

**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 1932 SPRUCE STREET, PHILADELPHIA, PA 19103**

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 1932 Spruce Street, Philadelphia, PA 19103 (the “Spruce 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 Spruce Street Property.

4. 1932 Spruce St. LLC, a Receivership Entity, is the owner of record of the Spruce Street Property and the Receiver is vested with full legal authority to act on behalf of 1932 Spruce St. LLC, pursuant to the Amended Order Appointing Receiver (ECF No. 141), including the authority to waive the requirements of 28 U.S.C. § 2001 and 28 U.S.C. § 2004 for the sale of the Spruce Street Property.

5. In accordance with the Order Authorizing Sale, the Receiver has entered into a Purchase and Sale Agreement for the sale of the Spruce Street Property (the “Contract”). The Contract, which is subject to approval by this Court, is scheduled for a closing on November 9, 2023, provided the Court approves the Contract and authorizes the sale of the Spruce Street Property.

6. 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.

7. The Receiver believes that the sale price for the Spruce Steet Property under the Contract, which he has accepted subject to this Court’s approval, is in the best interests of the Receivership Estate.

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

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

10. A Proposed Order authorizing and approving the sale of the Spruce Street Property is attached as **Exhibit 2**.

11. To provide an opportunity for any potential objections to the sale of the Spruce 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 September 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 September 22, 2023, approving the Contract and authorizing the Receiver to sell the Spruce 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 Spruce Street Property.

Dated: September 15, 2023

Respectfully Submitted,

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

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Co-Counsel for Receiver

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on September 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 1932 Spruce St. LLC. 1932 Spruce St. LLC owns the real property located at 1932 Spruce Street, Philadelphia, PA 19103 (the “Property” or the “Spruce Street 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

The legal description of the Property is:

ALL THAT CERTAIN lot or piece of ground with the buildings and improvements thereon erected.

SITUATE on the South side of Spruce Street at the distance of Thirty six feet Eastward from the East side of Twentieth Street in the Seventh Ward of the City of Philadelphia.

CONTAINING in front or breadth on the said South side of Spruce Street Eighteen feet and extending of that width in length or depth Southward One hundred and three feet to a certain Four feet wide alley leading into and from the said Twentieth Street.

BEING NO. 1932 Spruce Street.

TOGETHER with the free and common use, right, liberty and privilege of the said alley as and for a passageway and watercourse at all times hereafter forever.

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

3. Specifically, and as detailed below, I have completed my marketing efforts for the Spruce Street 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.

4. 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

LLC; and ALB Management, LLC; and the Receivership also includes the property located at 2413 Roma Drive, Philadelphia, PA 19145.

in Philadelphia, Pennsylvania. These efforts included marketing on the Broker's website and on the Multiple Listing Service.

5. 1932 Spruce St. LLC purchased the Spruce Street Property on April 30, 2018, for \$2,125,000. 1932 Spruce St. LLC listed the property for sale pre-Receivership for \$2,400,000 in early 2020, before withdrawing the Property from the market.

6. In the second quarter of 2022, the office of the current property manager (which also includes a licensed Broker) provided an Opinion of the Value for the Property of \$1,857,000.

7. Before listing the Property, I obtained a Pennsylvania Certified Residential Appraisal of the Property dated May 31, 2023 (the "Appraisal"). The Appraisal valued the Property at \$1,450,000. A true and correct copy of this Appraisal is attached as **Exhibit A**.²

8. I initially listed the Property for sale for \$2,400,000.00 in excess of the purchase price.

9. Based upon feedback from potential buyers and on the advice of the Broker, I eventually reduced the listing price to \$1,950,000.

10. The Property was shown to prospective buyers over 25 times. I received 4 written and 4 verbal offers for the Property, generally within a range of \$1,300,000 to \$1,500,000.

11. As a result of my marketing efforts, I have received an offer from J.M. and A.M. (as agents for a prospective LLC),³ third parties unaffiliated with the Receivership Entities ("Buyers"), to purchase the Property out of receivership for \$1,650,000. The Buyers' offer is the highest offer received for the Property and is substantially higher than the Appraisal of the Property. It is an "all cash" offer with no contingencies. In my reasonable business judgment, I

² For security purposes, the Appraiser's identity has been redacted.

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

believe Buyers' offer to purchase the Property for \$1,650,000 is appropriate, and consistent with the Property's current market value. As a result, on or about September 12, 2023, I entered into a contingent Purchase and Sale Agreement ("Contract") for the Property with Buyers, a true and correct copy of which is attached hereto as **Exhibit B** to this Declaration, and which has been redacted for security purposes. Closing is scheduled for November 9, 2023.

11. 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 Buyers, 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 sale price, consistent with ordinary custom and practice.

12. Accordingly, I respectfully request that this Court enter an Order approving the sale of the Spruce 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 September 15, 2023.

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

Exhibit A

*Pennsylvania Certified Residential Appraisal
Dated May 31, 2023*

[Redacted]

1932 Spruce Street

1932 Spruce Street
Philadelphia, Philadelphia County, PA 19103

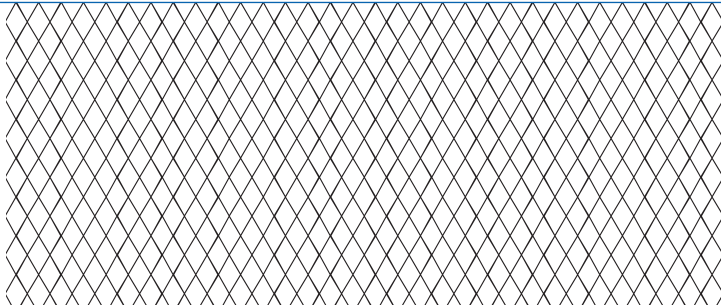
[Redacted]

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]
[Redacted]
[Redacted]



[Redacted]

[REDACTED]

May 31, 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 1932 Spruce Street, Philadelphia, Philadelphia County, PA 19103, prepared by [REDACTED] (herein "Firm" or "[REDACTED]")

[REDACTED]

Dear Mr. Hazel:

The "Subject Property" is a 6-unit walk-up apartment building located within the Rittenhouse Square neighborhood of Philadelphia. The building is in average condition and was built in 1890. The subject's multifamily units include (2) Studio/1BA units, (3) 1BR/1BA units, and (1) 2BR/1.5BA unit, containing 3,342 square feet of rentable area. The property was 83.3% leased and occupied as of the effective valuation date. The mid-block site area totals 1,854 square feet. The site is zoned RM-1 which is a residential multi-family designation within the city of Philadelphia.

Key Value Considerations

Strengths

- Desirable location within the Rittenhouse Square neighborhood of Center City Philadelphia.
- Subject is at close to full occupancy with rental rates in the area trending upward.

Risk Factors

- Rising interest rates are putting upward pressure on cap rates as of the effective appraisal date.

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

May 31, 2023

TIMOTHY M. HAZEL, ESQUIRE

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 still 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.

Based on the analysis contained in the following report, the opinions of value for the subject are:

Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value "As Is"	Leased Fee	4/14/2023	\$1,450,000

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. All information pertaining to unit sizes was based upon measurements of the units that were made available for inspection, and is assumed to be accurate and correct. Should contradictory information regarding the size of the units become available, we reserve the right to amend our analysis.

The use of this extraordinary assumption 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

May 31, 2023

TIMOTHY M. HAZEL, ESQUIRE

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. [REDACTED] made a personal inspection of the property that is the subject of this report. [REDACTED] [REDACTED] has not personally inspected the subject.
13. No one provided significant real property appraisal assistance to the person(s) signing this certification.
14. 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.
15. Within this report, [REDACTED], "[REDACTED]", "[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.
16. [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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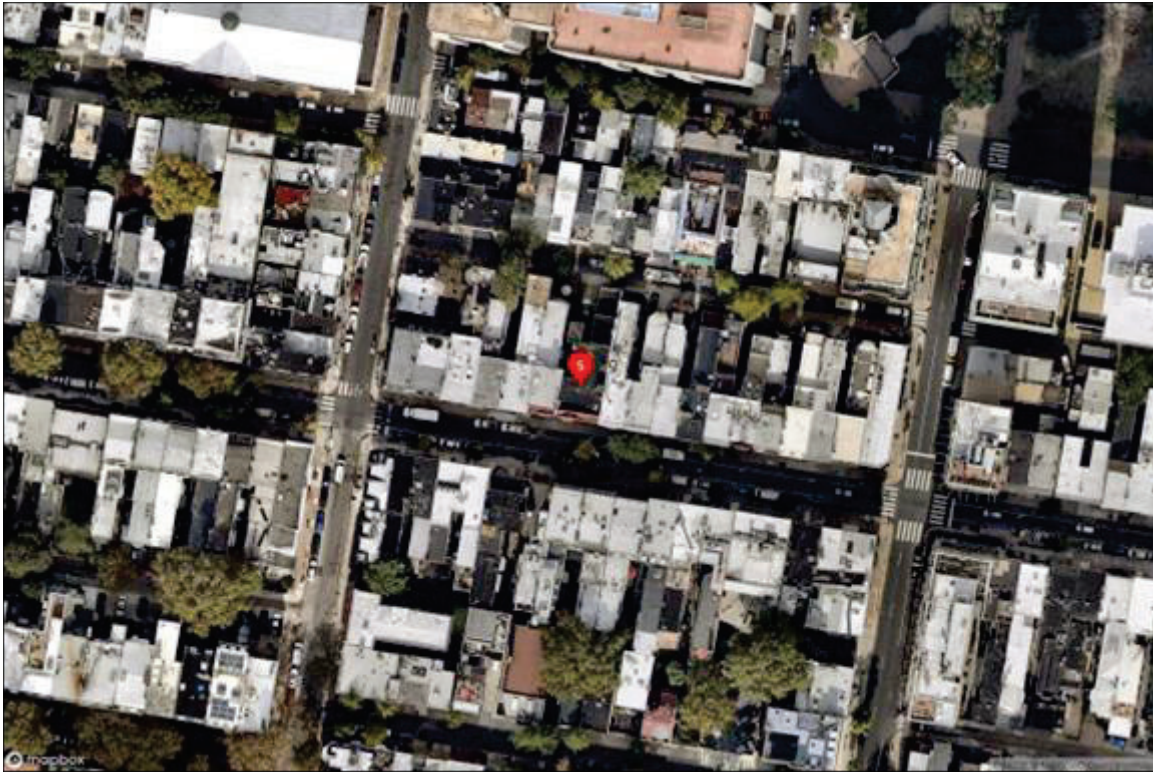
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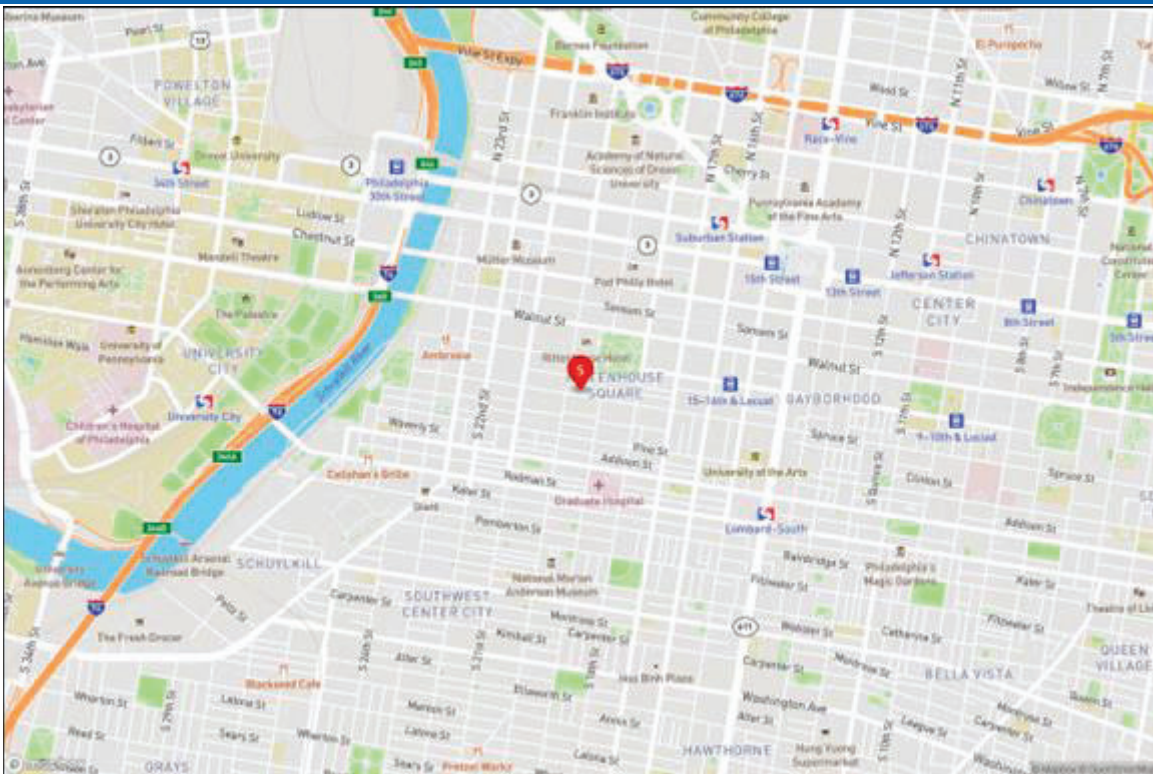
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- C. Financials and Property Information
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- E. Appraiser Qualifications and Licenses



SUBJECT MAPS



Aerial Photo



Location Map



EXECUTIVE SUMMARY



Exterior of Subject



Interior Hallway



Rear of Subject Site



Vacant Unit Bathroom



Vacant Unit Kitchen



Occupied Unit Living Room



EXECUTIVE SUMMARY



Occupied Unit Bedroom



Mailbox



Bi-Level Unit Stairwell



Typical Kitchen



Subject Basement



Spruce Street Near Subject



Executive Summary

1932 Spruce Street

Property Type:	Multifamily
Street Address:	1932 Spruce Street
City, State & Zip:	Philadelphia, Philadelphia County, PA 19103
Market Name:	PA - Philadelphia - Greater
Investment Class:	Class B
Latitude:	39.948242
Longitude:	-75.173695
Gross Building Area (SF):	4,001
Net Rentable Area (SF):	3,342
Number of Units:	6
Year Built:	1890
Land Area:	0.043 acres; 1,854 SF
Zoning:	RM-1
Assessor's Parcel ID(s):	881524090
Highest and Best Use - As Vacant:	Development of a multi-family property
Highest and Best Use - As Improved:	Continued use as multi-family property

Analysis Details

Valuation Date:	April 14, 2023
Market Value "As Is"	April 14, 2023
Inspection Date and Date of Photos:	April 14, 2023
Report Date:	May 28, 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:	Fee Simple
Exposure Time (Marketing Period) Estimate:	6 Months (6 Months)

Leasing Summary

Rental Unit Subtotals	0 BR	1 BR	2 BR	Overall
Average Unit Size	527 SF	434 SF	986 SF	557 SF
Average Unit Contract Rent	\$1,418	\$1,648	\$3,150	\$1,856
Unit Occupancy	100.0%	66.7%	100.0%	83.3%
Unit Market Rent	\$1,550	\$1,700	\$3,200	\$1,900

Valuation Summary

Sales Comparison Approach		\$/Unit	\$ Total
Number of Sales			5
Range of Sale Dates			Sep-20 to Jul-22
Adjusted Range of Comparables (\$/Unit)		\$188,528 to \$245,512	
Indicated Sales Comparison Approach Value	As Is	\$241,667	\$1,450,000

EXECUTIVE SUMMARY

Income Capitalization Approach - Direct Capitalization Method		\$/Unit	\$ Total
Capitalization Rate Indicators and Conclusion			Indication
Comparable Sales			5.26% - 6.00%
Investor Surveys			3.25% - 8.00%
Band of Investment			6.50%
Debt Coverage Ratio Analysis			5.96%
Concluded Going-In Capitalization Rate			5.75%
Stabilized Income Estimate			
Potential Gross Income		\$23,070	\$138,420
Stabilized % Vacancy & Collection Loss		-6.00%	(\$8,305)
Effective Gross Income		\$21,686	\$130,115
Operating Expenses		\$7,739	\$46,433
Operating Expense Ratio			35.7%
Net Operating Income		\$13,947	\$83,682
Capitalization Rate			5.75%
Indicated Income Capitalization Approach Value	As Is	\$241,667	\$1,450,000
Market Value Conclusions	As Is	\$241,667	\$1,450,000
Exposure / Marketing Time			
Concluded Exposure Time		6 Months or Less	
Concluded Marketing Time		6 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. All information pertaining to unit sizes was based upon measurements of the units that were made available for inspection, and is assumed to be accurate and correct. Should contradictory information regarding the size of the units become available, we reserve the right to amend our analysis.

The use of this extraordinary assumption 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

Introduction

OWNERSHIP HISTORY

The current owner is 1932 Spruce St. 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 Recently Reported Sale:	April 29, 2018
Buyer:	1932 Spruce St. LLC
Seller:	Gregory Korsak; Jeannette Korsak
Purchase Price:	\$2,125,000

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	4/14/2023



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 14, 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.

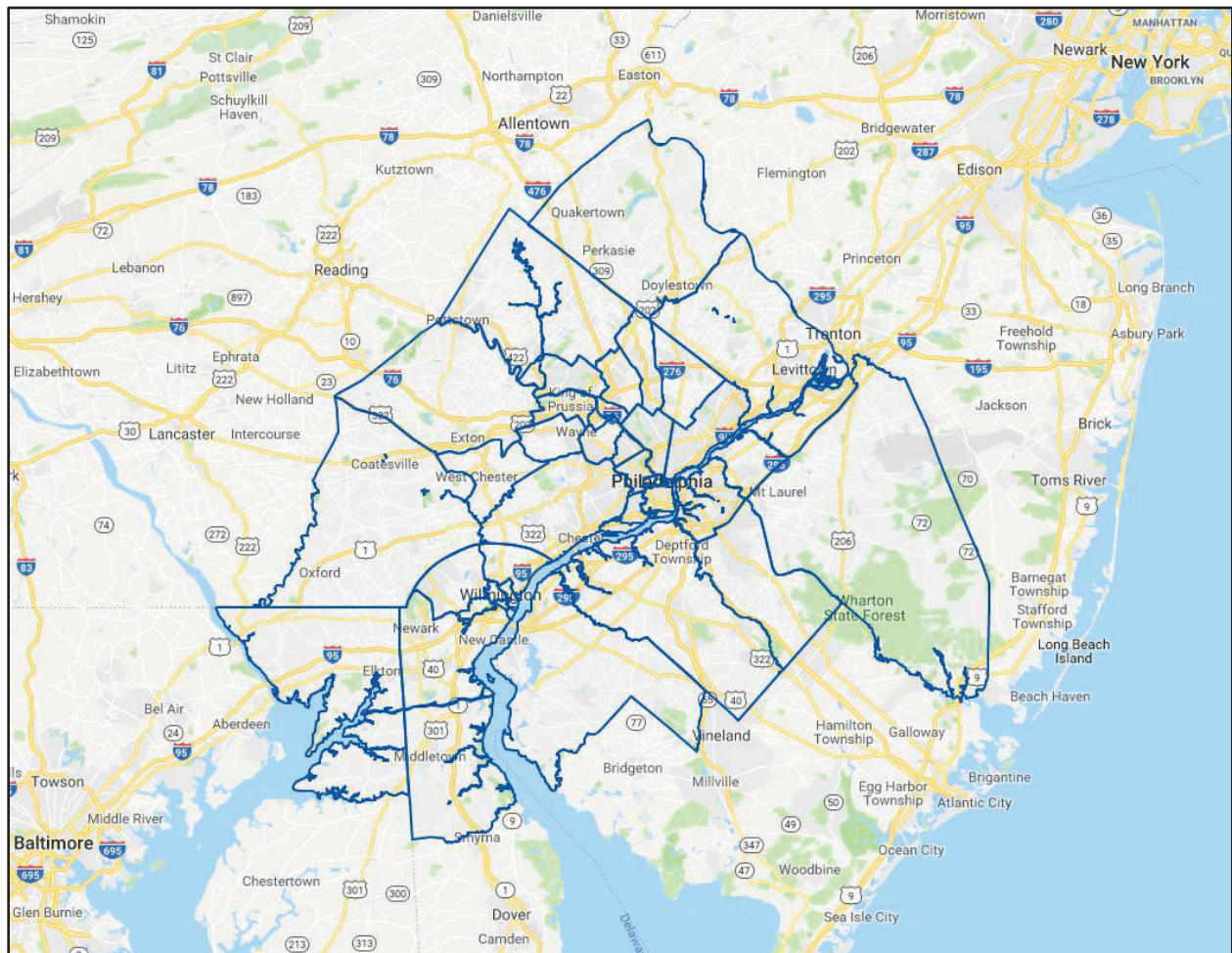
Commercial real estate is receiving an increased amount of attention as prices are demonstrably falling and transaction volumes plummeting. These effects are a function of the unfavorable economic and credit conditions as well as other factors such as impacts to office use driven in part by the COVID-19 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 on 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.

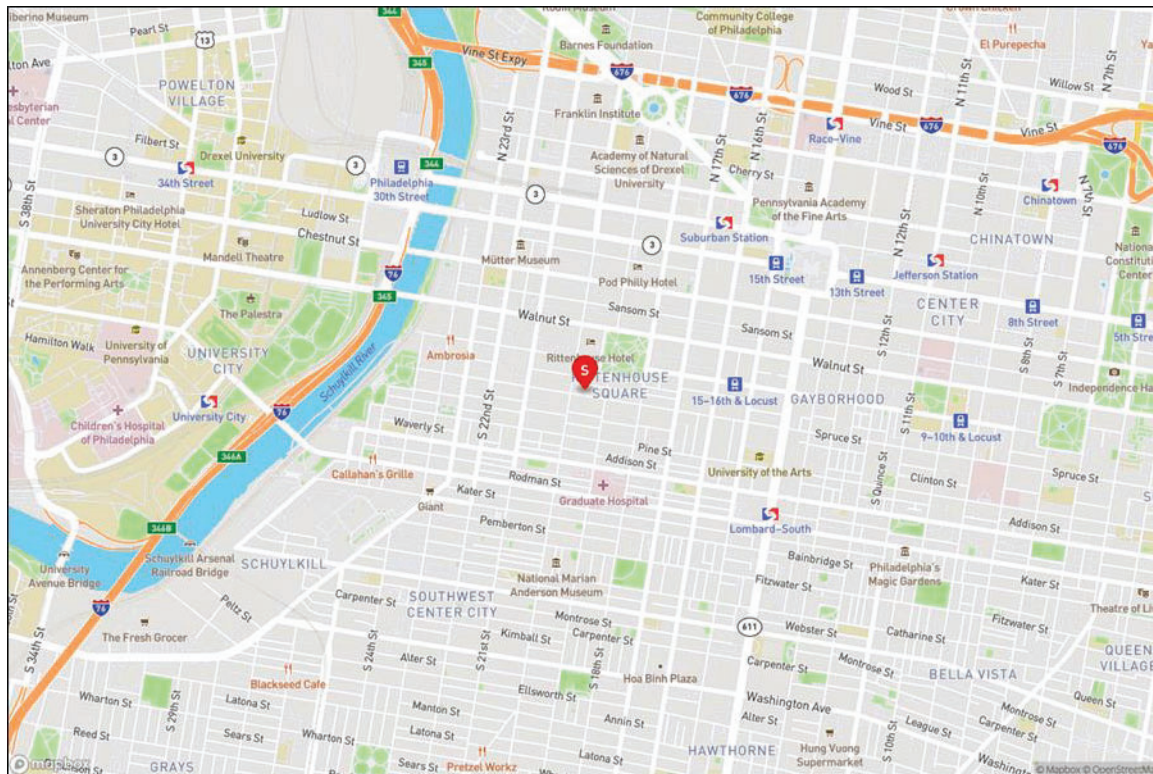
Greater Philadelphia is a National Leader in Higher Education

- 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



Neighborhood Map

Boundaries

The subject is located in the Rittenhouse Square neighborhood of Center City Philadelphia. Center City is generally delineated as follows:

North	Spring Garden Street emerging towards Girard Avenue
South	South Street emerging towards Washington Avenue
East	Delaware River
West	Schuylkill River

Access

Primary access to the immediate subject area is provided by Chestnut, Broad, Locust, Walnut, and Pine Streets, and several numbered, one-way, north- and southbound streets. The subject is located within close proximity to Rittenhouse Square, and many other Center City attractions. The subject has good access to public transportation and nearby regional employment centers, shopping centers, parks, and cultural activities through major interstate highways. Interstates 676, 76, 476, and 95 are all within a reasonable distance of the subject and connect the area with the entire Philadelphia metro.



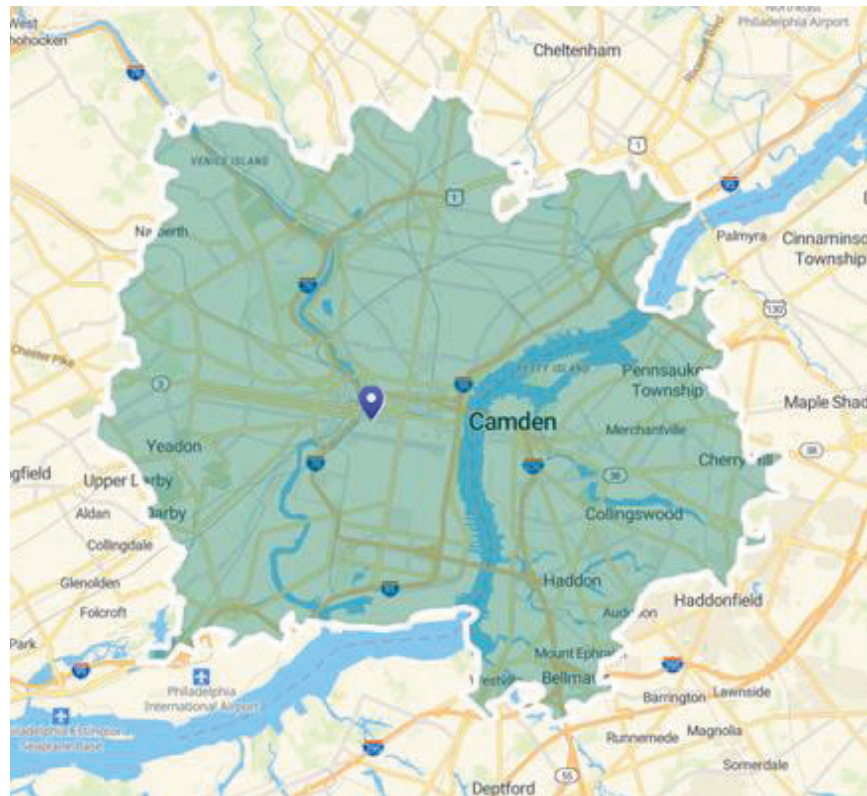
Transportation

SEPTA operates numerous bus lines, two intra-city subways and two major regional commuter rail stations in Center City. The Regional Rail lines provide public transportation to numerous Pennsylvania suburban communities. The subject also benefits from linkage to Amtrak’s 30th Street Station which provides access to several cities along the East Coast, such as New York City, Boston, and Washington, D.C. 30th Street Station is pivotal for inbound and outbound workforce.

Furthermore, the subject benefits from its proximity to various SEPTA lines and PATCO (accessed at 16th and Locust). Additionally, Suburban Station is less than one mile from the subject, as is the SEPTA 30th Street Station. With that, the subject’s location has a major competitive advantage for office commuters. Additionally, the Philadelphia International Airport is located about seven miles south of Center City via I-95 or via the SEPTA regional train service. Travel time is about 15-25 minutes.

Distance from Key Locations

The following illustrates the 15-minute drive time from the subject.

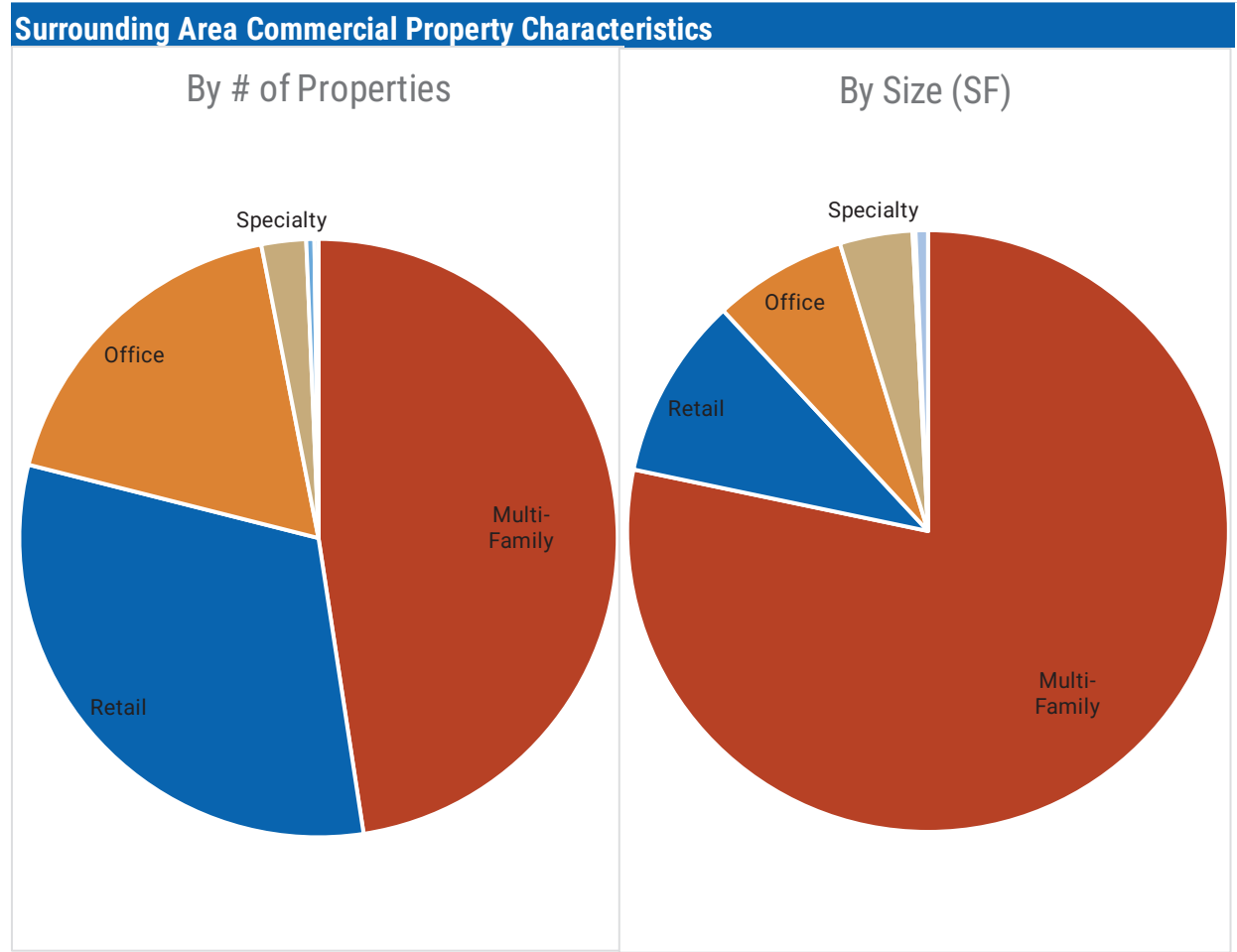


Drive Time Map



Land Use

The following was developed from Costar data for the major property types in the surrounding 0.2 mile radius around the subject.



Source: Costar, [REDACTED]

Center City Philadelphia offers a complimentary blend of historic architecture, some of the most well-regarded in the United States, residential communities featuring single-family attached and multifamily rental and condominium development and modern office and retail buildings. The subject is located just to the west of the Rittenhouse Square neighborhood, northeast of Fitler Square, and south of the Logan Circle neighborhood.

The Rittenhouse Square area has traditionally been among the most fashionable residential addresses in Center City. The general characteristics of the area are primarily residential in nature. It is noted that many of the single-family dwellings have been converted to multi-occupancy. In addition to residential uses, there are scattered commercial uses which include small office buildings, neighborhood retailers, restaurants, and similar support facilities. The main



ECONOMIC ANALYSIS

retail area is located along Walnut and Chestnut Streets. The subject property is located within close proximity of the Schuylkill River Park and Rittenhouse Square, as well as Fitter Square.

Historically, Rittenhouse Square has always denoted quality. In 1913, the Square was designed with distinctive entrances, a central plaza with stone railings, a pool, and a fountain. To have lived near or on the Square was a mark of prestige. Today, the private homes are essentially gone, and replaced with high-rise residential condominiums, apartments, and co-ops. As in the past, today it remains prestigious to live in the Square, as it is regarded as one of the best residential addresses in the City.



Demographics

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

Demographic Analysis							
	1-Mile Radius	3-Miles Radius	5-Miles Radius	19103	Philadelphia City	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA	Pennsylvania
Population							
2010 Total Population	74,008	453,577	905,541	20,505	1,526,006	5,965,343	12,702,379
2022 Total Population	99,714	523,176	970,703	28,160	1,619,078	6,290,595	13,027,451
2027 Total Population	102,185	530,868	972,243	28,572	1,604,021	6,309,366	13,011,297
Projected Annual Growth %	0.5%	0.3%	0.0%	0.3%	-0.2%	0.1%	0.0%
Households							
2010 Total Households	42,369	192,547	356,995	14,017	599,635	2,260,312	5,018,904
2022 Total Households	58,228	238,601	411,223	18,572	667,219	2,438,223	5,232,785
2027 Total Households	59,862	243,923	414,890	18,848	664,975	2,454,567	5,244,451
Projected Annual Growth %	0.6%	0.4%	0.2%	0.3%	-0.1%	0.1%	0.0%
Income							
2022 Median Household Income	\$98,068	\$60,297	\$49,769	\$98,993	\$52,721	\$81,273	\$69,170
2022 Average Household Income	\$149,425	\$102,508	\$84,460	\$159,743	\$83,843	\$119,011	\$99,758
2022 Per Capita Income	\$87,135	\$46,981	\$35,951	\$105,214	\$34,678	\$46,256	\$40,217
Housing							
2022 Owner Occupied Housing Units	28.9%	37.3%	40.4%	31.0%	46.9%	62.0%	62.1%
2022 Renter Occupied Housing Units	61.0%	50.9%	47.5%	58.1%	43.5%	31.1%	28.4%
2022 Median Home Value	\$480,997	\$306,642	\$228,846	\$544,824	\$224,010	\$299,485	\$232,971
Median Year Structure Built	1957	1940	1940	1959	1948	1965	1964
Miscellaneous Data Items							
2022 Bachelor's Degree	36.8%	26.1%	20.0%	38.3%	19.3%	24.5%	20.8%
2022 Grad/Professional Degree	42.2%	22.8%	15.8%	47.0%	13.6%	16.6%	13.4%
2022 College Graduate %	79.1%	49.0%	35.8%	85.4%	32.8%	41.1%	34.2%
2022 Average Household Size	1.63	2.07	2.27	1.49	2.36	2.52	2.41
2022 Median Age	34.7	33.9	34.0	37.0	35.7	39.7	41.9

Source: ESRI

Demographic trends across the country indicate that diverse, live-work and walkable places have outperformed auto-dependent districts within the past ten years. This growing national preference for walkable, amenity-rich, live-work places continues to heighten the demand for larger residential units in downtown Philadelphia over that time.

The City of Philadelphia represents a desirable walkable environment with daily errands that can be accomplished on foot. The subject's walk score is a high 99 (based on a 0-100 scale) when compared to other neighborhoods in the region. The subject site is strategically positioned near the intersection of Philadelphia's national retail (Walnut Street) corridor and some of the city's finest restaurants.

Population growth and the number of household formations are anticipated to significantly increase within the local area and at a much faster rate than the city and metro overall. The subject has the ability to draw from Center City, the surrounding dense residential neighborhoods, as well as suburban clientele.

Demand Generators

The Greater Center City office market is a prime driver of Philadelphia's economy, holding 42% of all city jobs according to the State of Center City's 2022 report. Significant new capital from local, out-of-state, and international investors have repositioned existing buildings for the 21st century by upgrading lobbies and adding new fitness, food, and workspace amenities. The commercial office sector was profoundly disrupted by the March 2020 public mandates requiring telework in response to the COVID-19 pandemic. As of this report writing, approximately 51% of office workers are now back to work in the office buildings according to the Center City District.

A dense, compact and walkable downtown enables you to run into colleagues, competitors or friends on the way to lunch. More than 40 million square feet of office space provides a broad range of workplace options from trophy 21st-century towers to more affordable renovated historic warehouses to highly flexible coworking spaces. Center City remains an affordable location for business, centrally located and well connected by highway and transit along the Northeast Corridor.

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:

- Is in the middle of the nation's Northeast Corridor and at the center of a nine-county region of about 6.1 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.

-
- Ease of Access. Center City has a transit network that carried nearly 267,000 passengers each workday in 2019. And more than 4.5 million riders passed through Amtrak's 30th Street Station in 2019. Amtrak's 30th Street Station is the third busiest 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.
 - Healthcare and education continue to be the largest source of employment in Philadelphia, accounting for one third of the city's jobs. The combined spending on research at Drexel, Temple, Jefferson, and Penn totaled \$2 billion in 2018. Further, donations and gifts to the 13 institutions of higher education in and around Center City exceeded \$3.5 billion in 2018.
 - Extraordinary Amenities: A wide array of arts, significant history and culture institutions, four public squares, historic public markets, shops, restaurants, and outdoor cafes adds 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.
 - Employment: Center City is the largest center of employment in Pennsylvania and is considered a major economic driver for the region. 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, Blue Cross of Pennsylvania, Cigna, Aramark, and others. Moreover, there are numerous City and Federal agencies located in Center City including EPA, HUD, Justice Department, U.S. Mint, The Federal Reserve and many others.

Conclusion

We conclude the following key takeaway points and market trends:

- The Greater Center City market area is in the continuing renaissance stage of its life cycle, a trend that has continued for over 30 years.
- Contrary to the overall Philadelphia indicators, Center City has continued to benefit from demographic energy and cultural trends, including a growing desire for workers to live closer to their jobs and a preference for mixed-use developments.
- Based upon the preceding analysis and positive economic growth, we would anticipate these trends to continue, considering the fundamental economics of supply and demand in place as of the effective appraisal date.



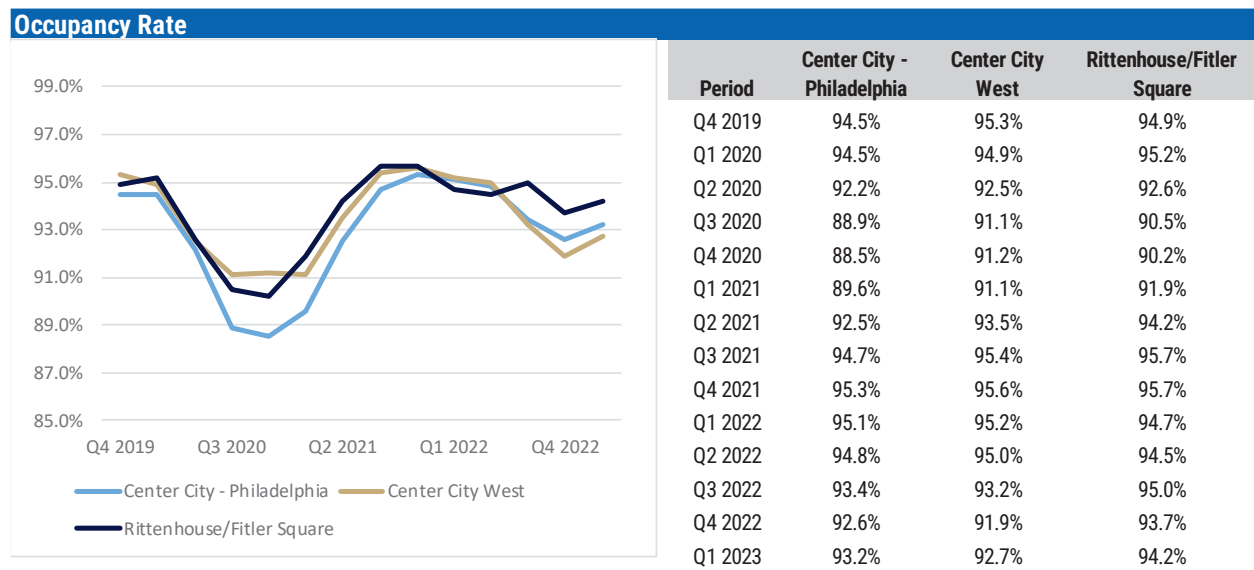
MULTIFAMILY MARKET ANALYSIS

Classification

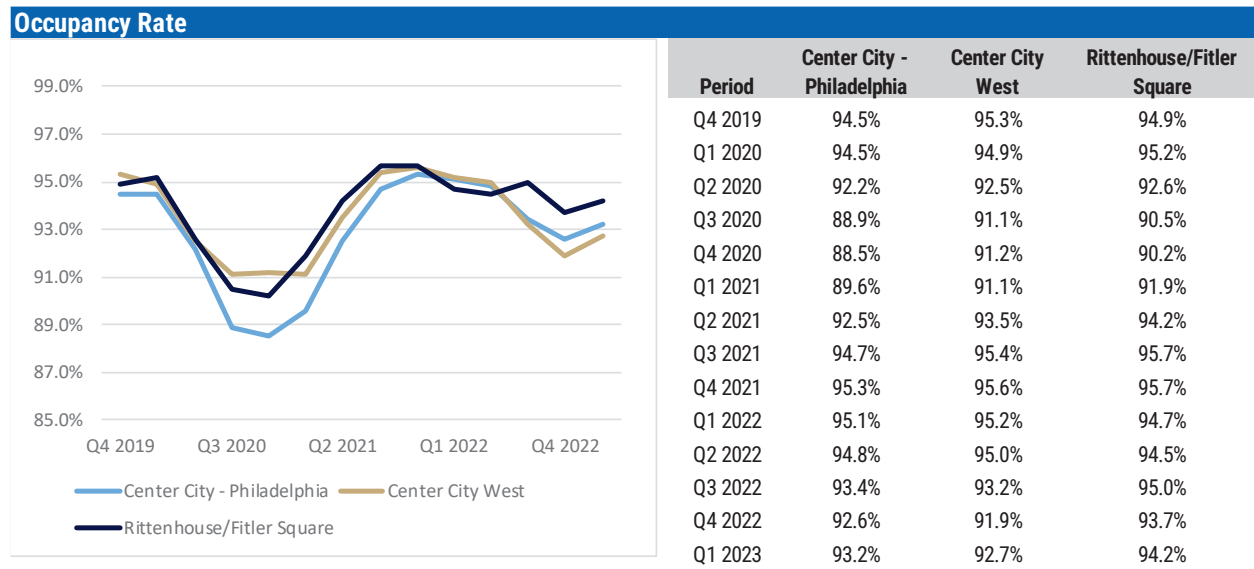
The subject is in the Center City West submarket of the Center City Philadelphia market. The property is considered a Class B Walk-Up Apartment Building in this market.

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 Center City-Philadelphia market, the subject’s Center City West submarket, and the focused submarket of Rittenhouse/Fitler Square overall.



Source: Costar, [REDACTED]



Source: Costar, [REDACTED]



ECONOMIC ANALYSIS

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
Center City - Philadelphia	24,886	974	6.80%	458	\$2,196	\$2,159
Center City West	14,761	835	7.30%	444	\$2,298	\$2,256
Rittenhouse/Fitler Square	6,117	0	5.80%	-30	\$2,247	\$2,233

Source: Costar [REDACTED]

Market and Submarket Trends

	Center City - Philadelphia				Center City West			
	Inventory (Unit)	Completions (Unit)	Vacancy %	Asking Rent Per Unit	Inventory (Unit)	Completions (Unit)	Vacancy %	Asking Rent Per Unit
Q1 2021	23,740	313	10.4%	\$1,985	13,758	313	8.9%	\$2,083
Q2 2021	23,740	0	7.5%	\$2,083	13,758	0	6.5%	\$2,182
Q3 2021	23,908	168	5.3%	\$2,098	13,926	168	4.6%	\$2,174
Q4 2021	23,912	4	4.7%	\$2,122	13,926	0	4.4%	\$2,197
Q1 2022	23,912	0	4.9%	\$2,139	13,926	0	4.8%	\$2,214
Q2 2022	23,912	0	5.2%	\$2,191	13,926	0	5.0%	\$2,291
Q3 2022	24,702	790	6.6%	\$2,163	14,577	651	6.8%	\$2,259
Q4 2022	24,886	184	7.4%	\$2,147	14,761	184	8.1%	\$2,251
Q1 2023	24,886	0	6.8%	\$2,196	14,761	0	7.3%	\$2,298

* Forecast

Source: Costar [REDACTED]

- Vacancy rates for the subject’s Center City West submarket have been fluctuating over the past few years and are slightly higher than that of the overall market area.
- Asking rental rates in the subject’s submarket have not drastically changed over the past two years, but have been following a positive trend, nevertheless.



Trends and Projections

Subject and Market Historical and Forecast Trends

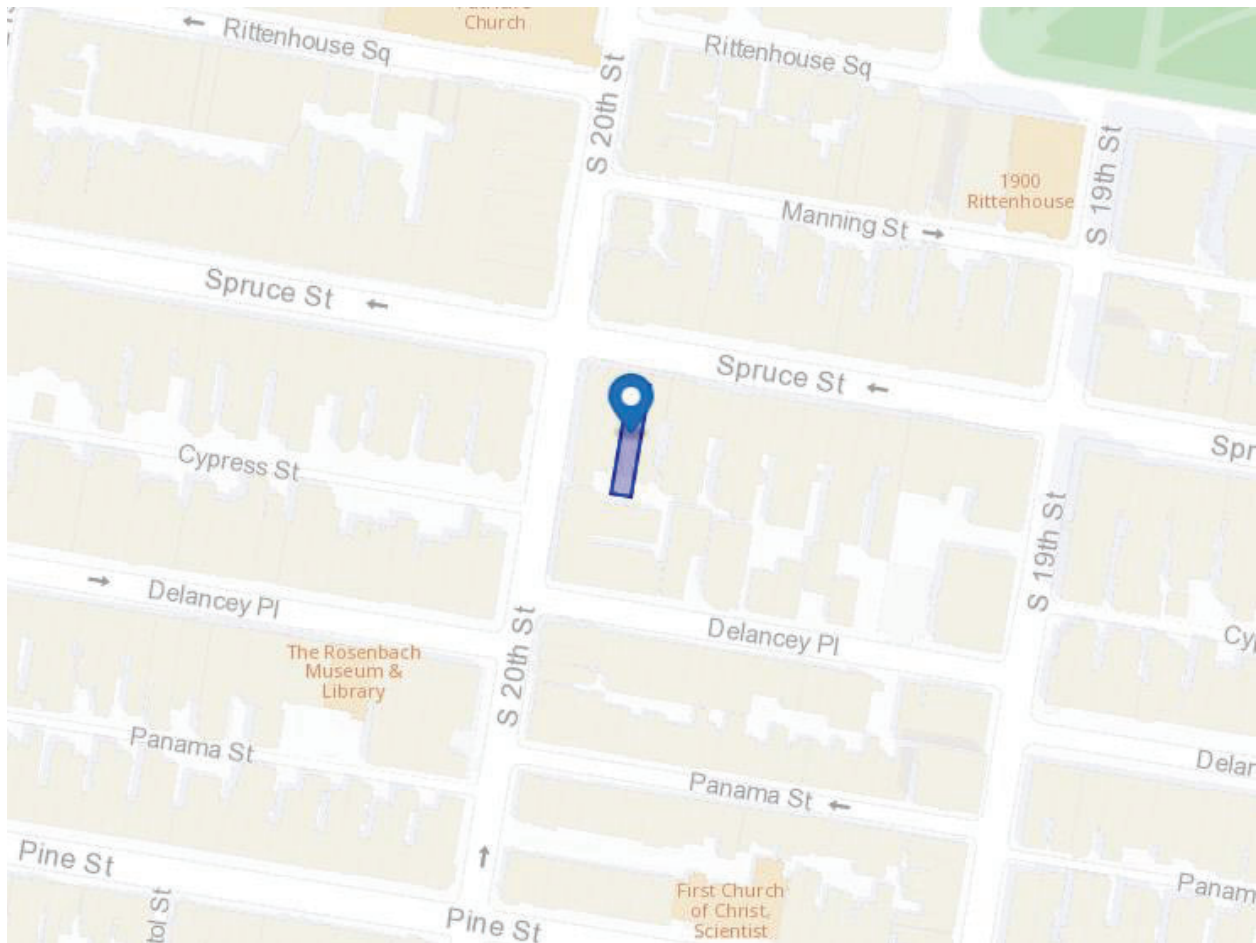
Market Vacancy Rate Indicators					
	Current	Most Recent Full Year	Trailing 3-Year	Trailing 5-Year	Trailing 10-Year
Costar					
Center City - Philadelphia	6.80%	7.40%	11.50%	8.40%	7.80%
Center City West	7.30%	8.10%	8.80%	6.80%	7.50%
Rittenhouse/Fitler Square	5.80%	6.30%	9.80%	6.10%	5.60%
Subject	16.66%				
Concluded Subject Vacancy Rate	5.00%				

Source: Costar, [REDACTED]

- We have considered the subject’s location and recent market trends for the area and have concluded to a vacancy rate of 5.00% given the subject’s favorable location in the Rittenhouse Square area.

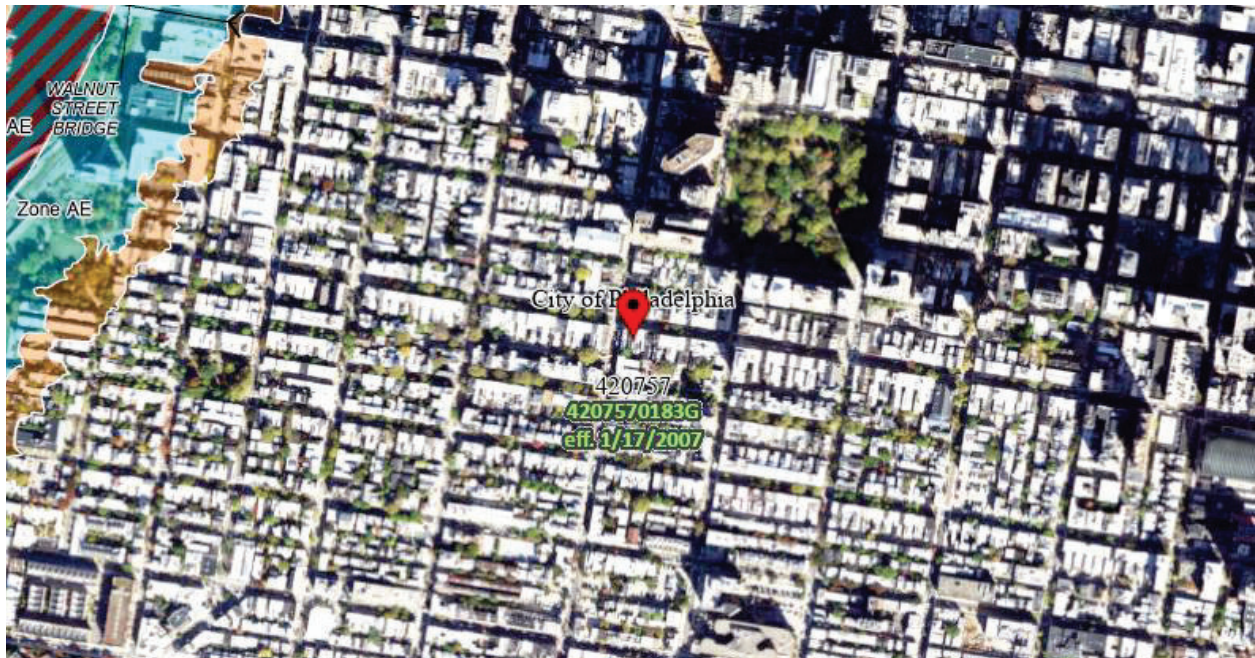


Land and Site Analysis



Tax Map





Flood Map



Land Parcels			
Parcel Summary	Associated APN(s)	Land Area (SF)	Land Area (Acres)
1932 Spruce Street	881524090	1,854	0.0426
Total Gross Land Area		1,854	0.0426
Total Usable Land Area		1,854	0.0426

Land Description

Total Land Area	0.0426 Acres; 1,854 SF
Source of Land Area	Public Records
Location	Rittenhouse Square Neighborhood

Site Characteristics

Primary Street Frontage	Spruce Street (18 FF)
Traffic Control at Entry	Traffic light
Traffic Flow	Moderate
Accessibility Rating	Average
Visibility Rating	Average
Shape	Rectangular
Corner	No
Topography	Generally Level and At Street Grade
Other Site Characteristics	None Noted
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.

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, the physical characteristics of the site and availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development.



Zoning and Legal Restrictions



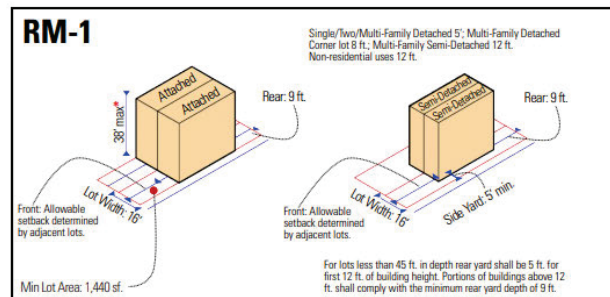
Zoning Map



ZONING AND LEGAL RESTRICTIONS

Zoning Summary

Category	Description
Zoning Jurisdiction	City of Philadelphia
Zoning Designation	RM-1
Description	Residential Multi Family
Legally Conforming?	Yes
Zoning Change Likely?	Unlikely
Permitted Uses	Single-family, two-family, multi-family, passive recreation, adult care, family child care, community center, religious assembly, safety services, transit station, community garden and market/community supported farm.
Minimum Lot Area	1,440 square feet
Minimum Lot Width	16 feet
Maximum Occupied Area	75%
Setback Requirements	
Front	Based on adjacent
Side	5 feet to 12 feet based on number of families
Rear	9 feet
Building Height Restrictions	38 feet



* 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

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.

Improvements Analysis

The "Subject Property" is a 6-unit walk-up apartment building located within the Rittenhouse Square neighborhood of Philadelphia. The building is in average condition and was built in 1890. The subject's multifamily units include (2) Studio/1BA units, (3) 2BR/1.5BA units, and (1) 2BR/1.5BA unit containing 3,342 square feet of rentable area. The property was 83.3% leased and occupied as of the effective valuation date. The mid-block site area totals 1,854 square feet.



IMPROVEMENTS ANALYSIS

The improvements are more fully described in the following table.

Improvements Description	
Component Structures	
Use Description	Multifamily
No. Buildings	1
No. Units	6
GBA (SF)	4,001
Rentable SF	3,342
Average Unit Size (SF)	557
Occupied Units	5
% Occupied	83.33%
Construction Status	Existing, Sub-stabilized Operations
Construction Class	C
Quality	Good
Current Condition	Average
Age/Life Depreciation Analysis	
Year Built	1890
Year Renovated	None
Actual Age (Yrs.)	133
Economic Life (Yrs.)	50
Effective Age (Yrs.)	20
Remaining Economic Life (Yrs.)	30
Percent Depreciation	40.00%
Floor Area Analysis	
Number of Stories	4
Est. Ground Floor Area (GBA)	1,000
Attributed Site Area (SF)	1,854
Site Coverage	53.9%
Floor Area Ratio (FAR)	2.158
Unit Density (Units/Acre)	141.0
Land to Building Ratio	0.46:1
Construction Details	
	Multifamily
Foundation	Stone
Basement	Full - includes storage for mechanicals
Structural Frame/Construction Summary	Masonry
Exterior Walls	Brick
Windows	Double hung, wood frames
Roof	Built Up



IMPROVEMENTS ANALYSIS

Interior Finish		Multifamily
Floors		Tile, carpet and hardwood
Walls		Painted plaster
Ceilings		Painted plaster
Lighting		LED Fixtures
Engineering & Mechanical		Multifamily
HVAC		Individual gas or electric (pick) combination forced air HVAC units serving each unit; separately 40-gallon electric domestic hot water heaters.
Electrical		Subpanels for each unit & 100 amp panel
Plumbing		Assumed Adequate
Utility Meters		Separate electric and gas meters which are the responsibility of the individual tenants to the utility provider. Tenants are responsible for heat, cooking, hot water, and in-unit electric.

Improvement Features and Amenities		Multifamily
Property Amenities		Washer dryer in some units

UNIT MIX

Unit Mix						
No. Units	Unit Description	Unit Size (SF)	Rentable Area (SF)	Occupied Units	Unit Occupancy	
1	0 BR/1 BA Studio/1BA 1st Floor Front - 527 SF	527	527	1	100.0%	
1	0 BR/1 BA Studio/1BA 2nd Floor Front - 527 SF	527	527	1	100.0%	
2	0 BR Total	527	1,054	2	100.0%	
1	1 BR/1 BA 1BR/1BA 1st Floor Rear - 434 SF	434	434	0	0.0%	
1	1 BR/1 BA 1BR/1BA 2nd Floor Rear - 434 SF	434	434	1	100.0%	
1	1 BR/1 BA 1BR/1BA 3rd Floor Rear - 434 SF	434	434	1	100.0%	
3	1 BR Total	434	1,302	2	66.7%	
1	2 BR/1.5 BA 2BR/1.5 BA - 986 SF	986	986	1	100.0%	
1	2 BR Total	986	986	1	100.0%	
6	Totals		3,342	5		
	Averages	557			83.3%	

PROPERTY CONDITION

Recent Renovations

No major recent renovations were noted. The units are updated upon turnover.

Deferred Maintenance

At time of inspection, no significant items of deferred maintenance were observed.

OTHER PROPERTY CONSIDERATIONS

Functional Utility

Based on our inspection and consideration of its current and/or future use as well as review of 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.

Planned Capital Expenditures

Planned capital expenditures were not specified from our discussion with the buyer.

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 communal appliances such as washer/dryer. 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 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.

Taxes and Assessments						
Tax Year 2023	Assessed Value			Millage Rates	Taxes and Assessments	
Tax ID	Land	Improvements	Total	Land & Improvements	Ad Valorem Taxes	Total
881524090	\$341,340	\$796,460	\$1,137,800	13.99800	\$15,927	\$15,927
	\$341,340	\$796,460	\$1,137,800	13.99800	\$15,927	\$15,927

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)
Property Name	2220 Delancey Place	2303 Delancey Place	2011 Spruce Street	2009-11 Delancey Place	1820 Pine Steet	1932 Spruce Street
City, County, State	Philadelphia, Philadelphia, PA	Philadelphia, Philadelphia, PA	Philadelphia, Philadelphia, PA	Philadelphia, Philadelphia, PA	Philadelphia, Philadelphia, PA	Philadelphia, Philadelphia, PA
Apt. Units	5	7	9	18	7	6
Total Assessed Value	\$933,000	\$1,316,200	\$1,580,900	\$3,358,500	\$1,460,900	\$1,137,800
Assessed Value/Unit	\$186,600	\$188,029	\$175,656	\$186,583	\$208,700	\$189,633

Each of the properties are located within 0.50 miles of the subject property and range in condition (though each was built prior to 1950). Based on the sample, the subject falls towards the middle of the range for taxes per unit.



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 1,854 square feet (0.043 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 its 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, a multifamily 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 a multifamily 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 a 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. Although we did not include a Cost Approach, we included an insurable value calculation as requested by the client.

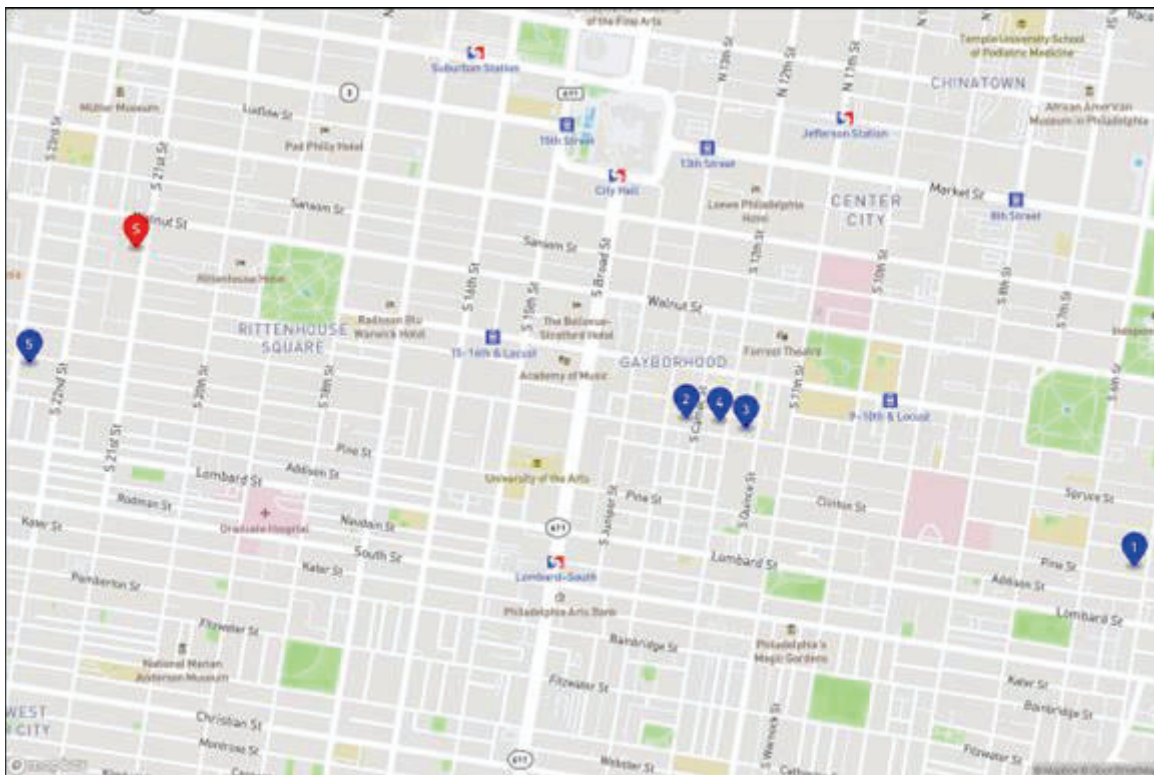


Sales Comparison Approach

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.


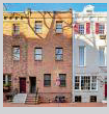


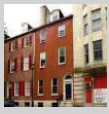

The unit of comparison applied in this sales comparison analysis is price per unit as it mirrors the primary comparison method used by market participants.



Comparable Map



SALES COMPARISON APPROACH

Comparable Sales Summary						
	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
						
Property Name	1932 Spruce Street	505 Pine Street	1225 Spruce Street	1127 Spruce Street	1203 Spruce Street	2220 Delancey Place
Address	1932 Spruce Street	505 Pine Street	1225 Spruce Street	1127 Spruce Street	1203 Spruce Street	2220 Delancey Place
City, State	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA
Land Size	0.04 Acres	0.03 Acres	0.04 Acres	0.05 Acres	0.06 Acres	0.04 Acres
Rentable Area (SF)	3,342 SF	3,267 SF	4,165 SF	3,780 SF	5,941 SF	3,105 SF
Number of Apt. Units	6	4	6	9	7	5
Average Unit Size (SF)	557 SF	817 SF	694 SF	420 SF	849 SF	621 SF
Year Built (Renovated)	1890	1910 (2022)	1880	1900	1800	1900
Occupancy/Owner Occ.	83%	100%	86%	100%	85%	95%
Condition	Average	Good	Good	Fair	Average	Average
Buyer	-	Alja Ventures LLC	TB Property Management	1127 SPRUCE INVESTORS LLC	1203 Spruce LLC	2220 DELANCEY PLACE ASSOCIATES LLC
Seller	-	David and Susan Ahmadi	Judith Raidman/Raidman Estate	Washington Square Equites	Judith E. Raidman	DELANCEY ST LLC
Interest Conveyed	Fee Simple	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Competitive Class	Class B	Class C	Class B	Class B	Class B	Class C
Transaction Status	-	Closed	Closed	Closed	Closed	Closed
Transaction Date	-	Jul-22	May-21	May-21	Feb-21	Sep-20
Price	-	\$810,000	\$1,567,100	\$1,540,000	\$1,625,000	\$1,050,000
Price per Unit	-	\$202,500	\$261,183	\$171,111	\$232,143	\$210,000
Cap Rate	-	-	-	5.77%	-	-

ANALYSIS OF IMPROVED COMPARABLE DATA

Property Rights Conveyed

The subject and the comparable sales are all transfers of the leased fee interest 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 as a result of 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, 3 and 4 are located in what can be considered an inferior portion of Center City Philadelphia, based upon market rents and commercial demand. The factors considered include neighborhood externalities, supporting services, and overall market appeal. Therefore, these sales are given a small upward adjustment.

Size

Sale 3 is given a downward adjustment to account for the inverse relationship between unit pricing and size.

Age/Condition/Quality

The subject is an older building consisting of 6 apartment units, some of which have undergone minor renovations in recent years. Sales 1 and 5 receive upward adjustments for inferior age/condition/quality. All others were deemed similar.

Features/Amenities

No adjustments were required.

Average Unit Size

Sales 1, 2, and 4 all received downward adjustments for larger unit sizes, on average. For the same reason, sale 3 is given an upward adjustment.

Economic Characteristics

No adjustments were required.

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
Property Name	1932 Spruce Street	505 Pine Street	1225 Spruce Street	1127 Spruce Street	1203 Spruce Street	2220 Delancey Place
Address	1932 Spruce Street	505 Pine Street	1225 Spruce Street	1127 Spruce Street	1203 Spruce Street	2220 Delancey Place
City	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA
Land Size	0.04 Acres	0.03 Acres	0.04 Acres	0.05 Acres	0.06 Acres	0.04 Acres
Size (Rentable Area)	3,342 SF	3,267 SF	4,165 SF	3,780 SF	5,941 SF	3,105 SF
Number of Apt. Units	6	4	6	9	7	5
Average Unit Size (SF)	557 SF	817 SF	694 SF	420 SF	849 SF	621 SF
Year Built (Renovated)	1890	1910 (2022)	1880	1900	1800	1900
Transaction Type	--	Closed	Closed	Closed	Closed	Closed
Transaction Date	--	Jul-22	May-21	May-21	Feb-21	Sep-20
Actual Sale Price	--	\$810,000	\$1,567,100	\$1,540,000	\$1,625,000	\$1,050,000
Price per Unit	--	\$202,500	\$261,183	\$171,111	\$232,143	\$210,000
Occupancy	83%	100%	86%	100%	85%	95%
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)	4/14/2023	-2%	-6%	-6%	-6%	-8%
Subtotal (adjustments are multiplied)		-2.0%	-6.0%	-6.0%	-6.0%	-8.0%
Transaction Adjusted Price per Unit		\$198,450	\$245,512	\$160,844	\$218,214	\$193,200
Property Adjustments						
Location		0%	5%	5%	5%	0%
Project Size		0%	0%	5%	0%	-5%
Age/Condition/Quality		5%	0%	0%	0%	5%
Features/Amenities		0%	0%	0%	0%	0%
Average Unit Size (SF)		-10%	-5%	10%	-10%	0%
Economic Characteristics		0%	0%	0%	0%	0%
Subtotal (adjustments are summed)		-5%	0%	20%	-5%	0%
Gross Adjustment		17%	16%	26%	21%	18%
Overall Adjustment		-6.9%	-6.0%	12.8%	-10.7%	-8.0%
Indicated Price per Unit		\$188,528	\$245,512	\$193,013	\$207,304	\$193,200

PRICE PER UNIT CONCLUSION

- Prior to adjustments, the sales reflect a range of \$171,111 to \$261,183 per unit.
- After adjustment, the range is narrowed to \$188,528 to \$245,512 per unit, with an average of \$205,511.
- Within our analysis, we give greatest consideration to Sale 2, which required the least amount of gross adjustment.

Based on the preceding analysis, the value indication by the price per unit is as follows:

Multifamily Sales Adjustment Summary			
Price per Unit	Low	High	Average
Unadjusted Range	\$171,111	\$261,183	\$215,387
Adjusted Range	\$188,528	\$245,512	\$205,511
Concluded Price per Unit Indication			\$240,000

SALES COMPARISON APPROACH CONCLUSION

Sales Comparison Approach Conclusion		
Reconciliation of Price per Unit Indication		Value Indication
Adjusted Value Range - Low		\$188,528
Adjusted Value Range - High		\$245,512
Reconciled As Stabilized Value - Price per Unit	Effective Date: 4/14/2023	\$240,000
Subject Apt. Units		6
As Is		Value Indication
Reconciled As Stabilized Value	Effective Date: 4/14/2023	\$1,440,000
As Is Value	Effective Date: 4/14/2023	\$1,440,000
Rounded		\$1,450,000

██████████



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.

RENTABLE AREA SUMMARY

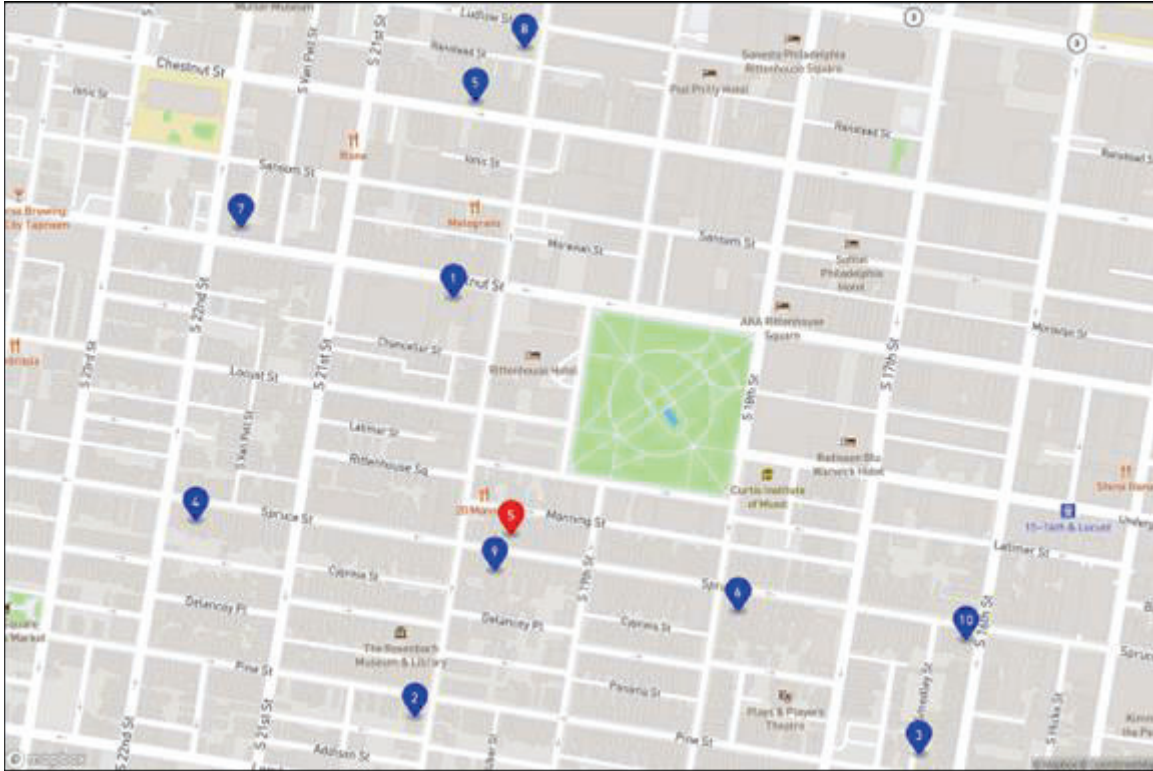
A summary rent roll for the property is shown below, based on our review of the current rent roll. Market rent will be developed below.

Unit Mix									
No. Units	Unit Description	Unit Size (SF)	Rentable Area (SF)	Occupied Units	Unit Occupancy	Avg. Contract Rent	Asking Rent	Market Rent	Market Rent PSF
1	0 BR/1 BA Studio/1BA 1st Floor Front - 527 SF	527	527	1	100.0%	\$1,390	\$1,495	\$1,550	\$2.94
1	0 BR/1 BA Studio/1BA 2nd Floor Front - 527 SF	527	527	1	100.0%	\$1,445	\$1,550	\$1,550	\$2.94
2	0 BR Total	527	1,054	2	100.0%	\$1,418	\$1,523	\$1,550	\$2.94
1	1 BR/1 BA 1BR/1BA 1st Floor Rear - 434 SF	434	434	0	0.0%	\$0	\$1,865	\$1,700	\$3.92
1	1 BR/1 BA 1BR/1BA 2nd Floor Rear - 434 SF	434	434	1	100.0%	\$1,595	\$1,595	\$1,700	\$3.92
1	1 BR/1 BA 1BR/1BA 3rd Floor Rear - 434 SF	434	434	1	100.0%	\$1,700	\$1,700	\$1,700	\$3.92
3	1 BR Total	434	1,302	2	66.7%	\$1,648	\$1,720	\$1,700	\$3.92
1	2 BR/1.5 BA 2BR/1.5 BA - 986 SF	986	986	1	100.0%	\$3,150	\$3,100	\$3,200	\$3.25
1	2 BR Total	986	986	1	100.0%	\$3,150	\$3,100	\$3,200	\$3.25
6	Totals		3,342	5					
	Averages	557			83.3%	\$1,856	\$1,884	\$1,900	\$3.41

- The subject includes 6 units, which include (2) Studio/1BA units, (3) 1BR/1BA units, and (1) 2BR/1.5BA unit. Most of the units have undergone basic renovations upon turnover in recent years.
- As of the effective valuation date, the property was 83.3% leased and occupied.
- Tenants are responsible for their individually metered electric usage.

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

No.	Address
Subject	1932 Spruce Street, Philadelphia, PA 19103
1	2010 Walnut Street, Philadelphia, PA
2	406 South 20th Street, Philadelphia, PA
3	1613 Pine Street, Philadelphia, PA
4	2130 Spruce Street, Philadelphia, PA
5	2015 Chestnut Street, Philadelphia, PA
6	1732 Spruce Street, Philadelphia, PA
7	2131 Walnut Street, Philadelphia, PA
8	16 South 20th Street, Philadelphia, PA
9	1924-1926 Spruce Street, Philadelphia, PA
10	1600 Spruce Street, Philadelphia, PA



Analysis of Comparable Properties





Studio Units

MARKET RENT ANALYSIS - Studio							
Photo	Property	Unit Type	Unit Size (SF)	Rent (\$)	\$/SF RA	Tenant Pays	Comparison to Subject
	SUBJECT: 1932 Spruce Street Philadelphia, PA	Studio	527	\$1,418	\$2.69	All Utilities	N/A
	2010 Walnut Street Philadelphia, PA	Studio	400	\$1,495	\$3.74	Gas, Electric	Inferior Similar quality, location and size, superior amenities (washer/dryer in unit); inferior condition
	406 South 20th Street Philadelphia, PA	Studio	400	\$1,250	\$3.13	All Utilities	Inferior Similar quality and size; slightly inferior location, superior amenities (washer/dryer in unit)
	1613 Pine Street Philadelphia, PA	Studio	400	\$1,300	\$3.25	None	Inferior Similar location, quality and size
	2130 Spruce Street Philadelphia, PA	Studio	475	\$1,100	\$2.32	All Utilities	Inferior Similar condition, quality, and location. Slightly superior size.
COMPETITIVE RENT SUMMARY							
				Average Rent			
		Competitors				Subject	
One-Bedroom		\$1,286				\$1,550	






INCOME CAPITALIZATION APPROACH

One Bedroom Units

MARKET RENT ANALYSIS - 1BR							
Photo	Property	Unit Type	Unit Size (SF)	Rent (\$)	\$/SF RA	Tenant Pays	Comparison to Subject
	SUBJECT: 1932 Spruce Street Philadelphia, PA	1BR/1BA	434	\$1,648	\$3.80	Gas, Electric	N/A
	2010 Walnut Street Philadelphia, PA	1BR/1BA	580	\$1,940	\$3.34	Gas, Electric	Superior Similar quality, location and size, superior amenities (washer/dryer in unit)
	2015 Chestnut Street Philadelphia, PA	1BR/1BA	700	\$1,650	\$2.36	All Utilities	Similar Similar location, inferior condition and quality; superior size and amenities (washer/dryer in unit)
	1732 Spruce Street Philadelphia, PA	1BR/1BA	500	\$1,900	\$3.80	All Utilities	Superior Similar location and size, superior quality and amenities (washer/dryer in unit)
	2131 Walnut Street Philadelphia, PA	1BR/1BA	550	\$1,550	\$2.82	All Utilities	Similar Similar location and size, inferior quality, superior amenities (washer/dryer in unit)
COMPETITIVE RENT SUMMARY							
			Average Rent				
			Competitors				Subject
	One-Bedroom		\$1,760				\$1,700

Two Bedroom Units

MARKET RENT ANALYSIS - 2BR							
Photo	Property	Unit Type	Unit Size (SF)	Rent (\$)	\$/SF RA	Tenant Pays	Comparison to Subject
	SUBJECT: 1932 Spruce Street Philadelphia, PA	2BR/1.5BA	986	\$3,150	\$3.19	All Utilities	N/A
	16 South 20th Street #2 Philadelphia, PA	2BR/2BA	1,500	\$3,300	\$2.20	Electric and Gas	Superior Similar location, age and condition, superior size
	1924-1926 Spruce Street #4 Philadelphia, PA	2BR/1BA	946	\$3,150	\$3.33	All utilities except sewer	Similar Similar location, size, age and condition
	1600 Spruce Street #3 Philadelphia, PA	2BR/1BA	700	\$2,650	\$3.79	All Utilities	Inferior Similar location age and condition, inferior size
COMPETITIVE RENT SUMMARY							
			Average Rent				
			Competitors				Subject
	Two-Bedroom		\$3,033				\$3,200



Studio Units

- We conclude to a projected market rent of \$1,550 per month for the studio units.
- This estimate is slightly higher than the average contract rent of the studio units.

One Bedroom Units

- Based on our analysis of comparable properties, we conclude to a projected market rent of \$1,700 per month for the 1BR units.
- This estimate is slightly higher than the average of the current contract rent for the occupied 1BR units.
- For our analysis, we conclude to market rent for the 1BR unit that is currently vacant.

Two Bedroom Unit

- We conclude to a projected market rent of \$3,200 per month for the 2BR unit.
- This estimate is slightly higher than the current contract rent of the 2BR unit.

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 on the preceding page.

Unit Mix									
No. Units	Unit Description	Unit Size (SF)	Rentable Area (SF)	Occupied Units	Unit Occupancy	Avg. Contract Rent	Asking Rent	Market Rent	Market Rent PSF
1	0 BR/1 BA Studio/1BA 1st Floor Front - 527 SF	527	527	1	100.0%	\$1,390	\$1,495	\$1,550	\$2.94
1	0 BR/1 BA Studio/1BA 2nd Floor Front - 527 SF	527	527	1	100.0%	\$1,445	\$1,550	\$1,550	\$2.94
2	0 BR Total	527	1,054	2	100.0%	\$1,418	\$1,523	\$1,550	\$2.94
1	1 BR/1 BA 1BR/1BA 1st Floor Rear - 434 SF	434	434	0	0.0%	\$0	\$1,865	\$1,700	\$3.92
1	1 BR/1 BA 1BR/1BA 2nd Floor Rear - 434 SF	434	434	1	100.0%	\$1,595	\$1,595	\$1,700	\$3.92
1	1 BR/1 BA 1BR/1BA 3rd Floor Rear - 434 SF	434	434	1	100.0%	\$1,700	\$1,700	\$1,700	\$3.92
3	1 BR Total	434	1,302	2	66.7%	\$1,648	\$1,720	\$1,700	\$3.92
1	2 BR/1.5 BA 2BR/1.5 BA - 986 SF	986	986	1	100.0%	\$3,150	\$3,100	\$3,200	\$3.25
1	2 BR Total	986	986	1	100.0%	\$3,150	\$3,100	\$3,200	\$3.25
6	Totals		3,342	5					
	Averages	557			83.3%	\$1,856	\$1,884	\$1,900	\$3.41

GROSS INCOME ESTIMATE

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 for the 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

INCOME CAPITALIZATION APPROACH

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 "████████ Revenue or Operating Expense Category" are the categories used in this analysis for that line item.

Application of ██████████ Account Standards to Owner's Revenue and Expenses				
Actual or Proforma		Actuals	Actuals	Actuals
Period Length		12 Mos.	12 Mos.	12 Mos.
Period Ending		12/31/2020	12/31/2021	12/31/2022
Apt. Units		6	6	6
Owner's Revenue Category	████████ Revenue Category			
Rent Income	Rental Income	\$111,430	\$117,709	\$129,670
Concessions	Concessions	\$0	\$0	\$171
Application Fee Income	Gross Other Income	\$0	\$0	(\$45)
Break Lease Penalty	Gross Other Income	\$0	\$0	\$1,865
Water Income	Gross Expense Reimbursements	\$0	\$453	\$221
Effective Gross Income	Effective Gross Income	\$111,430	\$118,162	\$131,881
Actual or Proforma		Actuals	Actuals	Actuals
Period Length		12 Mos.	12 Mos.	12 Mos.
Period Ending		12/31/2020	12/31/2021	12/31/2022
Owner's Operating Expense Category	████████ Operating Expense Category			
Keys	Repairs and Maintenance	\$30	\$0	\$293
Maintenance Materials	Repairs and Maintenance	\$0	\$43	\$57
Common Area Cleaning	Repairs and Maintenance	\$0	\$840	\$3,605
HVAC (Heat, Ventilation, Air)	Repairs and Maintenance	\$0	\$1,955	\$7,249
Cleaning Expense	Repairs and Maintenance	\$360	\$1,580	\$270
Pest Control	Repairs and Maintenance	\$0	\$918	\$702
Snow Removal	Repairs and Maintenance	\$0	\$570	\$675
Trash Removal	Utilities	\$0	\$2,347	\$2,550
Management Fees	Management	\$4,930	\$5,525	\$6,120
OCF Leasing Commission	General and Administrative	\$9,659	\$8,200	\$6,585
Security Service	Repairs and Maintenance	\$0	\$0	\$358
Fire Protection	Repairs and Maintenance	\$0	\$1,031	\$635
Vacant Apartment Electric	Utilities	\$53	\$279	\$41
Internet	Utilities	(\$824)	\$12,541	\$10,484
Gas	Utilities	(\$2,264)	\$3,682	\$8,140
Water	Utilities	\$0	\$724	(\$1,600)
Plumbing	Repairs and Maintenance	\$300	\$2,310	\$9,505
Maintenance Labor	Repairs and Maintenance	(\$45)	\$1,540	\$1,475
Repairs & Maintenance	Repairs and Maintenance	\$94	\$17,587	\$13,731
Roof Repairs and Maintenance	Repairs and Maintenance	\$0	\$0	\$12,598
Inspections & Tests	General and Administrative	\$0	\$300	\$285
Licenses & Permits	General and Administrative	\$448	\$0	\$364
Turnover Maintenance	Repairs and Maintenance	\$0	\$959	\$0
Painting	Repairs and Maintenance	\$0	\$1,050	\$0
Insurance-Property	Insurance	\$0	\$994	\$0
Appliances	Repairs and Maintenance	\$1,971	\$440	\$0
Total Operating Expenses	Total Operating Expenses	\$14,714	\$65,417	\$84,122
Net Operating Income		\$96,716	\$52,745	\$47,759

████████



INCOME CAPITALIZATION APPROACH

Operating History and Projections

Period Length	12 Mos.		12 Mos.		12 Mos.		Projection	
Period Ending	12/31/2020		12/31/2021		12/31/2022		Projection	
Occupancy	100.0%		100.0%		100.0%		94.8%	
Apt. Units	6		6		6		6	
Multifamily Income	Total \$	\$/Unit	Total \$	\$/Unit	Total \$	\$/Unit	Total \$	\$/Unit
Rental Income	\$111,430	\$18,572	\$117,709	\$19,618	\$129,670	\$21,612	\$134,280	\$22,380
Concessions	\$0	\$0	\$0	\$0	\$171	\$29	\$0	\$0
Potential Rental Income	\$111,430	\$18,572	\$117,709	\$19,618	\$129,841	\$21,640	\$134,280	\$22,380
Gross Expense Reimbursements	\$0	\$0	\$453	\$76	\$221	\$37	\$2,160	\$360
Gross Other Income	\$0	\$0	\$0	\$0	\$1,820	\$303	\$1,980	\$330
Potential Gross Multifamily Income	\$111,430	\$18,572	\$118,162	\$19,694	\$131,881	\$21,980	\$138,420	\$23,070
Vacancy	\$0	\$0	\$0	\$0	\$0	\$0	(\$6,921)	(\$1,154)
Collection Loss	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,384)	(\$231)
Effective Gross Income	\$111,430	\$18,572	\$118,162	\$19,694	\$131,881	\$21,980	\$130,115	\$21,686
Operating Expenses	Total \$	\$/Unit	Total \$	\$/Unit	Total \$	\$/Unit	Total \$	\$/Unit
Real Estate Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$15,927	\$2,654
Insurance	\$0	\$0	\$994	\$166	\$0	\$0	\$4,500	\$750
Utilities	(\$3,034)	(\$506)	\$19,574	\$3,262	\$19,615	\$3,269	\$5,400	\$900
Repairs and Maintenance	\$2,710	\$452	\$30,824	\$5,137	\$51,153	\$8,525	\$9,000	\$1,500
General and Administrative Management	\$10,107	\$1,685	\$8,500	\$1,417	\$7,234	\$1,206	\$6,000	\$1,000
Management	\$4,930	\$822	\$5,525	\$921	\$6,120	\$1,020	\$6,506	\$1,084
Replacement Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$1,500	\$250
Total Operating Expenses	\$14,714	\$2,452	\$65,417	\$10,903	\$84,122	\$14,020	\$48,833	\$8,139
Operating Expense Ratio	13.2%		55.4%		63.8%		37.5%	
Net Operating Income	\$96,716	\$16,119	\$52,745	\$8,791	\$47,759	\$7,960	\$81,282	\$13,547

Potential Gross Rent

Unit Description	No. Units	Avg. Contract Rent / Unit	Potential Gross Rent- Contract	Market Rent / Unit	Potential Gross Rent- Market	Loss to Lease
Leased Units						
0 BR/1 BA Studio/1BA 1st Floor Front - 527 SF	1	\$1,390	\$16,680	\$1,550	\$18,600	-10.3%
0 BR/1 BA Studio/1BA 2nd Floor Front - 527 SF	1	\$1,445	\$17,340	\$1,550	\$18,600	-6.8%
1 BR/1 BA 1BR/1BA 1st Floor Rear - 434 SF	0	\$0	\$0	\$1,700	\$0	0.0%
1 BR/1 BA 1BR/1BA 2nd Floor Rear - 434 SF	1	\$1,595	\$19,140	\$1,700	\$20,400	-6.2%
1 BR/1 BA 1BR/1BA 3rd Floor Rear - 434 SF	1	\$1,700	\$20,400	\$1,700	\$20,400	0.0%
2 BR/1.5 BA 2BR/1.5 BA - 986 SF	1	\$3,150	\$37,800	\$3,200	\$38,400	-1.6%
Total Leased	5	\$1,856	\$111,360	\$1,940	\$116,400	-4.3%
Vacant Units (at market rents)						
1 BR/1 BA 1BR/1BA 1st Floor Rear - 434 SF	1	\$1,700	\$20,400	\$1,700	\$20,400	
Total Vacant	1	\$1,700	\$20,400	\$1,700	\$20,400	
Grand Total	6	\$1,830	\$131,760	\$1,900	\$136,800	-4.3%

For our analysis, a 50/50 average of market and contract rent is applied in the operating income statement, with market rent applied for the unit that was vacant as of the effective date.

Concessions

Concessions within the market are considered temporary (i.e. free month's rent) are not widespread, therefore, we have not utilized concession projections.

Expense Reimbursements

Our projection models apartment tenants paying for their individual electric usage via direct metering. Additionally, based on conversations with subject management, tenants currently reimburse the landlord at a rate of \$30 per unit/month for water.

Gross Expense Reimbursements		
Subject	\$/Unit	Total
12 Months Ending Dec-2020	\$0	\$0
12 Months Ending Dec-2021	\$76	\$453
12 Months Ending Dec-2022	\$37	\$221
██████████ Projection	\$360	\$2,160
██████████		

Gross Other Income

Gross Other Income		
Subject	\$/Unit	Total
12 Months Ending Dec-2020	\$0	\$0
12 Months Ending Dec-2021	\$0	\$0
12 Months Ending Dec-2022	\$303	\$1,820
██████████ Projection	\$330	\$1,980
██████████		

- We include a line item of \$330 per unit for gross other income. This estimate includes late fees, maintenance charges, pet fees, and other miscellaneous income. This figure equates to approximately 1.5% of rental revenue.

Vacancy & Collection Loss Allowance

Vacancy Allowance

Vacancy			
Subject	% of PGI	\$/Unit	Total
12 Months Ending Dec-2020	0.00%	\$0	\$0
12 Months Ending Dec-2021	0.00%	\$0	\$0
12 Months Ending Dec-2022	0.00%	\$0	\$0
██████████ Projection	5.00%	\$1,154	\$6,921
██████████			

- The vacancy estimate for the subject was previously developed in the market analysis section of this report and was concluded to be 5.00%.



Collection Loss

Collection Loss			
Subject	% of PGI	\$/Unit	Total
██████████ Projection	1.00%	\$231	\$1,384
██████████			

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

Combined Vacancy and Collection Loss Conclusion

Vacancy and Collection Loss - Units			
Subject	% of PGI	\$/Unit	Total
12 Months Ending Dec-2020	0.00%	\$0	\$0
12 Months Ending Dec-2021	0.00%	\$0	\$0
12 Months Ending Dec-2022	0.00%	\$0	\$0
██████████ Projection	6.00%	\$1,384	\$8,305
██████████			

- Based on this analysis, the total stabilized vacancy and collection loss allowance for the subject is 6.00%, as discussed in the apartment market analysis section of the report.

Effective Gross Income

Effective Gross Income		
Subject	\$/Unit	Total
12 Months Ending Dec-2020	\$18,572	\$111,430
12 Months Ending Dec-2021	\$19,694	\$118,162
12 Months Ending Dec-2022	\$21,980	\$131,881
██████████ Projection	\$21,686	\$130,115
██████████		

- Our pro forma estimate is similar to the most recent actual figures. We note that our estimate includes vacancy and collection loss, in contrast to the subject.

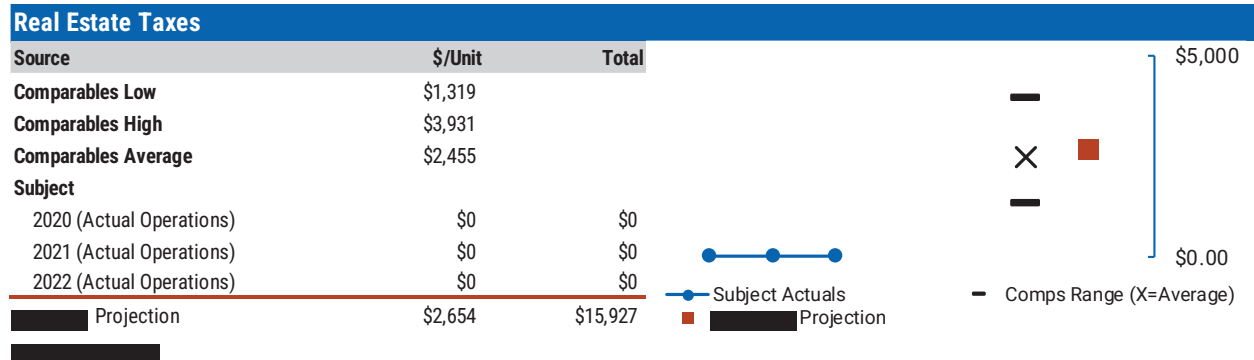


OPERATING EXPENSE ANALYSIS

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

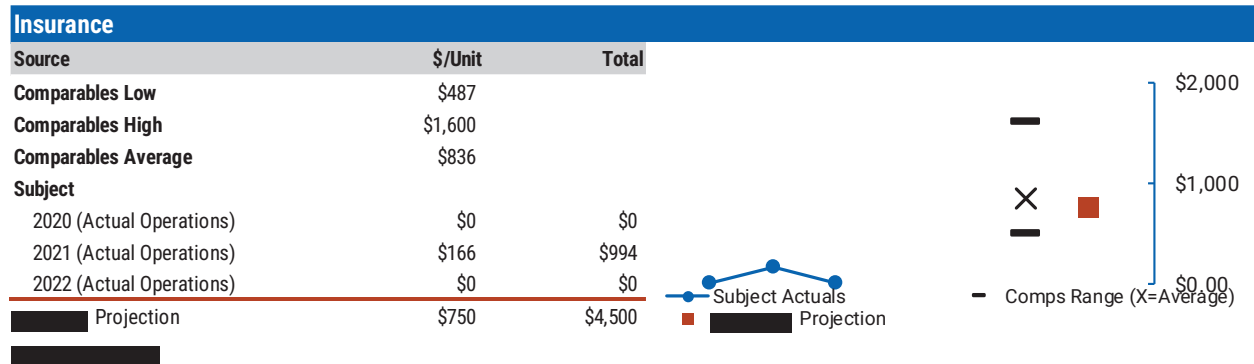
Expense Analysis Per Unit										
	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Subject Historical and Projections			
Year Built	1880	1890	1850	1920 (2011)	1890	1930	1890			
Apt. Units	7	24	5	11	10	8	6	6	6	6
Operating Data Type	Actual	Actual	Actual	Budget	Actual	Actual	Actual	Actual	Actual	Projection
Year	2021	2020	2021	2022	2019	2021	2020	2021	2022	
Operating Expenses Per Unit										
Real Estate Taxes	\$1,319	\$2,631	\$3,931	\$1,545	\$2,498	\$2,807				\$2,654
Insurance	\$917	\$487	\$1,600	\$909	\$555	\$550		\$166		\$750
Utilities	\$1,075	\$510	\$960	\$365	\$757	\$858	-\$506	\$3,262	\$3,269	\$900
Repairs and Maintenance	\$1,965	\$1,764	\$260	\$727	\$1,887	\$500	\$452	\$5,137	\$8,525	\$1,500
General and Administrative	\$1,043	\$474	\$200	\$545	\$472	\$438	\$1,685	\$1,417	\$1,206	\$1,000
Management	\$0	\$0	\$1,517	\$1,512	\$967	\$568	\$822	\$921	\$1,020	\$1,084
Replacement Reserves	\$0	\$0	\$0	\$275	\$0	\$0	\$0	\$0	\$0	\$250
Total Operating Expenses Per Unit	\$6,319	\$5,866	\$8,468	\$5,878	\$7,136	\$5,721	\$2,452	\$10,903	\$14,020	\$8,139

Real Estate Taxes



- Our projection is based on the property assessment and tax rate for the subject, as discussed previously in the Real Estate Tax Analysis.

Insurance



- Insurance expense includes property and casualty insurance for the subject.

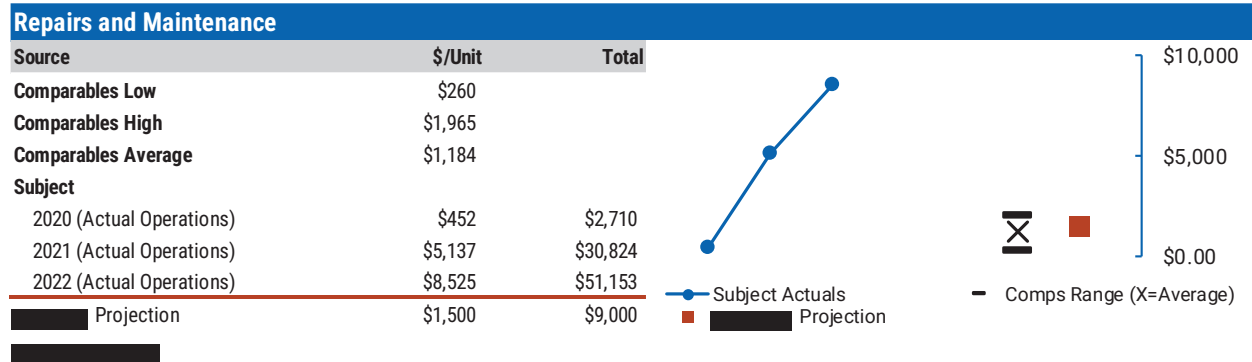
Utilities

Utilities		
Source	\$/Unit	Total
Comparables Low	\$365	
Comparables High	\$1,075	
Comparables Average	\$754	
Subject		
2020 (Actual Operations)	-\$506	(\$3,034)
2021 (Actual Operations)	\$3,262	\$19,574
2022 (Actual Operations)	\$3,269	\$19,615
██████████ Projection	\$900	\$5,400

- Utility charges include cold water, sewer, heat, gas, and common area electric expenses. Our estimate is within the comparable range. We note that the subject had operated under a different expense structure in previous years.



Repairs and Maintenance



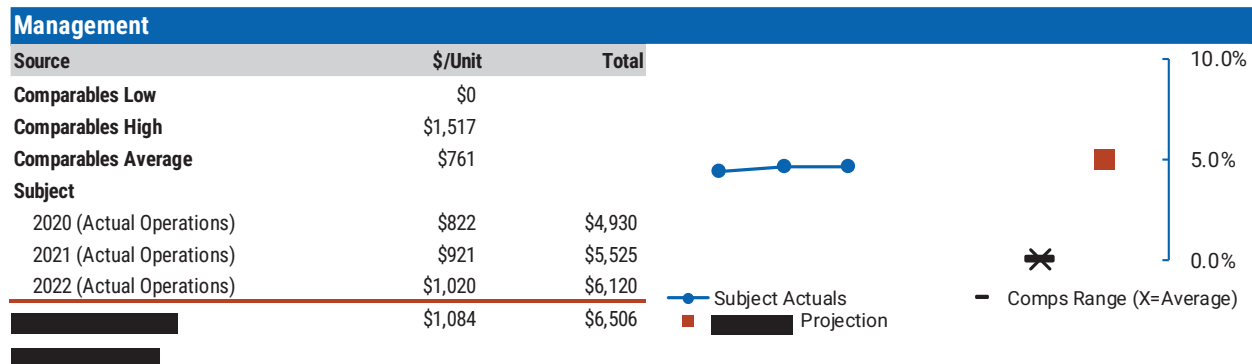
- Repairs and maintenance includes expenditures to repair and maintain mechanical systems and structural components. Excluded are alterations and major replacements, which (though included in the subject’s historical Income and Expense statements) are considered capital costs rather than periodic expenses.

General/Administrative



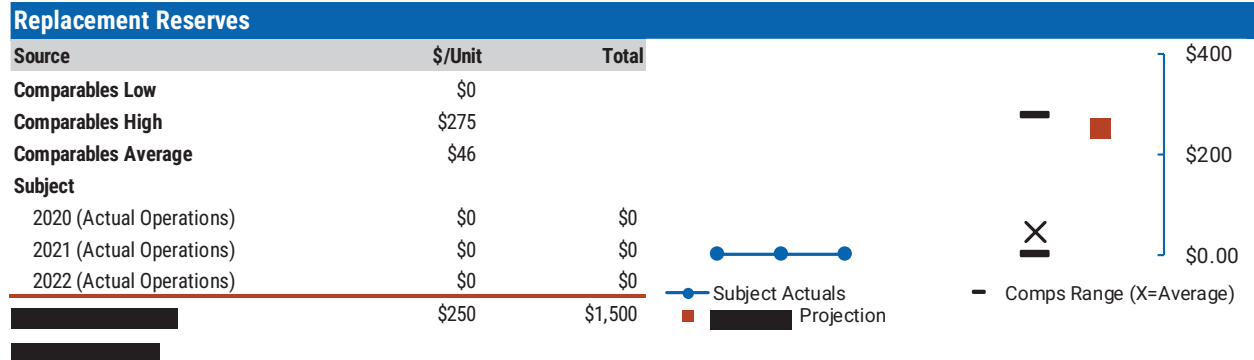
- General and administrative expenses consist of office expenses as well as legal, accounting and other professional fees, license fees, and business taxes, if any. We’ve concluded an expense of \$600 per unit which is more typical (if on the higher end) of the market.

Management



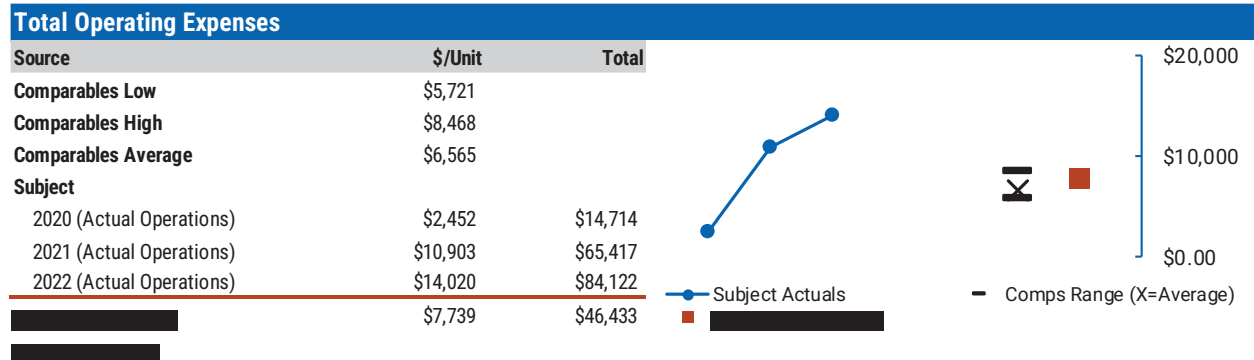
- Management fees are considered an expense of operation, whether the services are contracted or provided by the property owner.
- Considering that the subject has typical management needs, we project an overall management fee of 5% of effective gross income.

Replacement Reserves



- 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.

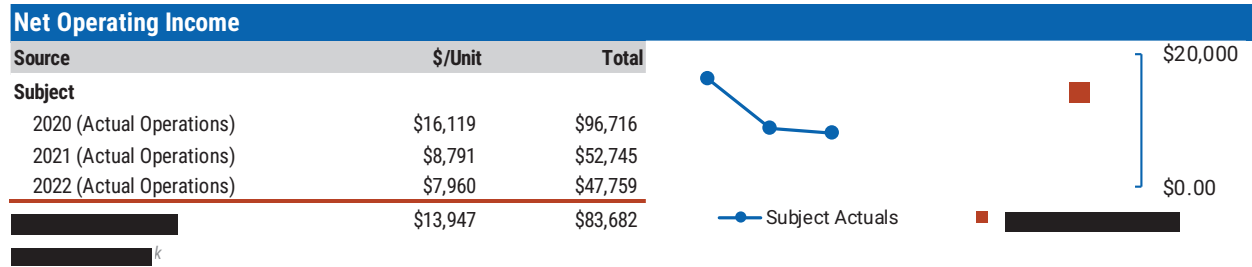
Total Operating Expenses



- The total operating expenses are for the subject are slightly higher than the comparable range.



NET OPERATING INCOME



CAP RATE AND VALUE CHANGES – 1Q 2023

As we all know, the national and global economies are shaky and recent foundational 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 January 2023 Capital Trends publication that “Mortgage rates climbed in 2022 to hit the 6.4% level for commercial properties and 5.5% for apartments in the fourth quarter. Cap rates are still generally lower than these rates, with only minimal increases from a year ago for most sectors.” This is direct evidence of negative leverage although there remains sales activity in spite of that trend.

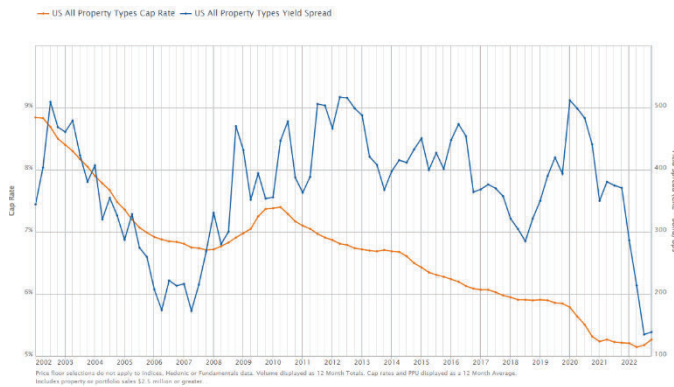
Cost of Capital

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

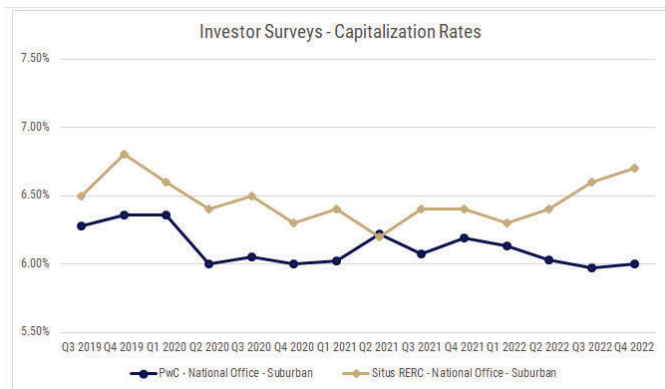
The majority of investors surveyed by PwC for their Fourth Quarter 2022 Real Estate Investor Survey expect capitalization rates to increase over the next six months. This translates to slowing transaction volume but also directly impacts pricing expectations.



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 (Third and Fourth Quarter 2022), the spread had again fallen to below 200 basis points largely reflecting investors’ continued interest in CRE.

Cap rates have begun reacting. As shown in the graph above, the past two quarters reflected a small 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 is only just now showing a tick up. PwC reports that 50% of their respondents expect capitalization rates for suburban office to increase in the next six months while the other 50% 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 December 2022 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.



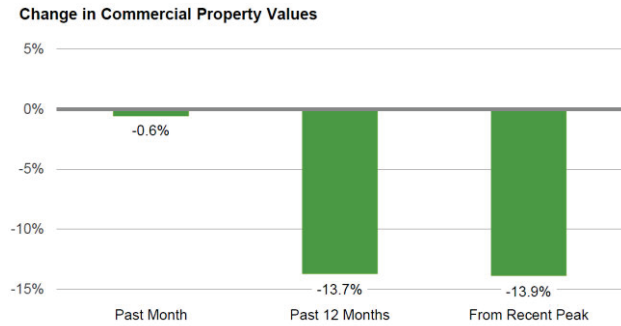
Green Street – Cap Rate Observer – December 2022

Property Type Sector	March 22 Reported Cap Rates	Current Cap Rates	One Year ▲ (bps)
Apartment	3.9%	5.1%	+120
Industrial	3.9%	4.6%	+70
Office	6.5%	7.6%	+110
Strip Center	5.5%	6.5%	+100
Self-Storage	4.3%	5.1%	+80
Single-Family Rental	4.6%	4.9%	+30

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 recession, supply chain, COVID-19 lockdowns in China, Ukraine, etc.

Property Values

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



The lead-in to this report stated the following:

The Green Street Commercial Property Price Index® decreased by 0.6% in January. This all-property index has fallen 14% from its March '22 peak, while the index tracking properties in core sectors is down 17%.

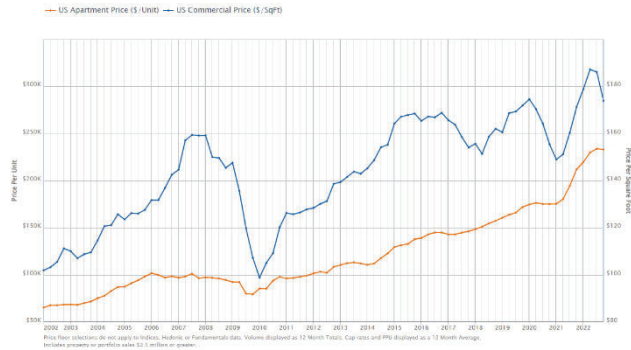
Green Street CPPI®: Sector-Level Indexes

	Index Value	Change in Commercial Property Values		
		Past Month	Past 12 Mos	Recent Peak
All Property	133.5	-1%	-14%	-14%
Core Sector	133.2	-1%	-17%	-17%
Apartment	152.0	-1%	-20%	-20%
Industrial	215.8	0%	-15%	-15%
Mall	78.3	2%	-20%	-20%
Office	94.2	-4%	-17%	-17%
Strip Retail	115.2	0%	-9%	-13%
Health Care	134.9	0%	-10%	-10%
Lodging	107.6	0%	0%	-5%
Manufactured Home Park	289.2	0%	-11%	-11%
Net Lease	97.6	0%	-16%	-16%
Self-Storage	278.8	0%	-9%	-11%

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. 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. Real Capital Analytics reports a 20% decline in volume year over year. 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 – partly because the data is closed transactions based and those transactions may have gone under contract 2-3+ months ago. 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%.

- 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.

The following subsections represent different techniques for deriving an overall capitalization rate.



Comparable Sales

Comparable Multifamily Sales Summary						
No.	Property Location	Yr. Built	Sale Date	Number of Apt. Units	Price per Unit	OAR
3	1127 Spruce Street, Philadelphia, PA	1900	May-2021	9	\$171,111	5.77%
Secondary Cap Rate Sales						
1	626 South 19th Street, Philadelphia, PA	1800	Mar-2021	4	\$200,000	6.00%
2	1720 Pine Street, Philadelphia, PA	1890	Apr-2021	5	\$300,000	5.26%
3	2107 Spruce Street, Philadelphia, PA	1890	Mar-2021	5	\$330,000	5.30%
Average (Mean) Cap Rate:						5.58%

[REDACTED]

- To determine a cap rate for the subject, we've included not only the comparable sales from the sales comparison approach, but sales and listings of multifamily properties to demonstrate current market conditions.
- Based on this information, a capitalization rate within a range of 5.26% to 6.00% could be expected for the subject.

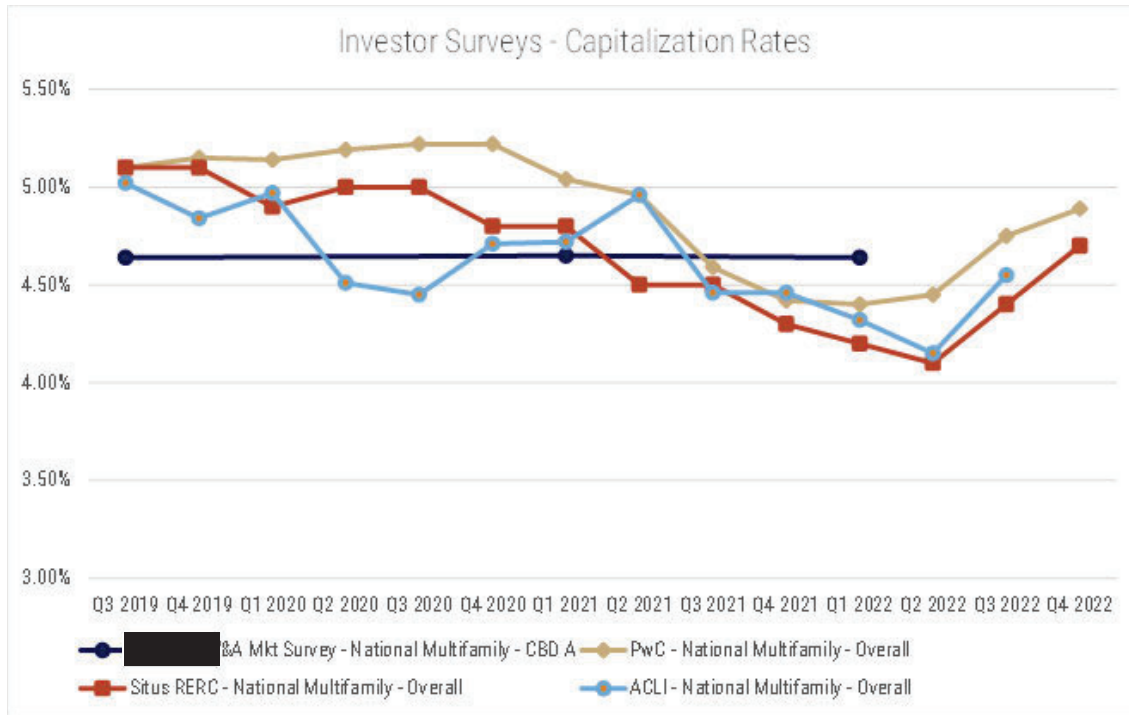
Investor Surveys

Investor Surveys - Capitalization Rates					
Source		Period	Low	High	Average
[REDACTED]	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%

[REDACTED]

[REDACTED]

INCOME CAPITALIZATION APPROACH



- The most current 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%.
- The trend lines for most national survey data suggest capitalization rates for this asset class started to increase in Q3 2022.



Band of Investment

Band of Investment					
Mortgage/Equity Assumptions					
Loan to Value Ratio	70%				
Interest Rate	5.50%				
Amortization (Years)	30				
Mortgage Constant	0.0681				
Equity Ratio	30%				
Equity Dividend Rate	5.50%				
Weighted Average Of Mortgage/Equity Requirements					
Mortgage Requirement	70%	x	6.81%	=	4.77%
Equity Requirement	30%	x	5.50%	=	1.65%
Indicated Capitalization Rate (Rounded)					6.50%
Debt Coverage Ratio Analysis					
Debt Coverage Ratio	1.25				
Loan to Value Ratio	70%				
Mortgage Constant	0.0681				
Indicated Capitalization Rate (Debt Coverage Ratio Method)					5.96%

Capitalization Rate Conclusion

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 still 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	5.26% - 6.00%
Investor Surveys	3.25% - 8.00%
Band of Investment	6.50%
Debt Coverage Ratio Analysis	5.96%
Concluded Going-In Capitalization Rate	5.75%

INCOME CAPITALIZATION APPROACH

Direct Capitalization Summary

Net operating income is divided by the capitalization rate to derive the stabilized value of the subject. 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		\$22,380	\$134,280
Potential Rental Income		\$22,380	\$134,280
Gross Expense Reimbursements		\$360	\$2,160
Gross Other Income		\$330	\$1,980
Potential Gross Multifamily Income		\$23,070	\$138,420
Vacancy	-5.00%	(\$1,154)	(\$6,921)
Collection Loss	-1.00%	(\$231)	(\$1,384)
Effective Gross Income		\$21,686	\$130,115
Operating Expenses		8 Units	
Real Estate Taxes		\$2,654	\$15,927
Insurance		\$750	\$4,500
Utilities		\$900	\$5,400
Repairs and Maintenance		\$1,500	\$9,000
General and Administrative Management		\$600	\$3,600
Management	5.00%	\$1,084	\$6,506
Replacement Reserves		\$250	\$1,500
Total Operating Expenses	35.69%	\$7,739	\$46,433
Net Operating Income		\$13,947	\$83,682
Direct Capitalization Method			
Value Indication		\$/Unit	Total \$
		Valuation Matrix	
		OAR	Value
		5.25%	\$1,593,945
		5.50%	\$1,521,493
		5.75%	\$1,455,341
		6.00%	\$1,394,702
		6.25%	\$1,338,914
As Is			
As Stabilized Value as of Current Date	Effective Date: 4/14/2023		\$1,455,341
As Is Value	Effective Date: 4/14/2023		\$1,455,341
Rounded		\$241,667	\$1,450,000

Reconciliation of Value

The values indicated by our analyses are as follows:

Market Value Indications	
Market Value Premise As of Date:	As Is April 14, 2023
Cost Approach:	Not Used
Sales Comparison Approach:	\$1,450,000
Income Capitalization Approach:	\$1,450,000
Market Value Conclusion	\$1,450,000

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 in 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 a multifamily 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	4/14/2023	\$1,450,000

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. All information pertaining to unit sizes was based upon measurements of the units that were made available for inspection, and is assumed to be accurate and correct. Should contradictory information regarding the size of the units become available, we reserve the right to amend our analysis.

The use of this extraordinary assumption 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

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 / values stated previously is 6 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 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.

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- ◆ **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. Stumphauer, 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]

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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 & Stoman, 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.



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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. 3 rd 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



1932 Spruce St. - 1932 Spruce St Philadelphia, PA 19103											
Unit											
1F	0/1.00	Current	M.S.	2,700.00	08/01/2021	07/26/2023	1,440.00	1,495.00	1,390.00	50.00	0.00 0.00
Unit		Vacant-									
1R	1/1.00	Rented		0.00				1,865.00			
Unit		Current	A.G.	2,890.00	08/01/2022	07/26/2023	1,495.00	1,550.00	1,445.00	50.00	0.00 0.00
2F	0/1.00										
Unit		Current	H.M.	3,190.00	11/04/2022	11/26/2023	1,645.00	1,595.00	1,595.00	50.00	0.00 0.00
2R	1/1.00										
Unit		Current	S.A.	6,300.00	05/15/2021	04/25/2024	3,200.00	3,100.00	3,150.00	50.00	0.00 0.00
3F	2/1.50										
Unit		Current	W.R.A.	3,400.00	03/27/2023	03/25/2024	1,750.00	1,700.00	1,700.00	50.00	0.00 0.00
3R	1/1.00										
6		83.3%									
Units		0 Occupied		18,480.00			9,530.00	11,305.00	9,280.00	250.00	0.00 0.00

Cash Flow - 12 Month

Exported On: 04/19/2023 01:49 PM

OCF Realty LLC

Properties: 1932 Spruce St. - 1932 Spruce St Philadelphia, PA 19103

Period Range: Jan 2022 to Dec 2022

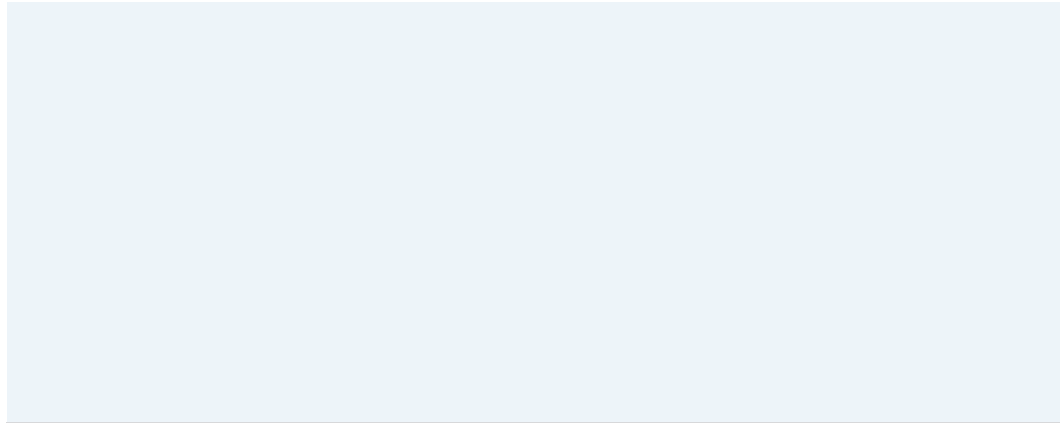
Accounting Basis: Cash

Level of Detail: Detail View

Include Zero Balance GL Accounts: No

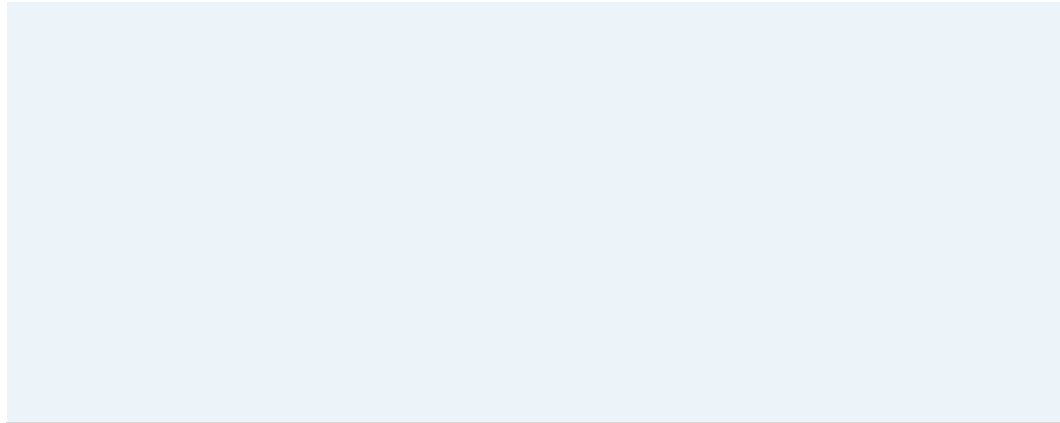
Account Name	Jan 2022	Feb 2022
Operating Income & Expense		
Income		
Rent Income	10,565.00	10,865.00
Concessions	0.00	0.00
Application Fee Income	0.00	0.00
Break Lease Penalty	0.00	0.00
Water Income	45.00	45.00
Total Operating Income	10,610.00	10,910.00
Expense		
Keys	0.00	0.00
Maintenance Materials	0.00	0.00
Common Area Cleaning	455.00	225.00
HVAC (Heat, Ventilation, Air)	0.00	0.00
Cleaning Expense	0.00	0.00
Pest Control	0.00	0.00
Snow Removal	0.00	0.00
Trash Removal	200.00	0.00
Management Fees	510.00	510.00
OCF Leasing Commission	0.00	0.00
Security Service	0.00	0.00
Fire Protection	0.00	0.00
Vacant Apartment Electric	0.00	0.00
Internet	1,024.74	-40.00
Gas	0.00	0.00
Water	-115.12	-115.12
Plumbing	0.00	1,750.00
Maintenance Labor	0.00	400.00
Repairs & Maintenance	375.00	470.05
Roof Repairs and Maintenance	0.00	0.00
Inspections & Tests	0.00	0.00
Licenses & Permits	0.00	0.00
Total Operating Expense	2,449.62	3,199.93

NOI - Net Operating Income	8,160.38	7,710.07
Total Income	10,610.00	10,910.00
Total Expense	2,449.62	3,199.93
Net Income	8,160.38	7,710.07
Other Items		
Owner Distribution	-5,000.00	-11,000.00
Prepaid Rent	0.00	0.00
Net Other Items	-5,000.00	-11,000.00
Cash Flow	3,160.38	-3,289.93
Beginning Cash	3,534.84	6,695.22
Beginning Cash + Cash Flow	6,695.22	3,405.29
Actual Ending Cash	6,695.22	3,405.29



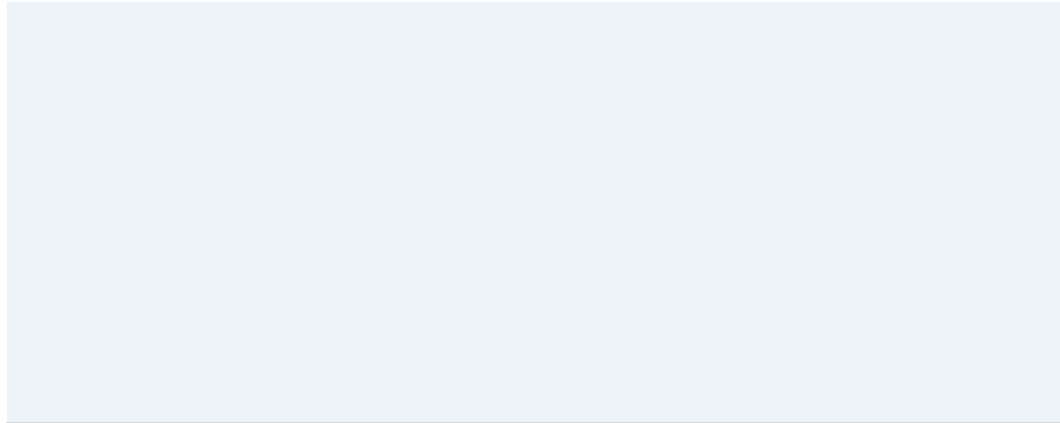
Mar 2022	Apr 2022	May 2022
10,865.00	10,865.00	10,710.16
0.00	0.00	0.00
0.00	0.00	0.00
0.00	0.00	0.00
45.00	45.00	40.65
10,910.00	10,910.00	10,750.81
0.00	0.00	0.00
0.00	26.99	0.00
225.00	375.00	450.00
0.00	0.00	99.00
0.00	0.00	0.00
0.00	0.00	0.00
0.00	675.00	0.00
200.00	200.00	0.00
510.00	510.00	510.00
0.00	0.00	0.00
0.00	0.00	0.00
0.00	0.00	0.00
0.00	0.00	0.00
2,089.48	1,024.74	1,028.61
3,226.52	0.00	4,913.70
18.88	-225.00	-107.08
3,000.00	0.00	4,000.00
0.00	0.00	0.00
1,542.56	2,756.76	0.00
0.00	1,599.00	0.00
285.00	0.00	0.00
0.00	0.00	0.00
11,097.44	6,942.49	10,894.23

-187.44	3,967.51	-143.42
10,910.00	10,910.00	10,750.81
11,097.44	6,942.49	10,894.23
<hr/>	<hr/>	<hr/>
-187.44	3,967.51	-143.42
-2,000.00	-4,000.00	-1,000.00
1,600.00	50.00	1,895.00
<hr/>	<hr/>	<hr/>
-400.00	-3,950.00	895.00
<hr/>	<hr/>	<hr/>
-587.44	17.51	751.58
3,405.29	2,817.85	2,835.36
2,817.85	2,835.36	3,586.94
2,817.85	2,835.36	3,586.94



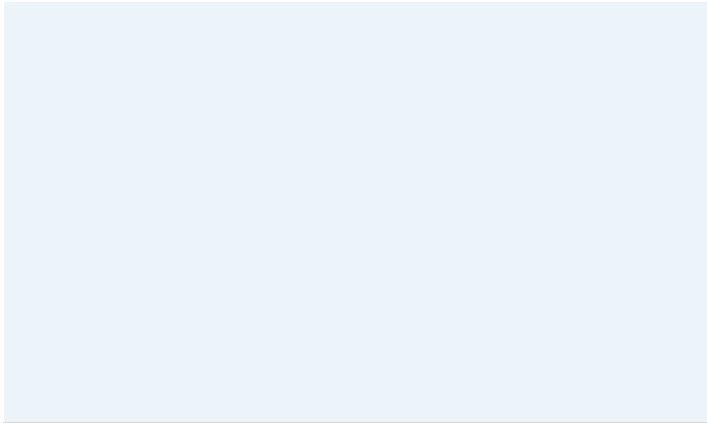
Jun 2022	Jul 2022	Aug 2022
10,790.67	10,503.35	11,050.00
171.00	0.00	0.00
0.00	0.00	0.00
0.00	0.00	0.00
0.00	0.00	0.00
10,961.67	10,503.35	11,050.00
43.20	0.00	0.00
0.00	0.00	0.00
225.00	600.00	375.00
0.00	200.00	500.00
0.00	0.00	0.00
270.00	162.00	0.00
0.00	0.00	0.00
200.00	250.00	300.00
510.00	510.00	510.00
1,650.00	1,895.00	1,445.00
0.00	0.00	0.00
0.00	0.00	0.00
0.00	0.00	29.61
0.00	1,885.43	926.53
0.00	0.00	0.00
-138.67	-197.03	-93.66
0.00	0.00	0.00
519.00	-135.00	0.00
843.16	1,827.11	0.00
0.00	0.00	0.00
0.00	0.00	0.00
0.00	0.00	0.00
4,121.69	6,997.51	3,992.48

6,839.98	3,505.84	7,057.52
10,961.67	10,503.35	11,050.00
4,121.69	6,997.51	3,992.48
<hr/>	<hr/>	<hr/>
6,839.98	3,505.84	7,057.52
-7,000.00	-4,000.00	-7,000.00
-289.52	-3,130.48	20.00
<hr/>	<hr/>	<hr/>
-7,289.52	-7,130.48	-6,980.00
<hr/>	<hr/>	<hr/>
-449.54	-3,624.64	77.52
3,586.94	3,137.40	-487.24
3,137.40	-487.24	-409.72
3,137.40	-487.24	-409.72



Sep 2022	Oct 2022	Nov 2022
11,050.00	10,625.00	10,845.00
0.00	0.00	0.00
0.00	-45.00	0.00
0.00	0.00	0.00
0.00	0.00	0.00
11,050.00	10,580.00	10,845.00
0.00	0.00	0.00
0.00	0.00	0.00
225.00	225.00	150.00
0.00	0.00	2,500.00
0.00	0.00	270.00
0.00	0.00	0.00
0.00	0.00	0.00
300.00	300.00	300.00
510.00	510.00	510.00
0.00	0.00	1,595.00
0.00	358.14	0.00
0.00	0.00	634.79
0.00	0.00	0.00
0.00	732.70	358.82
0.00	0.00	0.00
-182.08	-19.09	-300.00
0.00	425.00	0.00
691.00	0.00	0.00
1,128.91	1,281.05	839.91
0.00	3,599.00	0.00
0.00	0.00	0.00
364.17	0.00	0.00
3,037.00	7,411.80	6,858.52

8,013.00	3,168.20	3,986.48
11,050.00	10,580.00	10,845.00
3,037.00	7,411.80	6,858.52
<hr/>	<hr/>	<hr/>
8,013.00	3,168.20	3,986.48
-4,000.00	-4,000.00	-9,000.00
1,595.00	0.00	-114.50
<hr/>	<hr/>	<hr/>
-2,405.00	-4,000.00	-9,114.50
<hr/>	<hr/>	<hr/>
5,608.00	-831.80	-5,128.02
-409.72	5,198.28	4,366.48
5,198.28	4,366.48	-761.54
5,198.28	4,366.48	-761.54



Dec 2022	Total
10,935.50	129,669.68
0.00	171.00
0.00	-45.00
1,865.00	1,865.00
0.00	220.65
12,800.50	131,881.33
250.00	293.20
30.00	56.99
75.00	3,605.00
3,950.00	7,249.00
0.00	270.00
270.00	702.00
0.00	675.00
300.00	2,550.00
510.00	6,120.00
0.00	6,585.00
0.00	358.14
0.00	634.79
11.50	41.11
1,453.24	10,484.29
0.00	8,140.22
-126.19	-1,600.16
330.00	9,505.00
0.00	1,475.00
2,666.05	13,730.56
7,400.00	12,598.00
0.00	285.00
0.00	364.17
17,119.60	84,122.31

-4,319.10 **47,759.02**

12,800.50 131,881.33
17,119.60 84,122.31

-4,319.10 **47,759.02**

0.00 -58,000.00
-1,480.50 145.00

-1,480.50 **-57,855.00**

-5,799.60 **-10,095.98**

-761.54 **3,534.84**
-6,561.14 **-6,561.14**
-6,561.14 **-6,561.14**

ADDENDA

Addendum D

Comparable Data



ADDENDA

Improved Sales



Multifamily Sale

505 Pine Street

505 Pine Street

Location & Property Info

Property Name	505 Pine Street
Property Type	Multifamily
Sub Type	Walk-Up
Major Market	PA - Philadelphia - Greater
Sub Market	Philadelphia - Greater
Address	505 Pine Street, Philadelphia, PA 19106
County	Philadelphia
Country	USA
Latitude	39.94394500
Longitude	-75.15062500
MSA	Philadelphia-Camden- Wilmington MSA 051182900
Legal/Tax/Parcel ID	
Market Orientation	Urban
Verification Type	Confirmed-Other
Verification Source	Deed of Sale
Event ID	870062



Site Details

Source Of Land Info	Public Records
Gross Land Area SF	1,370
Gross Land Area Acres	0.0315
Usable/Gross Ratio	1.00
Usable Land Area SF	1,370
Usable Land Area Acres	0.0315
Zoning Designation	RM-1
Flood Insurance Required	No
Site Shape	Level
Site Topography	Rectangular
Flood Zone Designation	X
Traffic Control At Entry	None
Traffic Flow	High
Utilities	

- Electricity
- Gas
- Sewer
- Telephone
- Water

Frontage Street Name Pine
 Frontage Feet 18
 Corner Lot No
 Accessibility Rating Above Average
 Visibility Rating Above Average

Improvement Details

Rentable Area SF 3,267
 Gross Building Area 3,267
 Demised Unit Of Comparison Apt. Units
 Number Of Demised Units 4
 Average Unit Size (SF) 817
 Construction Status Completed
 Year Built 1910
 Year Renovated 2022
 Investment Class Class C
 Construction Class Class D
 Condition Good
 Construction Type Wood frame
 Construction Quality Average
 Number Of Buildings 1
 Exterior Walls Brick
 Number Of Stories/Floors 3.00
 Roof Description Flat Membrane
 Parking Description None
 Land To Building Ratio 0.42

Sale Information

Sale Status Closed
 Sale Date 07/20/2022
 Sale Price \$810,000
 Grantor (Seller) David and Susan Ahmadi
 Grantee (Buyer) Alja Ventures LLC
 Property Rights Leased Fee
 Document Type Deed
 Recording Number 54095852
 Financing Type Cash to seller
 Effective Sales Price \$810,000.00
 Price Per SF GBA \$247.93
 Price Per SF NRA \$247.93

Effective Price Per Unit	\$202,500.00
Price Per Land SF (Gross)	\$591.24
Price Per Acre (Gross)	\$25,714,285.71
Price Per Land SF (Usable)	\$591.24
Price Per Acre (Usable)	\$25,714,285.71

Operations at Date of Sale

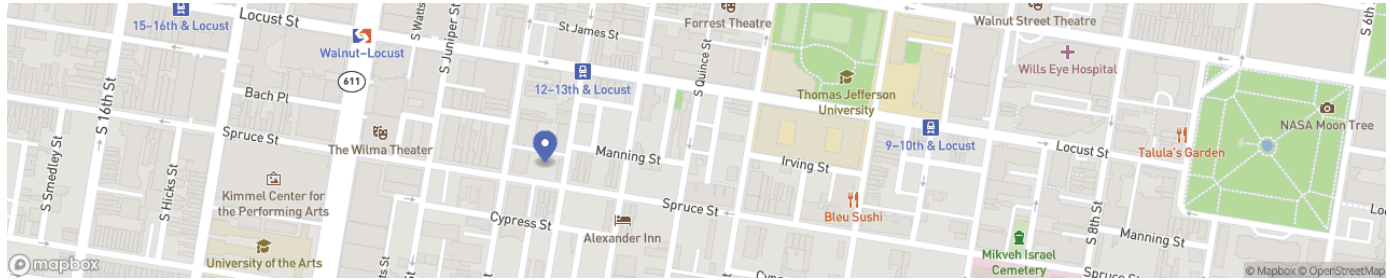
Operations Status Type	Stabilized Operations
Actuals Occupancy	100.00 %

Comments

Sale of 4 unit apartment building which was 100% occupied at the time of sale.

Multifamily Sale

1225 Spruce Street 1225 Spruce Street



Location & Property Info

Property Name	1225 Spruce Street
Property Type	Multifamily
Sub Type	Walk-Up
Major Market	PA - Philadelphia - Greater
Sub Market	Philadelphia - Greater
Address	1225 Spruce Street, Philadelphia, PA 19107
County	Philadelphia
Country	USA
Latitude	39.94684500
Longitude	-75.16208000
MSA	Philadelphia/Camden/ Wilmington
Legal/Tax/Parcel ID	881518700
Market Orientation	Urban
Verification Type	Secondary Verification
Verification Source	Public Records
Event ID	780811



Site Details

Source Of Land Info	Public Records
Gross Land Area SF	1,672
Gross Land Area Acres	0.0384
Usable/Gross Ratio	1.00
Usable Land Area SF	1,672
Usable Land Area Acres	0.0384
Zoning Designation	CMX-1
Zoning Description	Neighborhood Commercial Mixed-Use
Flood Insurance Required	No
Site Shape	Rectangular

Site Topography	Generally Level and at Street Grade
Flood Zone Designation	X
Traffic Control At Entry	None
Traffic Flow	Moderate
Utilities	<ul style="list-style-type: none"> • Electricity • Gas • Sewer • Water
Frontage Street Name	Spruce
Frontage Feet	19
Corner Lot	No
Accessibility Rating	Average
Visibility Rating	Above Average

Improvement Details

Rentable Area SF	4,165
Gross Building Area	4,165
Demised Unit Of Comparison	Apt. Units
Number Of Demised Units	6
Average Unit Size (SF)	694
Construction Status	Completed
Construction Purpose	Owner-built
Year Built	1880
Investment Class	Class B
Construction Class	c
Condition	Good
Construction Type	Masonry
Construction Quality	Average
Number Of Buildings	1
Foundation	Poured Concrete
Exterior Walls	Brick
Number Of Stories/Floors	3.00
Fire Sprinkler Type	No
Property Amenities Score	Average
Green Building Score	Average
Unit Amenities Score	Average
Land To Building Ratio	0.40

Sale Information

Listing Date	01/11/2021
Listing Price	\$1,650,000
Sale Status	Closed
Sale Date	05/13/2021
Sale Price	\$1,567,100
Grantor (Seller)	Judith Raidman/Raidman Estate
Grantee (Buyer)	TB Property Management
Contract Date	05/13/2021

Property Rights	Leased Fee
Document Type	Deed
Financing Type	Cash to seller
Effective Sales Price	\$1,567,100.00
Price Per SF GBA	\$376.25
Price Per SF NRA	\$376.25
Effective Price Per Unit	\$261,183.33
Price Per Land SF (Gross)	\$937.26
Price Per Acre (Gross)	\$40,809,895.83
Price Per Land SF (Usable)	\$937.26
Price Per Acre (Usable)	\$40,809,895.83

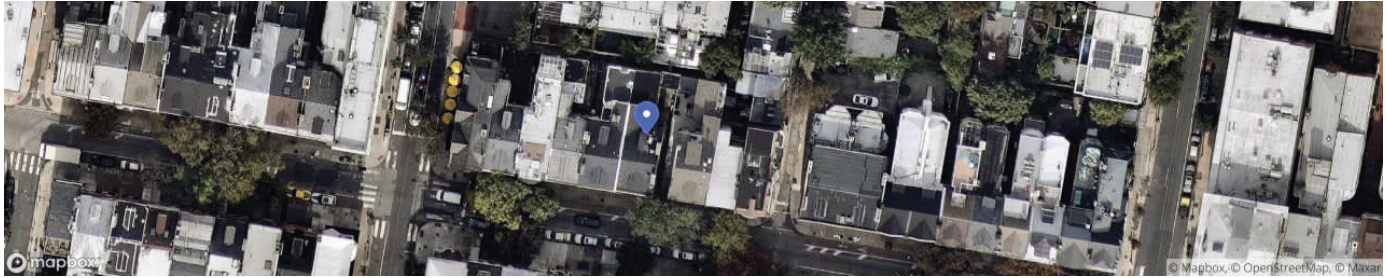
Operations at Date of Sale

Operations Status Type	Stabilized Operations
Actuals Occupancy	86.00 %

Multifamily Sale

1127 Spruce Street

1127 Spruce Street



Location & Property Info

Property Name	1127 Spruce Street
Property Type	Multifamily
Sub Type	Walk-Up
Address	1127 Spruce Street, Philadelphia, PA 19107
County	Philadelphia
Country	USA
Latitude	39.94662900
Longitude	-75.16054800
MSA	Philadelphia-Camden- Wilmington, PA-NJ-DE- MD Metropolitan Statistical Area 881517800
Legal/Tax/Parcel ID	
Market Orientation	Urban
Verification Type	Confirmed-Seller Broker
Verification Source	Amy Kalfas at Rittenhouse Realty
Event ID	642211



Site Details

Source Of Land Info	Other
Gross Land Area SF	2,102
Gross Land Area Acres	0.0483
Usable/Gross Ratio	1.00
Usable Land Area SF	2,102
Usable Land Area Acres	0.0483
Zoning Designation	Commercial Mixed Use
Site Topography	Level
Utilities	

- Electricity
- Gas
- Sewer
- Telephone
- Water

Frontage Street Name Spruce Street N/A

Improvement Details

Rentable Area SF	3,780
Gross Building Area	4,113
Demised Unit Of Comparison	Apt. Units
Number Of Demised Units	9
Average Unit Size (SF)	420
Construction Status	TBD
Construction Purpose	TBD
Year Built	1900
Investment Class	Class B
Construction Class	D
Condition	Fair
Construction Type	Masonry
Construction Quality	Average
Construction Description	Brick
Number Of Buildings	1
Number Of Stories/Floors	3.00
HVAC Comments	Heat: Hot Water/ Baseboard
Land To Building Ratio	0.51
Property Amenities	• N • N • N • N

Sale Information

Sale Status	Closed
Sale Date	05/12/2021
Sale Price	\$1,540,000
Grantor (Seller)	Washington Square Equites
Grantee (Buyer)	1127 SPRUCE INVESTORS LLC
Property Rights	Leased Fee
Financing Type	Cash to seller
Effective Sales Price	\$1,540,000.00
Price Per SF GBA	\$374.42

Price Per SF NRA	\$407.41
Effective Price Per Unit	\$171,111.11
Price Per Land SF (Gross)	\$732.64
Price Per Acre (Gross)	\$31,884,057.97
Price Per Land SF (Usable)	\$732.64
Price Per Acre (Usable)	\$31,884,057.97

Operations at Date of Sale

Operations Status Type	Stabilized Operations	Reported Cap Rate	5.00 %
Financials Source/Data Type	Trailing-12	Reported Cap Rate Premise	Stabilized T-12
Actuals Occupancy	100.00 %	NIM (Net Income Multiplier)	17.33
		Pro Forma Occupancy	100.00 %

Actuals		PER SF	PER UNIT	Pro Forma		PER SF	PER UNIT
NOI	\$77,186	\$20.4 2	\$8,576	NOI	\$88,856	\$23.5 1	\$9,873

Financial Indicators

Cap Rate Derived - Actuals	5.01 %	Cap Rate Derived - Stabilized	5.77 %
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Comments

Fully stabilized walk-up apartment complex comprising 9 Units (5 Studio and 4 1BR/1BA) sold at a reported 5% cap rate with an approximate trailing-12 NOI of \$77K. Described as a value-add opportunity as units and common areas were due for a renovation/upgrades and rents appeared to be below market for the neighborhood considering such.

Multifamily Sale

1203 Spruce Street

1203 Spruce Street

Location & Property Info

Property Name	1203 Spruce Street
Property Type	Multifamily
Sub Type	Mid/High Rise
Major Market	PA - Philadelphia - Greater
Sub Market	Philadelphia - Greater
Address	1203 Spruce Street, Philadelphia, PA 19107
County	Philadelphia
Country	USA
Latitude	39.94678000
Longitude	-75.16120000
MSA	Philadelphia-Camden- Wilmington
Legal/Tax/Parcel ID	881518100
Market Orientation	Urban
Verification Type	Confirmed-Confidential
Event ID	663353



Site Details

Source Of Land Info	Public Records
Gross Land Area SF	2,544
Gross Land Area Acres	0.0584
Usable/Gross Ratio	1.00
Usable Land Area SF	2,544
Usable Land Area Acres	0.0584
Zoning Designation	CMX-1

Improvement Details

Rentable Area SF	5,941
Gross Building Area	5,941

Sale Information

Sale Status	Closed
Sale Date	02/19/2021
Sale Price	\$1,625,000

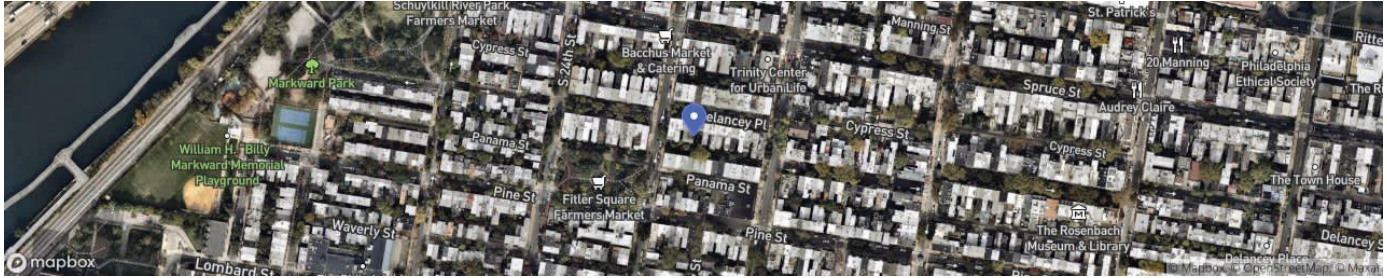
Demised Unit Of Comparison	Apt. Units	Grantor (Seller)	Judith E. Raidman
Number Of Demised Units	7	Grantee (Buyer)	1203 Spruce LLC
Average Unit Size (SF)	849	Property Rights	Leased Fee
Construction Status	Completed	Financing Type	Cash to seller
Construction Purpose	Speculative	Effective Sales Price	\$1,625,000.00
Year Built	1800	Price Per SF GBA	\$273.52
Investment Class	Class B	Price Per SF NRA	\$273.52
Condition	Average	Effective Price Per Unit	\$232,142.86
Construction Type	Wood frame	Price Per Land SF (Gross)	\$638.76
Construction Quality	Average	Price Per Acre (Gross)	\$27,825,342.47
Number Of Buildings	1	Price Per Land SF (Usable)	\$638.76
Exterior Walls	Brick	Price Per Acre (Usable)	\$27,825,342.47
Number Of Stories/Floors	4.00		
Land To Building Ratio	0.43		

Operations at Date of Sale

Actuals Occupancy 85.00 %

Multifamily Sale

2220 Delancey Place 2220 Delancey Place



Location & Property Info

Property Name	2220 Delancey Place
Property Type	Multifamily
Sub Type	Garden/Low-Rise
Address	2220 Delancey Place, Philadelphia, PA 19103
County	Philadelphia
Country	USA
Latitude	39.94791100
Longitude	-75.17884500
MSA	Philadelphia-Camden- Wilmington
Legal/Tax/Parcel ID	881527715
Market Orientation	CBD
Verification Type	Confirmed-Other
Verification Source	Public Records
Event ID	572672



Site Details

Source Of Land Info	Public Records
Gross Land Area SF	1,621
Gross Land Area Acres	0.0372
Usable/Gross Ratio	1.00
Usable Land Area SF	1,621
Usable Land Area Acres	0.0372
Zoning Designation	RM-1
Site Shape	Rectangular
Site Topography	Generally Level
Vegetation	Minimal
Traffic Control At Entry	None
Traffic Flow	Moderate
Utilities	

- Gas
- Sewer
- Water

Frontage Street Name	Delancey Place
Frontage Type	Two lane with two ways in each direction
Corner Lot	No
Accessibility Rating	Average
Visibility Rating	Average

Improvement Details

Rentable Area SF	3,105
Gross Building Area	3,105
Demised Unit Of Comparison	Apt. Units
Number Of Demised Units	5
Average Unit Size (SF)	621
Construction Status	Completed
Construction Purpose	Speculative
Year Built	1900
Investment Class	Class C
Construction Class	C
Condition	Average
Construction Type	Masonry
Construction Quality	Average
Number Of Buildings	1
Exterior Walls	Brick
Number Of Stories/Floors	3.00
Roof Description	Flat
Land To Building Ratio	0.52

Sale Information

Listing Price	\$1,350,000
Sale Status	Closed
Sale Date	09/04/2020
Sale Price	\$1,050,000
Grantor (Seller)	DELANCEY ST LLC
Grantee (Buyer)	2220 DELANCEY PLACE ASSOCIATES LLC
Property Rights	Fee Simple
Recording Number	53727329
Effective Sales Price	\$1,050,000.00
Price Per SF GBA	\$338.16
Price Per SF NRA	\$338.16
Effective Price Per Unit	\$210,000.00

Price Per Land SF (Gross)	\$647.75
Price Per Acre (Gross)	\$28,215,946.04
Price Per Land SF (Usable)	\$647.75
Price Per Acre (Usable)	\$28,215,946.04

Operations at Date of Sale

Operations Status Type	Stabilized Operations
Actuals Occupancy	95.00 %

Comments

This property is a five-units apartment building located on 2220 Delance Place, Philadelphia, PA.

This comparable is identified as 1900-built, 5-Unit, three -story apartment project. The property was listed for \$1,35,0000 and sold in September of 2020 for \$1,050,000 or \$210,000 per unit. The buyer was 2220 Delancey Place Associates LLC and the seller was Delancey Street LLC. The Occupancy of the property and Cap rate details were not disclosed at the time of sale.

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 [REDACTED] 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

- [REDACTED]:
 - President, 2011
 - Vice president, 2010
 - Treasurer, 2009
 - Education chair, 2007 – 2009
 - Secretary, 2008
- [REDACTED]:
 - Chair, 2017



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.



ADDENDA

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

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



ADDENDA

[REDACTED] joined Newmark Valuation & Advisory in April 2021 as a Valuation Associate in its Philadelphia Valuation & Advisory office. He completes commercial real estate appraisals predominantly in the Philadelphia metropolitan area.

With [REDACTED], Alex focuses primarily on multifamily properties in and around Philadelphia, with a particular focus on land development for luxury rental projects. His clients have included banks, commercial lenders, insurance companies, and law firms. Additionally, [REDACTED] has completed assignments in many areas of commercial real estate including, office, retail, medical and education.

Prior to joining [REDACTED], [REDACTED] worked as an independent commercial real estate appraiser trainee with a firm focused on multifamily and affordable housing in the Philadelphia area. Alex comes to commercial real estate appraisal following a career in fixed income and commercial real estate data sales and client relationship management at Morningstar Credit Ratings and Trepp. In both of these roles, he supported a diverse group of clients which included appraisal and commercial real estate firms, investment banks, real-estate focused private equity firms, mezzanine lenders and special servicers.

Professional Affiliations

- Licensed General Real Estate Appraiser Trainee (Pennsylvania)

Personal Affiliations

- [REDACTED]
- [REDACTED]

Education

[REDACTED] graduated from Wesleyan University, where he earned a Bachelor of Arts in English.



ADDENDA

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
Licensed Appraiser Trainee


License Status
Active

Initial License Date
11/24/2021

License Number

Expiration Date
06/30/2023

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



5/1/2018

REQUIRED CHECKLIST FOR LICENSED APPRAISAL TRAINEE

THE BOARD REQUIRES THIS CHECKLIST BE USED WHEN A LICENSED APPRAISAL TRAINEE IS UTILIZED IN THE PERFORMANCE OF AN APPRAISAL. THIS CHECKLIST MUST BE SIGNED BY THE LICENSED APPRAISER TRAINEE AND THE SUPERVISING CERTIFIED REAL ESTATE APPRAISER AND MUST BE MADE PART OF THE APPRAISAL REPORT THAT IS SUBMITTED TO THE CLIENT AND RETAINED IN THE APPRAISAL WORK FILE.

THE INTENT OF THIS CHECKLIST IS TO ENSURE COMPLIANCE WITH APPLICABLE USPAP REQUIREMENTS FOR ACKNOWLEDGEMENT AND DISCLOSURE OF SIGNIFICANT REAL PROPERTY APPRAISAL ASSISTANCE.

THE BOARD CANNOT GRANT EXPERIENCE HOURS FOR APPRAISAL ASSIGNMENTS IN WHICH THE LICENSED APPRAISAL TRAINEE IS NOT PROPERLY ACKNOWLEDGED IN THE REPORT.

SUBJECT PROPERTY ADDRESS: 1932 Spruce Street, Philadelphia, PA 19103

The licensed appraisal trainee to the certified real estate appraiser has contributed significant real property appraisal assistance in this appraisal assignment. Specifically, the licensed appraisal trainee:

Yes No N/A

X ___ ___ Assisted in the preparation of the workfile with all forms and general information for the appraisal.

X ___ ___ Assisted in determining the scope of work of the appraisal.

X ___ ___ Assisted in gathering and entering data as follows: tax assessment information and map, flood hazard information and map, zoning information and map, location map and similar information.

x ___ ___ Inspected the subject property.

If yes, accompanied by supervisor? _____ no (yes/no)

Type of inspection (check one): x interior ___ exterior

X ___ ___ Assisted in analyzing the highest and best use of the subject property.

X ___ ___ Assisted in gathering information for comparable land sales data, verified and analyzed the comparable land sales data.

X ___ ___ Assisted in gathering data for the cost approach, including estimates of cost new and accrued depreciation.

X ___ ___ Assisted in data and analysis for the income approach, including estimates of market rent, vacancy/expense analysis, and development of GRM or capitalization rate.

X ___ ___ Assisted in gathering and verifying comparable sales data, and analysis of the comparable sales.

___ X ___ Assisted in the exterior inspection of the sales, rentals, land and/or other comparables.

___ ___ x ___ Assisted in sketch drawing.

X ___ ___ Assisted in entering subject and comparable data on the form and in the comment areas.

X ___ ___ Assisted in reconciliation and final opinion of value for the subject property.

x ___ ___ Assisted in the final review of this report.

___ ___ ___ Other _____

SIGNATURE OF THE APPRAISAL TRAINEE 

PRINT/TYPE NAME 

The supervising certified real estate appraiser certifies that the named individual did assist with the items checked above, and also certifies that he/she reviewed all work done by the trainee. The supervising appraiser further certifies that the person signing this report as trainee understands the concepts and processes associated with the appraisal process.


SIGNATURE OF SUPERVISING CERTIFIED REAL ESTATE APPRAISER:  _DATE 5/31.2023

Exhibit B

Agreement of Sale
Dated September 12, 2023

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.

(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.

SELLERS INITIALS _____ / _____

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.

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

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

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		

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 RRS /

BUYER'S INITIALS  
09/12/23 1:19 PM EDT dotloop verified 09/12/23 1:46 PM EDT dotloop verified

14. STATE-SPECIFIC PROVISIONS. See state-specific rider attached hereto and incorporated herein by reference (if applicable).

(REMAINDER OF PAGE INTENTIONALLY BLANK)

SELLER:

COURT APPOINTED RECEIVER

By: Ryan Stumplautzer
Name: Ryan Stumplautzer
Title: Court Appointed Receiver

Date: September 12, 2023

LISTING BROKER (if any):

Name: [REDACTED]
License No.: [REDACTED]
State: Pennsylvania

BUYER:

[NAME]

By: [REDACTED]
Name: _____
Title: _____

Date: _____, 2023

BUYER'S BROKER (if any):

Name: [REDACTED]
License No.: _____
State: _____

(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 THAT CERTAIN lot or piece of ground with the buildings and improvements thereon erected.
SITUATE on the South side of Spruce Street at the distance of Thirty six feet Eastward from the
East side of Twentieth Street in the Seventh Ward of the City of Philadelphia.
CONTAINING in front or breadth on the said South side of Spruce Street Eighteen feet and
extending of that width in length or depth Southward One hundred and three feet to a certain Four
feet wide alley leading into and from the said Twentieth Street.
BEING NO. 1932 Spruce Street.
TOGETHER with the free and common use, right, liberty and privilege of the said alley as and for a
passageway and watercourse at all times hereafter forever.

EXHIBIT B

Assignment and Assumption of Leases and Contracts

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 X 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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Exhibit 2

*Proposed Order Authorizing Receiver's Sale of Real Property Located at
1932 Spruce Street, Philadelphia, PA 19103*

**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 1932 SPRUCE STREET, PHILADELPHIA, PA 19103**

THIS CAUSE comes before the Court upon the Receiver's Motion for Order Approving Receiver's Sale of Real Property Located at 1932 Spruce Street, Philadelphia, PA 19103 [ECF No. ____] (the "Motion"), filed on September 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 1932 Spruce Street, Philadelphia, PA 19103.

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 1932 Spruce Street, Philadelphia, PA 19103 (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 B (collectively, the “Contract”), by and between the Receiver and J.M. and A.M. (as agents for a prospective LLC)¹ (the “Buyers”) in connection with the Receiver’s proposed sale of the Property to Buyers 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 Buyers’ designee, as contemplated in the Contract, in exchange for the aggregate sum of \$1,650,000, 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, Buyers or Buyers’ 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. Buyers or their 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 Buyers’ 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 Buyers 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 Buyers or Buyers' 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 Buyers or Buyers' 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 Buyers or Buyers' 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 Buyers or Buyers' 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 Buyers or Buyers' 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 Buyers or Buyers' 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