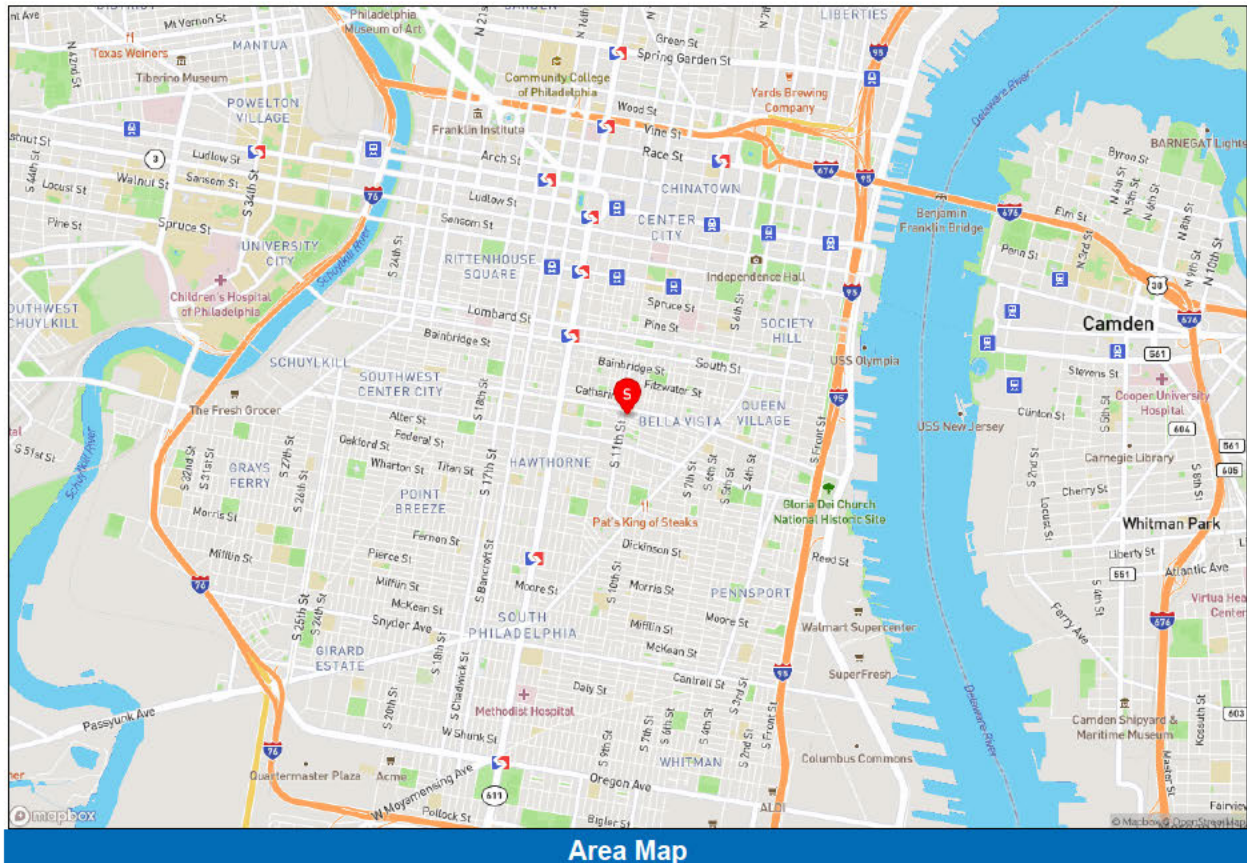
- Over 100 degree-granting institutions including Princeton University and University of Pennsylvania, two Ivy League universities plus three of the very top liberal arts colleges: Swarthmore, Haverford, and Bryn Mawr Colleges.
- Approximately 500,000 full- and part-time students
- 6 medical schools, 3 pharmacy schools, and two dental schools
- 39% of residents (25 years and older) hold a bachelor’s degree or higher, well above the national average of 33%.

Summary

Competitive accessibility and professional talent are hallmark attributes that drive the regional economy of the Greater Philadelphia Region. As the seventh largest metropolitan center in the United States, the region offers an extensive array of cultural, historical and recreational facilities. And from its strategic position in the center of the eastern megalopolis to its economic diversity, the Greater Philadelphia Region is poised for continued growth and prosperity into the 21st century. Key industries are thriving in the region because of the region’s global access, deep talent pool, attractive cost of doing business, diversified customer markets, and high quality of residential life.



NEIGHBORHOOD ANALYSIS



Boundaries

The subject is located in the Bella Vista/Southwark neighborhood of South Philadelphia. This area is generally delineated as follows:

North	South Street
South	Snyder Avenue
East	S. 5 th Street
West	Broad Street

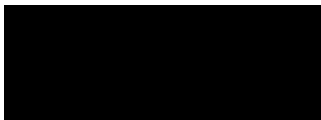
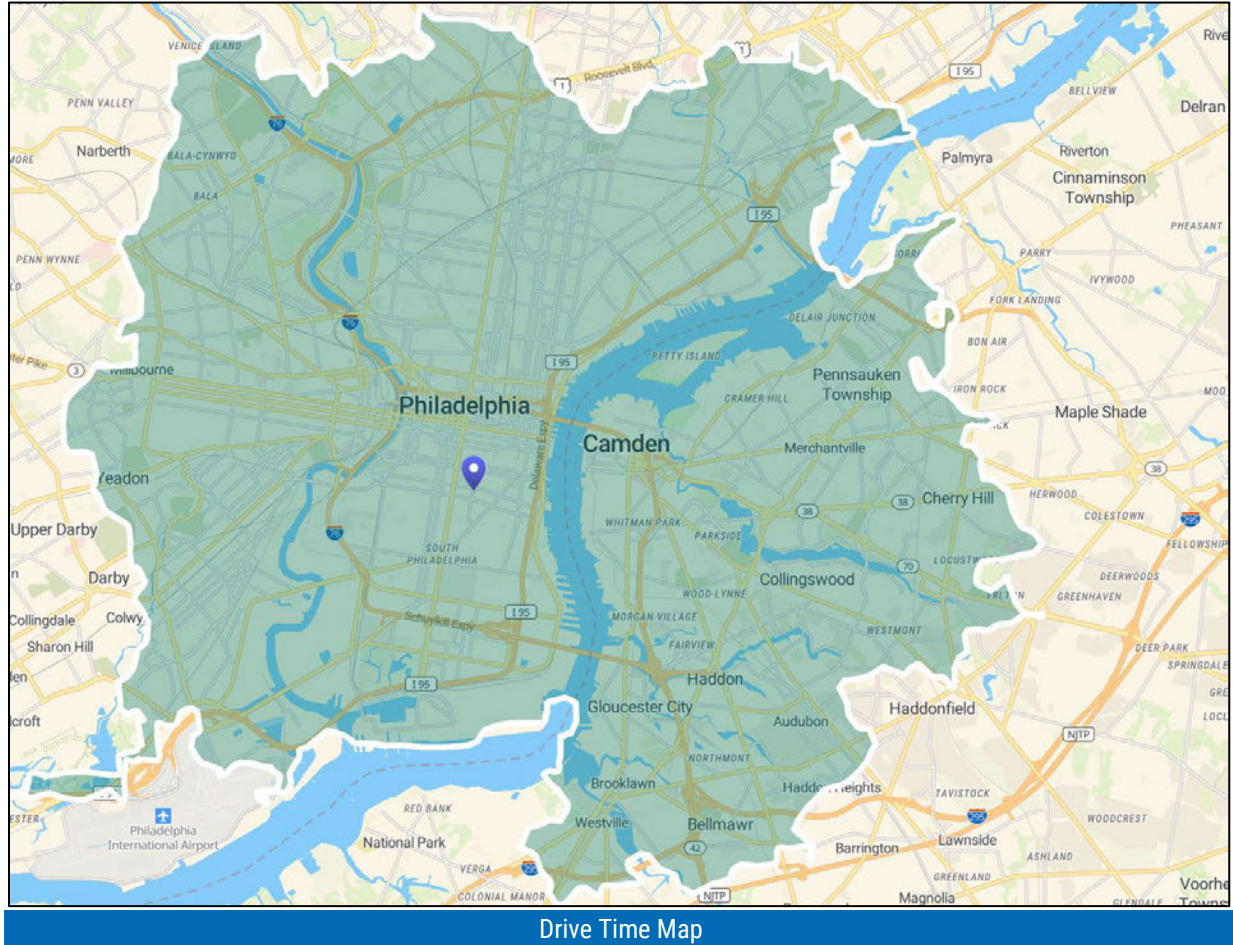
Access

Market East and Suburban Station offering extended linkage throughout the region and access to Amtrak at 30th Street Station. The property is located along S. 11th Street, between Christian Street and Carpenter Street. The neighborhood is well-served by surface bus and subway lines. The Broad Street subway stop Ellsworth-Federal is located approximately six blocks southwest of the subject and runs in a North/South direction to City Hall and the CBD to the north, and the city's sports complexes to the south. This line operates every seven minutes during peak rush



hours and every 15 minutes during non-peak time. The subway in turn accesses the commuter rail stations at Market East

The following map illustrates a 15-minute drive time from the subject property:



Land Use

The subject is located along S. 11th Street, in between Christian and Carpenter Streets. The subject is situated just off of Washington Avenue, a busy local roadway lined with restaurants, retail uses, apartment buildings, and retail strip centers. Also located nearby is the Italian Market that is set up along S. 9th Street, stretching from Christian Street to Washington Avenue. The Italian Market originated in the mid-to-late 1880s and is known for its restaurants, fresh food stands, and local retail stores that line both sides of the street.

This area has been the site to many new development projects over the last five years, specifically near the intersection of Broad and Washington Streets, four blocks west of the subject property. As can be seen in the photo below, a newer mixed-use development (Lincoln Square) was constructed at the intersection and includes national retailers like Target, PetSmart, Fine Wine and Good Spirits, Starbucks, Chase Bank, Sprint, and Chipotle. Directly across the street is a proposed 1.8 million square foot development project covering 5 acres that will consist of retail and multifamily space (shown below on right)



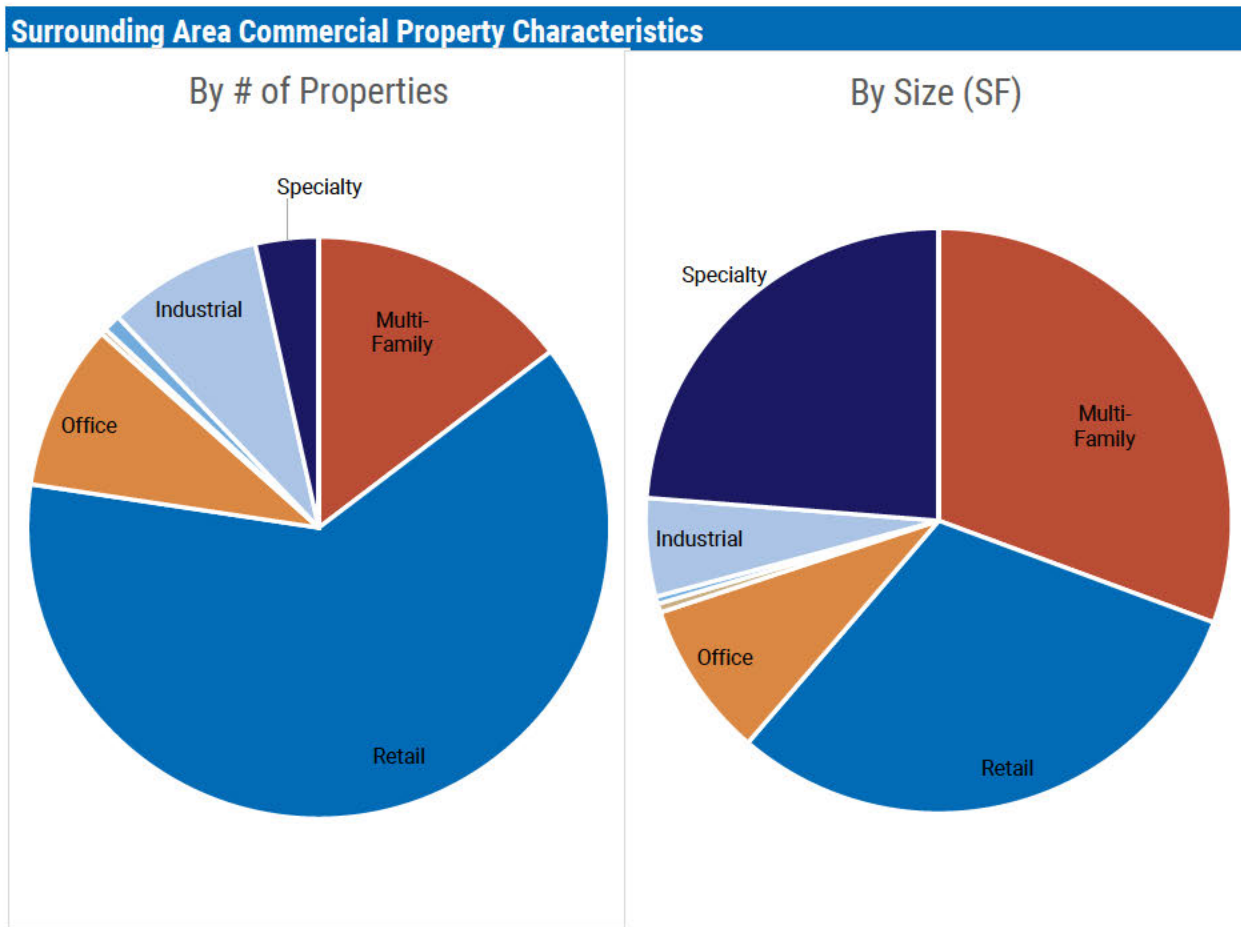
1403 Washington Avenue



Proposed Development



The following was developed from Costar data for the major property types in the surrounding 0.25 mile radius around the subject.



Source: Costar, [REDACTED]



Demographics

A demographic summary for the defined area is illustrated as follows:

Demographic Analysis								
	1-Mile Radius	3-Miles Radius	5-Miles Radius	19147	Philadelphia City	Philadelphia County	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA	Pennsylvania
Population								
2010 Total Population	96,456	371,548	834,273	37,396	1,526,006	1,526,006	5,965,343	12,702,379
2022 Total Population	113,498	437,719	896,986	42,436	1,619,078	1,619,078	6,290,595	13,027,451
2027 Total Population	114,517	445,448	899,050	43,145	1,604,021	1,604,159	6,309,366	13,011,297
Projected Annual Growth %	0.2%	0.4%	0.0%	0.3%	-0.2%	-0.2%	0.1%	0.0%
Households								
2010 Total Households	48,076	160,502	330,363	18,044	599,635	599,736	2,260,312	5,018,904
2022 Total Households	58,892	201,995	382,450	20,597	667,219	667,219	2,438,223	5,232,785
2027 Total Households	59,666	207,108	386,176	20,974	664,975	665,034	2,454,567	5,244,451
Projected Annual Growth %	0.3%	0.5%	0.2%	0.4%	-0.1%	-0.1%	0.1%	0.0%
Income								
2022 Median Household Income	\$89,633	\$67,216	\$50,788	\$93,286	\$52,721	\$52,721	\$81,273	\$69,170
2022 Average Household Income	\$141,318	\$111,288	\$85,710	\$147,034	\$83,843	\$83,843	\$119,011	\$99,758
2022 Per Capita Income	\$73,363	\$51,655	\$36,691	\$70,972	\$34,678	\$34,678	\$46,256	\$40,217
Housing								
2022 Owner Occupied Housing Units	41.0%	38.0%	40.5%	48.3%	46.9%	46.9%	62.0%	62.1%
2022 Renter Occupied Housing Units	48.9%	51.1%	47.6%	42.9%	43.5%	43.5%	31.1%	28.4%
2022 Median Home Value	\$391,520	\$327,421	\$230,497	\$391,361	\$224,010	\$224,010	\$299,485	\$232,971
Median Year Structure Built	1940	1943	1940	1940	1948	1948	1965	1964
Miscellaneous Data Items								
2022 Bachelor's Degree	34.2%	28.1%	20.1%	34.6%	19.3%	19.3%	24.5%	20.8%
2022 Grad/Professional Degree	33.0%	25.1%	15.7%	32.0%	13.6%	13.6%	16.6%	13.4%
2022 College Graduate %	67.1%	53.1%	35.8%	66.6%	32.8%	32.8%	41.1%	34.2%
2022 Average Household Size	1.89	2.04	2.26	2.05	2.36	2.36	2.52	2.41
2022 Median Age	36.2	34.0	34.1	37.2	35.7	35.7	39.7	41.9

- As shown above, the current population within the subject's zip code was estimated to be 42,436 in 2022. The population in the area is expected to grow over the next five years at a faster pace than the City of Philadelphia as a whole.
- Median household income is significantly higher in the '19147' zip code than in the City of Philadelphia as a whole.

Demand Generators

Center City is a dynamic and growing “24-hour” market, one of only a few in the United States. Comprising retail, office, residential and many other forms of institutional and commercial development, Center City has a diverse and balanced economic base containing multiple levels of demand generators ranging from office-related employment to retail, cultural, education, medical, entertainment, and residential. The center core of the CBD is considered to be City Hall, which is located at Penn Square at the intersection of Market and Broad Streets. Center City Philadelphia, the focal point of the Greater Philadelphia Metropolitan Area, offers a blend of some of the most acclaimed historic properties and architecture in the United States.

Some key facts regarding Greater Center City are summarized below:

- In the middle of the nation's Northeast Corridor and at the center of a nine-county region of about 5.9 million residents.
- Philadelphia is the second largest city along the East Coast. Greater Center City now ranks second only to Midtown Manhattan in size of population among U.S. downtown districts.
- Center City has a transit network that sees more than 4 million passerbys in a year, namely Amtrak’s 30th Street Station. 30th Street Station is the third busiest train station in the Northeast Corridor.
- Close proximity to major colleges and universities also gives employers access to the latest research of colleges and steady stream of recent graduates and affords employees numerous opportunities for continuing education. University of Pennsylvania leads medical research with the assistance of federal grants in the region.
- Philadelphia has potential to become a major energy hub. With its proximity to Marcellus Shale natural gas production and its unique industrial infrastructure (oil refineries, ports, pipeline systems, freight rail network), Philadelphia has potential to become a major energy hub.
- Philadelphia includes a wide array of arts, significant history and cultural institutions, four public squares, historic public markets, shops, restaurants, and outdoor cafes, all of which add to the vitality of the city. In fact, Center City was ranked 4th most walkable city in the United States behind New York, San Francisco, and Boston.
- The combined spending on research at Drexel, Temple, Thomas Jefferson and Penn totals more than \$1.23 billion. Penn’s expenditures accounted for nearly 75% of this total.



Employment

- Center City is the largest center of employment in the state and is considered a major economic driver for the region. The primary sectors in the Center City office sector employment are education, health care, finance, insurance, real estate, engineering and legal services. Office sector employment accounts for over 40% of downtown private-sector jobs.
- Major employers include the City of Philadelphia, University of Pennsylvania, Temple University, two major medical schools and three major hospitals. It is the headquarters for Comcast, Cigna, ACE, Blue Cross of Pennsylvania, Delaware Valley Investments, and several others. Moreover, there are numerous City and Federal agencies located in Center City (EPA, HUD, Justice Department, U.S. Mint, and The Federal Reserve) and many others.
- While office jobs are the largest employment sector in Center City, the education and healthcare institutions are the largest segment of the balance of the city's economy, accounting for 20% of citywide employment or nearly 60,000 jobs. Thomas Jefferson University and Hospital is the largest private employer. Even Penn, with most of its employees in University City, employs about 4,000 people in Center City.



Conclusion

The market is in the growth stage of its life cycle. Recent development activity has been increasing in terms of multifamily development, as well be discussed in the upcoming Multifamily Market Analysis section of this report. Given the history and growth trends, it is our opinion that property values will increase in the near future.



MULTIFAMILY MARKET ANALYSIS

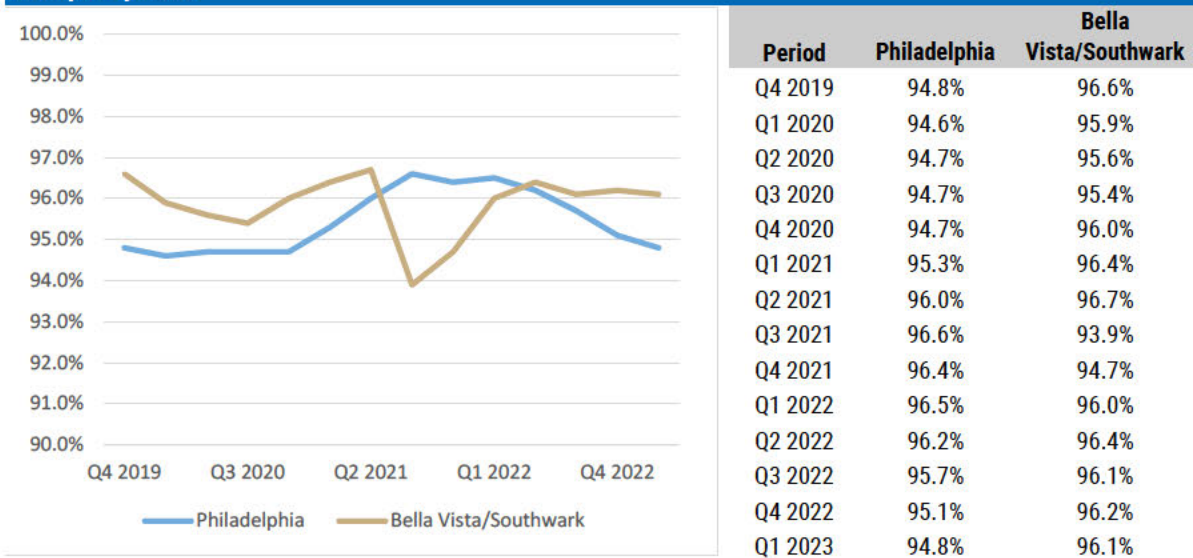
Classification

The subject is in the Bella Vista-Southwark submarket of the Philadelphia market. The property is considered a Class B Walk-Up Apartment Building in this market.

Multifamily Market Overview

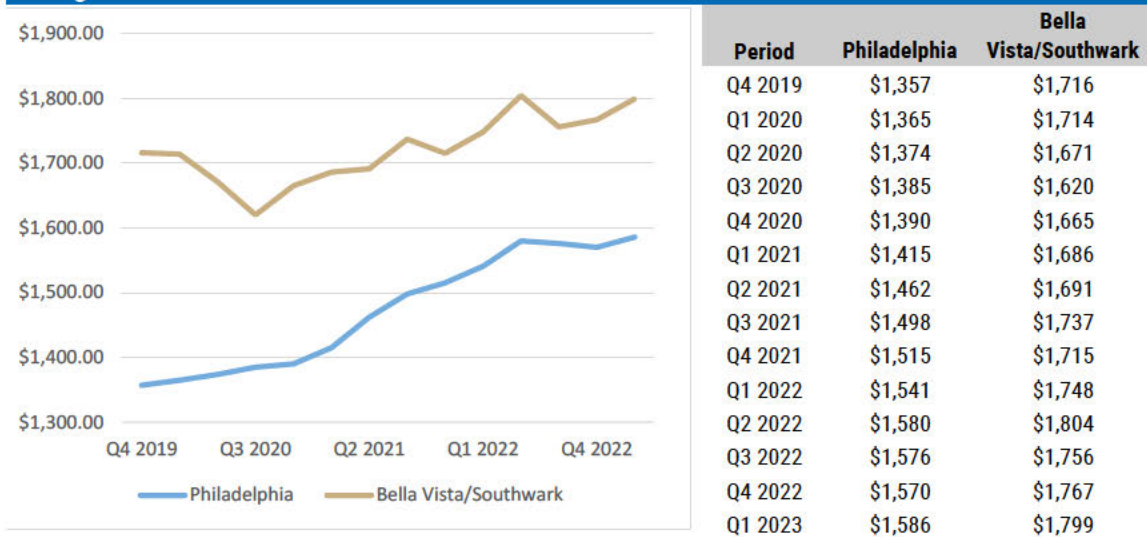
The following discussion outlines overall market performance in the surrounding multifamily market using Costar market metric data. Presented first are market statistics of the City of Philadelphia and the subject's Bella Vista-Southwark submarket overall.

Occupancy Rate



Source: Costar; Compiled by [REDACTED]

Asking Rent Per Unit



Source: Costar; [REDACTED]



Market and Submarket Trends

Multifamily Market Trends								
	Philadelphia				Bella Vista/Southwark			
	Inventory (Unit)	Completions (Unit)	Vacancy %	Asking Rent Per Unit	Inventory (Unit)	Completions (Unit)	Vacancy %	Asking Rent Per Unit
Q1 2021	414,485	1,212	4.7%	\$1,415	1,623	18	3.6%	\$1,686
Q2 2021	416,928	2,443	4.0%	\$1,462	1,641	18	3.3%	\$1,691
Q3 2021	418,921	1,993	3.4%	\$1,498	1,699	58	6.1%	\$1,737
Q4 2021	420,918	1,997	3.6%	\$1,515	1,699	0	5.3%	\$1,715
Q1 2022	422,660	1,742	3.5%	\$1,541	1,699	0	4.0%	\$1,748
Q2 2022	424,800	2,140	3.8%	\$1,580	1,699	0	3.6%	\$1,804
Q3 2022	428,210	3,410	4.3%	\$1,576	1,699	0	3.9%	\$1,756
Q4 2022	430,212	2,002	4.9%	\$1,570	1,699	0	3.8%	\$1,767
Q1 2023	432,518	2,306	5.2%	\$1,586	1,699	0	3.9%	\$1,799

* Forecast

Source: Costar, [REDACTED]

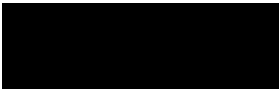
- Vacancy rates for the subject's Bella Vista-Southwark submarket have been fluctuating over the past few years and are slightly lower than that of the overall market area.
- The average rental rate for the submarket is higher than that of the overall metro market. Over the past several years, effective rental rates have been following an increasing trend in both the market and submarket.



Supply & Demand

Supply Additions – Center City Submarket

New Multifamily Projects in the Center City Pipeline		
Project / Location	No. Units	Status
1600 Carpenter St	131	Proposed
The Piazza / 1001 N 2nd St	695	Under Construction
2301 Walnut St	172	Proposed
21st St & Ludlow St	304	Proposed
1001 S Broad St	1,457	Under Construction
2120 Market St	147	Proposed
1101 Walnut St	198	Proposed
412 N 2nd St	397	Proposed
435-443 N Broad St	344	Under Construction
5th & Spring Garden St	329	Under Construction
700-730 N Delaware Ave	466	Proposed
918 N Delaware Ave	462	Under Construction
Harper Square / 113-121 S 19th St	215	Proposed
Italian Market Apts/1101 S 9th St	157	Proposed
Liberty on the River Ph 1 / 1375 S Christopher Columbus Blvd	280	Planned
Lits Tower / 701 Market St	342	Proposed
Mercato / 1021 N Hancock St	280	Proposed
Pier 34 / 735 S Christopher Columbus Blvd	308	Proposed
Vine St Apts / 1201 Vine St	360	Under Construction
900 Callowhill St	146	Proposed
619 N Broad St	119	Proposed
417 Callowhill St	220	Under Construction
210 S 12th St Apts	378	Under Construction
2012 Chestnut St	162	Proposed
801 N 19th St	115	Proposed
200 Spring Garden St	360	Under Construction
12+ Sansom / 123-127 S 12th St	399	Under Construction
1153 Chestnut St Apts	396	Under Construction
1001 S Broad St Ph 2 & 3	511	Planned
1100 Chestnut St	396	Proposed
The Imperium / 1499 S Christopher Columbus Blvd	370	Planned
The Carson / 501 Spring Garden St	373	Under Construction
Renaissance Plaza-Residential / 400 N Christopher Columbus Blvd	1,358	Planned
Fairmount Ave Apts / 650 Fairmount Ave	297	Planned
Broad & Lombard / 500 S Broad St	468	Planned
1428-1438 Callowhill Street	162	Proposed
Mural West / 523 N Broad St	200	Proposed
Festival Pier Waterfront South Tower / 501 N Christopher Columbus Blvd	223	Proposed
Fairmount North / 2601 Poplar St	108	Under Construction
Festival Pier Waterfront North Tower / 501 N Christopher Columbus Blvd	247	Proposed
933 N Penn St	196	Proposed
1120 Frankford Ave	150	Proposed
139 N 23rd St	115	Under Construction
The Hannah Callowhill / 1306 Callowhill St	181	Under Construction
1223-1245 Washington Ave	375	Under Construction
The Laurel Rittenhouse / 1911 Walnut St	245	Under Construction



ECONOMIC ANALYSIS

The Deliah / 900 N 8th St	338	Proposed
Quarters Co-Living / 1201-1205 Callowhill St	239	Planned
One Dock St	272	Under Construction
545 N Broad St	108	Under Construction
Penns Landing / 300 N Christopher Columbus Blvd	360	Under Construction
741 Spring Garden St	306	Under Construction
1620 Sansom St	306	Under Construction
2101 Washington Ave	247	Under Construction
1130-1134 N Delaware Ave	182	Proposed
Total	17,672	

Source: Reis New Construction Listings >100 units; [REDACTED]

New construction continues to enter the submarket; as of this writing, a total of 17,672 apartment units are in the submarket pipeline. The planned and proposed projects may or may not come to fruition depending on the availability of construction financing, increasing material and labor costs, material supply shortages, and changing market conditions and economic uncertainty.

Construction Versus Absorption

Multifamily Market Statistics						
Trailing Four Quarters Ended Q1 2023						
Market / Submarket	Inventory (Unit)	Completions (Unit)	Vacancy (%)	Net Absorption (Unit)	Asking Rent Per Unit	Effective Rent Per Unit
Philadelphia	432,518	9,858	5.20%	2,256	\$1,586	\$1,574
Bella Vista/Southwark	1,699	0	3.90%	1	\$1,799	\$1,791

Source: Costar; Compiled by [REDACTED]

- Construction/absorption in the Bella Vista/Southwark submarket is minimal.



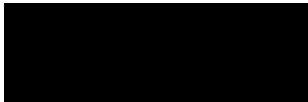
Trends and Projections

Subject and Market Historical and Forecast Trends

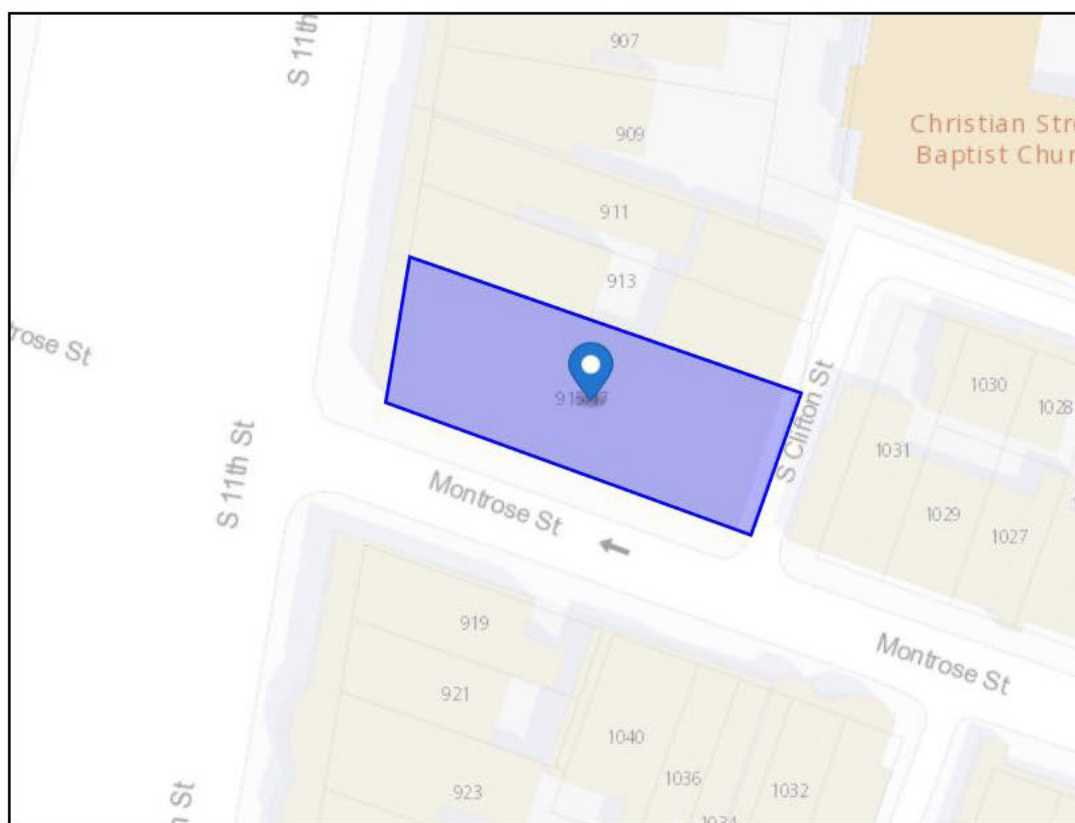
Market Vacancy Rate Indicators					
	Current	Most Recent Full Year	Trailing 3-Year	Trailing 5-Year	Trailing 10-Year
Costar					
Philadelphia	5.20%	4.90%	5.30%	5.50%	6.00%
Bella Vista/Southwark	3.90%	3.80%	4.00%	4.80%	4.30%
Concluded Subject Vacancy Rate	4.00%				

Source: Costar, [REDACTED]

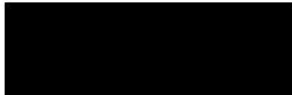
- We have considered the subject’s location and recent market trends for this area and have concluded to a vacancy rate of 4.00%, similar to the trailing 3-year vacancy rate for the submarket.
- Based on the key metro and submarket area trends, construction outlook and the performance of competing properties, [REDACTED] expects the mix of property fundamentals and economic conditions in the Philadelphia metro area to have a positive impact on the subject property’s performance in the long term.



Land and Site Analysis



Tax Map





Flood Map



LAND AND SITE ANALYSIS

Land Parcels			
Parcel Summary	Associated APN(s)	Land Area (SF)	Land Area (Acres)
915-917 S. 11th Street	881571305	2,803	0.0643
Total Gross Land Area		2,803	0.0643
Total Usable Land Area		2,803	0.0643
Total Surplus Land Area		0	0.0000
Total Excess Land Area		0	0.0000

Land Description

Total Land Area	0.0643 Acres; 2,803 SF
Usable Land Area	0.0643 Acres; 2,803 SF
Excess Land Area	None
Surplus Land Area	None
Source of Land Area	Public Records

Site Characteristics

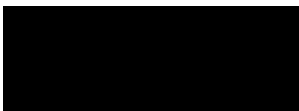
Primary Street Frontage	S. 11th Street (31 FF)
Secondary Street Frontage	Montrose Street (84 FF)
Traffic Control at Entry	None
Traffic Flow	Moderate
Accessibility Rating	Average
Visibility Rating	Average
Shape	Generally Rectangular
Corner	Yes
Topography	Level
Easement/Encroachments	None Noted
Environmental Issue	None Noted

Flood Zone Analysis

Flood Area Panel Number	4207570183G
Date	1/17/2007
Zone	Zone X
Description	Area of minimal flood hazard, usually depicted on Flood Insurance Rate Maps as above the 500-year flood level.
Insurance Required?	No

Utilities

Utility Services	Electricity, gas, sewer, water
------------------	--------------------------------



EXCESS OR SURPLUS LAND

Analysis of the site and current use indicates that there is not an area of the site that is not in use and would be viewed as excess / surplus land.

EASEMENTS, ENCROACHMENTS AND RESTRICTIONS

We were not provided a current title report to review. Further, there do not appear to be any easements, encroachments, or restrictions other than those that are typical for the property type. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

ENVIRONMENTAL ISSUES

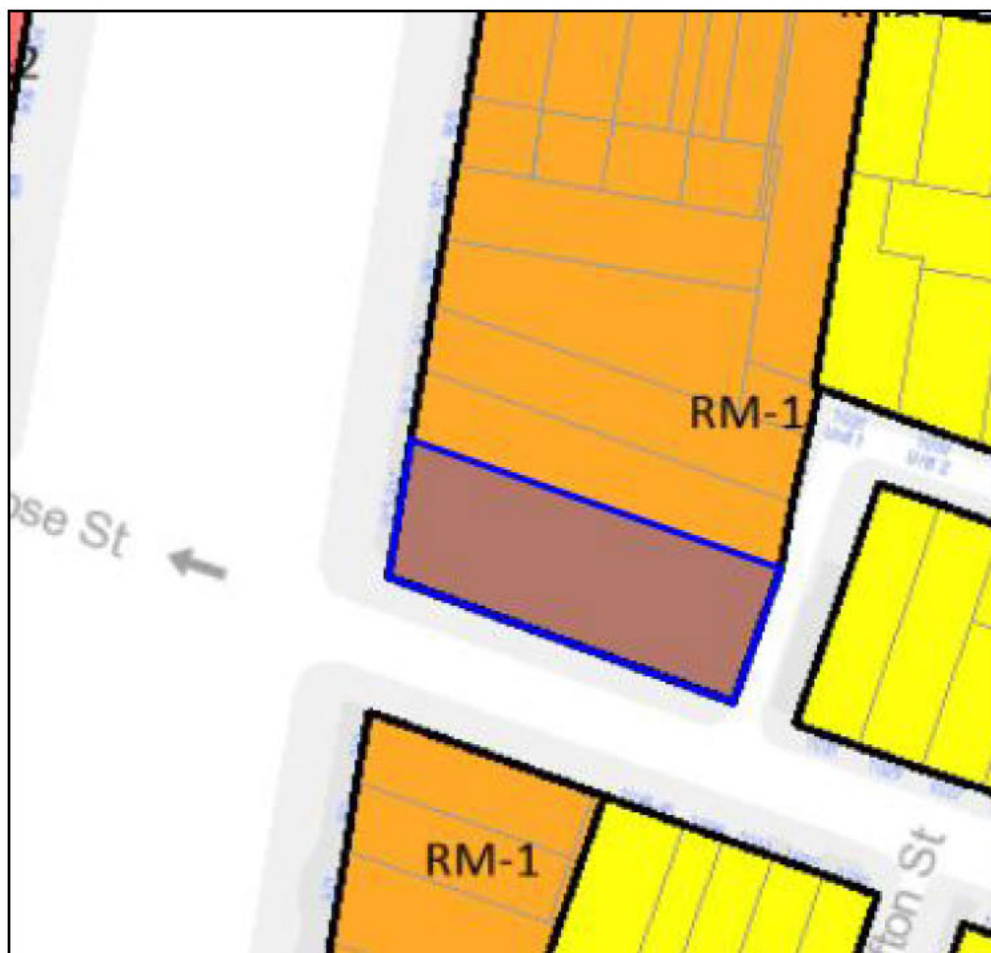
No environmental issues were observed or reported. [REDACTED] is not qualified to detect the existence of potentially hazardous issues such as soil contaminants, the presence of abandoned underground tanks, or other below-ground sources of potential site contamination. The existence of such substances may affect the value of the property. For this assignment, we have specifically assumed that any hazardous materials that would cause a loss in value do not affect the subject.

CONCLUSION

Overall, functionality is considered to be good, as the site is easily accessible and is of a typical size for this property use.



Zoning and Legal Restrictions

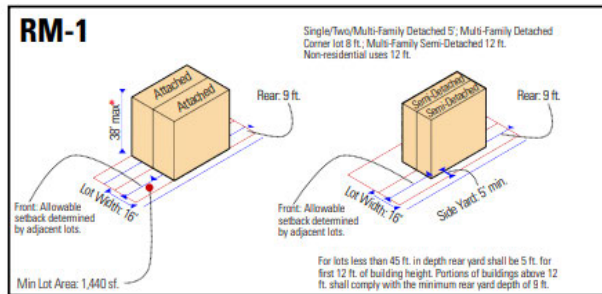


Zoning Map



ZONING AND LEGAL RESTRICTIONS

Zoning Summary	
Category	Description
Zoning Jurisdiction	City of Philadelphia
Zoning Designation	RM1
Description	Residential Multifamily
Legally Conforming?	No
Zoning Change Likely?	Unlikely
Permitted Uses	Residential, multifamily
Minimum Lot Width	16 ft.
Minimum Lot Area	1,440 SF
Maximum Occupied Area	80%
Minimum Side Yard Width	5 ft.
Minimum Rear Yard Depth	9 ft.
Maximum Building Height	38 ft.
Dwelling Unit Density	Minimum 360 SF of lot area required per dwelling unit for the first 1,440 SF of lot area; minimum 480 SF of lot area is required per dwelling unit for the lot area in excess of 1,440 SF.



* Zoning Bonus Summary		RM-1 Housing Unit Bonus
Mixed Income Housing (\$14-702(7))	Moderate Income	25% increase in units permitted
	Low Income	50% increase in units permitted
Green Roof (\$14-702(16))		25% increase in units permitted
For bonus restrictions in select geographic areas, see page 49 .		

We are not experts in the interpretation of zoning ordinances. A qualified land use/zoning expert should be engaged if there are any zoning concerns or if a determination of compliance with zoning is required. The subject's fit-out as a multifamily property is a legally permitted use, though the property does not conform to current dimensional requirements having been constructed prior to current standards within this zoning district. The subject's legal non-conforming use does not negatively impact the subject's marketability.



Improvements Analysis

The "Subject Property" is a 5-unit walk-up apartment building located in the Bella Vista/Southwark neighborhood of Philadelphia. The property was originally constructed as South Phila State Bank in 1919 but was converted to multifamily space in 2013. The improvements were in excellent condition at time of inspection and contain 4,862 square feet, net rentable area. The corner site consists of 2,803 square feet and does not include off-street parking. The improvements are more fully described in the following table.



Front View of Subject



IMPROVEMENTS ANALYSIS

Improvements Description	
Component Structures	
Improvements (Structures)	Primary Use
General Improvement Type	Multifamily
Use Description	Walk-Up
No. Buildings	1
No. Units	5
GBA (SF)	6,114
Rentable SF	4,862
Average Unit Size (SF)	972
Occupied Units	5
% Occupied	100.00%
Construction Status	Existing, Stabilized Operations
Construction Class	Class C
Quality	Good
Current Condition	Excellent
Age/Life Depreciation Analysis	
Year Built	1919
Year Renovated	2013
Actual Age (Yrs.)	104
Economic Life (Yrs.)	60
Effective Age (Yrs.)	10
Remaining Economic Life (Yrs.)	50
Floor Area Analysis	
Number of Stories	2
Max Ceiling Height (Ft)	9 - 30 ft.
Est. Ground Floor Area (GBA)	2,803
Attributed Site Area (SF)	2,803
Site Coverage	100.0%
Floor Area Ratio (FAR)	2.181
Unit Density (Units/Acre)	77.7
Land to Building Ratio	0.46:1
Parking Type	No off-street parking
Construction Details	
Foundation	Brick and concrete
Basement	Partially finished lower level consisting of tenant storage lockers, utility provisions, and unlicensed apartment space (excluded from valuation)
Structural Frame/Construction Summary	Masonry
Exterior Walls	Brick and concrete block
Windows	Replacement windows in aluminum framing
Roof	Flat rolled tar, presumed



IMPROVEMENTS ANALYSIS

Interior Finish		Walk-Up
Floors	Vinyl plank and ceramic tile throughout	
Walls	Textured and painted sheetrock	
Ceilings	Textured and painted sheetrock	
Lighting	Recessed spot lighting and ceiling-suspended incandescent lighting fixtures	
Engineering & Mechanical		Walk-Up
HVAC	Forced warm air heat; electric furnace and hot water heater; central air conditioning	
Electrical	Assumed adequate	
Plumbing	Assumed adequate	
Utility Meters	Individually metered gas and electric	
Elevators	None	
Fire Sprinklers	Wet	
Improvement Features and Amenities		Walk-Up
Property Amenities	Tenant storage lockers; bike rack	
<i>Compiled by</i> [REDACTED]		

UNIT MIX

Unit Mix					
No. Units	Unit Description	Unit Size (SF)	Rentable Area (SF)	Occupied Units	Unit Occupancy
1	1 BR/1 BA 1A - 664 SF	664	664	1	100.0%
1	1 BR Total	664	664	1	100.0%
1	2 BR/2 BA 3A - 660 SF	660	660	1	100.0%
1	2 BR/2.5 BA 1B - 1,268 SF	1,268	1,268	1	100.0%
2	2 BR Total	964	1,928	2	100.0%
1	3 BR/3 BA 1C - 1,070 SF	1,070	1,070	1	100.0%
1	3 BR/2 BA 3B - 1,200 SF	1,200	1,200	1	100.0%
2	3 BR Total	1,135	2,270	2	100.0%
5	Totals		4,862	5	
	Averages	972			100.0%

PROPERTY CONDITION

Recent Renovations

The property was extensively renovated in 2013 when the building was converted from warehouse to multifamily use. Known renovations were new exterior windows, exterior paint, the inclusion of a sprinkler system, and full fit-out into multifamily space. The cost to renovate the property was not available.

Deferred Maintenance

Our observation of the property indicated no significant items of deferred maintenance.

OTHER PROPERTY CONSIDERATIONS

Functional Utility

Based on our inspection and consideration of its current and/or future use as well as review of individual floor plans and the overall complex, there do not appear to be any significant items of functional obsolescence.

ADA Compliance

Based on our observation as well as any information provided, no ADA compliance issues were noted. However, the client is advised to obtain review by a qualified professional versed in ADA compliance as we do not have expertise.

Environmental Assessment

Although requested, we were not provided a Phase I Environmental Assessment. We did not observe any potentially hazardous materials such as lead paint, asbestos, urea formaldehyde foam insulation, or other potentially hazardous construction materials on or in the improvements. However, it is noted that we did not search for such materials and are not qualified to detect such materials. The existence of said hazardous materials (if any) may have an effect on the value of the property. Therefore, for the purpose of this appraisal, we have specifically assumed that the property is not affected by any hazardous materials that may be present on or in the improvements. We strongly recommend that a qualified environmental engineering firm be retained by the Client prior to making a business decision.

Personal Property

Certain items in apartment projects are sometimes considered personal property, such as furniture, fixtures or equipment. These items include kitchen appliances (stove, refrigerator and dishwasher) in each unit and various items in the common areas including miscellaneous maintenance tools, pool furniture, leasing office furniture, recreational room and clubhouse furniture, and various exercise machines. The apartment units are rented on an unfurnished basis. However, typically personal property is included in the sale of multifamily apartment complexes. The personal property items contained in the subject are not considered to contribute significantly to the overall value of the real estate.

CONCLUSION

- Overall, the quality, condition, and functional utility of the improvements are rated as above average for their age and location.



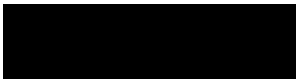
Real Estate Taxes

Real estate taxes in Pennsylvania are assessed under the jurisdiction of the individual counties that comprise the region. They are derived on an ad valorem basis with a total taxation reflecting the application of appropriate tax rates to a proportion of perceived market value – known as assessed value. These tax rates, or millage rates, are assembled from three components, applicable to their specific county authorities, local municipalities, and school districts. They are then applied on an annual dollar for dollar basis per \$1,000 of total assessed value. It is further noted that the counties and municipalities set their tax rates on a calendar year and school districts typically operate on a fiscal year. In the City of Philadelphia, the Office of Property Assessment (OPA) has affirmed a tax rate of 1.3998% through 2023.

Real estate taxes and assessments for the subject for the 2023 tax year are shown in the following table. The current assessed value is identical to the concluded market value present herein, given Philadelphia’s Actual Value Initiative. Tax records show that the property qualified for the 10-year tax abatement program in 2015, leaving two years left in the program. The total of exempt improvements is \$712,319.

Taxes and Assessments												
Tax Year 2023	Assessor's Market Value			Assessed Value				Tax Rates		Taxes and Assessments		
Tax ID	Land	Improvements	Total	Assessment Ratio	Land	Improvements	Total	Land & Improvements	Ad Valorem Taxes	Direct Assessments	Total	
881571305	\$108,420	\$263,461	\$371,881	100.0%	\$108,420	\$263,461	\$371,881	1.3998%	\$5,206	\$0	\$5,206	

In Pennsylvania, properties are not automatically reassessed upon sale. Reassessments may be triggered by the issuance of building permits to improve a property, or through the appeal by a proper authority (i.e. school district/municipality) or individual taxpayer. In the City of Philadelphia, assessments can change each year by the assessment office. However, it is illegal to spot assess a specific property in Pennsylvania. Therefore, if the city is to reassess a property, it would need to do so across all properties of that type. The City of Philadelphia has established an assessment for the improvements as if fully assessed, therefore we base our estimate on this figure and compare it to similar multifamily properties located nearby.



TAX COMPARABLES

Tax Comparables						
Tax Year 2023	1	2	3	4	5	Subject (Actual)
Address	808 S. 10th Street	1214 Annin Street	1343 Fitzwater Street	1600 South Street	1121 S. 20th Street	915-917 S. 11th Street
City, State	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA
Improvements SF	2,970	5,354	5,728	6,950	5,418	5,306
Apt. Units	6	5	6	6	6	5
Total Assessed Value	\$826,000	\$671,600	\$1,590,000	\$1,803,300	\$1,100,000	\$1,084,200
Assessed Value/SF	\$278.11	\$125.44	\$277.58	\$259.47	\$203.03	\$223.00
Assessed Value/Unit	\$137,667	\$134,320	\$265,000	\$300,550	\$183,333	\$216,840
Total Taxes	\$11,562	\$9,401	\$22,257	\$25,243	\$15,398	\$15,177
Taxes/SF	\$3.89	\$1.76	\$3.89	\$3.63	\$2.84	\$3.12
Taxes/Unit	\$1,927	\$1,880	\$3,710	\$4,207	\$2,566	\$3,035

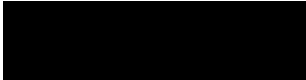
Newer and renovated apartment buildings were considered for our tax analysis. The subject falls in line with nearby comparables, falling at the middle of the range for the assessed value per unit and at the higher end of the range for taxes per unit.

It is noted that the property has qualified for (and currently benefits from) the 10-year tax abatement pursuant to Council Ordinance 1130, as Amended 2 Section 19-1303(3) of the Philadelphia Code, which offers abatement of real estate taxes on improvements to properties whereby the property owner receives a 10-year tax abatement on the value added by the construction of the improvements. The benefit of the savings associated with the abatement over the 10-year period is added to the stabilized value as a lump sum adjustment. Therefore, it is necessary to calculate the value of the two remaining years on the abatement.

The abated taxes are based upon the current assessed value of the improvements times the tax rate less the land assessment times the tax rate. The difference is the cash savings each year and this figure is discounted to the present value at a 5% discount rate for the remainder of the ten years. The discount rate is estimated at safe levels given the certainty of the cash savings of the tax abatement program. We note that the Philadelphia Tax Abatement program was modified at the beginning of 2022, resulting in fewer tax benefits over the 10-year life of the abatement. However, the subject ownership was granted the abatement in 2015 after renovations were complete. Our present value calculation is shown below. We note that residential tenants do not reimburse the landlord for real estate taxes, and for this reason, we exclude tax reimbursements from the following calculations:

Basis for Present Value of Tax Abatement Calculation	
Current Real Estate Taxes - Abated	
Assessment	\$371,881
Real Estate Taxes	\$5,206
Stabilized Real Estate Taxes	
Assessment	\$1,084,200
Real Estate Taxes	\$15,177

Present Value of Tax Abatement							
Year	Projected Market Taxes	Unabated Taxes	Tax Benefit	Percentage Factor	Adjusted Tax Benefit	5.0% Discount Rate	Present Value
1	\$15,177	\$5,206	\$9,971	100.00%	\$9,971	0.9524	\$9,497
2	\$15,556	\$5,336	\$10,221	90.00%	\$9,199	0.9070	\$8,343
Total							\$48,672
ROUNDED							\$50,000



Highest and Best Use

AS VACANT

Legally Permissible

The site is zoned RM1 which allows for residential and multifamily uses. Based on available data and analysis, no other legal restrictions such as easements or deed covenants are present which would impair the utility of the site. Given that surrounding properties have similar zoning and the future land use plan is focused on similar uses as well, it is unlikely that there would be a change of zoning classification. Further information and analysis about the legal restrictions to the subject property is included in the Site Analysis and Zoning and Legal Restrictions sections of this report.

Physically Possible

The subject site contains 2,803 square feet (0.064 acres), has favorable topography, adequate access, and all necessary utilities to support the range of legally permissible uses. No significant physical limitations were noted. The size of the site is typical for the categories of uses allowed under zoning. In total, the site is physically capable of supporting the legally permissible uses.

Financially Feasible

Of the legally permissible and physically possible uses, only a multifamily use appears most probable based on observation of surrounding properties as well as the location. This use is more fully analyzed for their financial feasibility.

While market metric data and both market and economic trends are not favorable at present, there is evidence of improvement in the near term. Therefore, multifamily use development could be feasible in the foreseeable future.

Maximally Productive

The test of maximum productivity is to determine the actual use of the property that results in the highest land value and/or the highest return to the land. It is important to consider the risk of potential uses as a use that may generate the highest returns in cash could also be the riskiest and thus not as likely for a developer to consider. In this case, the maximally productive use is multifamily use development. The associated risk is typical and market conditions appear to be supportive.

Highest and Best Use Conclusion – As Vacant

The highest and best use of the subject as though vacant is the eventual development of the site for multifamily use. The most likely buyer would be an investor or developer. An investor is a potential buyer as a result of the fact that immediately development is not possible and the investor could capture appreciation as market conditions improve.



AS IMPROVED

Legally Permissible

The existing multifamily improvements appear to be legally conforming to zoning.

Physically Possible

The current improvements conform to the physical characteristics of the site. Therefore, continued multifamily use of the property is reasonably probable and appropriate.

Financially Feasible

Financial feasibility focuses on positive and excess returns from the improved property. In this case, the subject is an income producing property and is capable of generating sufficient income to support the continuation of the use. This is demonstrated in the income capitalization approach by the fact that a positive income stream can be generated.

Maximally Productive

The existing multifamily improvements are legally permissible, physically possible, and financially feasible. The concluded value as though improved exceeds the value of the underlying land and removal of the improvements for redevelopment or substantial conversion to an alternative use is not indicated based on current neighborhood trends. Given no alternatives, the maximally productive use of the property is consistent with the existing multifamily development.

Highest and Best Use – As Improved

Therefore, the highest and best use of the subject as improved is the existing multifamily use. Market and economic conditions are supportive of this continued use. The most likely buyer would be a single investor or investment partnership.

Appraisal Methodology

COST APPROACH

The cost approach is based on the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

SALES COMPARISON APPROACH

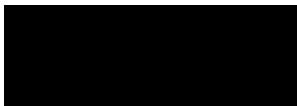
The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the property units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value.

INCOME CAPITALIZATION APPROACH

The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

Application of Approaches to Value	
Approach	Comments
Cost Approach	The Cost Approach is not applicable and is not utilized in this appraisal.
Sales Comparison Approach	The Sales Comparison Approach is applicable and is utilized in this appraisal.
Income Capitalization Approach	The Income Capitalization Approach is applicable and is utilized in this appraisal.

The cost approach was not utilized in this appraisal as market participants considering properties like the subject do not give consideration to the cost approach. The exclusion of this approach is not considered to impact the reliability of the appraisal.

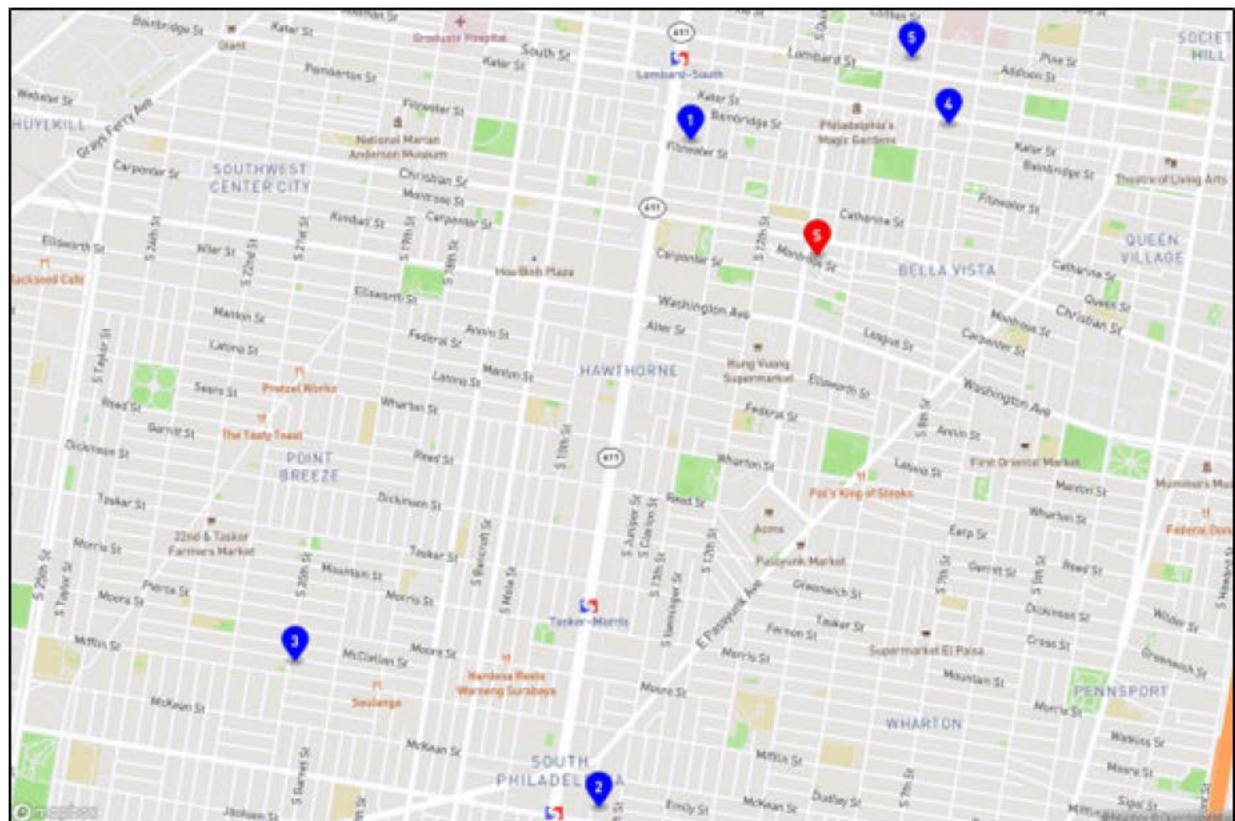


Sales Comparison Approach

The sales comparison approach value is derived by analyzing closed sales, listings, or pending sales of properties that are similar to the subject. The sales comparison approach includes the following steps.

- Research and verify information on properties in the competitive market that are similar to the subject and that have recently sold, are listed for sale, or are under contract.
- Select the most relevant units of comparison in the market and develop a comparative analysis.
- Examine and quantify via adjustments differences between the comparable sales and the subject property using all appropriate elements of comparison.
- Reconcile the various value indications to a value bracket and then a single value indication.







The unit of comparison applied in this sales comparison analysis is price per unit as it mirrors the primary comparison method used by market participants.



Comparable Map



SALES COMPARISON APPROACH

Comparable Sales Summary						
	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
						
Address	915 - 917 South 11th Street	1343 Fitzwater Street	2031 S. Juniper Street	1827-29 South 20th Street	822-824 South Street	919-921 S. Lombard Street
City, State	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA
Land Size	0.06 Acres	0.04 Acres	0.10 Acres	0.05 Acres	0.08 Acres	0.07 Acres
Rentable Area (SF)	4,862 SF	5,226 SF	8,857 SF	7,389 SF	6,560 SF	4,840 SF
Number of Apt. Units	5	6	8	6	10	6
Average Unit Size (SF)	972 SF	871 SF	1,107 SF	1,232 SF	656 SF	807 SF
Year Built (Renovated)	1919 (2013)	2021	2016	2017	1986 (2021)	1928
Occupancy/Owner Occ.	100%	96%	100%	0%	70%	94%
Condition	Excellent	Excellent	Excellent	Excellent	Good	Good
Buyer	-	Manor Ranch LLC	G Prime Juniper LLC	Rostom Real Estate California II, LLC	South Street Ten LLC	919 Lombard Street CC LLC
Seller	-	1347 FS LLC	Elitza Beta Acquisitions LLC	Arsens 1827 20th LLC	Kenneth & Ellen Lit	Hutchinson Properties Par
Interest Conveyed	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Competitive Class	Class B	Class B	Class B	Class B	Class B	Class B
Transaction Status	-	Closed	Closed	Closed	Closed	Closed
Transaction Date	-	Dec-21	Jan-22	Feb-22	Aug-21	Feb-23
Stabilized Price	-	\$2,450,000	\$2,150,000	\$2,100,000	\$2,000,000	\$1,955,000
Price per Unit	-	\$408,333	\$268,750	\$350,000	\$200,000	\$325,833
Cap Rate	-	6.89%	7.52%	-	7.04%	-

ANALYSIS OF IMPROVED COMPARABLE DATA

Property Rights Conveyed

All sales represent the transfer of the leased fee interest, like the subject property. Therefore, no adjustments are necessary for property rights conveyed.

Financing

All transactions sold with cash or conventional financing therefore no adjustments apply.

Conditions of Sale

There were no reported sales conditions that affected the sale price.

Market Conditions

Although the market for multifamily assets has significantly increased over the last several years, given the recent (last several months) increase in interest rates and increased cost of capital, pricing for similar assets has decreased resulting from higher overall capitalization rates. As a result, downward adjustments for market conditions of 3% per year is deemed reasonable and utilized herein.

Location/Access

Sales 2 and 3 both received upward adjustments for their inferior locations further away from the CBD of Center City, while Sales 4 and 5 received downward adjustments for their locations closer to the CBD of Center City.



Building Size (Number of Units)

Sale 4 received an upward adjustment for its higher unit count, given that larger properties tend to sell for less per square foot and smaller properties tend to sell for more per square foot.

Age/Condition/Quality

The property was originally constructed as South Phila State Bank in 1919 and was renovated into multifamily space in 2013. The property is currently in excellent condition and is of good construction quality. For this reason, Sales 1, 2, and 3 received downward adjustments for their ages, though all were considered to be in a similar condition as the subject. Sales 4 and 5 both received upward adjustments for inferior conditions. Each comp was given an upward adjustment for inferior design (lower ceiling heights and exclusion of loft space). For this reason, a zeroed adjustment will show for properties that received both downward and upward adjustments.

Average Unit Size

Sales 2 and 3 both received downward adjustments for their superior (higher) average unit sizes. Sale 4 received an upward adjustment for its inferior (lower) average unit size. All others were deemed similar.

Features/Amenities

Sales 1 and 2 received downward adjustments for their inclusion of outdoor space. Sales 4 and 5 received upward adjustments for their exclusion of sprinklers.

Economic Characteristics

The subject was fully occupied as of the effective valuation date. Sale 3 sold vacant, thereby receiving a significant upward adjustment. Sale 4 received a moderate upward adjustment for its 70% occupancy rate. Sale 2 received a downward adjustment for its inclusion of retail space. Sale 3 also received a downward adjustment for its 10-year tax abatement which started in 2020 (7 years remaining). The subject only has two years of exemption left in the program, though the present value of the remaining tax abatement is added on to our value conclusion as a lump sum.

Summary of Adjustments / Adjustment Grid

Based on our comparative analysis, the following table summarizes the adjustments warranted to each comparable.



SALES COMPARISON APPROACH

Comparable Sales Adjustment Grid						
	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Address	915 - 917 South 11th Street	1343 Fitzwater Street	2031 S. Juniper Street	1827-29 South 20th Street	822-824 South Street	919-921 S. Lombard Street
City	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA
Land Size	0.06 Acres	0.04 Acres	0.10 Acres	0.05 Acres	0.08 Acres	0.07 Acres
Size (Rentable Area)	4,862 SF	5,226 SF	8,857 SF	7,389 SF	6,560 SF	4,840 SF
Number of Apt. Units	5	6	8	6	10	6
Average Unit Size (SF)	972 SF	871 SF	1,107 SF	1,232 SF	656 SF	807 SF
Year Built (Renovated)	1919 (2013)	2021	2016	2017	1986 (2021)	1928
Transaction Type	--	Closed	Closed	Closed	Closed	Closed
Transaction Date	--	Dec-21	Jan-22	Feb-22	Aug-21	Feb-23
Stabilized Sale Price	--	\$2,450,000	\$2,150,000	\$2,100,000	\$2,000,000	\$1,955,000
Price per Unit	--	\$408,333	\$268,750	\$350,000	\$200,000	\$325,833
Occupancy	100%	96%	100%	0%	70%	94%
Cap Rate	--	6.89%	7.52%	--	7.04%	--
Transaction Adjustments						
Property Rights		0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%
Market Conditions (Time)	4/10/2023	-4%	-4%	-3%	-5%	-1%
Subtotal (adjustments are multiplied)		-4.0%	-4.0%	-3.0%	-5.0%	-1.0%
Transaction Adjusted Price per Unit		\$392,000	\$258,000	\$339,500	\$190,000	\$322,575
Property Adjustments						
Location		0%	5%	5%	-5%	-5%
Building Size (Number of Units)		0%	5%	0%	5%	0%
Age/Condition/Quality		0%	0%	0%	10%	10%
Average Unit Size		0%	-5%	-5%	5%	0%
Features/Amenities		-5%	-5%	0%	5%	5%
Quality		0%	0%	0%	0%	0%
Economic Characteristics		0%	-10%	0%	5%	0%
Other		0%	0%	0%	0%	0%
Subtotal (adjustments are summed)		-5%	-10%	0%	25%	10%
Gross Adjustment		9%	34%	13%	40%	21%
Overall Adjustment		-8.8%	-13.6%	-3.0%	18.75%	8.9%
Indicated Price per Unit		\$372,400	\$232,200	\$339,500	\$237,500	\$354,833

PRICE PER UNIT CONCLUSION

Multifamily Sales Adjustment Summary			
Price per Unit	Low	High	Average
Unadjusted Range	\$200,000	\$408,333	\$310,583
Adjusted Range	\$232,200	\$372,400	\$307,287
Concluded Price per Unit Indication			\$340,000

Compiled by [REDACTED]

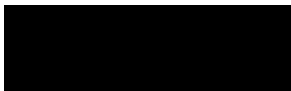
- Prior to adjustments, the sales reflect a range of \$200,000 to \$408,333 per unit.
- After adjustment, the range is narrowed to \$228,000 to \$372,400 per unit with an average of \$307,287 per unit.
- A unit of comparison above the average is applied since the subject has the least number of units in the sample.

SALES COMPARISON APPROACH CONCLUSION

Based on the preceding analysis, the value indication by the sales comparison approach is as follows:

Sales Comparison Approach Conclusion		
Reconciliation of Price per Unit Indication		Value Indication
Adjusted Value Range - Low		\$232,200
Adjusted Value Range - High		\$372,400
Market Value As Is - Price per Unit	Effective Date: 4/10/2023	\$340,000
Subject Apt. Units		5
Market Value As Is - Price per Unit Analysis		\$1,700,000
Market Value As Is - Sales Comparison Approach	Effective Date: 4/10/2023	\$1,700,000

Value Indications		
As Is		Value Indication
Market Value As Is	Effective Date: 4/10/2023	\$1,700,000
Add PV of Tax Abatement		\$50,000
As Is Value	Effective Date: 4/10/2023	\$1,750,000



Income Capitalization Approach

The income capitalization approach reflects the subject’s income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

The direct capitalization method is normally more appropriate for properties with relatively stable operating histories and expectations. The DCF analysis is more appropriate for investment properties with multiple or long-term leases, particularly leases with cancellation clauses or renewal options, and especially in volatile markets. In this analysis, we utilized only direct capitalization because investors and market participants typically rely more on this method.

RENT ROLL / TENANT OVERVIEW

A summary rent roll for the property is shown below, based on our review of the current rent roll. Market rent will be developed on the following pages.

Residential Unit Rent Roll						
Unit No.	Unit Description	Unit Size (SF)	No. Occupied Units	Contract Rent	Contract Rent PSF	
1A	1 BR/1 BA 1A - 664 SF	664	1	\$1,805	\$2.72	
1B	2 BR/2.5 BA 1B - 1,268 SF	1,268	1	\$2,420	\$1.91	
1C	3 BR/3 BA 1C - 1,070 SF	1,070	1	\$2,705	\$2.53	
3A	2 BR/2 BA 3A - 660 SF	660	1	\$2,260	\$3.42	
3B	3 BR/2 BA 3B - 1,200 SF	1,200	1	\$2,650	\$2.21	
Property Total		4,862	5	\$11,840		
Average		972		\$2,368	\$2.56	

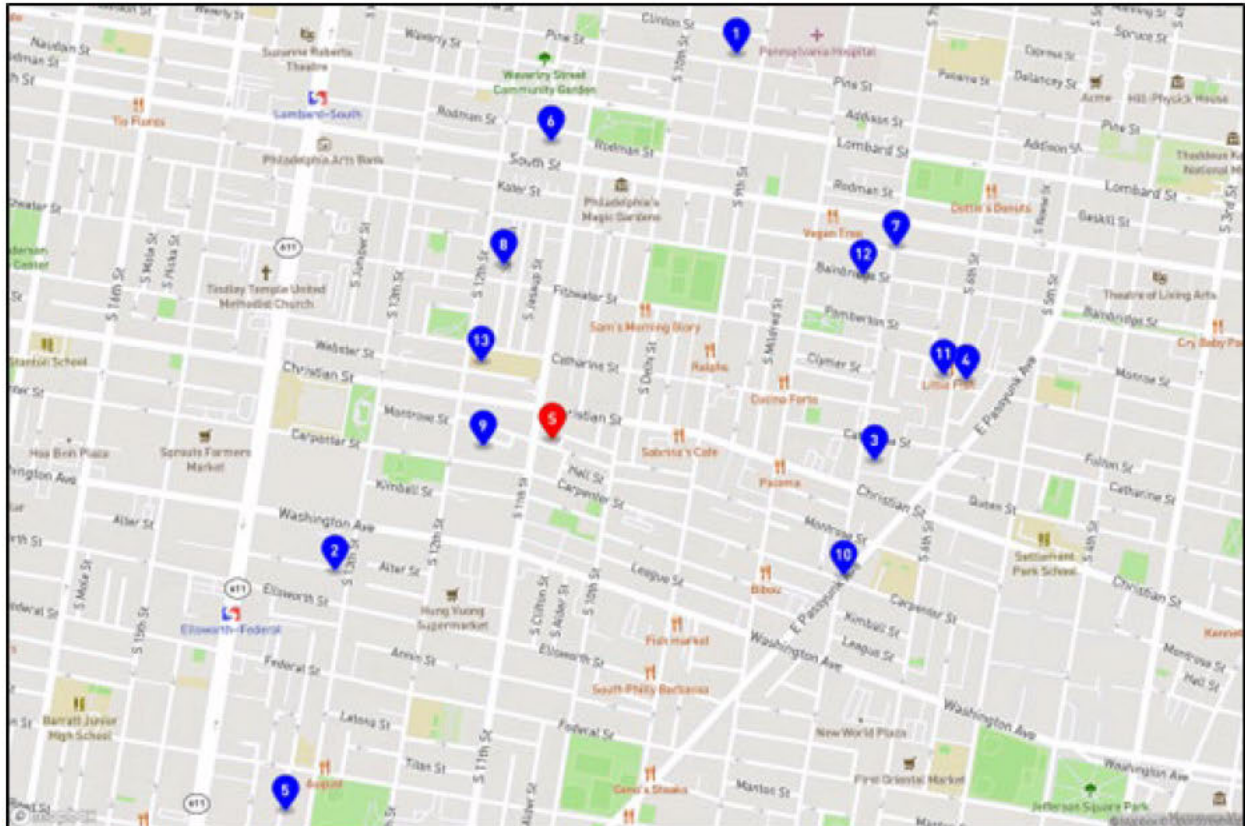
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- The subject includes 5 units, all of which were leased and occupied at time of inspection.
- Tenants are responsible for their pro-rata share of (cooking) gas and electric (heat and hot water) usage which is separately billed and paid for by the tenant. In addition, tenants pay a monthly fee for water usage (\$50-\$70 per tenant).
- We note that Unit 1C is not obligated to pay for water usage per the rent roll provided by ownership.



MARKET RENT ANALYSIS

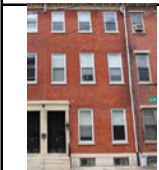



In estimating market rent for the subject property, we considered data from leasing activity with competing properties and market area leasing trends



Comparable Map



Analysis of Comparable Leases





MARKET RENT ANALYSIS - 1BR						
Photo	Property	Unit Size (SF)	Rent (\$)	\$/SF RA	Tenant Pays	Comparison to Subject
SUBJECT: 915 - 917 S. 11th Street, Philadelphia, PA						
	Unit 1A	664	\$1,805	\$2.72	Gas, Electric	
	406 S. 9th Street, Unit 2F, Philadelphia, PA 19147	712	\$1,945	\$2.73	Electric, Water	Superior location; similar condition; one level
	1128-30 S. 13th Street, Unit 2F, Philadelphia, PA 19147	900	\$1,850	\$2.06	All utilities	Similar location and condition; larger size; one level
	849 S. 7th Street, Unit 2A, Philadelphia, PA 19147	695	\$1,795	\$2.58	Electric	Similar location and condition; average size; one level
	506 Clymer Street, Unit A, Philadelphia, PA 19147	447	\$1,600	\$3.58	All utilities	Similar location; smaller size; bilevel design; similar condition; inferior ceiling height
COMPETITIVE RENT SUMMARY						
			Average Rent			
			Competitors	Subject		
1BR			\$1,748	Unit 1A - \$1,950		

One Bedroom Units

- Unit 1A is a 1BR/1BA unit located on the first floor that contains a loft.
- We have determined a market rental rate of \$1,950 per month for Unit 1A, as is supported by the included rental comps.



INCOME CAPITALIZATION APPROACH





MARKET RENT ANALYSIS - 2BR						
Photo	Property	Unit Size (SF)	Rent (\$)	\$/SF RA	Tenant Pays	Comparison to Subject
SUBJECT: 915 - 917 S. 11th Street, Philadelphia, PA						
	Unit 1B	1,268	\$2,420	\$1.91	Gas, Electric	
	Unit 3A	660	\$2,260	\$3.42	Gas, Electric	
	1340-48 S. 13th Street, Unit 2A, Philadelphia, PA 19147	700	\$2,000	\$2.86	N/A	Similar location; smaller size; similar condition; inferior ceiling height
	1107 South Street, Unit D, Philadelphia, PA 19147	1,073	\$2,250	\$2.10	Electric	Superior location; average size; inferior condition and ceiling height; includes a private balcony
	613 S. 7th Street, Unit 3F, Philadelphia, PA 19147	900	\$2,500	\$2.78	All utilities	Superior location; average size; similar condition; inferior ceiling height
	728 S. Sartain Street, Unit 3, Philadelphia, PA 19147	950	\$2,400	\$2.53	Electric	Similar location; average size; similar condition; inferior ceiling height; gated development
COMPETITIVE RENT SUMMARY						
	Average Rent					
	Competitors				Subject (Rounded)	
2BR	\$2,288				Unit 1B - \$2,400 Unit 3A - \$2,100	

Two Bedroom Units

- Unit 1B is a 2BR/2.5BA unit that is located on the first floor and contains a loft.
- Unit 3A is a 2BR/2BA unit that is located on the second floor and is not bilevel in design.
- Contract rent is considered equal to market rent for Unit 1B.
- Market rent is concluded at \$2,100 per month for Unit 3A. Unit 3A is considered to be leased above market.

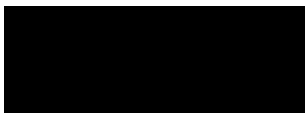


INCOME CAPITALIZATION APPROACH

MARKET RENT ANALYSIS - 3BR						
Photo	Property	Unit Size (SF)	Rent (\$)	\$/SF RA	Tenant Pays	Comparison to Subject
SUBJECT: 915 - 917 S. 11th Street, Philadelphia, PA						
	Unit 1C	1,070	\$2,705	\$2.53	Gas, Electric	
	Unit 3B	1,200	\$2,650	\$2.21	Gas, Electric	
	646 Carpenter Street, Philadelphia, PA 19147	1,260	\$2,625	\$2.08	All utilities	Similar location and size; superior bilevel design with patio; modestly inferior condition; inferior ceiling height
	758 S. 6th Street, Philadelphia, PA 19147	1,392	\$2,700	\$1.94	Gas, Electric	Similar location; larger size; superior bilevel design with patio; modestly inferior condition; inferior ceiling height
	714 Bainbridge Street, Unit 6, Philadelphia, PA	1,376	\$2,750	\$2.00	N/A	Similar location; larger size; superior bilevel design with parking space; modestly inferior condition; inferior ceiling height
	1132 Webster Street, Philadelphia, PA	1,176	\$2,600	\$2.21	N/A	Similar location and size; superior bilevel design with patio; inferior condition; inferior ceiling height
COMPETITIVE RENT SUMMARY						
			Average Rent			
	Competitors		Subject (Rounded)			
3BR	\$2,683		Unit 1C - \$2,700 Unit 3B - \$2,650			

Three Bedroom Unit

- Unit 1C is a 3BR/3BA unit that is located on the first floor and contains a loft.
- Unit 3B is a 3BR/2BA unit that is located on the second floor and is not bilevel in design.
- Contract rent is considered equal to market rent for both units.



MARKET RENT CONCLUSIONS

The following is a summary of the subject’s unit mix and our market rent conclusions based on our analysis of the subject rent roll and comparable market data detailed in the preceding.

Unit Mix									
No. Units	Unit Description	Unit Size (SF)	Rentable Area (SF)	Occupied Units	Unit Occupancy	Contract Rent	Contract Rent PSF	Market Rent	Market Rent PSF
1	1 BR/1 BA 1A - 664 SF	664	664	1	100.0%	\$1,805	\$2.72	\$1,950	\$2.94
1	1 BR Total	664	664	1	100.0%	\$1,805	\$2.72	\$1,950	\$2.94
1	2 BR/2 BA 3A - 660 SF	660	660	1	100.0%	\$2,260	\$3.42	\$2,100	\$3.18
1	2 BR/2.5 BA 1B - 1,268 SF	1,268	1,268	1	100.0%	\$2,420	\$1.91	\$2,400	\$1.89
2	2 BR Total	964	1,928	2	100.0%	\$2,340	\$1.21	\$2,340	\$2.43
1	3 BR/3 BA 1C - 1,070 SF	1,070	1,070	1	100.0%	\$2,705	\$1.94	\$2,700	\$2.50
1	3 BR/2 BA 3B - 1,200 SF	1,200	1,200	1	100.0%	\$2,650	\$2.21	\$2,650	\$2.21
2	3 BR Total	1,135	2,270	2	100.0%	\$2,678	\$2.21	\$2,678	\$2.36
5	Totals		4,862	5		\$11,840		\$11,800	
	Averages	972			100.0%	\$2,396	\$2.29	\$2,443	\$2.60

Our research of the market for comparable leases purports that contract rent is equal to market rent.

GROSS INCOME ESTIMATE

Potential Gross Rent

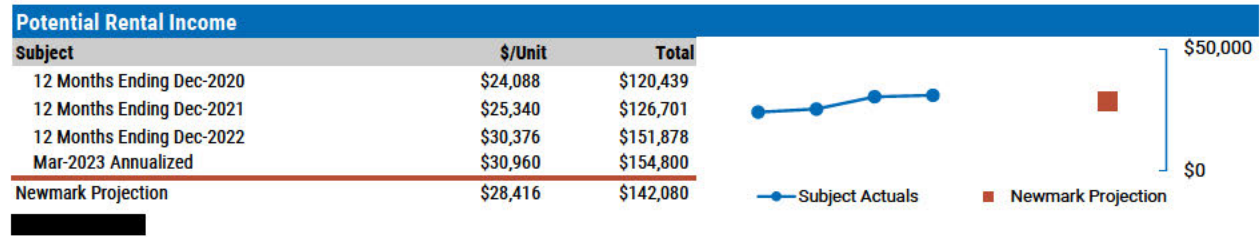
Figures presented below reflect the 12-month period following the effective date of the appraisal.

Potential Gross Rent					
t Description	No. Units	Contract Rent / Unit	Potential Gross Rent-Contract	Market Rent / Unit	Potential Gross Rent-Market
Leased Units					
1 BR/1 BA 1A - 664 SF	1	\$1,805	\$21,660	\$1,950	\$23,400
2 BR/2 BA 3A - 660 SF	1	\$2,260	\$27,120	\$2,100	\$25,200
2 BR/2.5 BA 1B - 1,268 SF	1	\$2,420	\$29,040	\$2,400	\$28,800
3 BR/3 BA 1C - 1,070 SF	1	\$2,705	\$32,460	\$2,700	\$32,400
3 BR/2 BA 3B - 1,200 SF	1	\$2,650	\$31,800	\$2,650	\$31,800
Total Leased	5	\$2,368	\$142,080	\$2,360	\$141,600

Compiled by [REDACTED]

- For the direct capitalization analysis, potential gross rent is based on contract rent. Total contract rent is \$142,080.

Potential Rental Income



- Our estimate of potential rental income is before the deduction for vacancy and collection loss.
- We note that historical data includes income from a 6th unit (located on the lower level). This unlicensed unit has been excluded from our analysis. See *Hypothetical Conditions*.

Operating History

Three years of historical operating data, trailing 12 month data, year-to-date, and a current budget for the property were requested. All requested information was provided except a current budget.

As appropriate, the owner’s operating expenses are reclassified into standard categories and exclude items that do not reflect normal operating expenses for this type of property. The reclassification is done for proper analysis against comparable data and industry benchmarks as appropriate. Because the historical operating data statements use different names for some categories and it is not always immediately apparent which expenses belong to which standard expense category, the following provides a mapping of these expenses. The categories on the historical operating statements are in the far left column while the “[REDACTED] Revenue or Operating Expense Category” are the categories used in this analysis for that line item.



INCOME CAPITALIZATION APPROACH

Application of		Standards to Owner's Revenue and Expenses				
Actual or Proforma		Actuals	Actuals	Actuals	Actuals	Actuals
Period Length		12 Mos.	12 Mos.	12 Mos.	3 Mos.	Annualized
Period Ending		12/31/2020	12/31/2021	12/31/2022	3/31/2023	3/31/2023
Apt. Units		5	5	5	5	5
Owner's Revenue Category	Newmark Revenue Category					
Rent Income	Rental Income	\$120,439	\$126,701	\$151,878	\$38,700	\$154,800
Late Fee	Omit Row	\$200	\$0	\$0		\$0
Effective Gross Income	Effective Gross Income	\$120,439	\$126,701	\$151,878	\$38,700	\$154,800
Actual or Proforma		Actuals	Actuals	Actuals	Actuals	Actuals
Period Length		12 Mos.	12 Mos.	12 Mos.	3 Mos.	Annualized
Period Ending		12/31/2020	12/31/2021	12/31/2022	3/31/2023	3/31/2023
Owner's Operating Expense Category	Newmark Operating Expense Category					
Keys	Repairs and Maintenance	\$63	\$0	\$0	\$0	\$0
Turnover Maintenance	Repairs and Maintenance	\$0	\$750	\$0	\$0	\$0
Maintenance Materials	Repairs and Maintenance	\$0	\$2,131	\$392	\$51	\$0
Painting	Repairs and Maintenance	\$86	\$0	\$75	\$225	\$900
HVAC	Repairs and Maintenance	\$350	\$99	\$926	\$0	\$0
Common Area Cleaning	Repairs and Maintenance	\$0	\$4,875	\$5,916	\$1,430	\$5,720
Cleaning Expense	Repairs and Maintenance	\$165	\$0	\$180	\$145	\$580
Pest Control	Repairs and Maintenance	\$0	\$632	\$0	\$135	\$540
Snow Removal	Repairs and Maintenance	\$75	\$935	\$765	\$65	\$260
Trash Removal	Repairs and Maintenance	\$2,075	\$2,150	\$2,200	\$760	\$3,040
Management Fees	Management	\$5,780	\$5,950	\$6,120	\$1,530	\$6,120
OCF Leasing Commission	Management	\$2,075	\$9,240	\$2,650	\$0	\$0
OCF Renewal Fee	Management	\$0	\$250	\$0	\$0	\$0
Fire Protection	Repairs and Maintenance	\$0	\$575	\$2,080	\$0	\$0
Security Service	Repairs and Maintenance	\$892	\$1,615	\$1,350	\$0	\$0
Common Area Electricity	Utilities	\$3,314	\$2,801	\$2,318	\$2,333	\$9,332
Vacant Apartment Electric	Utilities	\$236	\$46	\$0	\$0	\$0
Plumbing	Repairs and Maintenance	\$0	\$1,140	\$1,287	\$600	\$2,400
Water	Utilities	\$888	\$226	\$811	\$204	\$817
Maintenance Labor	Repairs and Maintenance	\$185	\$207	\$765	\$0	\$0
Repairs and Maintenance	Repairs and Maintenance	\$590	\$6,916	\$7,719	\$213	\$850
Appliances	Repairs and Maintenance	\$326	\$329	\$564	\$555	\$2,221
Roof Repairs & Maintenance	Repairs and Maintenance	\$351	\$450	\$0	\$0	\$0
Licenses & Permits	General and Administrative	\$281	\$0	\$303	\$0	\$0
Legal Expenses	General and Administrative	\$0	\$325	\$0	\$0	\$0
Inspections & Tests	General and Administrative	\$0	\$0	\$718	\$0	\$0
Total Operating Expenses	Total Operating Expenses	\$17,732	\$41,642	\$37,139	\$8,246	\$32,780
Net Operating Income		\$102,707	\$85,058	\$114,739	\$30,454	\$122,020

INCOME CAPITALIZATION APPROACH

Operating History and Projections											
Period Length	12 Mos.		12 Mos.		12 Mos.		3 Mos.		Annualized		Projection
Period Ending	12/31/2020		12/31/2021		12/31/2022		3/31/2023		3/31/2023		Projection
Occupancy	100.0%		100.0%		100.0%		100.0%		100.0%		95.9%
Apt. Units	5		5		5		5		5		5
Multifamily Income	Total \$	\$/Unit	Total \$	\$/Unit	Total \$	\$/Unit	Total \$	Total \$	\$/Unit	Total \$	\$/Unit
Rental Income	\$120,439	\$24,088	\$126,701	\$25,340	\$151,878	\$30,376	\$38,700	\$154,800	\$30,960	\$142,080	\$28,416
Potential Rental Income	\$120,439	\$24,088	\$126,701	\$25,340	\$151,878	\$30,376	\$38,700	\$154,800	\$30,960	\$142,080	\$28,416
Potential Gross Multifamily Income	\$120,439	\$24,088	\$126,701	\$25,340	\$151,878	\$30,376	\$38,700	\$154,800	\$30,960	\$144,960	\$28,992
Vacancy	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,798)	(\$1,160)
Collection Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,450)	(\$290)
Effective Gross Income	\$120,439	\$24,088	\$126,701	\$25,340	\$151,878	\$30,376	\$38,700	\$154,800	\$30,960	\$137,712	\$27,542
Operating Expenses	Total \$	\$/Unit	Total \$	\$/Unit	Total \$	\$/Unit	Total \$	Total \$	\$/Unit	Total \$	\$/Unit
Real Estate Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,206	\$1,041
Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,250	\$850
Utilities	\$4,438	\$888	\$3,074	\$615	\$3,129	\$626	\$2,537	\$10,149	\$2,030	\$2,625	\$525
Repairs and Maintenance	\$5,158	\$1,032	\$22,804	\$4,561	\$24,219	\$4,844	\$4,179	\$16,511	\$3,302	\$9,000	\$1,800
General and Administrative	\$281	\$56	\$325	\$65	\$1,021	\$204	\$0	\$0	\$0	\$1,750	\$350
Management	\$7,855	\$1,571	\$15,440	\$3,088	\$8,770	\$1,754	\$1,530	\$6,120	\$1,224	\$6,886	\$1,377
Replacement Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,500	\$300
Total Operating Expenses	\$17,732	\$3,546	\$41,642	\$8,328	\$37,139	\$7,428	\$8,246	\$32,780	\$6,556	\$31,216	\$6,243
Operating Expense Ratio	14.7%		32.9%		24.5%		21.3%	21.2%		22.7%	
Net Operating Income	\$102,707	\$20,541	\$85,058	\$17,012	\$114,739	\$22,948	\$30,454	\$122,020	\$24,404	\$106,496	\$21,299

Gross Expense Reimbursements

Gross Expense Reimbursements			
Subject		\$/Unit	Total
Projection		\$576	\$2,880

- Tenants reimburse the landlord for water each month. This figure was obtained from the current rent roll that was provided by management.

Vacancy & Collection Loss Allowance

Vacancy Allowance

Market Vacancy Rate Indicators					
	Current	Most Recent Full Year	Trailing 3-Year	Trailing 5-Year	Trailing 10-Year
Costar					
Philadelphia	5.20%	4.90%	5.30%	5.50%	6.00%
Bella Vista/Southwark	3.90%	3.80%	4.00%	4.80%	4.30%
Concluded Subject Vacancy Rate	4.00%				

- The vacancy estimate for the subject was previously developed in the market analysis section of this report and was determined to be 4.00%.

INCOME CAPITALIZATION APPROACH

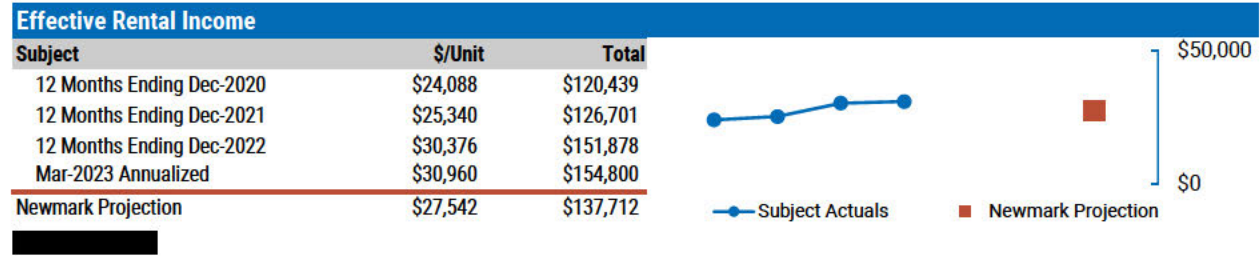
Collection Loss

- Based on available data and analysis, the concluded collection loss allowance is 1.00%.

Combined Vacancy and Collection Loss Conclusion

- Based on this analysis, the total stabilized vacancy and collection loss allowance for the subject is 5.00%.

Effective Gross Income



- Our pro forma estimate is less than the most recent actual figures due to our inclusion of vacancy and collection loss and exclusion of income for the 6th unit.

OPERATING EXPENSE ANALYSIS

Expense data for the subject and comparable properties are summarized in the following table.

Expense Analysis Per Unit										
	Comp 1	Comp 2	Comp 3	Comp 4	Subject Historical and Projections					
Year Built	2022	2017	1915	1880	1915					
Apt. Units	6	4	6	7	5	5	5	5	5	5
Operating Data Type	Budget	Actual	Actual	Budget	Actual	Actual	Actual	Partial Year	Annualized	Newmark
Year	2023	2020	2022	2022	2020	2021	2022	2023	2023	Projection
Operating Expenses Per Unit										
Real Estate Taxes	\$3,201	\$533	\$1,411	\$565	\$0	\$0	\$0	\$0	\$0	\$1,041
Insurance	\$1,417	\$874	\$517	\$726	\$0	\$0	\$0	\$0	\$0	\$850
Utilities	\$467	\$857	\$934	\$788	\$888	\$615	\$626	\$507	\$2,030	\$525
Repairs and Maintenance	\$1,067	\$579	\$403	\$2,940	\$1,032	\$4,561	\$4,844	\$836	\$3,302	\$1,800
General and Administrative	\$400	\$159	\$0	\$540	\$56	\$65	\$204	\$0	\$0	\$350
Management	\$1,071	\$960	\$519	\$0	\$1,571	\$3,088	\$1,754	\$306	\$1,224	\$1,377
Replacement Reserves	\$333	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$300
Total Operating Expenses Per Unit	\$7,956	\$3,962	\$3,784	\$5,559	\$3,546	\$8,328	\$7,428	\$1,649	\$6,556	\$6,243

Real Estate Taxes

Real Estate Taxes		
Source	\$/Unit	Total
Comparables Low	\$533	
Comparables High	\$3,201	
Comparables Average	\$1,428	
██████████ Projection	\$1,041	\$5,206
██████████		

- This expense category includes all local, county, and state property tax levies.
- Our projection is based on the property assessment and tax rate for the subject, as discussed previously in the Real Estate Tax Analysis. The subject currently has two years left of the tax abatement program therefore our consideration of real estate taxes is projected as if the tax abatement program ended to accurately reflect the value of the property.
- Real estate taxes were not included as operating expenses over the past three years.

Insurance

Insurance		
Source	\$/Unit	Total
Comparables Low	\$517	
Comparables High	\$1,417	
Comparables Average	\$884	
██████████ Projection	\$850	\$4,250
██████████		

- Insurance expense includes property and casualty insurance for the subject. We researched comparable properties for our insurance estimate, as the provided historical operating income expenses exclude insurance.

Utilities

Utilities		
Source	\$/Unit	Total
Comparables Low	\$467	
Comparables High	\$934	
Comparables Average	\$762	
Subject		
2020 (Actual Operations)	\$888	\$4,438
2021 (Actual Operations)	\$615	\$3,074
2022 (Actual Operations)	\$626	\$3,129
2023 (Annualized Operations)	\$2,030	\$10,149
██████████ Projection	\$525	\$2,625
██████████		



- Utility charges include cold water, sewer, and common area electricity, all of which are centrally metered and billed to the owner. All other utilities are billed directly to the tenant.

Repairs and Maintenance

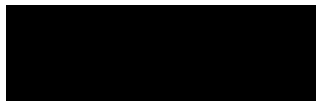
Repairs and Maintenance		
Source	\$/Unit	Total
Comparables Low	\$403	
Comparables High	\$2,940	
Comparables Average	\$1,247	
Subject		
2020 (Actual Operations)	\$1,032	\$5,158
2021 (Actual Operations)	\$4,561	\$22,804
2022 (Actual Operations)	\$4,844	\$24,219
2023 (Annualized Operations)	\$3,302	\$16,511
██████████ Projection	\$1,800	\$9,000
██████████		

- The umbrella category of repairs and maintenance includes expenditures to repair and maintain mechanical systems and structural components, encompassing payroll and contract costs, as appropriate, pest control, snow removal, trash removal, and appliance/kay replacement. Excluded are alterations and major replacements, which are considered capital costs rather than periodic expenses.

General/Administrative

General and Administrative		
Source	\$/Unit	Total
Comparables Low	\$0	
Comparables High	\$540	
Comparables Average	\$275	
Subject		
2020 (Actual Operations)	\$56	\$281
2021 (Actual Operations)	\$65	\$325
2022 (Actual Operations)	\$204	\$1,021
2023 (Annualized Operations)	\$0	\$0
██████████ Projection	\$350	\$1,750
██████████		

- General and administrative expenses are minimal for the subject and include licenses and permits, legal expenses, and inspections and tests. We've included a higher figure which is more typical of the market.



Management

Management		
Source	\$/Unit	Total
Comparables Low	\$0	
Comparables High	\$1,071	
Comparables Average	\$638	
Subject		
2020 (Actual Operations)	\$1,571	\$7,855
2021 (Actual Operations)	\$3,088	\$15,440
2022 (Actual Operations)	\$1,754	\$8,770
2023 (Annualized Operations)	\$1,224	\$6,120
██████████ Projection	\$1,377	\$6,886
██████████		

- Typical management fees for properties of this type range from 3% to 5%
- Considering that the subject has typical management needs, we project an overall management fee of 5% of effective gross income.

Replacement Reserves

Replacement Reserves		
Source	\$/Unit	Total
Comparables Low	\$0	
Comparables High	\$333	
Comparables Average	\$83	
██████████ Projection	\$300	\$1,500
██████████		

- For multifamily properties, it is customary to include replacement reserves as an expense line item in developing an estimate of net operating income. Replacement reserves are estimated to account for replacement costs of certain capital items, such as the roof and HVAC systems.



Total Operating Expenses

Total Operating Expenses		
Source	\$/Unit	Total
Comparables Low	\$3,784	
Comparables High	\$7,956	
Comparables Average	\$5,315	
Subject		
2020 (Actual Operations)	\$3,546	\$17,732
2021 (Actual Operations)	\$8,328	\$41,642
2022 (Actual Operations)	\$7,428	\$37,139
2023 (Annualized Operations)	\$6,556	\$32,780
██████████ Projection	\$6,243	\$31,216
██████████		

- The projected rate is similar to recent operating history trends for the subject.

NET OPERATING INCOME

Net Operating Income		
Source	\$/Unit	Total
Subject		
2020 (Actual Operations)	\$20,541	\$102,707
2021 (Actual Operations)	\$17,012	\$85,058
2022 (Actual Operations)	\$22,948	\$114,739
2023 (Annualized Operations)	\$24,404	\$122,020
██████████ Projection	\$21,299	\$106,496
██████████		

CAP RATE AND VALUE CHANGES – EARLY 2Q 2023

As we all know, the national and global economies are shaky and interest rate changes are having a significant impact on the commercial real estate market. The Federal Reserve has raised the Federal Funds Rate to a range of 4.50% to 4.75% and continues to signal further increases.

The impacts to both the residential and commercial real estate markets have been material as borrowing costs have increased significantly. “Rescue equity” has been observed replacing some of the capital shortfalls as values decline and cost of debt rises. Further, negative leverage is occurring as mortgage rates trend above capitalization rates and this is unsustainable. Transactions have slowed, deals have stalled, and there has been a lack of current data points which has reduced clarity with respect to price discovery and valuations. The majority of investors surveyed by PwC expect capitalization rates to increase over the next six months.



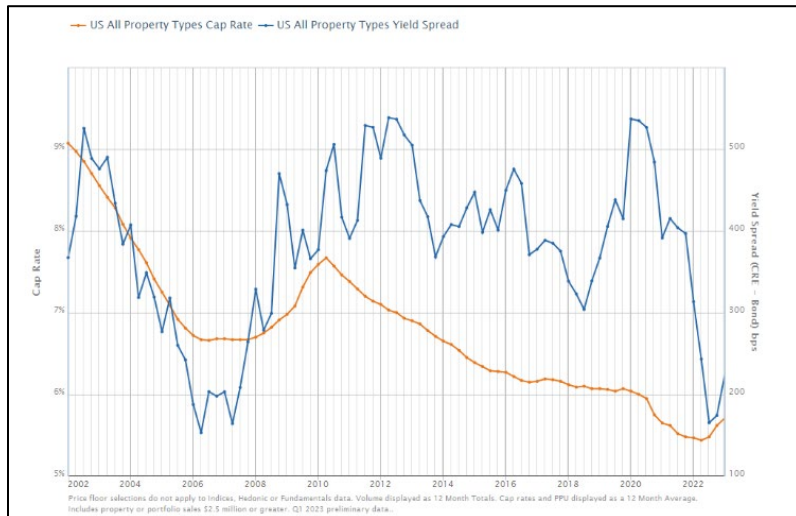
Real Capital Analytics reported in their Q1 2023 Capital Trends publication that “Deal volume is down at double-digit rates from a year earlier, prices are in retreat and cap rates are ticking upward.” “The RCA CPPI National All-Property Index fell 8.0% from a year earlier in the first quarter, marking two consecutive quarters of year-over-year declines.”

Cost of Capital

The increase in base interest rates directly affects financing rates. Various debt sources are quoting and achieving mortgage interest rates of 6% and above with bank financing commonly at 7% and above. This is creating a situation where debt coverage ratios are too low based on existing cash flows and this, in turn, is forcing lower leverage and greater equity positions. Where stress testing is employed, the higher stressed rates also tend to force lower leverage. Equity funds generally carry higher rates of return than debt and this translates to higher capitalization rates as well.

Capitalization Rates

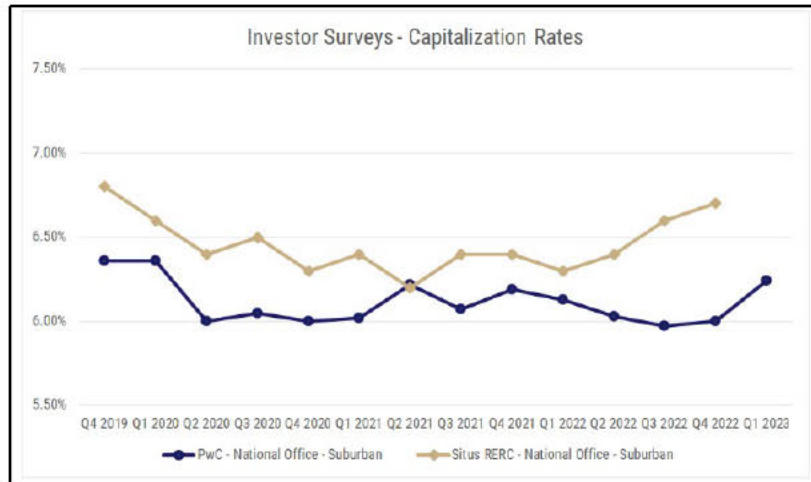
The majority of investors surveyed by PwC for their First Quarter 2023 Real Estate Investor Survey expect capitalization rates to increase over the next six months. This translates to slowing transaction volume but also directly impacts pricing expectations. “We need higher returns due to rising capital costs and additional risk,” remarks one investor surveyed by PwC.



In the past, there tended to be a noticeable lag between changes in capitalization rates and underlying financing rates. The graph to the left from Real Capital Analytics depicts the spread between capitalization rates and underlying interest rate yields (bond rates in this case). As interest rates began to climb into 2007, while capitalization rates continued a slow downtrend, the spread fell to below 200 basis points. In 2009, capitalization rates hit a peak while the spread widened to the 350 to 500 basis point range. Very recently (Fourth Quarter 2022 and First Quarter 2023), the spread had again fallen to around 200 basis points largely reflecting investors’ continued interest in CRE.



Cap rates have begun reacting. As shown in the graph above, the past three quarters reflected a tick up in the Real Capital Analytics cap rate data (which is based on closed transactions). The graph to the right depicts investor survey data for suburban office properties from PwC and Situs RERC. Situs RERC has reflected upward trending cap rates since the first



of 2022 while PwC’s data has only recent reflected upward trends. PwC reports that 60% of their respondents expect capitalization rates for suburban office to increase in the next six months while the other 40% expect cap rates for this category to hold steady.

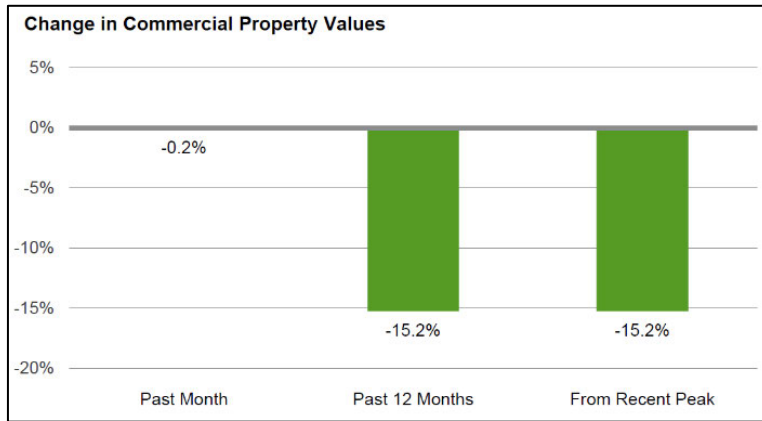
Green Street tracks capitalization rates in six property types in the top 50 MSA’s. Their February 2023 Cap Rate Observer, which is inclusive of both REIT and actual transaction data, reflects even more dramatic indicated changes in capitalization rates. The following summarizes the weighted averages for various property types in these 50 top MSA’s. Because the index does include REIT returns, it tends to be more reactionary to macro-economic conditions and stock market trends. This makes the Green Street data more reflective of trends as opposed to actual changes now occurring.

Green Street – Cap Rate Observer – February 2023			
Property Type Sector	March 22 Cap Rates	March 23 Cap Rates	One Year ▲ (bps)
Apartment	3.9%	5.2%	+130
Industrial	3.9%	4.6%	+70
Office	6.5%	8.7%	+220
Strip Center	5.5%	6.6%	+110
Self-Storage	4.3%	5.1%	+80
Single-Family Rental	4.6%	5.1%	+50

Investors expect, and the data is showing, that capitalization rates are increasing. We have also heard of specific transaction examples including repricing of deals and simply offers at lower levels owing to the increased cost of capital – not to mention other economic factors such as inflation, recession, supply chain, Ukraine, etc.

Property Values

Property values are declining both from transactional evidence and from REIT valuations. The graph to the right from Green Street is their most recent Commercial Property Price Index report on February 6, 2023 reflects the change from the recent peak.



Green Street CPPI®: Sector-Level Indexes

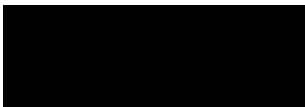
	Index Value	Change in Commercial Property Values		
		Past Month	Past 12 Mos	Recent Peak
All Property	131.4	-0.2%	-15%	-15%
Core Sector	130.5	-0.2%	-18%	-18%
Apartment	150.7	0.0%	-21%	-21%
Industrial	221.2	0.0%	-13%	-13%
Mall	79.5	0.0%	-15%	-19%
Office	85.2	0.0%	-25%	-25%
Strip Retail	112.9	-2.0%	-14%	-14%
Health Care	133.6	-0.9%	-10%	-11%
Lodging	108.9	1.2%	-1%	-4%
Manufactured Home Park	283.8	0.0%	-12%	-12%
Net Lease	97.6	0.0%	-16%	-16%
Self-Storage	281.6	1.0%	-10%	-10%

The lead-in to this report stated the following: The Green Street Commercial Property Price Index® decreased by 0.2% in March. The index has fallen by 15% since property prices peaked a year ago.

All property sectors have now turned negative since the recent peak as shown in the table to the left. The

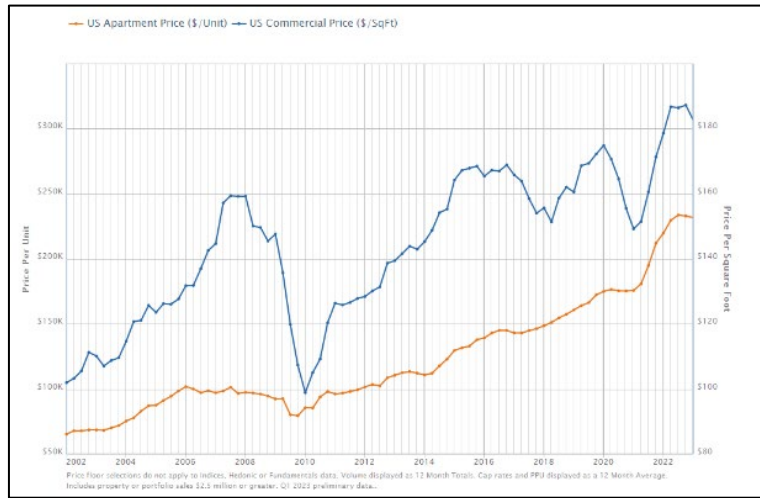
largest downturn is in the malls and apartment sectors. The apartment sector appears to have been impacted by financing availability in that agency debt has been priced higher forcing more bank and life insurance company financed transactions. However, it is our understanding the Agencies have recently adjusted terms to capture more potential transactions (such as relaxed prepayment penalties). Self-storage and hotels are the least impacted at this time but still down from their recent peaks.

Again, note that the Green Street data is heavily REIT based and tends to be more volatile than the CRE market by itself and this should be viewed as an indication of trends and not necessarily



absolute change. For the alternate view, Real Capital Analytics data is reflective of closed transactions only.

Deal volume has been falling from recent peaks. According to Real Capital Analytics, investment sales averaged about \$87.8b across every first quarter from 2005 to 2019. For first quarter 2023, investment sales totaled \$85.0b which means that the first quarter was in line with historical averages. However, against first quarter 2022, sales volume is down 56%



this quarter. Demand is clearly falling – which means that pricing will fall as well just from a simple economics supply and demand model. On the other hand, pricing metrics from Real Capital Analytics have not been severely impacted – for first quarter 2023, the price change was only - 8.0% year over year. The graph to the right shows price per unit for apartments (orange line) and price per square foot for commercial properties (blue line) – neither has moved significantly downward yet.

Final Thoughts / Action Items

It is important to acknowledge that there is a dearth of transactions in the marketplace which makes it more difficult to determine the impact on cap rates. This is partly a function of the reported disconnect between sellers and buyers – brokers and capital markets professional report this disconnect is as much as 30%.

We have to make sure we are considering data relevant to the property we are appraising. Remember, the definition of market value talks about the buyer and seller being “knowledgeable” and “well informed or well advised”. These individuals will be fully cognizant of the challenges they face from cost of capital and will make appropriate adjustments in their underwriting – this means that we must do the same.

It is beyond important that we use all available sources to properly analyze market value because all of it together provides us the best view. The above is a short review of available data from a macro standpoint but the market participants relevant to the property we are appraising are the most significant data source. We must continuously keep our ears to the ground and talking to investors and brokers which is a must in this environment.



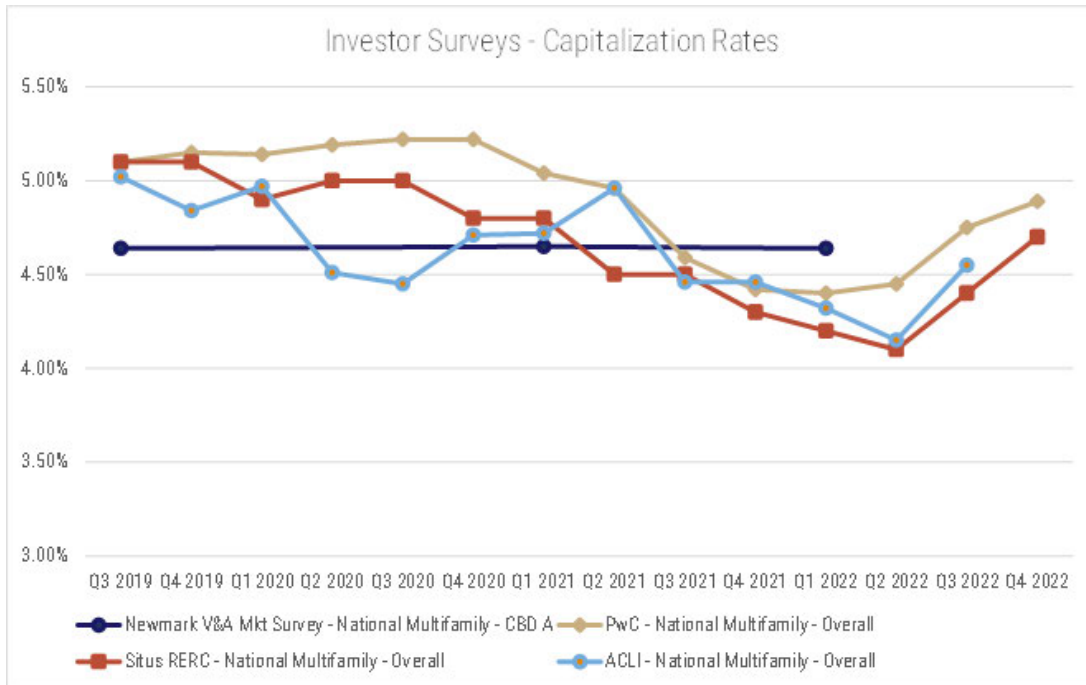
- Investors have become selective, cautious, and tentative as cost of capital has increased.
- Volatility in the market has led to the disconnect between buyers and sellers thus reducing transaction volume – both in number of sales and overall price volume.
- Although the number of transactions has dropped precipitously, market participants are saying that price discovery is demonstrating that values are trending lower.
- Negative leverage is present in the market and this cannot be sustained which is putting downward pressure on values.
- Brokers report re-trades are occurring at lower pricing and higher indicated capitalization rates.
- There is a significant amount of capital (dry powder) from both the debt and equity side waiting to be invested once transactions start occurring.

COMPARABLE PROPERTIES

Comparable Multifamily Sales Summary							
No.	Property Location	Yr. Built	Sale Date	Number of Apt. Units	Occ. %	Price per Unit	OAR
1	1343 Fitzwater Street, Philadelphia, PA	2021	Dec-2021	6	0%	\$408,333	6.89%
2	2031 S. Juniper Street, Philadelphia, PA	2016	Jan-2022	8	100%	\$268,750	7.52%
3	1827-29 South 20th Street, Philadelphia, PA	2017	Feb-2022	6	0%	\$350,000	-
4	822-824 South Street, Philadelphia, PA	1986	Aug-2021	10	70%	\$200,000	7.04%
5	919-921 Lombard Street, Philadelphia, PA	1928	Feb-2023	6	94%	\$325,833	-
Average (Mean) Cap Rate:							7.15%

Investor Surveys

Investor Surveys - Capitalization Rates				
Source	Period	Low	High	Average
Newmark V&A Mkt Survey - National Multifamily - CBD A	Q1 2022	N/A	N/A	4.64%
PwC - National Multifamily - Overall	Q4 2022	3.25%	8.00%	4.89%
Situs RERC - National Multifamily - Overall	Q4 2022	3.90%	6.00%	4.70%
ACLI - National Multifamily - Overall	Q3 2022	N/A	N/A	4.55%



- Recent national survey data indicates that going-in capitalization rates for multifamily properties range from 3.25% - 8.00% with central tendencies ranging from 4.70% - 4.89%.

Band of Investment

Band of Investment					
Mortgage/Equity Assumptions					
Loan to Value Ratio			75%		
Interest Rate			5.50%		
Amortization (Years)			30		
Mortgage Constant			0.0681		
Equity Ratio			25%		
Equity Dividend Rate			5.00%		
Weighted Average Of Mortgage/Equity Requirements					
Mortgage Requirement	75%	x	6.81%	=	5.11%
Equity Requirement	25%	x	5.00%	=	1.25%
Indicated Capitalization Rate (Rounded)					6.25%

- We've included an approximate interest rate of 5.50% on a 30-year amortization and an LTV of less than 70%.
- The equity dividend rate is based on prior testing and extraction as well as alternative investments.



Key Value Considerations

Strengths

1. The property is in excellent condition and is of good quality and tenant appeal.
2. The property was fully occupied and is considered to be stabilized as of the effective valuation date.
3. Access to amenities, employment centers, and public transportation is considered to be above average.

National Trends and Uncertainties

1. Federal Reserve interest rate increases and associated effects on cost of capital and investment rates along with credit tightening have impaired transaction volumes.
2. Despite positives such as a healthy job market, at least a mild recession is expected later this year.
3. Easing of inflation, consumer spending, and continued job growth have so far kept the economy growing in spite of interest rate increases and bank system stress.

Capitalization Rate Conclusion

Source	Indication
Comparable Multifamily Sales	6.89% - 7.52%
Investor Surveys	4.25% - 8.25%
Band of Investment	6.25%
Concluded Going-In Capitalization Rate	6.25%

- We have concluded a capitalization rate of 6.25% given its history of full occupancy.

Direct Capitalization Summary

Net operating income is divided by the capitalization rate to derive the stabilized value of the subject. The as-is value indication is derived through the adjustments noted above. Valuation of the subject by direct capitalization is shown in the table immediately following.

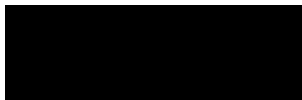
Income Capitalization Approach			
Summary of Stabilized Net Operating Income			
Item Description	% of Income	\$/Unit	Total \$
Multifamily Income		5 Units	
Rental Income		\$28,416	\$142,080
Potential Rental Income		\$28,416	\$142,080
Gross Expense Reimbursements		\$576	\$2,880
Potential Gross Multifamily Income		\$28,992	\$144,960
Vacancy	-4.00%	(\$1,160)	(\$5,798)
Collection Loss	-1.00%	(\$290)	(\$1,450)
Effective Rental Income		\$27,542	\$137,712
Effective Gross Multifamily Income		\$27,542	\$137,712
Operating Expenses		5 Units	
Real Estate Taxes		\$1,041	\$5,206
Insurance		\$850	\$4,250
Utilities		\$525	\$2,625
Repairs and Maintenance		\$1,800	\$9,000
General and Administrative		\$350	\$1,750
Management	5.00%	\$1,377	\$6,886
Replacement Reserves		\$300	\$1,500
Total Operating Expenses	22.67%	\$6,243	\$31,216
Net Operating Income		\$21,299	\$106,496

INCOME CAPITALIZATION APPROACH

Direct Capitalization Method		
Value Indication	\$/Unit	Total \$
As Stabilized		
Stabilized Net Operating Income	\$21,299	\$106,496
Overall Capitalization Rate		6.25%
As Stabilized Value	Effective Date: 4/10/2023	\$1,703,933
Rounded	\$340,000	\$1,700,000

Valuation Matrix	
OAR	Value
5.75%	\$1,852,101
6.00%	\$1,774,930
6.25%	\$1,703,933
6.50%	\$1,638,397
6.75%	\$1,577,716

As Is		
As Is Value as of Current Date	Effective Date: 4/10/2023	\$1,703,933
Add PV of Tax Abatement		\$50,000
As Is Value	Effective Date: 4/10/2023	\$1,753,933
Rounded	\$350,000	\$1,750,000



Reconciliation of Value

The values indicated by our analyses are as follows:

Market Value Indications	
Market Value Premise As of Date:	As Is April 10, 2023
Cost Approach:	Not Used
Sales Comparison Approach:	\$1,750,000
Income Capitalization Approach:	\$1,750,000
Market Value Conclusion	\$1,750,000

Cost Approach

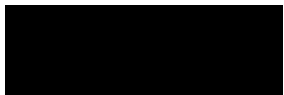
In this case, the cost approach was not utilized due to the age of the improvements which results in significant depreciation thereby reducing the reliability of this approach. More significantly, however, market participants considering properties like the subject do not give consideration to the cost approach.

Sales Comparison Approach

The Sales Comparison Approach is focused on comparing the subject to sale and other market transactions with the aim to develop an indication of value that is founded on the theory of substitution. Basically, the intention is to determine value through considering the prices of properties which would be a substitute property to the subject. In this case, a selection of reasonably similar sales were obtained and the adjustment process was well founded by reasoning and direct evidence. Although this analysis is considered to be well founded and reliable, the subject property is an income producing property and the sales comparison approach, like the cost approach, is limited its ability to directly consider the income levels of the subject and the sales. Accordingly, secondary weight is given to the sales comparison approach.

Income Capitalization Approach

The subject property is an apartment property. It is distinctly an income producing property and this approach is specifically designed to address the value of such a property. Direct capitalization was developed. Market rent was well established by reasonably similar lease data. The property has a stable history and both income and expense estimates track with historical trends. Capitalization rates were developed from a number of sources including the sales used in the



sales comparison approach. In total, the income capitalization approach is considered to be most applicable to the subject and most reliable. This approach is given greatest weight for that reason.

Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value "As Is"	Leased Fee	4/10/2023	\$1,750,000

Extraordinary Assumptions and Hypothetical Conditions

An extraordinary assumption is defined in USPAP as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results.

1. Individual unit sizes were not available for this property. We measured four of five apartments and have estimated the size for the remaining unit based on available data and building measurements. We reserve the right to amend our report if different information becomes available to us.
2. Unit 1C was fit-out with three bedrooms and three bathrooms at time of inspection. The provided rent roll lists the unit as having two bedrooms and two bathrooms. Given the higher rental rate, in conjunction with our property inspection and historical listings for unit, we purport that Unit 1C is a 3BR/3BA apartment.

The use of these extraordinary assumptions might have affected assignment results.

A hypothetical condition is defined in USPAP as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. The value conclusions are based on the following hypothetical conditions that may affect the assignment results.

1. The subject was fit-out with 6 units at time of inspection. The 1BR/1BA unit (Apartment B) located on the lower level of the building is not licensed and is thereby excluded from our calculations. According to the site contact, they are in the process of vacating the tenant. Therefore, our analysis utilizes the hypothetical condition that the property contains five units.

The use of this hypothetical condition might have affected assignment results.

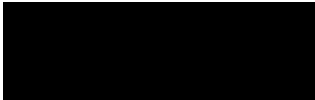
EXPOSURE TIME

Exposure time is the estimated length of time the subject property would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. It is a retrospective estimate based on an analysis of past events assuming a competitive and open market.

Recent sales transaction data for similar properties, supply and demand characteristics for the local multifamily market, and the opinions of local market participants were reviewed and analyzed. Based on this data and analysis, it is our opinion that the probable exposure time for the subject at the concluded market value stated previously is 6 to 9 months.

MARKETING TIME

Marketing time is an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. As no significant changes in market conditions are foreseen in the near term, it is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 6 to 9 months.



Assumptions and Limiting Conditions

The Appraisal contained in this Report (herein "Report") is subject to the following assumptions and limiting conditions:

1. Unless otherwise stated in this report, title to the property which is the subject of this report (herein "Property") is assumed to be good and marketable and free and clear of all liens and encumbrances and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. No responsibility is assumed for the legal description, zoning, condition of title or any matters which are legal in nature or otherwise require expertise other than that of a professional real estate appraiser. This report shall not constitute a survey of the Property.
2. Unless otherwise stated in this report, it is assumed: that the improvements on the Property are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the Property and improvements conform to all applicable local, state, and federal laws, codes, ordinances and regulations including environmental laws and regulations. No responsibility is assumed for soil or subsoil conditions or engineering or structural matters. The Property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated. The physical condition of the Property reflected in this report is solely based on a visual inspection as typically conducted by a professional appraiser not someone with engineering expertise. Responsible ownership and competent property management are assumed.
3. Unless otherwise stated in this report, this report did not take into consideration the existence of asbestos, PCB transformers or other toxic, hazardous, or contaminated substances or underground storage tanks, or the cost of encapsulation, removal or remediation thereof. Real estate appraisers are not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials and substances may adversely affect the value of the Property. Unless otherwise stated in this report, the opinion of value is predicated on the assumption that there is no such material or substances at, on or in the Property.



4. All statements of fact contained in this report as a basis of the analyses, opinions, and conclusions herein are true and correct to the best of the appraiser's actual knowledge and belief. The appraiser is entitled to and relies upon the accuracy of information and material furnished by the owner of the Property or owner's representatives and on information and data provided by sources upon which members of the appraisal profession typically rely and that are deemed to be reliable by such members. Such information and data obtained from third party sources are assumed to be reliable and have not been independently verified. No warranty is made as to the accuracy of any of such information and data. Any material error in any of the said information or data could have a substantial impact on the conclusions of this Report. The appraiser reserves the right to amend conclusions reported if made aware of any such error.
5. The opinion of value stated in this report is only as of the date of value stated in this report. An appraisal is inherently subjective and the conclusions stated apply only as of said date of value, and no representation is made as to the effect of subsequent events. This report speaks only as of the date hereof.
6. Any projected cash flows included in the analysis are forecasts of estimated future operating characteristics and are predicated on the information and assumptions contained within this report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of market expectations of future income and expenses. The achievement of any financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. There is no warranty or assurances that these forecasts will occur. Projections may be affected by circumstances beyond anyone's knowledge or control. Any income and expense estimates contained in this report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
7. The analyses contained in this report may necessarily incorporate numerous estimates and assumptions regarding Property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by the analysis will vary from estimates, and the variations may be material.
8. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraphs, several events may occur that could substantially alter the outcome of the estimates such as, but not limited to changes

in the economy, interest rates, capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. In making prospective estimates and forecasts, it is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

9. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. This report shall be considered only in its entirety. No part of this report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the Firm. Possession of this report, or a copy hereof, does not carry with it the right of publication.
11. Client and any other Intended User identified herein should consider this report and the opinion of value contained herein as only one factor together with its own independent considerations and underwriting guidelines in making any decision or investment or taking any action regarding the Property. Client agrees that Firm shall not be responsible in any way for any decision of Client or any Intended User related to the Property or for the advice or services provided by any other advisors or contractors. The use of this report and the appraisal contained herein by anyone other than an Intended User identified herein, or for a use other than the Intended Use identified herein, is strictly prohibited. No party other than an Intended User identified herein may rely on this report and the appraisal contained herein.
12. Unless otherwise stated in the agreement to prepare this report, the appraiser shall not be required to participate in or prepare for or attend any judicial, arbitration, or administrative proceedings.
13. The Americans with Disabilities Act (ADA) became effective January 26, 1992. No survey or analysis of the Property has been made in connection with this report to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. No expertise in ADA issues is claimed, and the report renders no opinion regarding the Property's compliance with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

ASSUMPTIONS AND LIMITING CONDITIONS

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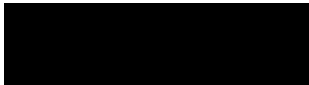
14. Acceptance and/or use of this report constitutes full acceptance of these Assumptions and Limiting Conditions and any others contained in this report, including any Extraordinary Assumptions and Hypothetical Conditions, and is subject to the terms and conditions contained in the agreement to prepare this report and full acceptance of any limitation of liability or claims contained therein.



ADDENDA

Addendum A

Glossary of Terms



ADDENDA

The following definitions are derived from The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022).

- ◆ **Absorption Period:** The actual or expected period required from the time a property, group of properties, or commodity is initially offered for lease, purchase, or use by its eventual users until all portions have been sold or stabilized occupancy has been achieved.
- ◆ **Absorption Rate:** 1) Broadly, the rate at which vacant space in a property or group of properties for sale or lease has been or is expected to be successfully sold or leased over a specified period of time. 2) In subdivision analysis, the rate of sales of lots or units in a subdivision.
- ◆ **Ad Valorem Tax:** A tax levied in proportion to the value of the thing(s) being taxed. Exclusive of exemptions, use-value assessment provisions, and the like, the property tax is an ad valorem tax. (IAAO)
- ◆ **As Is Market Value:** The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Interagency Appraisal and Evaluation Guidelines) Note that the use of the “as is” phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States. The concept of an “as is” value is not included in the Standards of Valuation Practice of the Appraisal Institute, Uniform Standards of Professional Appraisal Practice, or International Valuation Standards.
- ◆ **Assessed Value:** The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.
- ◆ **Cash Equivalency Analysis:** An analytical process in which the sale price of a transaction with atypical financing or financing with unusual conditions or incentives is converted into a price equivalent or consistent with what a cash buyer would pay with all other factors the same.
- ◆ **Cash-Equivalent Price:** The sale price of a property that is equivalent to what a cash buyer would pay.
- ◆ **Contract Rent:** The actual rental income specified in a lease.
- ◆ **Disposition Value:** The most probable price that a specified interest in property should bring under the following conditions: 1) Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) An adequate marketing effort will be made during the exposure time. 8) Payment will be made in cash in US dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.
- ◆ **Economic Life:** The period over which improvements to real estate contribute to property value.
- ◆ **Effective Gross Income (EGI):** The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income.
- ◆ **Effective Rent:** Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord.
- ◆ **Excess Land:** Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. See also *surplus land*.
- ◆ **Excess Rent:** The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties.

ADDENDA

- ◆ **Exposure Time:** 1) The time a property remains on the market. 2) An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. (USPAP, 2020-2021 ed.)
- ◆ **Extraordinary Assumption:** An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property, or conditions external to the property, such as market conditions or trends, or about the integrity of data used in an analysis. (USPAP, 2020-2021 ed.)
- ◆ **Fee Simple Estate:** Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.
- ◆ **Floor Area Ratio (FAR):** The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.
- ◆ **Frictional Vacancy:** The amount of vacant space needed in a market for its orderly operation. Frictional vacancy allows for move-ins and move-outs.
- ◆ **Full Service (Gross) Lease:** See *gross lease*.
- ◆ **General Vacancy:** A method of calculating any remaining vacancy and collection loss considerations when using discounted cash flow (DCF) analysis, where turnover vacancy has been used as part of the income estimate. The combined effects of turnover vacancy and general vacancy relate to total vacancy and collection loss.
- ◆ **Going-Concern Premise:** One of the premises under which the total assets of a business can be valued; the assumption that a company is expected to continue operating well into the future (usually indefinitely).
- ◆ **Going-Concern Value:** An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the market value of the going concern or market value of the total assets of the business. See also *Market Value of the Going Concern and Market Value of the Total Assets of the Business (MVTAB)*.
- ◆ **Going-In Capitalization Rate (R_o):** The overall capitalization rate obtained by dividing a property's net operating income for the first year after purchase by the present value of the property.
- ◆ **Gross Building Area (GBA):** 1) Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. 2) Gross leasable area plus all common areas. 3) For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space.
- ◆ **Gross Lease:** A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called full-service lease.
- ◆ **Hypothetical Condition:** 1) A condition that is presumed to be true when it is known to be false. (Appraisal Institute: The Standards of Valuation Practice [SVP]) 2) A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2020-2021 ed.)
- ◆ **Intended Use:** 1) The valuer's intent as to how the report will be used. (SVP) 2) The use(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment. (USPAP, 2020-2021 ed.)

ADDENDA

- ◆ **Intended Users:** 1) The party or parties the valuer intends will use the report. (SVP) 2) The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment. (USPAP, 2020-2021 ed.)
- ◆ **Investment Value:** 1) The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2) The value of an asset to the owner or a prospective owner given individual investment or operational objectives (may also be known as worth). (International Valuation Standards [IVS])
- ◆ **Land-to-Building Ratio:** The proportion of land area to gross building area; one of the factors determining comparability of properties. See also *floor area ratio*.
- ◆ **Lease:** A contract in which the rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.
- ◆ **Leased Fee Interest:** The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.
- ◆ **Leasehold Estate:** The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.
- ◆ **Lessee:** One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement.
- ◆ **Lessor:** One who conveys the rights of occupancy and use to others under a lease agreement.
- ◆ **Liquidation Value:** The most probable price that a specified interest in property should bring under the following conditions: 1) Consummation of a sale within a short time period. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under extreme compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) A normal marketing effort is not possible due to the brief exposure time. 8) Payment will be made in cash in US dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.
- ◆ **Market Rent:** The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby • Lessee and lessor are typically motivated; • Both parties are well informed or well advised, and acting in what they consider their best interests; • Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and • The rent reflects specified terms and conditions typically found in that market, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, frequency of payments (annual, monthly, etc.), and tenant improvements (TIs).
- ◆ **Market Value:** A type of value that is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined.¹
- ◆ **Market Value of the Going Concern:** The market value of an established and operating business including the real property, personal property, financial assets, and the intangible assets of the business.
- ◆ **Market Value of the Total Assets of the Business (MVTAB):** The market value of all of the tangible and intangible assets of a business as if sold in aggregate as a going concern.
- ◆ **Modified Gross Lease:** A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified

¹ The actual definition of value used for this appraisal is contained within the body of the report.

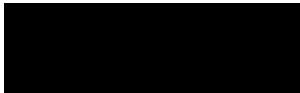
ADDENDA

gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a double net lease, net net lease, partial net lease, or semi-gross lease. See also *net lease*.

- ◆ **Net Lease:** A lease in which the landlord passes on all expenses to the tenant. See also *gross lease*; *modified gross lease*.
- ◆ **Net Net Net Lease:** An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called *NNN lease*, *triple net lease*, or *fully net lease*.
- ◆ **Net Operating Income (NOI or I_o):** The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization).
- ◆ **Occupancy Rate:** 1) The relationship or ratio between the potential income from the currently rented units in a property and the income that would be received if all the units were occupied. 2) The ratio of occupied space to total rentable space in a building.
- ◆ **Operating Expenses:** The periodic expenditures necessary to maintain the real estate and continue production of the effective gross income, assuming prudent and competition management.
- ◆ **Overage Rent:** The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakpoint sales volume.
- ◆ **Percentage Rent:** Rental income received in accordance with the terms of a percentage lease; typically derived from retail store and restaurant tenants and based on a certain percentage of their gross sales.
- ◆ **Prospective Opinion of Value:** A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.
- ◆ **Rentable Area:** For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.
- ◆ **Retrospective Value Opinion:** A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."
- ◆ **Shell Rent:** The typical rent paid for retail, office, or industrial tenant space based on minimal "shell" interior finishes (called vanilla finish or white wall finish in some areas). Usually the landlord delivers the main building shell space or some minimum level of interior build-out, and the tenant completes the interior finish, which can include wall, ceiling, and floor finishes, mechanical systems, interior electricity, and plumbing. Typically these are long-term leases with tenants paying all or most property expenses.
- ◆ **Surplus Land:** Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. See also *excess land*.
- ◆ **Turnover Vacancy:** A method of calculating vacancy allowance that is estimated or considered as part of the potential income estimate when using discounted cash flow (DCF) analysis. As units or suites turn over and are available for re-leasing, the periodic vacancy time frame (vacancy window) to release the space is considered.

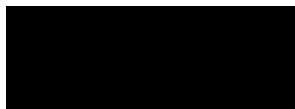
ADDENDA

- ◆ **Usable Area:** 1) For office buildings, the actual occupiable area of a floor or an office space; computed by measuring from the finished surface of the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Sometimes called net building area or net floor area. See also floor area. 2) The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas.
- ◆ **Usable Site Area:** The area of a site that can legally and physically accommodate buildings or significant site improvements. The usable site area equals the total site area less certain obstructions, such as flood hazard areas, required natural buffers, cemeteries, archeologically restricted areas, ecologically restricted areas, areas within certain restrictive easements, and other obstructions. The net site area or usable site area should be more precisely defined in each appraisal because the significance of improvements or the obstruction depends on the specific assignment.
- ◆ **Use Value:** The value of a property based on a specific use, which may or may not be the property's highest and best use. If the specified use is the property's highest and best use, use value will be equivalent to market value. If the specified use is not the property's highest and best use, use value will be equivalent to the property's market value based on the hypothetical condition that the only possible use is the specified use.
- ◆ **Value In Use:** 1. The amount determined by discounting the future cash flows (including the ultimate proceeds of disposal) expected to be derived from the use of an asset at an appropriate rate that allows for the risk of the activities concerned. (FASB Accounting Standards Codification, Master Glossary) 2. Formerly used in valuation practice as a synonym for contributory value or use value. See also *use value*.



ADDENDA

Addendum B
Engagement Letter



[REDACTED]

March 24, 2023

Ryan K. Stumphauzer, Esquire, Court-Appointed Receiver of the Receivership Entities (Case No. 20.-CV-81205-RAR) for the United States District Court for the Southern District of Florida

C/O

Timothy M. Hazel, Esquire
PIETRAGALLO GORDON ALFANO BOSICK & RASPANTI, LLP
38th Floor, One Oxford Centre
Pittsburgh, PA 15219

Phone: (412) 263-1831
Email: TMH@Pietragallo.com

Re: Appraisal of the property described as:
12 properties in Philadelphia, PA as described in Schedule "C" of this letter (collectively, "**Property**")

Dear Mr. Hazel:

[REDACTED] ("**Firm**") agrees to provide Pietragallo Gordon Alfano Bosick & Raspanti, LLP ("**Client**") an appraisal of the above-referenced Property in accordance with, and subject to, the terms and conditions set forth below and in the attached Schedules (collectively, "**Agreement**").

APPRAISAL FEE: \$31,800.00 (inclusive of expense)

ADDITIONAL HOURLY FEES: Should court time and preparation be required, it will be billed at \$450.00/hr plus expenses.

COMMENCEMENT AND DELIVERY DATE: Delivery is as follows:

Appraisal report: four (4) weeks

The appraisal process will commence upon receipt by the Firm of (i) this Agreement, signed by Client, (ii) the retainer, and (iii) information and materials identified in Schedule "B." The appraisal process will conclude upon delivery of the final appraisal report, unless terminated sooner by the Firm or Client or as provided herein.

REPORT TYPE: Appraisal Report

[REDACTED]

[REDACTED]

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March 24, 2023
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VALUATION PREMISE: Market Value As-Is

INTEREST IN THE PROPERTY APPRAISED: Leased Fee Interest

DATE(S) OF VALUE: Current as of: the Date of Inspection

INTENDED USER(S): Intended users of the appraisal include only Client and OCF Realty ("**Intended User(s)**"), and no other party is permitted to use or rely on the appraisal. The identification of Intended User(s) of the appraisal is to determine the type and extent of research, analysis and reporting appropriate for the assignment. Designation of a party other than Client as an Intended User is not intended to confer upon such party any rights under this Agreement.

INTENDED USE: The intended use of the appraisal is solely for establishing market value for pricing in connection with a potential disposition involving each of the subject properties ("**Intended Use**") and no other use. It is noted that our valuation is solely reflective of each property individual with no consideration given to the value of the portfolio in bulk

RELIANCE LANGUAGE: None

GUIDELINES: The analyses, opinions and conclusions are to be developed based on, and the appraisal will be prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) as published by the Appraisal Foundation.

SCOPE OF WORK: The appraiser will use and properly apply all applicable and appropriate approaches to value sufficient to produce credible assignment results. The scope of the analysis will be appropriate for the appraisal problem.

ASSUMPTIONS/ LIMITING CONDITIONS: The appraisal will be subject to Firm's standard Assumptions and Limiting Conditions, which will be incorporated into the appraisal report. In addition, the appraisal may be subject to, and the appraisal report may contain, Extraordinary Assumptions and Hypothetical Conditions.

ACCEPTANCE: This shall constitute a binding agreement only if countersigned by the Client, or by an officer, director or other representative of Client who, by signing and accepting this Agreement, represents and warrants that he/she is authorized by Client to do so.



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PAYMENT:

It is in our understanding that the appraisal fees outlined herein have been preliminarily approved by the receiver with authority to retain our services, Ryan K. Stumphauzer Esq. of Stumphauzer Kolaya Nadler & Sloman, PLLC. Although formal approval will be required as part of the on-going case, should the fees not be acceptable to the court, Client (Pietragallo) will be responsible for the difference between our invoiced fees (outlined herein), and those fees deemed acceptable to the presiding courts.

Client will be invoiced the appraisal fee (and any expenses) which will be earned in full upon initial delivery of the appraisal report (draft or final).

Payment for services rendered are to be made no later than 120 days from submission of the invoice from [REDACTED] to Client (Pietragallo Gordon Alfano Bosick & Raspanti, LLP)

Payment of the fee is not contingent upon any predetermined value or on an action or event resulting from the analysis, opinions, conclusions or use of the appraisal.

CHANGES TO THE AGREEMENT:

Any significant changes to the assignment as outlined in this Agreement, such as the identity of the Client, Intended User, or Intended Use, will require the preparation and execution of a new agreement.

CANCELLATION OF ASSIGNMENT:

Client may cancel this Agreement at any time prior to the Firm's delivery of the appraisal upon written notification to the Firm. Client shall pay Firm for all work completed on the assignment prior to Firm's receipt of such written cancellation notice, unless otherwise agreed upon by Firm and Client in writing. The Firm may withdraw without penalty or liability from the assignment(s) contemplated by the Agreement before completion or reporting if the Firm determines, in the Firm's sole discretion, that incomplete information was provided to the Firm prior to the engagement, that Client or other parties have not or cannot provide documentation or information necessary to the Firm's analysis or reporting, that conditions of the Property render the original scope of work inappropriate, that a conflict of interest has arisen, or that Client has not complied with its payment obligations under this Agreement. The Firm shall notify Client of such withdrawal in writing.

NO THIRD-PARTY BENEFICIARIES:

Nothing in the Agreement shall create a contractual relationship or any legal duty between Firm or Client and any third party, nor any cause of action, right, or claim in favor of any third party and against Firm or Client.



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In addition, this Agreement is not intended to, and shall not be construed to, render any person or entity a third-party beneficiary of this Agreement. Client acknowledges and agrees that the appraisal report shall reflect the foregoing. In addition, the appraisal report shall state that no party other than an Intended User identified in the Agreement is entitled to rely upon the appraisal.

This Agreement may be rescinded by the Firm unless signed and returned to the undersigned within 10 days from the date hereof.

If this Agreement correctly sets forth the Client's understanding of the services to be rendered, and if the terms are satisfactory, please execute and return the Agreement together with any required retainer.

Respectfully,



Agreed.
PIETRAGALLO GORDON ALFANO BOSICK & RASPANTI, LLP

SIGNATURE

PRINT NAME

GAETANO J. ALFANO

TITLE

PARTNER

DATE

3-24-23



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Schedule "A"

TERMS AND CONDITIONS

ATTACHED TO AND A PART OF THE AGREEMENT DATED MARCH 24, 2023 TO PROVIDE APPRAISAL SERVICES FOR PIETRAGALLO GORDON ALFANO BOSICK & RASPANTI, LLP

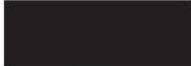
1. These Terms and Conditions are attached to and incorporated into the above referenced Agreement as though fully set forth in full therein. Capitalized terms if not defined herein shall have the same meaning as defined in the Agreement.
2. With respect to any appraisal report, use of or reliance on the appraisal by any party regardless of whether the use or reliance is authorized or known by the Firm, constitutes acceptance of these Terms and Conditions as well as acceptance of all other appraisal statements, limiting conditions and assumptions stated in the Agreement and appraisal report.
3. It is assumed that there are no matters affecting the Property that would require the expertise of other professionals, such as engineers or an environmental consultant, for Firm to provide the appraisal. If such additional expertise is required, it shall be provided by other parties retained by Client at Client's sole cost and expense.
4. Client acknowledges that the Firm is being retained as an independent contractor to provide the services described herein and nothing in this Agreement shall be deemed to create any other relationship between Firm and Client, including but not limited to an agency relationship. The parties neither intend nor have any expectation that any such relationship will arise as a matter of law or as a result of this Agreement. This assignment shall be deemed concluded and the services hereunder completed upon delivery of the appraisal described herein to Client.
5. All statements of fact contained in the appraisal report as a basis of the appraiser's analyses, opinions, and conclusions will be true and correct to the best of the appraiser's actual knowledge and belief. The appraiser is entitled to, and shall rely upon the accuracy of information and material furnished to the Firm by Client. Appraiser is also entitled to, and shall, rely on information provided by sources upon which members of the appraisal profession typically rely and that are deemed to be reliable by members of that profession without independent verification.
6. The Firm and the appraiser shall have no responsibility for legal matters, or questions or issues involving survey or title, soil or subsoil conditions, engineering, zoning, buildability, environmental contamination, structural matters, construction defects, material or methodology, or other similar technical matters with regarding the Property. Furthermore, the appraisal will not constitute a survey of the Property.
7. The appraisal and the data and information gathered in its preparation (other than the confidential data and information provided by Client) is and will remain, the property of the Firm. The Firm shall not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished by Client to the Firm. Notwithstanding the foregoing, the Firm and the appraiser are authorized by Client to disclose all or any portion of the appraisal and appraisal report and the related data and information, including confidential data and information provided by Client, to appropriate representatives of the Appraisal Institute if such disclosure is required to comply with the Standards, Bylaws and Regulations of the Appraisal Institute, as well as, such disclosure as required by law and regulations, including compliance with a subpoena and licensing authority regulatory inquiries. The Firm is also authorized to include both confidential and non-confidential data assembled in the course of preparing the appraisal and which may be incorporated into the appraisal report in a database controlled by the Firm for the aggregation of such data and information to produce analytics and other metrics or products.
8. Unless specifically noted in the appraisal report, the appraisal will not take into consideration the possibility or probability of the existence of asbestos, PCB transformers, other toxic, hazardous, or contaminated substances



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and/or underground storage tanks (hazardous material) at on or in the Property, or the cost of encapsulation, removal or remediation thereof.

9. Client shall indemnify, defend (by counsel to be selected by Firm), protect, and hold Firm and Firm's appraisers, agents, employees, affiliates, representatives, successors and assigns (each, a "Firm Party"), free and harmless from any and all claims, liabilities, losses, penalties, fines, forfeitures, amounts paid in settlement, judgments, and all reasonable attorneys' fees and related litigation costs, fees and expenses incurred by the any of such indemnitees, which result from (i) any failure by Client or Client's agents or representatives to provide Firm with complete and accurate information regarding the Property, (ii) any material breach by Client of the provisions of the Agreement, (iii) if delivery of the appraisal to a third party is permitted by the Firm, Client providing an incomplete copy of the appraisal to such third party, or (iv) arising from Client or Client's agents or representatives providing a copy of the appraisal to a party not authorized by the Firm to receive such copy.
10. In preparing the appraisal, it is possible that the appraiser will discover conflicting information. In that event, appraiser will utilize information and data considered to be the most authoritative and for critical information will document the source. Information and data referred to may include, but is not limited to, legal descriptions, physical street addresses, assessor parcel numbers, property history, dimensions and areas of the site/land, dimensions and areas of the building improvements, physical unit counts, rent rolls, leases, lease abstracts, income and expense data, and any other related data. Any material discrepancy and/or error in any of the above data could have a substantial impact on the conclusions reported, and the Firm therefore reserves the right to amend conclusions reported if the Firm is made aware of any such discrepancy and/or error.
11. The appraisal may not be used, included or referenced, in whole or in part, in any offering or other materials without the prior written consent of the Firm, which consent may be conditioned upon the receipt by the Firm of an indemnity agreement, in form and content, satisfactory to Firm and provided by an indemnitor satisfactory to Firm. Client agrees to pay the fees of the Firm's legal counsel for review of any materials which is the subject of the requested consent. Except as agreed by the Firm expressly in writing, the Firm disclaims liability to any party other than Client.
12. The Firm shall not provide a copy of the appraisal to, or disclose the results of the appraisal to, any party other than Client, unless Client authorizes same, except as provided in the Confidentiality Section of the ETHICS RULE of the Uniform Standards of Professional Appraisal Practice (USPAP) or as otherwise required by law or regulations.
13. Client and any other identified Intended User should consider the appraisal as only one factor together with its own independent considerations and underwriting guidelines in making any decision or investment or taking any action regarding the Property. Client agrees that Firm shall not be responsible in any way for any decision of Client or any Intended User related to the Property or for the advice or services provided by any other advisors or contractors.
14. Unless otherwise stated in this Agreement, Client agrees that the services pursuant to this Agreement shall not include participation in or preparation for, or attendance at any legal, judicial, administrative, or arbitration proceeding relating to this assignment. In the event the Firm or any Firm Party is required, whether through the service of a subpoena or otherwise, to produce documents or participate in or prepare for any discovery, testimony or attendance, relating to the appraisal or this assignment, where the Firm or Firm Party is not a party to the action or proceedings involved, Client agrees to reimburse expenses incurred by the Firm or Firm Party, including attorney's fees, in responding to such subpoena or other legal process and compensate the Firm therefor based upon the appraiser's prevailing hourly or daily rate for providing services as an expert consultant or witness.
15. Except as expressly provided herein, Firm makes no representations or warranties to Client or to any other person or entity with respect to the appraisal and the services to be provided by Firm under this Agreement. To the maximum extent permitted under applicable law, in no event will the Firm or any Firm Party be liable to Client or any third party (regardless of whether such party's claimed use or reliance on the appraisal was authorized by the



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- Firm or a Firm Party) for any indirect, special, exemplary, incidental, or consequential damages (including loss of profits) arising from or relating to this Agreement or the appraisal, even if such party knew or should have known of the possibility of, or could reasonably have prevented, such damages. In no event shall the total liability of the Firm or any Firm Party to Client or any third party (regardless of whether such party's claimed use or reliance on the appraisal was authorized by the Firm or a Firm Party) arising from or relating to this Agreement or the appraisal, whether based on tort, contract, or any other legal theory, exceed the amount of fees paid to the Firm for the appraisal and the services described herein. Legal claims or causes of action relating to the appraisal are not assignable, except: (i) as the result of a merger, consolidation, sale or purchase of a legal entity, (ii) with regard to the collection of a bona fide existing debt for services but then only to the extent of the total compensation for the appraisal plus reasonable interest, or (iii) in the case of an appraisal performed in connection with the origination of a mortgage loan, as part of the transfer or sale of the mortgage before an event of default on the mortgage or note or its legal equivalent.
16. Federal banking regulations require banks and other lending institutions to engage appraisers where FIRREA compliant appraisals must be used in connection with mortgage loans or other transactions involving federally regulated lending institutions. In view of that requirement, the appraisal may not be accepted by a federally regulated financial institution.
 17. In the event Client fails to make payments of any fees or sums when due and payable under this Agreement; then from the date due and payable until paid, the amount due and payable shall bear interest at the maximum rate permitted under the laws of the state in which the Property is located. If the Firm is required to undertake collection efforts including institution of legal action against Client relating to the Agreement, the Firm shall be entitled to recover attorney's fees, litigation expenses, and costs from Client.
 18. To the extent permitted under applicable law, any legal action or lawsuit or other proceeding by Client or any Intended User of the appraisal against Firm or a Firm Party whether based in contract, tort, warranty, indemnity or otherwise, relating to the appraisal shall be commenced within two (2) years from the date of delivery of the appraisal to the claimant in such action or proceeding, unless the applicable law provides for a shorter period, and any such claimant waives the right to a jury in any such legal action or lawsuit or other proceeding. Notwithstanding the state of domicile or residency of either party to this Agreement, this Agreement shall be governed and construed under the laws of the state in which the Property is located, and venue for any action or proceeding arising out of this Agreement shall be deemed proper only in the court of competent jurisdiction located in the state in which the Property is located.
 19. Throughout the performance of services under this Agreement, the Firm shall maintain at its sole cost and expense the following insurance:
 - (a) Workers' Compensation, so as to provide statutory benefits as required by the laws of each state within the United States in which the Firm's services are being provided, and Employer's Liability insurance with limits of liability of \$1,000,000 each accident, \$1,000,000 disease each employee and \$1,000,000 disease policy limit covering all employees of the Firm engaged in the performance of such services.
 - (b) Fidelity insurance or bond with a limit of \$1,000,000 to insure the Firm against loss of its or Client's assets caused from the dishonest acts of the Firm's employees.
 - (c) Professional Liability insurance with a limit of liability of \$1,000,000 each claim and \$1,000,000 aggregate, which limits may be provided by a combination of primary and excess policies.
 - (d) Commercial General Liability insurance providing coverage against damages due to bodily injury (including death), property damage and personal and advertising injury arising in connection with the Firm's services provided under this Agreement, which insurance coverage shall: (i) be occurrence-based; (ii) provide limits of liability in an amount of \$1,000,000 each occurrence and \$1,000,000 aggregate (including excess and/or umbrella limits), (iii) include at least those coverages generally included in the most current ISO Commercial

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General Liability insurance policy form (or its equivalent), and (iv) include Client, and such other persons or entities as Client has identified in writing, as additional insureds solely with regard to claims arising out of this Agreement.

- (e) Commercial automobile liability for owned, hired and non-owned motor vehicles, with a \$1,000,000 combined single limit.



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Schedule "B"

PROPERTY INFORMATION LIST

ATTACHED TO AND A PART OF THE AGREEMENT DATED MARCH 24, 2023 TO PROVIDE APPRAISAL SERVICES FOR PIETRAGALLO GORDON ALFANO BOSICK & RASPANTI, LLP

The following information is requested to be delivered to the Firm so we can provide the proposed services and prepare the Appraisal within the agreed upon time frame. Please forward the physical data such as the site plan, previous engineering reports and/or property reports describing the physical attributes of the Property and all financial information such as rent roll and income and expense statements first as these items are the most time sensitive and should be received immediately to meet the time requirements of this assignment. If, at this time, you are certain you will not be providing any specific items noted below, please cross out the item and mark "NA" next to the item so that we will be notified that the information is not available and will not be forthcoming.

1. Please advise if Newmark is a property manager or broker for this property.*
2. Name and contact info (phone and email) of the contact person for the on-site physical inspection.*
3. Agreements of Sale/Options to Buy (current and/or during last three years), if any.*
4. As-Built Survey or ALTA Site Survey, if available. (PDF) *
5. Building plans showing dimensions for building area calculation purposes. Apartment interior floor plans with dimensions for rentable area calculations, if available. (PDF)*
6. Prior engineering report or physical descriptions from prior appraisals, if available.
7. Prior and/or current property condition reports, if available.*
8. Three-year history of capital improvements including description and costs.*
9. Past feasibility or market studies as well as any relevant information collected from third party sources.
10. Management contracts.
11. Copy of most recent real estate tax bill(s). Please advise if there has been a recent assessment increase or decrease.
12. Title report AND copy of deed.
13. Ground leases, if any.*
14. Phase I environmental site assessment report, if available.*
15. List of any known major repairs and improvements needed.*
16. Schedule of planned capital improvement programs to include scope/description of the renovations, plans & specifications, schedule of costs and timeline (schedule) of the planned improvements.*
17. Schedule of personal property at the property.



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FOR APARTMENT PROPERTY

18. **Current Rent Roll** (in Excel if possible) showing tenant name, apartment number, dates of leases and the type of apartment, asking/market rents for each apartment, and contractual rent for each apartment unit. If rent roll does not show past due rent or rent in arrears, please forward aging report or the document you use to account for past due rent.*
19. **Current Unit Mix** showing the following breakdown for each unit type: a) total number of units; b) square foot per unit; c) average contract rent; and d) average asking rent.*
20. Terms of leases and/rent roll for leased commercial space or roof top rentals. Copies of commercial leases are desirable. If any commercial leases provide for pass through of operating expenses over a base year stop, please provide the dollar amount of the base year stop.*
21. Recent Competitive Market Rent Survey, if any.

FOR COMMERCIAL PROPERTY

22. **Current Rent Roll and PDF copies of leases**, including addenda and all amendments. Please indicate which leases are owner-related and those which may have early termination provisions, expansion and/or purchase options. Please identify any tenants who have initiated discussions to renew, terminate or renegotiate/modify their lease(s), or who have given notice to terminate. Proposed terms for such re-negotiations should be revealed.*
23. Provide letters of intent to lease or other any outstanding lease proposals that have a reasonable likelihood of being finalized into executed leases.*
24. Prior Argus files, if any.
25. List of outstanding leasing commissions brokers and terms of future payments.
26. Financial information such as Annual Statements or credit report/ratings for major tenant(s) at the property.
27. Identify tenants and rents in arrears.
28. CAM and real estate tax reimbursement worksheets or listing of base year operating expenses, if applicable.

FOR ALL INCOME-PRODUCING PROPERTIES

29. **Income and expense statements** for the past three years (CY2019, 2020, 2021) and T-12 income and expense statements; Excel is preferred.*
30. **Operating budget** for 2022.*
31. **Occupancy rates** for the last three years, if not revealed in the financial statements.



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Schedule "C"

PROPERTY DETAILS

Location	Type	Fee
300 Market Street, Philadelphia, PA	(12 Apts / 1 Comm)	\$2,800
1427 Melon Street, Philadelphia, PA	(24 Apts)	\$2,800
627-629 E. Girard Avenue, Philadelphia, PA	(8 Apts / 2 Comm)	\$2,500
861 N. 3 rd Street, Philadelphia, PA	(3 Apts / 1 Comm)	\$2,500
915-917 S. 11 th Street, Philadelphia, PA	(6 Apts)	\$2,500
135-137 N. 3 rd Street, Philadelphia, PA	(16 Apts / 2 Comm)	\$2,800
500 Fairmount Avenue, Philadelphia, PA	(5 Apts / 1 Comm)	\$2,500
1932 Spruce Street, Philadelphia, PA	(6 Apts)	\$2,500
1635 Passyunk Avenue, Philadelphia, PA	(2 Apts / 1 Comm)	\$2,500
715 Sansom Street, Philadelphia, PA	(6 Apts / 2 Comm)	\$2,800
205 Arch Street - Unit B, Philadelphia, PA		\$2,800
20 N. 3rd Street, Philadelphia, PA - Units 101, 102, 201, and 202 (Valued as a single economic unit as one operating/combined space)		\$2,800
Total Fee		\$31,800



ADDENDA

Addendum C

Financials and Property Information

Cash Flow - 12 Month

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OCF Realty LLC

Properties: 915-17 S 11th St Philadelphia, PA 19147

Period Range: Jan 2020 to Dec 2020

Accounting Basis: Cash

Level of Detail: Detail View

Include Zero Balance GL Accounts: No

Account Name	Total
Operating Income & Expense	
Income	
Rent Income	120,438.61
Late Fee	200.00
Total Operating Income	120,638.61
Expense	
Keys	63.13
Painting	85.77
HVAC (Heat, Ventilation, Air)	350.00
Cleaning Expense	165.00
Snow Removal	75.00
Trash Removal	2,075.14
Management Fees	5,780.00
OCF Leasing Commission	2,075.00
Security Service	891.65
Common Area Electricity	3,313.87
Vacant Apartment Electric	236.16
Water	888.20
Maintenance Labor	-185.00
Repairs & Maintenance	590.00
Appliances	326.16
Roof Repairs and Maintenance	351.00
Licenses & Permits	280.50
Total Operating Expense	17,361.58
NOI - Net Operating Income	103,277.03
Total Income	120,638.61
Total Expense	17,361.58
Net Income	103,277.03
Other Items	
Owner Distribution	-102,807.71
Prepaid Rent	2,205.00
Net Other Items	-100,602.71
Cash Flow	2,674.32
Beginning Cash	1,761.24
Beginning Cash + Cash Flow	4,435.56
Actual Ending Cash	4,435.56

Cash Flow - 12 Month

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OCF Realty LLC

Properties: 915-17 S 11th St Philadelphia, PA 19147

Period Range: Jan 2021 to Dec 2021

Accounting Basis: Cash

Level of Detail: Detail View

Include Zero Balance GL Accounts: No

Account Name	Total
Operating Income & Expense	
Income	
Rent Income	126,700.81
Last Month's Rent (LMR)	-1,000.00
Total Operating Income	125,700.81
Expense	
Turnover Maintenance	750.00
Maintenance Materials	2,131.03
Common Area Cleaning	4,875.00
HVAC (Heat, Ventilation, Air)	99.00
Cleaning Expense	1,967.90
Pest Control	631.80
Snow Removal	935.00
Trash Removal	2,150.00
Management Fees	5,950.00
OCF Leasing Commission	9,240.00
OCF Renewal Fee	250.00
Security Service	1,615.10
Fire Protection	575.00
Insurance - Property	1,532.30
Common Area Electricity	2,801.00
Vacant Apartment Electric	46.41
Water	-226.32
Plumbing	1,140.00
Maintenance Labor	206.50
Repairs & Maintenance	6,915.92
Appliances	329.40
Roof Repairs and Maintenance	450.00
Legal Expenses	325.00
Total Operating Expense	44,690.04
NOI - Net Operating Income	81,010.77
Total Income	125,700.81
Total Expense	44,690.04
Net Income	81,010.77
Other Items	
Owner Distribution	-82,000.00
Prepaid Rent	170.00
Net Other Items	-81,830.00
Cash Flow	-819.23
Beginning Cash	4,435.56
Beginning Cash + Cash Flow	3,616.33
Actual Ending Cash	3,616.33

Cash Flow - 12 Month

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OCF Realty LLC

Properties: 915-17 S 11th St Philadelphia, PA 19147

Period Range: Jan 2022 to Dec 2022

Accounting Basis: Cash

Level of Detail: Detail View

Include Zero Balance GL Accounts: No

Account Name	Total
Operating Income & Expense	
Income	
Rent Income	151,877.80
Total Operating Income	151,877.80
Expense	
Maintenance Materials	391.78
Paint	75.25
Common Area Cleaning	5,916.00
HVAC (Heat, Ventilation, Air)	925.56
Cleaning Expense	180.00
Snow Removal	765.00
Trash Removal	2,200.00
Management Fees	6,120.00
OCF Leasing Commission	2,650.00
Security Service	1,350.00
Fire Protection	2,080.00
Common Area Electricity	2,317.77
Water	-811.11
Plumbing	1,287.25
Maintenance Labor	765.00
Repairs & Maintenance	7,719.04
Appliances	564.00
Inspections & Tests	717.50
Licenses & Permits	303.48
Total Operating Expense	35,516.52
NOI - Net Operating Income	116,361.28
Total Income	151,877.80
Total Expense	35,516.52
Net Income	116,361.28
Other Items	
Owner Distribution	-115,000.00
Prepaid Rent	1,340.00
Net Other Items	-113,660.00
Cash Flow	2,701.28
Beginning Cash	3,616.33
Beginning Cash + Cash Flow	6,317.61
Actual Ending Cash	6,317.61

Cash Flow - 12 Month

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OCF Realty LLC

Properties: 915-17 S 11th St Philadelphia, PA 19147

Period Range: Apr 2022 to Mar 2023 (Trailing 12 Months)

Accounting Basis: Cash

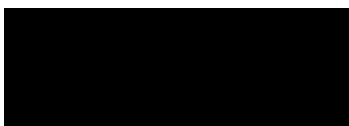
Level of Detail: Detail View

Include Zero Balance GL Accounts: No

Account Name	Jan 2023	Feb 2023	Mar 2023
Operating Income & Expense			
Income			
Rent Income	12,900.00	12,900.00	12,900.00
Rent Credit	-150.00	0.00	0.00
Total Operating Income	12,750.00	12,900.00	12,900.00
Expense			
Maintenance Materials	51.00	0.00	0.00
Paint	0.00	0.00	0.00
Common Area Cleaning	440.00	440.00	550.00
Painting	0.00	0.00	225.00
HVAC (Heat, Ventilation, Air)	0.00	0.00	0.00
Cleaning Expense	145.00	0.00	0.00
Pest Control	0.00	135.00	0.00
Snow Removal	0.00	65.00	0.00
Trash Removal	250.00	250.00	259.99
Management Fees	510.00	510.00	510.00
OCF Leasing Commission	0.00	0.00	0.00
Fire Protection	0.00	0.00	0.00
Common Area Electricity	2,333.01	0.00	0.00
Water	-79.60	-45.12	-79.60
Plumbing	0.00	0.00	600.00
Maintenance Labor	0.00	0.00	0.00
Repairs & Maintenance	212.50	0.00	0.00
Appliances	0.00	555.14	0.00
Inspections & Tests	0.00	0.00	0.00
Licenses & Permits	0.00	0.00	0.00
Total Operating Expense	3,861.91	1,910.02	2,065.39
NOI - Net Operating Income	8,888.09	10,989.98	10,834.61
Total Income	12,750.00	12,900.00	12,900.00
Total Expense	3,861.91	1,910.02	2,065.39
Net Income	8,888.09	10,989.98	10,834.61
Other Items			
Owner Distribution	-9,000.00	-10,000.00	-11,000.00
Prepaid Rent	3,960.00	-1,240.00	-95.62
Net Other Items	-5,040.00	-11,240.00	-11,095.62
Cash Flow	3,848.09	-250.02	-261.01
Beginning Cash	6,317.61	10,165.70	9,915.68
Beginning Cash + Cash Flow	10,165.70	9,915.68	9,654.67
Actual Ending Cash	10,165.70	9,915.68	9,654.67

ADDENDA

Addendum D
Comparable Data



ADDENDA

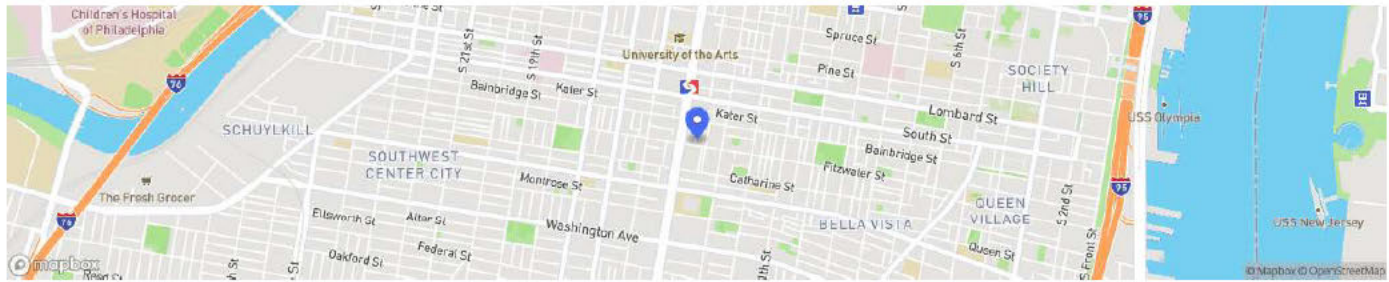
Improved Sales



Multifamily Sale



1343 Fitzwater Street Fitzwater Flats



Location & Property Info

Property Name	Fitzwater Flats
Property Type	Multifamily
Sub Type	Garden/Low-Rise
Major Market	PA - Philadelphia - Greater
Sub Market	Philadelphia - Greater
Address	1343 Fitzwater Street, Philadelphia, PA 19147
County	Philadelphia
Country	USA
Location	Bella Vista neighborhood
Latitude	39.94186800
Longitude	-75.16503600
MSA	Philadelphia-Camden- Wilmington MSA
Legal/Tax/Parcel ID	02-3224400
Market Orientation	CBD
Verification Type	Confirmed-Seller Broker
Verification Source	Isela Lares, Compass Real Estate
Event ID	708808



Site Details

Source Of Land Info	City records
Gross Land Area SF	1,818
Gross Land Area Acres	0.0417
Usable/Gross Ratio	1.00
Usable Land Area SF	1,818
Usable Land Area Acres	0.0417
Zoning Designation	RM-2
Zoning Description	Residential Multifamily-2
Potential Units	6
Site Shape	Rectangular
Site Topography	Level

Flood Zone Designation	X
Utilities	<ul style="list-style-type: none"> • Electricity • Gas • Sewer • Water
Corner Lot	Yes
Accessibility Rating	Average
Visibility Rating	Average

Improvement Details

Rentable Area SF	5,226
Gross Building Area	5,726
Demised Unit Of Comparison	Apt. Units
Number Of Demised Units	6
Average Unit Size (SF)	871
Construction Status	Completed
Year Built	2021
Investment Class	Class B
Condition	Good
Construction Type	Wood frame
Construction Quality	Good
Number Of Buildings	1
Exterior Walls	Brick
Number Of Stories/Floors	4.00
Land To Building Ratio	0.32

Sale Information

Listing Date	07/27/2021
Listing Price	\$2,750,000
Sale Status	Closed
Sale Date	12/23/2021
Sale Price	\$2,450,000
Grantor (Seller)	1347 FS LLC
Grantee (Buyer)	Manor Ranch LLC
Property Rights	Leased Fee
Recording Number	53989047
Financing Type	Cash to seller
Effective Sales Price	\$2,450,000.00
Price Per SF GBA	\$427.87
Price Per SF NRA	\$468.81
Effective Price Per Unit	\$408,333.33
Price Per Land SF (Gross)	\$1,347.63
Price Per Acre (Gross)	\$58,752,997.60

Price Per Land SF (Usable)	\$1,347.63
Price Per Acre (Usable)	\$58,752,997.60

Operations at Date of Sale

Operations Status Type	Stabilized Operations
Actuals Occupancy	96.00 %

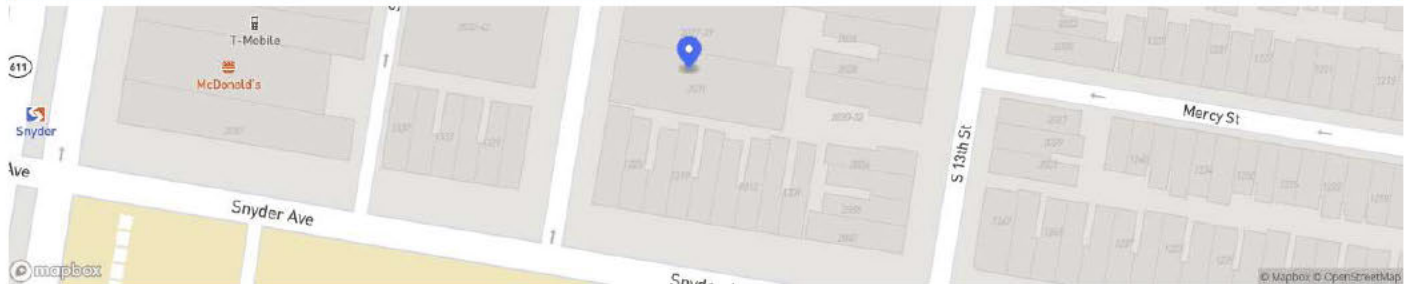
Comments

Favorable site located within one block of South Broad Street. Former parking lot converted to a corner multifamily property with 6 apartment units (4 one-bedroom and 2 two-bedroom) with private outdoor space, modern kitchens and baths, in-unit washers & dryers. Ten-year tax abatements and condo conversion approvals included with the 2021 sale. Street parking. Projected asking rents are \$2,250/month for 1-BR units and \$3,200/month for 2-BR units.

Multifamily Sale



2031 S. Juniper St. 2031-2033 S Juniper Street



Location & Property Info

Property Name	2031-2033 S Juniper Street
Property Type	Multifamily
Sub Type	Walk-Up
Address	2031 S. Juniper St., Philadelphia, PA 19148
County	Philadelphia
Country	USA
Latitude	39.92455030
Longitude	-75.16814760
MSA	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area 881137531
Legal/Tax/Parcel ID	
Market Orientation	Urban
Verification Type	Secondary Verification
Event ID	909097



Site Details

Source Of Land Info	Public Record
Gross Land Area SF	4,515
Gross Land Area Acres	0.1037
Usable/Gross Ratio	1.00
Usable Land Area SF	4,515
Usable Land Area Acres	0.1037
Zoning Designation	CMX-2, Neighborhood Commercial Mixed Use 4207570191H
Flood Map	
Flood Map Date	11/18/2015
Flood Insurance Required	No

Improvement Details

Rentable Area SF	8,857
Gross Building Area	10,820
Demised Unit Of Comparison	Apt. Units
Number Of Demised Units	8
Average Unit Size (SF)	1,107
Construction Status	Completed
Construction Purpose	Speculative
Year Built	2016
Investment Class	Class B
Construction Class	C

Site Shape	Rectangular	Condition	Good
Site Topography	Level	Construction Type	Wood frame
Flood Zone Designation	X	Construction Quality	Average
Vegetation	Minimal	Number Of Buildings	1
Traffic Control At Entry	None	Foundation	Reinforced concrete
Traffic Flow	Low	Exterior Walls	Brick and painted stucco
Utilities	<ul style="list-style-type: none"> • Electricity • Gas • Sewer • Water 	Number Of Stories/Floors	3.00
Frontage Street Name	South Juniper Street	Elevators Count	1
Frontage Feet	40	Ceiling Height Max	9
Corner Lot	No	Fire Sprinkler Type	Wet
Accessibility Rating	Average	HVAC Comments	Gas-fired rooftop package units
Visibility Rating	Average	Roof Description	Flat rubber membrane with partial fiberglass roof deck Street parking only
		Parking Description	
		Land To Building Ratio	0.42
		Property Amenities	<ul style="list-style-type: none"> • Roof deck • elevator

Unit Mix

UNIT DESCRIPTION	BR	BA	UNITS	UNIT SF	TOTAL SF	% OF UNITS	VACANT UNITS	BASE RENT	TOTAL RENT	BASE RENT PER SF	COMMENTS
1BR/1BA	1.00	1.00	2.00	515.00	1,030.00	25 %	0.00	\$1,425.00	\$2,850.00	\$2.77	
2BR/1BA	2.00	1.00	6.00	749.00	4,494.00	75 %	0.00	\$1,683.00	\$10,098.00	\$2.25	
Total/Average			8.00	690.50	5,524.00	100 %	0.00	\$1,618.50	\$12,948.00	\$2.34	

Commercial Space Summary

SPACE TYPE	SAMPLE IN-PLACE TENANTS	TOTAL SF	% TOTAL	LEASED SF	OCCUPANCY	AVG ASKING RENT PER SF	AVG CONTRACT RENT PER SF	LEASE REIMBURSEMENT METHOD	AVG REMAINING LEASE TERM (MOS)	COMMENTS
Grocery Store	South Philly Co-op	3,333	100.00 %	3333	100.00 %	\$0.00	\$15.00	Triple Net	0	
Subtotal		3,333	100.00 %	3,333	100.00 %					

Sale Information

Listing Price	\$2,650,000
Sale Status	Closed
Sale Date	01/25/2022
Sale Price	\$2,150,000
Grantor (Seller)	Elitza Betta Acquisitions LLC
Grantee (Buyer)	G Prime Juniper LLC
Recording Date	03/01/2022
Property Rights	Leased Fee
Document Type	Deed
Recording Number	53984453
Financing Type	Cash to seller
Effective Sales Price	\$2,150,000.00
Price Per SF GBA	\$198.71
Price Per SF NRA	\$242.75
Effective Price Per Unit	\$268,750.00
Price Per Land SF (Gross)	\$476.19
Price Per Acre (Gross)	\$20,732,883.32
Price Per Land SF (Usable)	\$476.19

Price Per Acre (Usable) \$20,732,883.32

Operations at Date of Sale

Operations Status Type	Stabilized Operations	Reported Cap Rate	7.40 %
Financials Source/Data Type	Pro Forma	NIM (Net Income Multiplier)	13.30
Reserves Included	No		
Management Included	Yes		
Actuals Occupancy	100.00 %		

	Pro Forma	PER SF	PER UNIT
EGI	\$193,369	\$21.83	\$24,171
Operating Expense	\$31,705	\$3.58	\$3,963
NOI	\$161,664	\$18.25	\$20,208

Financial Indicators

Pro Forma Operating Expense Ratio	16.40 %
Cap Rate Derived - Stabilized	7.52 %
EGIM Derived - Stabilized	11.12

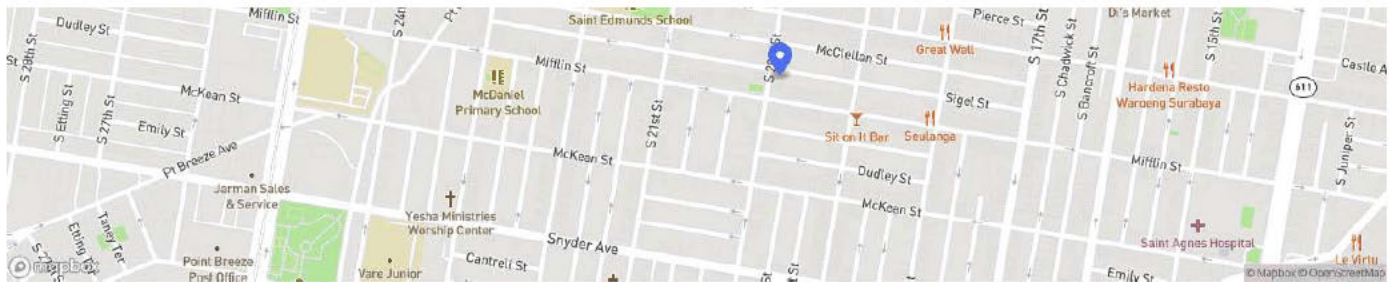
Comments

Sale of a mixed-use property in the East Passyunk neighborhood of South Philadelphia. Property is located one block east of South Broad Street in close proximity to the Snyder subway stop. Improvements were delivered to market in 2016 and comprise 8 apartment units (2 x 1BR/1BA and 6 x 2BR/1BA) and a ground floor commercial unit which was leased to South Philly Co-op, a neighborhood grocer) as of the effective sale date. Amenities include in-unit washer/dryer, shared roof deck, and elevator.

Multifamily Sale

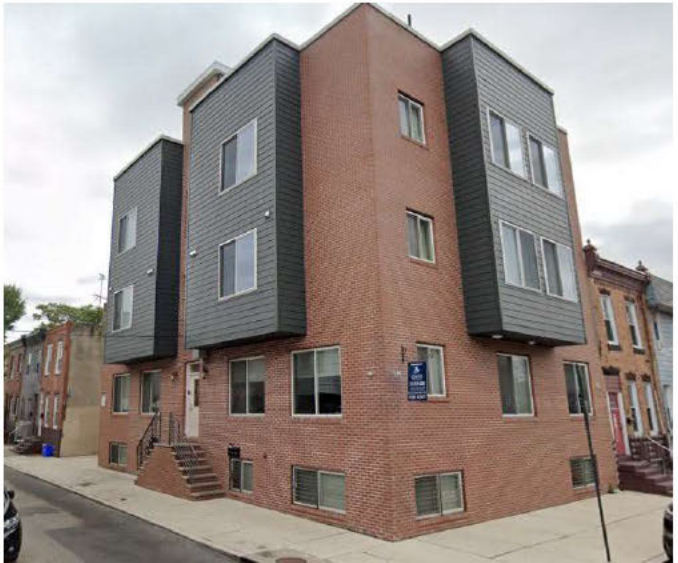


1827-29 South 20th Street 1827-29 South 20th Street



Location & Property Info

Property Name	1827-29 South 20th Street
Property Type	Multifamily
Sub Type	Walk-Up
Major Market	PA - Philadelphia - Greater
Sub Market	Philadelphia - Greater
Address	1827-29 South 20th Street, Philadelphia, PA 19145
County	Philadelphia
Country	USA
Latitude	39.92835000
Longitude	-75.17844000
MSA	Philadelphia/Camden/Wilmington
Legal/Tax/Parcel ID	881146227
Market Orientation	Urban
Verification Type	Secondary Verification
Verification Source	Public Records
Event ID	813492



Site Details

Source Of Land Info	Public Records
Gross Land Area SF	2,393
Gross Land Area Acres	0.0549
Usable/Gross Ratio	1.00
Usable Land Area SF	2,393
Usable Land Area Acres	0.0549

Improvement Details

Rentable Area SF	7,389
-------------------------	-------

Sale Information

Gross Building Area	7,389	Listing Price	\$2,500,000
Demised Unit Of Comparison	Apt. Units	Sale Status	Closed
Number Of Demised Units	6	Sale Date	02/23/2022
Average Unit Size (SF)	1,232	Sale Price	\$2,100,000
Construction Status	Completed	Grantor (Seller)	Arsens 1827 20th LLC
Construction Purpose	Owner-built	Grantee (Buyer)	Rostom Real Estate California II, LLC
Year Built	2017	Contract Date	02/23/2022
Investment Class	Class A	Property Rights	Leased Fee
Condition	Good	Financing Type	Cash to seller
Construction Type	Wood frame	Effective Sales Price	\$2,100,000.00
Construction Quality	Good	Price Per SF GBA	\$284.21
Number Of Buildings	1	Price Per SF NRA	\$284.21
Land To Building Ratio	0.32	Effective Price Per Unit	\$350,000.00
		Price Per Land SF (Gross)	\$877.56
		Price Per Acre (Gross)	\$38,251,366.12
		Price Per Land SF (Usable)	\$877.56
		Price Per Acre (Usable)	\$38,251,366.12

Multifamily Sale

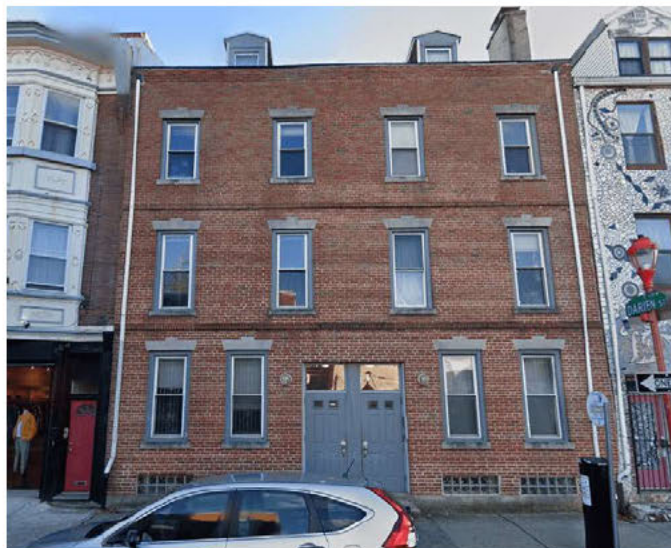


822-824 South Street

822-824 South Street

Location & Property Info

Property Name	822-824 South Street
Property Type	Multifamily
Sub Type	Walk-Up
Major Market	PA - Philadelphia - Greater
Sub Market	Philadelphia - Greater
Address	822-824 South Street, Philadelphia, PA 19147
County	Philadelphia
Country	USA
Latitude	39.94231200
Longitude	-75.15627500
MSA	Philadelphia-Camden-Wilmington
Legal/Tax/Parcel ID	881515520; 881515510
Market Orientation	Urban
Verification Type	Confirmed-Buyer
Verification Source	Public Records
Event ID	708804



Site Details

Source Of Land Info	Public Record
Gross Land Area SF	3,582
Gross Land Area Acres	0.0822
Usable/Gross Ratio	1.00
Usable Land Area SF	3,582
Usable Land Area Acres	0.0822
Zoning Designation	CMX-2.5
Site Shape	Rectangular
Site Topography	Generally Level and at Street Grade
Flood Zone Designation	X
Traffic Control At Entry	None
Traffic Flow	High
Utilities	<ul style="list-style-type: none"> • Electricity • Gas • Sewer • Water
Frontage Street Name	South Street
Frontage Feet	36
Corner Lot	No
Accessibility Rating	Above Average
Visibility Rating	Good

Improvement Details

Rentable Area SF	6,560
Gross Building Area	6,952
Demised Unit Of Comparison	Approved Units

Number Of Demised Units	10
Average Unit Size (SF)	656
Construction Status	Under Renovation
Construction Purpose	Owner-built
Year Built	1986
Year Renovated	2021
Investment Class	Class C
Construction Class	C
Condition	Average
Construction Type	Wood frame
Construction Quality	Good
Number Of Buildings	2
Exterior Walls	Brick and Exposed Concrete Superstructure
Number Of Stories/Floors	3.00
Fire Sprinkler Type	n/a
Land To Building Ratio	0.52

Unit Mix

UNIT DESCRIPTION	BR	BA	UNITS	UNIT SF	TOTAL SF	% OF UNITS	VACANT UNITS	BASE RENT	TOTAL RENT	BASE RENT PER SF	COMMENTS
2 BR	2.00	1.50	2.00	794.00	1,588.00	20 %	1.00	\$1,695.00	\$3,390.00	\$2.13	
1 BR (1/2 Bath)	1.00	1.50	2.00	491.00	982.00	20 %	0.00	\$1,172.00	\$2,344.00	\$2.39	
1 BR Large	1.00	1.00	2.00	600.00	1,200.00	20 %	1.00	\$1,235.00	\$2,470.00	\$2.06	
1 BR Small	1.00	1.00	2.00	480.00	960.00	20 %	0.00	\$1,295.00	\$2,590.00	\$2.70	
1 BR w/Den	1.00	1.50	2.00	915.00	1,830.00	20 %	1.00	\$1,455.00	\$2,910.00	\$1.59	
Total/Average			10.00	656.00	6,560.00	100 %	3.00	\$1,370.40	\$13,704.00	\$2.09	

Sale Information

Sale Status	Closed
Sale Date	08/09/2021
Sale Price	\$2,000,000
Grantor (Seller)	Kenneth & Ellen Lit
Grantee (Buyer)	South Street Ten LLC (Tom Donatucci)
Contract Date	07/02/2021
Recording Date	12/13/2021
Property Rights	Leased Fee
Document Type	Deed
Recording Number	53915688
Financing Type	Cash to seller
Effective Sales Price	\$2,000,000.00
Price Per SF GBA	\$287.69
Price Per SF NRA	\$304.88
Effective Price Per Unit	\$200,000.00
Price Per Land SF (Gross)	\$558.35
Price Per Acre (Gross)	\$24,330,900.24
Price Per Land SF (Usable)	\$558.35
Price Per Acre (Usable)	\$24,330,900.24

Operations at Date of Sale

Operations Status Type	Sub-stabilized Operations	NIM (Net Income Multiplier)	14.20
Actuals Occupancy	70.00 %		

	Pro Forma	PER SF	PER UNIT	
	NOI	\$140,797	\$21.46	\$14,080

Financial Indicators

Cap Rate Derived - Stabilized 7.04 %

Comments

Two, Class C multifamily walkup properties located in the Bella Vista neighborhood of the CBD. Post-sale, the Buyer intends to invest \$414,460 for capital improvements and renovations. Occupancy was 70%. Private sale; financial info was not available.



Multifamily Sale

919 Lombard Street

Location & Property Info

Property Type	Multifamily
Sub Type	Walk-Up
Major Market	PA - Philadelphia - Greater
Sub Market	Philadelphia - Greater
Address	919 Lombard Street, Philadelphia, PA 19147
County	Philadelphia
Country	USA
Latitude	39.94388000
Longitude	-75.15752500
MSA	Philadelphia-Camden-Wilmington-PA-NJ-DE
Legal/Tax/Parcel ID	881511220
Market Orientation	CBD
Verification Type	Secondary Verification
Event ID	918673



Site Details

Source Of Land Info	Public Records
Gross Land Area SF	2,880
Gross Land Area Acres	0.0661
Zoning Designation	RM!
Zoning Description	Residential Multifamily
Flood Insurance Required	No
Site Shape	Rectangular
Site Topography	Level
Flood Zone Designation	X
Utilities	<ul style="list-style-type: none"> • Electricity • Gas • Sewer • Water
Frontage Feet	36
Corner Lot	Yes

Accessibility Rating Average
 Visibility Rating Average

Improvement Details

Rentable Area SF 4,840
 Demised Unit Of Comparison Apt. Units
 Number Of Demised Units 6
 Average Unit Size (SF) 807
 Construction Status Completed
 Construction Purpose Owner-built
 Year Built 1928
 Investment Class Class B
 Construction Class Class C
 Condition Good
 Construction Type Brick
 Construction Quality Average
 Number Of Buildings 1
 Number Of Stories/Floors 4.00

Sale Information

Listing Price \$2,200,000
 Sale Status Closed
 Sale Date 02/08/2023
 Sale Price \$1,955,000
 Grantor (Seller) Hutchinson Properties Par
 Grantee (Buyer) 919 Lombard Street CC LLC
 Property Rights Leased Fee
 Recording Number 54157759
 Financing Type Cash to seller
 Effective Sales Price \$1,955,000.00
 Price Per SF NRA \$403.93
 Effective Price Per Unit \$325,833.33
 Price Per Land SF (Gross) \$678.82
 Price Per Acre (Gross) \$29,576,399.39

Operations at Date of Sale

Actuals Occupancy 94.00 %

ADDENDA

Addendum E

Appraiser Qualifications and Licenses



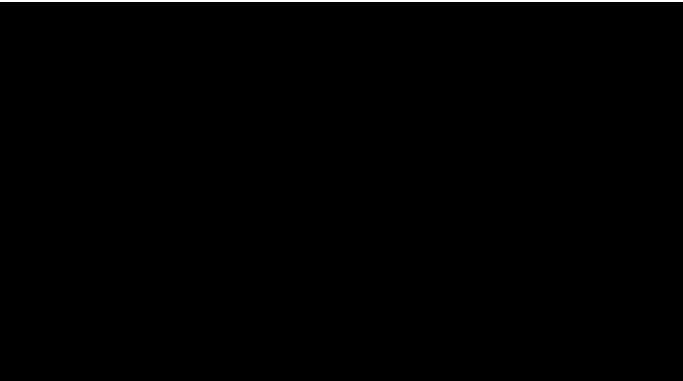
[REDACTED]
[REDACTED] and Market Co-Leader for Pennsylvania, West Virginia and southern New Jersey.

[REDACTED] brings to his position more than 29 years of valuation and advisory experience. He has performed valuations, consulting, and market studies on a wide variety of property types, including shopping centers, office properties, multifamily communities, development sites, and special-purpose properties such as college campuses, museums, places of worship, and sports facilities. These properties include proposed, partially completed, renovated and existing structures. [REDACTED] has performed valuations for condemnation purposes, title issues, matrimonial, estate planning, arbitration, lease negotiations, tax assessment appeals, financing, equity participation and due diligence support. His clients have included life insurance companies, banks and financial institutions, developers and investors, law firms, businesses, quasi government and government agencies.

He joined Newmark from Integra Realty Resources in 2017.

Quotes from Publications

- "Big Sale of Land between Old City and NoLibs Offers Chance to Make a Mark," *Philadelphia Inquirer* (February 21, 2017)
- "Office Tower Planned at Long-Empty lot near Philadelphia City Hall," *Philadelphia Inquirer* (December 19, 2016)
- "Canada Job Searches Soar while Many Business Leaders are Cautious about Trump Victory," *Philadelphia Inquirer* (November 9, 2016)
- "Real Estate Bubble? Prices Rising Faster than Rents," *Philadelphia Inquirer* (January 19, 2015)
- "In Camden, Development Projects Kindle Hope," *The New York Times* (December 9, 2014)
- "Planned Comcast Tech Center Raises Sights in Philadelphia," *The New York Times* (January 28, 2014)
- "Philadelphia Schools See Cash in Old Classrooms," *The New York Times* (November 12, 2013)

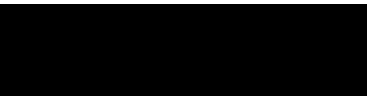


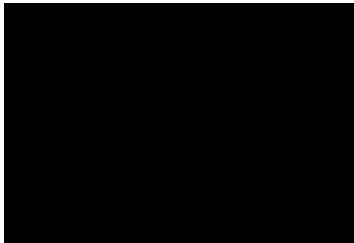
YEARS OF EXPERIENCE

29+

AREAS OF SPECIALTY

Valuation & Advisory




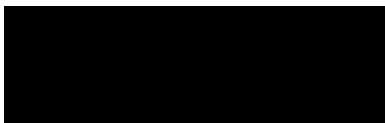


Licenses and Designations

- MAI designation, Appraisal Institute
- CRE designation, the Counselors of Real Estate
- Member, Royal Institution of Chartered Surveyors (MRICS)
- Certified general real estate appraiser, Commonwealth of Pennsylvania and State of New Jersey
- Licensed real estate broker, Commonwealth of Pennsylvania

Education

 earned a Bachelor of Business Administration degree in real estate from the Pennsylvania State University. He has also successfully completed numerous real estate and valuation courses and seminars sponsored by the Appraisal Institute, accredited universities and others.

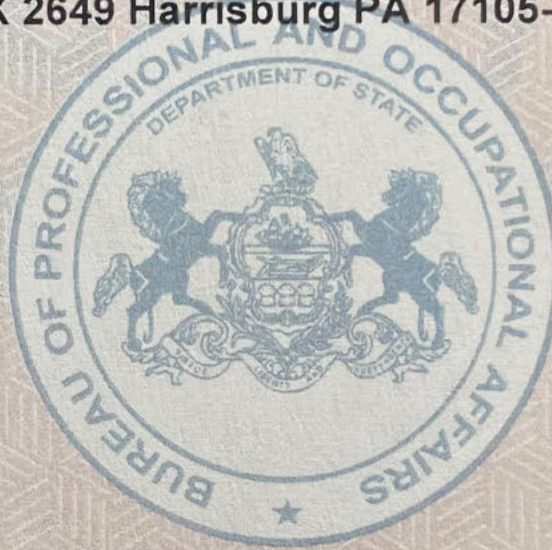
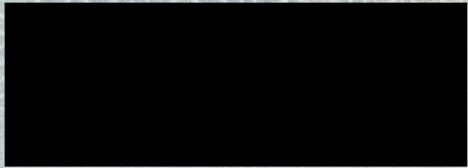


DISPLAY THIS CERTIFICATE PROMINENTLY • NOTIFY AGENCY WITHIN 10 DAYS OF ANY CHANGE

Commonwealth of Pennsylvania
Department of State
Bureau of Professional and Occupational Affairs
PO BOX 2649 Harrisburg PA 17105-2649



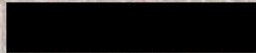
License Type
Certified General Appraiser



License Status
Active

Initial License Date
09/04/1996

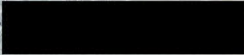
License Number



Expiration Date
06/30/2025



Acting Commissioner



DISPLAY THIS CERTIFICATE PROMINENTLY • NOTIFY AGENCY WITHIN 10 DAYS OF ANY CHANGE

Commonwealth of Pennsylvania
Department of State
Bureau of Professional and Occupational Affairs
PO BOX 2649 Harrisburg PA 17105-2649

License Type
Certified General Appraiser

License Status
Active

Initial License Date
03/03/2022

Expiration Date
06/30/2023

License Number

Acting Commissioner

Signature

ALTERATION OF THIS DOCUMENT IS A CRIMINAL OFFENSE UNDER 18 PA.C.S. §. 4911

Exhibit C

*Redacted Purchase and Sale Agreement
Dated July 24, 2023*

PURCHASE AND SALE AGREEMENT

Seller agrees to sell the Property to Buyer, and Buyer agrees to purchase the Property from Seller, in accordance with the terms of this Purchase and Sale Agreement (“**Agreement**”). This Agreement is effective as of the date the Seller signs this Agreement (“**Effective Date**”).

1. KEY TERMS.

- A. Seller: Ryan Stumphauzer, Court Appointed Receiver
 phone No.: (call counsel to Receiver) email address: c/o tmh@pietragallo.com & gj@pietragallo.com
 mailing address: c/o Stumphauzer Kolaya Nadler & Sloman, PLLC, One Biscayne Tower, 2 South Biscayne Boulevard, Suite 1600, Miami, FL 33131
- B. Buyer: _____
 phone No.: _____ email address: _____
 mailing address: _____
- C. Purchase Price: \$1,750,000 _____ (which equals Buyer’s offer price of \$ _____ plus a Transaction Fee of \$ 395 _____)
- D. Earnest Money Deposit: \$50,000 _____ (if blank, then 10% of the Purchase Price, but no less than \$50,000).
- E. Property: Address: 915-17 S 11th St., Philadelphia, PA 19147 as legally described on Exhibit A, including all permanent improvements thereon (but excluding any personal property unless specifically identified by addendum or amendment to this Agreement).
- F. Closing Date: September 21st 2023 _____, (if blank, then (i) 30 calendar days after the Effective Date). If the Closing Date falls on a weekend or a state or federally recognized holiday, the Closing Date shall be the next business day.
- G. Closing Agent: _____ contact _____ address: _____
 phone number: _____ email address: _____
- H. Title Insurance Company _____, title insurance agent for _____, and the Title Company designated by Receiver.
- I. Closing Cost Allocations: As described in the Section below entitled “Closing Cost Allocations”.

2. **EARNEST MONEY DEPOSIT.** Buyer must deposit the Earnest Money Deposit with Closing Agent on or before 5:00 p.m. in the time zone where the Property is located on the first business day after Seller countersigns this Agreement. The Earnest Money Deposit is non-refundable except as set forth in this Agreement, and may be applied towards the amounts payable

by Buyer under this Agreement. The escrow (“Escrow”) for the purchase of the Property shall be opened upon Closing Agent’s receipt of the Earnest Money Deposit and a fully-signed copy of this Agreement.

3. **CLOSING.** The transactions contemplated by this Agreement shall be consummated (“Close” or “Closing”) on or before the Closing Date.

4. **CLOSING DELIVERIES.**

(a) **Seller’s Deliveries.** On or before the Closing Date, Seller shall deliver the following to Closing Agent (“**Seller’s Deliveries**”):

(i) The transfer deed providing a receiver’s limited warranty against title defects arising by, through or under Seller (in the form customarily used for similar transactions involving a court-appointed receiver) (“**Deed**”) signed by Seller and acknowledged in accordance with the laws of the state in which the Property is located. NOTE: The Title Insurance Company reserves the right to insure over encumbrances that may appear of record but which in the commercially reasonable opinion of the Title Insurance Company remain of record due to a failure on the part of previous title companies and/or closing agents, to effect the recording of appropriate terminations and/or satisfactions.

(ii) A counterpart of the “Settlement Statement” (defined below) signed by Seller.

(iii) A counterpart of the assignment and assumption of leases and contracts substantially in the form attached as Exhibit B (“**Assignment of Leases and Contracts**”) signed by Seller.

(iv) Any and all other instruments reasonably required by Closing Agent or otherwise necessary to Close the transactions contemplated by this Agreement.

(b) **Buyer’s Deliveries.** On or before the Closing Date, Buyer shall deliver the following to Closing Agent (“**Buyer’s Deliveries**”):

(i) An amount in immediately available “good funds” equal to the Purchase Price (less the Earnest Money Deposit already deposited with Closing Agent), plus Buyer’s share of closing costs, prorations and expenses as set forth in this Agreement.

(ii) A counterpart of the Settlement Statement signed by Buyer.

(iii) A counterpart of the Assignment of Leases and Contracts signed by Buyer.

(iv) Any and all other instruments reasonably required by Closing Agent or otherwise necessary to Close the transactions contemplated by this Agreement.

5. CONDITIONS PRECEDENT TO CLOSING.

(a) Seller's Conditions. Seller's obligation to Close is conditioned upon the following:

(i) All representations and warranties of Buyer in this Agreement shall have been true in all material respects as of the Effective Date.

(ii) Buyer shall have performed in all material respects all covenants and obligations required to be performed by Buyer on or before the Closing Date.

(iii) Seller shall have received approval of the United States District Court for the Southern District of Florida, Case No. 20-CV-81205-RAR for the Closing pursuant to the terms of this Agreement ("**Court Approval**"). In the event that Court Approval is not received by Seller within thirty (30) days of the Effective Date, despite Seller's commercially reasonable efforts, Seller may elect in Seller's sole and absolute discretion, to terminate this Agreement by providing written notice to Buyer of Seller's election, whereupon this Agreement and all of the parties' rights and obligations hereunder shall forever terminate and this Agreement shall be of no further force or effect.

(b) Buyer's Conditions. Buyer's obligation to Close is conditioned upon the following:

(i) All representations and warranties of Seller in this Agreement have been true in all material respects as of the Effective Date.

(ii) Seller shall have performed in all material respects all covenants and obligations required to be performed by Seller on or before the Closing Date.

(iii) Title Insurance Company is irrevocably committed to issue to Buyer an owner's title insurance policy covering the Property with standard coverage customary in the state where the Property is located, showing liability in the amount of the Purchase Price and showing insurable title to the Property vested in Buyer, subject only to the following: (a) Title Insurance Company's standard exceptions; (b) liens for all current general and special real property taxes and assessments not yet due and payable; (c) liens of supplemental taxes, if any assessed; (d) any facts not shown by public records that an accurate survey and/or a personal inspection of the Property would have disclosed; (e) the mortgage/deed of trust/deed to secure debt lien in connection with any Buyer financing; (f) any laws, regulations, or ordinances regarding the use, occupancy, subdivision, or improvement of the Property, or the effect of any non-compliance with or any violation thereof; (g) rights of existing tenants and/or occupants of the Property, if any; (h) covenants, restrictions, easements, and other matters that do not materially impair the value or use of the Property; (i) non-monetary encumbrances disclosed to Buyer in writing prior to entering into this Agreement; and (j) any other matter for which Title Insurance Company agrees to provide insurance at no additional cost to Buyer.

(c) Duty to Cooperate in Good Faith to Resolve. Despite anything to the contrary in this Section, if either party learns that a closing condition is unlikely to be satisfied, such party

shall promptly notify the other party, and both parties shall cooperate in good faith to fairly and promptly resolve the matter, and the party whose closing condition was not satisfied shall not be relieved of its obligation to Close unless (i) the other party fails to cooperate in good faith, (ii) fair and prompt resolution is not reached after the parties have cooperated in good faith, or (iii) fair and prompt resolution of the matter on or before the Closing Date would be impracticable.

(d) Waiver of Conditions. Either party may waive its respective closing conditions in its sole discretion. By proceeding to Closing, each party waives its respective closing conditions and irrevocably releases the other party from any liability arising from any facts known by such waiving party that would otherwise have resulted in a failure of a closing condition.

6. **CLOSING INSTRUCTIONS TO CLOSING AGENT**. At Closing, Closing Agent is irrevocably instructed to do the following:

(a) Record the Deed.

(b) Pay all fees, costs, deed and transfer taxes for the sale of the Property which are required to be paid by Seller and Buyer under this Agreement, the portion of any fees charged by Closing Agent which are payable by Seller and Buyer (if any) and other expenses relating to the sale of the Property which are required to be paid by Seller and Buyer.

(c) Pay to Seller the balance of the Purchase Price and any other funds remaining after Closing.

7. **COSTS AND PRORATIONS**.

(a) Pre-Closing Costs. Buyer and Seller acknowledge that Closing Agent may incur certain costs while processing this transaction which must be paid prior to Closing. Closing Agent is authorized and instructed to release funds for payment of such costs prior to Closing from funds deposited into Escrow by Buyer. Such funds are not refundable and Closing Agent is released from any liability for payment of any such funds pre-released through the Escrow. Closing Agent is authorized to charge the appropriate party for costs incurred, or credit the appropriate party for credits, as applicable at Closing or upon termination of this Agreement.

(b) Prorations. The following shall be prorated as of the date of Closing, in each case based on the number of calendar days in the applicable period and in accordance with local customs: (i) all real property taxes, assessments, utilities and other operating expenses customarily apportioned in similar situations (“**Property Expenses**”), and (ii) all rents and other income actually received and customarily apportioned in similar situations (“**Property Income**”). Despite anything to the contrary in this Agreement, insurance premiums will not be prorated, and Seller may cancel any existing insurance on the Property after Closing. If either party receives Property Income or a refund of Property Expenses attributable, in whole or in part, to the other party’s period of ownership, the party that received such Property Income or refund shall immediately submit to the other party the portion attributable to such other party’s period of ownership. Except as set forth in this Agreement, Seller shall not be responsible for any Property Expenses accruing after Closing. This paragraph shall survive Closing indefinitely.

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(c) Closing Costs. Seller and Buyer shall pay closing costs as described in the Closing Cost Allocations (and Closing Agent is authorized to (i) pay Seller’s costs from Seller’s proceeds, and (ii) pay Buyer’s costs from funds deposited into Escrow by Buyer).

(d) Settlement Statement. On or before the third business day prior to Closing, Closing Agent shall prepare and deliver to Seller and Buyer a settlement statement setting forth the prorations and cost allocations set forth in this Agreement (“**Settlement Statement**”).

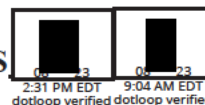
8. TERMINATION AND CANCELLATION OF ESCROW.

(a) Termination Resulting from Breach. If Closing does not or cannot occur on or before the Closing Date due to a breach of this Agreement by Buyer or Seller, then the non-breaching party may terminate this Agreement and cancel the Escrow by written notice to the breaching party and Closing Agent. If Buyer fails to timely deposit the Earnest Money Deposit, then Seller may immediately terminate this Agreement by written notice to Buyer. Upon any such termination and/or cancellation, the breaching party shall pay any cancellation fees of Closing Agent and Title Insurance Company. If Seller is the breaching party, Closing Agent shall return the Earnest Money Deposit to Buyer, and Buyer shall be entitled to pursue remedies at law or in equity. If Buyer is the breaching party, then the following shall apply:

BUYER AND SELLER AGREE THAT IT WOULD BE EXTREMELY DIFFICULT TO DETERMINE SELLER’S ACTUAL DAMAGES RESULTING FROM A BREACH BY BUYER. IN THE EVENT OF A BREACH BY BUYER, SELLER SHALL BE ENTITLED TO AN AMOUNT EQUAL TO THE EARNEST MONEY DEPOSIT AS LIQUATED DAMAGES AND AS SELLER’S EXCLUSIVE REMEDY. BUYER AGREES THAT SUCH AMOUNT IS A REASONABLE PRE-ESTIMATE OF SELLER’S ACTUAL DAMAGES FOR BREACH OF THIS AGREEMENT AND IS NOT A PENALTY. IF CLOSING AGENT IS IN POSSESSION OF THE EARNEST MONEY DEPOSIT, THEN CLOSING AGENT SHALL DELIVER THE EARNEST MONEY DEPOSIT TO SELLER. DESPITE THE FOREGOING, IF APPLICABLE LAW LIMITS THE AMOUNT OF THE LIQUIDATED DAMAGES PAYABLE TO SELLER UPON A BREACH BY BUYER, SELLER SHALL ONLY BE ENTITLED TO THE AMOUNT PERMITTED BY LAW, AND ANY EXCESS SHALL BE PROMPTLY RETURNED TO BUYER.

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BUYER’S INITIALS 



(b) Costs Upon Termination and Cancellation of Escrow. Except as otherwise set forth in this Section, upon termination of this Agreement and cancellation of Escrow pursuant to this Section, Seller and Buyer shall be jointly responsible for any cancellation fees of Closing Agent and Title Insurance Company, and all other costs incurred in connection with the transactions contemplated by this Agreement (including, without limitation, payments for loan applications, inspections, appraisals, and other reports) shall be the sole responsibility of the party incurring such costs.

(c) Closing Agent Authorization. If Closing Agent receives a written notice from a party to cancel the Escrow in accordance with this Section 8, and Closing Agent can confirm that the other party also received the notice, Closing Agent is authorized to comply with the notice of Closing Agent does not receive a written objection with ten (10) calendar days after such other party has received the notice.

9. **BUYER'S REPRESENTATIONS AND WARRANTIES.** Buyer represents and warrants to Seller as follows:

(a) Authority. Buyer has the necessary authority to enter into and perform its obligations under this Agreement. If Buyer is an entity, the natural person signing this Agreement on behalf of Buyer represents and warrants that (i) Buyer is duly formed and in good standing and

(ii) the natural person signing on behalf of Buyer has the necessary authority to bind Buyer to this Agreement.

(b) Property Condition and Attributes. Prior to entering into this Agreement, Buyer had the opportunity to conduct Buyer's own due diligence and investigations. Except as expressly set forth in this Agreement, Buyer's obligations under this Agreement are not contingent on any further due diligence and/or investigation. Buyer acknowledges that the square footage of the Property (including the square footage of the lot and any improvements thereon) is deemed approximate and not guaranteed. Buyer acknowledges that except as otherwise expressly set forth in this Agreement or in written disclosures to Buyer signed by Seller, (i) Seller does not make, and expressly disclaims, any representation or warranty, express or implied, regarding the Property, and (ii) Buyer acknowledges and agrees that Seller is selling the Property "**As Is, Where Is, With All Faults and Limitations**" and Seller shall have no liability for or any obligation to make any repairs or improvements of any kind to the Property.

(c) Disclosures. Prior to entering into this Agreement, Buyer has received (or, to the extent not received, Buyer irrevocably waives) all disclosure documents required to be provided by or on behalf of Seller or Seller's representatives. Reports furnished by or on behalf of Seller shall be for informational purposes only and are not made part of this Agreement unless required under applicable law.

(d) Sophisticated Buyer. Buyer (i) is a sophisticated purchaser, (ii) is capable of evaluating the merits and risks of purchasing the Property, (iii) understands and is able to bear the economic risks of purchasing the Property, including, without limitation, a total loss of investment and/or the risk that Buyer may be required to hold the Property indefinitely.

(e) No Related Parties. That none of the "Receivership Entities" defined in the action that was filed in the United States District Court for the Southern District of Florida, Case No. 20- CV-81205-RAR, nor any of the equity owners of any of the Receivership Entities, have a direct or indirect ownership interest in the Buyer (collectively, the "Disqualified Parties"). That Buyer is not acting directly or indirectly for or on behalf of any of the Disqualified Parties in connection with the purchase and sale of the Property. This paragraph shall survive the Closing for a period of four (4) years.

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10. **SELLER'S REPRESENTATIONS AND WARRANTIES.** Seller represents and warrants to Buyer as follows:

(a) Authority. Subject to the approval of the United States District Court for the Southern District of Florida, Case No. 20-CV-81205-RAR (which approval shall be a Seller's condition of the Closing as set forth above in Section 5(a)(iii)), Seller has the necessary authority to enter into and perform its obligations under this Agreement.

(b) Leases. Except for the leases (including any amendments) listed in Exhibit C ("Leases"), Seller knows of no other agreement with respect to the occupancy of the Property that will be binding on Buyer after Closing, and to Seller's knowledge, the information on Exhibit C and copies of any Leases delivered by Seller to Buyer are true, correct and complete in all material respects.

(c) No Mechanics' Liens. Except as disclosed in writing to Buyer there are no unsatisfied mechanics' or materialmen's lien rights concerning the Property.

11. **SELLER'S COVENANTS.**

(a) Possession. At Closing, Seller shall relinquish possession of the Property to Buyer (subject to the Leases) and promptly provide Buyer with all keys, codes and other means of Property access in Seller's possession.

(b) Utilities. Seller shall reasonably cooperate with Buyer prior to Closing to allow Buyer to obtain responsibility for and maintain access to applicable utilities following Closing.

(c) Operation and Maintenance of Property. Prior to Closing, Seller shall maintain, and to the extent within Seller's reasonably control, operate, the Property consistent with past practice.

(d) Leases and Contracts. Prior to Closing, Seller shall not enter into, terminate or amend any Lease or other material agreement with respect to the Property which would encumber or be binding upon the Property from and after Closing, without Buyer's prior written consent, which consent may not be unreasonably withheld, conditioned or delayed.

(e) No Violations. Prior to Closing, Seller shall comply in all material respects with the terms of the Leases and any other material document or agreement affecting the Property consistent with past practice.

12. **MISCELLANEOUS.**

(a) Survival of Representations and Warranties. Except as otherwise set forth in this Agreement, (i) all representations and warranties of Seller and Buyer in this Agreement shall survive Closing for a period of six months, and (ii) no claim for breach of any representation or warranty in this Agreement may be made more than six (6) months after Closing.

(b) No Assignment or Recording. Buyer may not assign or record all or any part of this Agreement without the express prior written consent of Seller. Despite the foregoing, Buyer

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may assign this Agreement to any entity wholly owned, directly or indirectly, by Buyer; provided, however, that, in such event, the undersigned Buyer shall remain liable for the obligation of Buyer under this Agreement, and shall pay all transfer taxes that may be imposed as the result of any such assignment(s).

(c) Casualty and Condemnation. If any material portion of the Property is damaged or taken by eminent domain (or is the subject of a pending taking) prior to Closing, Seller shall notify Buyer promptly after Seller obtains knowledge thereof. Within ten (10) business days after Buyer receives such written notice (if necessary, the Closing Date shall be extended until one (1) business day after the expiration of such period), Buyer may, at its options, either (i) terminate this Agreement, or (ii) proceed to Closing in accordance with this Agreement. Buyer shall be deemed to have waived its right to terminate this Agreement if Buyer does not notify Seller in writing of its election to terminate this Agreement within such period. Buyer shall not be entitled to any insurance proceeds or obtain any rights with respect to any claims Seller may have with regard to insurance maintained by Seller with respect to the Property. In the event of a taking by eminent domain, Seller shall assign to Buyer at Closing all of Seller's right, title and interest in and to all awards, if any, for such taking.

(d) Common Interest Development. If the Property is in a common interest development, unless otherwise required by law, Buyer acknowledges that Buyer was provided for review (or, to the extent not provided, Buyer waives any right to review) the declaration of covenants, conditions, restrictions and/or bylaws and other documentation regarding such common interest development and Buyer acknowledges that Buyer has reviewed such documentation to the fullest extent Buyer deems necessary and, by signing this Agreement, Buyer accepts the declaration of covenants, conditions, restrictions and/or bylaws of the common interest community.

(e) Local Requirements. Some counties, cities, municipalities and other state subdivision may require a certificate of occupancy, certificate of use or code compliance certificate and/or inspection ("**Local Requirement**") may be required in order to transfer and/or occupy the Property. If a Local Requirement is required for the Property to be transferred to or occupied by Buyer, Buyer waives such Local Requirements to the extent waivable. To the extent any such Local Requirement is not waivable by Buyer, Buyer shall comply with the Local Requirement at Buyer's sole cost, including, without limitation, the correction of any violations or performance of other work which may be required in connection therewith. Seller makes no representation as to whether a Local Requirement applies. Buyer shall indemnify, defend and hold harmless from and against all fines, penalties, costs, expenses, claims and liabilities arising out of or relating to any Local Requirements. This paragraph shall survive Closing indefinitely.

(f) Counterparts, Electronic Signatures and Complete Agreement. This Agreement and any addenda or other document necessary for Closing of the transactions contemplated by this Agreement may be signed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one document. Facsimile and electronic signatures shall have the same legal effects as original signatures. This Agreement and any addenda or other document necessary for Closing of the transactions contemplated by this Agreement may be accepted, signed or agreed to through the use of an electronic signature in accordance with the Electronic Signatures in Global and National Commerce Act (E-Sign Act) title 15, United States

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Code, Sections 7001 *et seq.*, the Uniform Electronic Transaction Act (UETA) and any applicable state law. This Agreement constitutes the entire agreement of Buyer and Seller with respect to the subject matter of this Agreement and supersedes any other instruments purporting to be an agreement of Buyer and Seller relating to that subject matter. No modification of this Agreement will be effective unless it is in writing and signed by both parties.

(g) Severability. If any portion of this Agreement is judicially determined to be invalid or unenforceable, that portion shall be deemed severable from this Agreement and the remainder of this Agreement shall remain in full force and effect and be construed to fulfill the intention of the parties.

(h) Time is of the Essence. Time is of the essence for the performance of each and every covenant under this Agreement and the satisfaction of each and every condition under this Agreement.

(i) Governing Law and Consent to Jurisdiction. THIS PURCHASE AND SALE AGREEMENT IS INTENDED TO TAKE EFFECT AND SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA. The parties further each agree that any action, enforcement, suit, motion, determination or interpretation of the intent of or the language of this Agreement herein or any dispute related to the enforcement of its terms, regardless of the nature of such dispute, may be raised and exclusively brought only in the Court of the Receivership that appointed the Court Appointed Receiver as a party herein. The parties do all each agree and consent to make this agreement's exclusive jurisdiction and venue for any dispute resolution of interpretation of its language to be only in the United States District Court for the Southern District of Florida with all parties' consent to the exclusive jurisdiction being with that Court. It is further agreed that service of process in any such suit or any other filig shall be sufficient if made upon any of the parties by mail at the address for that party as specified in this Agreement. The parties further hereby waive any objection that they may now or hereafter have to the venue of any such suit or action of any nature under this Agreement being exclusive in the Court or that such suit if brought in the United States Court for the Southern District of Florida is in an inconvenient or improper court.

(j) Further Assurances. The parties agree to execute such other documents, and to take such other actions as may reasonably be necessary, to further the purposes of this Agreement.

(k) Notices. All notices and other communications contemplated under this Agreement shall be in writing and shall be deemed given and received upon receipt if: (i) delivered personally; or (ii) mailed by registered or certified mail return receipt requested, postage prepaid; (iii) sent by a nationally recognized overnight courier; and/or (iv) sent by email. Notice to Buyer and Seller shall be given as set forth on the first page of this Agreement or to such other address or addresses as may from time to time be designated by either party by written notice to the other.

(l) Prohibited Persons and Transactions. Each party represents and warrants to the other that neither it, or any of its affiliates, nor any of their members, directors or other equity owners (excluding holders of publicly traded shares), and none of their principal officers and employees: (i) is listed as a "specifically designated national and blocked person" on the most current list

published by the U.S. Treasury Department Office of Foreign in Asset Control

(“OFAC”); (ii) is a person or entity with whom U.S. persons or entities are restricted from doing business under OFAC regulations or any other statute or executive order (including the September 24, 2002 “Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism”); and (iii) is engaged in prohibited dealings or transactions with any such persons or entities.

(m) Brokers. In connection with the transactions contemplated by this Agreement, Seller is represented by Listing Broker identified on the signature page hereto, Buyer is represented by Buyer’s Broker identified on the signature page hereto and Seller and Buyer each represents and warrants that it has not dealt with any other broker, finder or other agent who would be entitled to any fee from Seller or Buyer. Seller and Buyer shall each indemnify and hold harmless the other from and against any claims, losses, costs, damages, liabilities or expense, including reasonable attorneys’ fees, arising in connection with any breach by the indemnifying party of the representations and warranties of this paragraph. This paragraph shall survive Closing indefinitely.

(n) Form of Agreement. Buyer and Seller acknowledge that no representation, recommendation or warranty is made by any broker relating to the legal sufficiency or tax consequences of this Agreement or any attachments hereto, and Buyer and Seller each represent and warrant that it has consulted with, had the opportunity to consult with or waived the right to consult with counsel in connection with this Agreement.

13. CLOSING COST ALLOCATIONS.

Closing Costs (as applicable)	Seller Pays	Buyer Pays	50% Seller/ 50% Buyer
Title Search Fee		X	
Owner’s Title Insurance Policy (Standard Coverage)		X	
Additional Title Coverage or Endorsements Requested by Buyer		X	
Lender’s Title Insurance Policy		X	
Closing Agent Fees			X
State and/or Local Transfer Taxes			X
Credit Reports, Loan Fees, Loan Points, Reports and Inspections Required by Buyer’s Lender, Appraisal Fees, Mortgage Notarization and Recording Fees, and All Other Costs in Connection with Buyer’s Loan		X	
Deed Notarization and Recording Fees		X	
Real Estate Broker/Agent Commissions Due Listing Broker (5%)	X		

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Closing Costs (as applicable)	Seller Pays	Buyer Pays	50% Seller/ 50% Buyer
Offered Cooperating Real Estate Broker/Agent Commissions Due Buyer's Broker (2.5%)	X		
Additional Real Estate Broker/Agent Commissions Due Buyer's Broker (if any)		X	
Any Reports and Inspections Requested by Buyer		X	
Seller's Attorney Fees	X		
Buyer's Attorney Fees		X	
All Other Closing Costs		X	

SELLER'S INITIALS RKS /

BUYER'S INITIALS  

2:31 PM EDT 9:04 AM EDT
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14. STATE-SPECIFIC PROVISIONS. See state-specific rider attached hereto and incorporated herein by reference (if applicable).

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SELLER:

COURT APPOINTED RECEIVER

By: *Ryan Stumphäuser*

Name: Ryan Stumphäuser

Title: Court Appointed Receiver

Date: August 11, 2023

LISTING BROKER (if any):

Name: BHHS Fox & Roach- At The Harper

License No.: RB061717C

State: Pennsylvania

BUYER:

[NAME]

By: _____

Name: _____

Title: _____

Date: July 12th _____, 2023

BUYER'S BROKER (if any):

Name: _____

License No.: _____

State: Pa _____

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	dotloop verified 08/10/23 9:04 AM EDT Y67Z-V3QL-IZVO-QIDW

(Brokers must be licensed in the state where the Property is located)

CLOSING AGENT ACKNOWLEDGEMENT

Closing Agent acknowledges receipt of a copy of this Agreement and the Earnest Money Deposit set forth in Section 1(D) and agrees to act as Closing Agent in accordance with this Agreement.

[NAME]

By: _____

Name: _____

EXHIBIT A

Legal Description of the Property

ALL THE CERTAIN lot or piece of ground with the buildings and improvements thereon erected.

SITUATE on the East side of 11th Street at the distance of 166 feet Northward from the North side of Carpenter Street in the 2nd Ward of the City of Philadelphia.

CONTAINING in front or breadth on the said 11th Street 31 feet; thence extending Eastward between parallel lines with Carpenter Street 89 feet 2 inches on the North side thereof and 84 feet on the South side thereof to a 14 feet wide court.

BOUNDED on the West side by said 11th Street on the South side of Montrose Street (31 feet wide and extending from 10th Street to 11th Street between parallel lines with Carpenter Street) on the East by Clifton Street; thence extending North at right angles 30 feet 7 inches; thence widening on the West by a course parallel with 11th Street to the South boundary of a lot of ground now or late of George McCellan.

Being known as 915-917 South 11th Street.

EXHIBIT B

Assignment and Assumption of Leases and Contracts

AKS

EXHIBIT C

Leases

**PENNSYLVANIA RIDER TO
PURCHASE AND SALE AGREEMENT**

STATE-SPECIFIC PROVISIONS.

- A. Zoning Classification: RM1
- B. Sewage Facilities. In accordance with the Pennsylvania Sewage Facilities Act of January 24, 1996, No. 537 P.L. 1536, as amended, the following statement regarding the availability of a community sewage system is included: the Property IS NOT IS connected to or serviced by a Community Sewage System.
- C. Coal Notice. NOTICE – THIS DOCUMENT MAY NOT SELL, CONVEY, TRANSFER, INCLUDE OR INSURE THE TITLE TO THE COAL AND RIGHTS OF SUPPORT UNDERNEATH THE SURFACE LAND DESCRIBED OR REFERRED TO HEREIN, AND THE OWNER OR OWNERS OF SUCH COAL MAY HAVE THE COMPLETE LEGAL RIGHTS TO REMOVE ALL SUCH COAL AND IN THAT CONNECTION, DAMAGE MAY RESULT TO THE SURFACE OF THE LAND AND ANY HOUSE, BUILDING OR OTHER STRUCTURE ON OR IN SUCH LAND. THE INCLUSION OF THIS NOTICE DOES NOT ENLARGE, RESTRICT OR MODIFY ANY LEGAL RIGHTS OR ESTATES OTHERWISE CREATED, TRANSFERRED, EXCEPTED OR RESERVED BY THIS INSTRUMENT. (This notice is set forth in the manner provided in Section 1 of the Act of July 17, 1957, P.L. 984, as amended, and is not intended as notice of unrecorded instruments, if any.)
- Buyer acknowledges that it may not be obtaining the right of protection against subsidence resulting from coal mining operations and that the Property may be protected from damage due to mine subsidence by a private contract with the owners of the economic interests in the coal. This acknowledgement is made for the purpose of complying with the provisions of Section 14 of the Bituminous Mine Subsidence and the Land Conservation Act of 1966, and Buyer agrees to sign the notice in the deed which will contain the aforesaid provision.
- D. Assignment. In the event this Agreement is assigned by Buyer pursuant to Section 13(b), Buyer shall be responsible for any and all transfer taxes and fees associated with such assignment.

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AKS

Exhibit 2

*Proposed Order Authorizing Receiver's Sale of Real Property Located at
915-917 South 11th Street, Philadelphia, Pa 19147*

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

CASE NO. 20-CV-81205-RAR

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

COMPLETE BUSINESS SOLUTIONS
GROUP, INC. d/b/a PAR FUNDING, et al.,

Defendants.

**[PROPOSED] ORDER AUTHORIZING RECEIVER'S SALE OF REAL PROPERTY
LOCATED AT 915-917 SOUTH 11th STREET, PHILADELPHIA, PA 19147**

THIS CAUSE comes before the Court upon the Receiver's Motion for Order Approving Receiver's Sale of Real Property Located at 915-917 South 11th Street, Philadelphia, Pa 19147 [ECF No. ____] (the "Motion"), filed on August 15, 2023. The Court has reviewed the Motion and the record in this matter, and is otherwise fully advised.

In the Motion, the Court-Appointed Receiver, Ryan K. Stumphauzer ("Receiver") asks the Court to approve and authorize the sale of the real property located at 915-917 South 11th Street, Philadelphia, PA 19147.

The Receiver has made a sufficient and proper showing in support of the relief requested in the Motion. Accordingly, for the reasons stated in the Motion, it is hereby

ORDERED AND ADJUDGED that the Motion is **GRANTED** as set forth herein.

In accordance with its Order granting Receiver's Motion for Order Authorizing Receiver's Sale of All Real Property Within the Receivership Estate [ECF No. 1486], this Court has reviewed the Declaration [ECF No. ____-1] of Ryan K. Stumphauzer, Esq., the Court-Appointed Receiver

(the “Receiver”), regarding his proposed sale of the real property located at and commonly known as 915-917 South 11th Street, Philadelphia, Pa 19147 (the “Property”), and orders as follows:

A. The terms of the Purchase and Sale Agreement, a copy of which is attached to the Declaration as Exhibit C (collectively, the “Contract”), by and between the Receiver and W.B.C.¹ (the “Buyer”) in connection with the Receiver’s proposed sale of the Property to Buyer are approved;

B. The Court ratifies the Receiver’s execution of the Contract and authorizes the Receiver to perform all of his obligations under the Contract;

C. The Receiver is authorized to sell the Property to Buyer or Buyer’s designee, as contemplated in the Contract, in exchange for the aggregate sum of \$1,750,000, subject to the applicable terms of this Order;

D. The Receiver is further authorized to pay any commissions provided for in the Contract and in connection with the consummation of his sale of the Property;

E. In accordance with the terms of the Contract, and without limiting those terms, Buyer or Buyer’s designee shall purchase the Property on an “as-is / where-is” basis, without any representations or warranties whatsoever by the Receiver and his agents and/or attorneys including, without limitation, any representations or warranties as to the condition of the Property, except as expressly set forth in the Contract. Buyer or its designee is responsible for all due diligence, including but not limited to, inspection of the condition of and title to the Property, and is not relying on any representation or warranty of the Receiver, except as expressly set forth in the Contract;

¹ For security purposes, the Buyer’s identity has been redacted.

F. In the performance of his obligations pursuant to this Order, the Receiver's liability in connection with the Contract and the sale of the Property to the Buyer shall be limited to the assets of the Receivership Estate (the "Estate"). Neither the Receiver nor his professionals shall have any personal liability for claims arising out of or relating to the performance of any actions necessary to complete the sale of the Property as provided for herein;

G. Provided Buyer or Buyer's designee consents, in writing, the Receiver is hereby authorized to amend or otherwise modify the Contract, in writing, as necessary to complete the sale of the Property in the event that the Receiver determines, in his reasonable business judgment, that such amendment or modification is reasonable and necessary, will benefit the Estate, avoid the imposition of any liability upon the Estate, or is required pursuant to the terms of the Contract or any other amendment or modification thereto, provided that any such amendment or modification does not change the material terms of the Contract, including the parties to the Contract and the purchase price for the Property;

H. The Receiver is hereby authorized to take all actions and execute all documents necessary to consummate and otherwise effectuate the sale of the Property to Buyer or Buyer's designee, including, but not limited to, the Contract itself, any other documents required to be executed pursuant to the Contract, and any related documentation, escrow instructions, or conveyance documents consistent with selling and conveying title to the Property to Buyer or Buyer's designee. The Receiver shall execute all documents necessary to consummate and otherwise effectuate the sale of the Property as "Ryan K. Stumphauzer, Court-Appointed Receiver" or any reasonable variation thereof which clearly identifies the Receiver as a Court-appointed Receiver;

I. The Receiver is hereby authorized to execute and acknowledge a Receiver's Deed, or similar instrument, conveying title to the Property to Buyer or Buyer's designee (the "Receiver's Deed") to effectuate the conveyance, and cause the Receiver's Deed to be recorded on the date on which close of escrow occurs pursuant to the terms of the Contract, or as determined by and between the Receiver and Buyer or Buyer's designee;

J. Any licensed title insurer may rely on this Order as authorizing the Receiver to transfer title to the Property as provided in the Contract and as authorized herein;

K. This Court shall retain jurisdiction over any dispute involving the Receiver in connection with the sale of the Property; and

L. If requested by the Buyer, the Receiver shall provide Buyer or Buyer's designee with a certified copy of this Order, as entered by the Court, directly or through escrow, prior to the Close of Escrow, or as provided for in the Contract, and Buyer or Buyer's designee shall acknowledge receipt of a copy of this Order, in writing. A certified copy of this Order may be recorded concurrently with the Receiver's Deed, or at any time before the close of escrow, provided, however, that failure to record this Order shall not affect the enforceability of this Order, the enforceability and viability of the Contract, or the validity of the Receiver's Deed.

DONE AND ORDERED in Miami, Florida, this ____ day of _____, 2023.

RODOLFO A. RUIZ II
UNITED STATES DISTRICT JUDGE

Copies to: Counsel of record