

**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 1427-1435 MELON STREET, PHILADELPHIA, PA 19130**

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 1427-1435 Melon Street, Philadelphia, PA 19130 (the “1427-1435 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 1427-1435 Property.

4. 1427 Melon St. LLC, a Receivership Entity, is the owner of record of the 1427-1435 Property and the Receiver is vested with full legal authority to act on behalf of 1427 Melon 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 1427-1435 Property.

5. In accordance with the Order Authorizing Sale, the Receiver has entered into a Purchase and Sale Agreement for the sale of the 1427-1435 Property (the “Contract”). The Contract, which is subject to approval by this Court, is scheduled for a closing on February 15, 2024, provided the Court approves the Contract and authorizes the sale of the 1427-1435 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 1427 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 1427 Property is a *bona fide* offer from a proposed buyer with whom the Receiver has no relationship and is the product of arms-length negotiation.

9. The Receiver proposes to proceed with the sale of the 1427 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 1427 Property is attached as **Exhibit 2**.

11. To provide an opportunity for any potential objections to the sale of the 1427 Property pursuant to the Contract, the Receiver requests that the Court enter the Proposed Order no earlier than seven (7) days, 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 February 8, 2024, approving the Contract and authorizing the Receiver to sell the 1427 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 1427 Property.

Dated: February 8, 2024

Respectfully Submitted,

**STUMPHAUZER KOLAYA
NADLER & SLOMAN, PLLC**
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Co-Counsel for Receiver

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on February 8, 2024, 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 1427 Melon St. LLC. 1427 Melon St. LLC owns the real property located at 1427-1435 Melon Street, Philadelphia, PA 19130 (the “Property” or the “1427 Property”).

¹ The “Receivership Entities” are Complete Business Solutions Group, Inc. d/b/a Par Funding (“Par Funding”); Full Spectrum Processing, Inc.; ABetterFinancialPlan.com LLC d/b/a A Better Financial Plan; ABFP Management Company, LLC f/k/a Pillar Life Settlement Management Company, LLC; ABFP Income Fund, LLC; ABFP Income Fund 2, L.P.; United Fidelis Group Corp.; Fidelis Financial Planning LLC; Retirement Evolution Group, LLC; RE Income Fund LLC; RE Income Fund 2 LLC; ABFP Income Fund 3, LLC; ABFP Income Fund 4, LLC; ABFP Income Fund 6, LLC; ABFP Income Fund Parallel LLC; ABFP Income Fund 2 Parallel; ABFP Income Fund 3 Parallel; ABFP Income Fund 4 Parallel; and ABFP Income Fund 6 Parallel; ABFP Multi-Strategy Investment Fund LP; ABFP Multi-Strategy Fund 2 LP; MK Corporate Debt Investment Company LLC; Fast Advance Funding LLC; Beta Abigail, LLC; New Field Ventures, LLC; Heritage Business Consulting, Inc.; Eagle Six Consulting, Inc.; 20 N. 3rd St. Ltd.; 118 Olive PA LLC; 135-137 N. 3rd St. LLC; 205 B Arch St Management LLC; 242 S. 21st St. LLC; 300 Market St. LLC; 627-629 E. Girard LLC; 715 Sansom St. LLC; 803 S. 4th St. LLC; 861 N. 3rd St. LLC; 915-917 S. 11th LLC; 1250 N. 25th St. LLC; 1427 Melon St. LLC; 1530 Christian St. LLC; 1635 East Passyunk LLC; 1932 Spruce St. LLC; 4633 Walnut St. LLC; 1223 N. 25th St. LLC; 500 Fairmount Avenue, LLC; Liberty Eighth Avenue LLC; Blue Valley Holdings, LLC; LWP North LLC; The LME 2017 Family Trust; Recruiting and Marketing Resources, Inc.; Contract Financing Solutions, Inc.; Stone Harbor Processing LLC; LM Property Management LLC; and ALB Management, LLC; and the Receivership also includes the property located at 107 Quayside Dr., Jupiter Florida 33477.

The legal description of the Property is:

ALL THAT CERTAIN lot or piece of ground situate in the 8th Ward of the City of Philadelphia and described in accordance with a Consolidation Plan of Property made March 3, 2014 by Juron Surveying and Mapping, LLC, as follows, to wit:

BEGINNING at a point situate on the Northeasterly side of Melon Street (36 feet wide) at the distance of 74.750 feet from the Easterly side of 15th Street (50 feet wide); thence extending Northward, North 11 degrees 21 minutes, 00 seconds East, the distance of 69.000 feet to the South side of a 10 feet wide alley to a point; thence extending along the mentioned alley South 78 degrees, 59 minutes, 00 seconds East the distance of 80.000 feet to a point; thence extending through wall South 11 degrees, 21 minutes 00 seconds West the distance of 69.000 feet to a point on the North side of the mentioned Melon Street; thence extending North 78 degrees, 59 minutes, 00 seconds West along the mentioned Melon Street the distance of 80.000 feet to the first mentioned point and place of beginning.

CONTAINING in area 5,519.9 square feet, 0.12672 acres, more or less.

BEING known as Nos. 1427-1435 Melon Street.

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 1427 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

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

5. According to the Vesting Deed filed with the Philadelphia Department of Records, 1427 Melon St. LLC purchased the Property from 1427 Melon Associates, L.P. on August 21, 2018 for \$7,600,000. The Property is located on the north side of Melon Street, West of Broad Street, in the Fairmount neighborhood in Philadelphia. The property consists of 24 multi-family units with 23 1-bedroom / 1-bath units and one (1) 2-bedroom / 1.5-bath unit. It also includes off-street parking for 8 vehicles.

6. Before marketing the Property, I obtained a Pennsylvania Certified Residential Appraisal of the Property dated May 30, 2023 (the "Appraisal"). The Appraisal valued the Property at \$5,600,000 ("Appraised Value"). A true and correct copy of this Appraisal is attached as **Exhibit A.**²

7. I initially listed the Property for sale for \$7,600,000, consistent with its prior purchase price. I received no interest in the Property at this price.

8. The Property has been shown multiple times to prospective buyers. I eventually received 5 bona fide offers on the Property, ranging from \$4,500,000 to \$5,300,000. As a result of my continuing marketing efforts and after negotiations, I received an offer from B.M.,³ a third party unaffiliated with the Receivership Entities ("Buyer"), to purchase the Property out of receivership for \$5,550,000. The Buyer's offer is the highest offer received for the Property. I accepted this offer because, although slightly below the market value determined in the Appraisal Report, it aligns with the prevailing expectations of commercial real estate investors for a return

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

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

on investment. Increasing interest rates and adjustments in cap rates, which signify the expected rate of return on investments, have converged to depress the “capitalization approach” in valuing investment properties similar to this one. Other factors have adversely affected the local real estate market, including a softening of commercial rents in Philadelphia following the Covid-19 pandemic, a decline in residential rents due to an inventory surplus, and general concerns about crime in Philadelphia.⁴

9. The offer is an “all cash” offer with no contingencies. In my reasonable business judgment, I believe the Buyer’s offer to purchase the Property for \$5,550,000 is appropriate, and consistent with the Property’s current market value. As a result, on or about December 15, 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 February 15, 2024.

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

11. Accordingly, I respectfully request that this Court enter an Order approving the sale of the 1427 Property, as provided for in the Contract.

⁴ In her First Executive Order upon taking office on January 2, 2024, Philadelphia’s new Mayor, Cherelle L. Parker, has declared a Public Safety Emergency to address crime in the City.

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

Executed on February 1, 2024

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

Exhibit A

*Pennsylvania Certified Residential Appraisal
Dated May 30, 2023*

[Redacted]

1427 Melon Street

1427 Melon Street
Philadelphia, PA 19130

[Redacted]

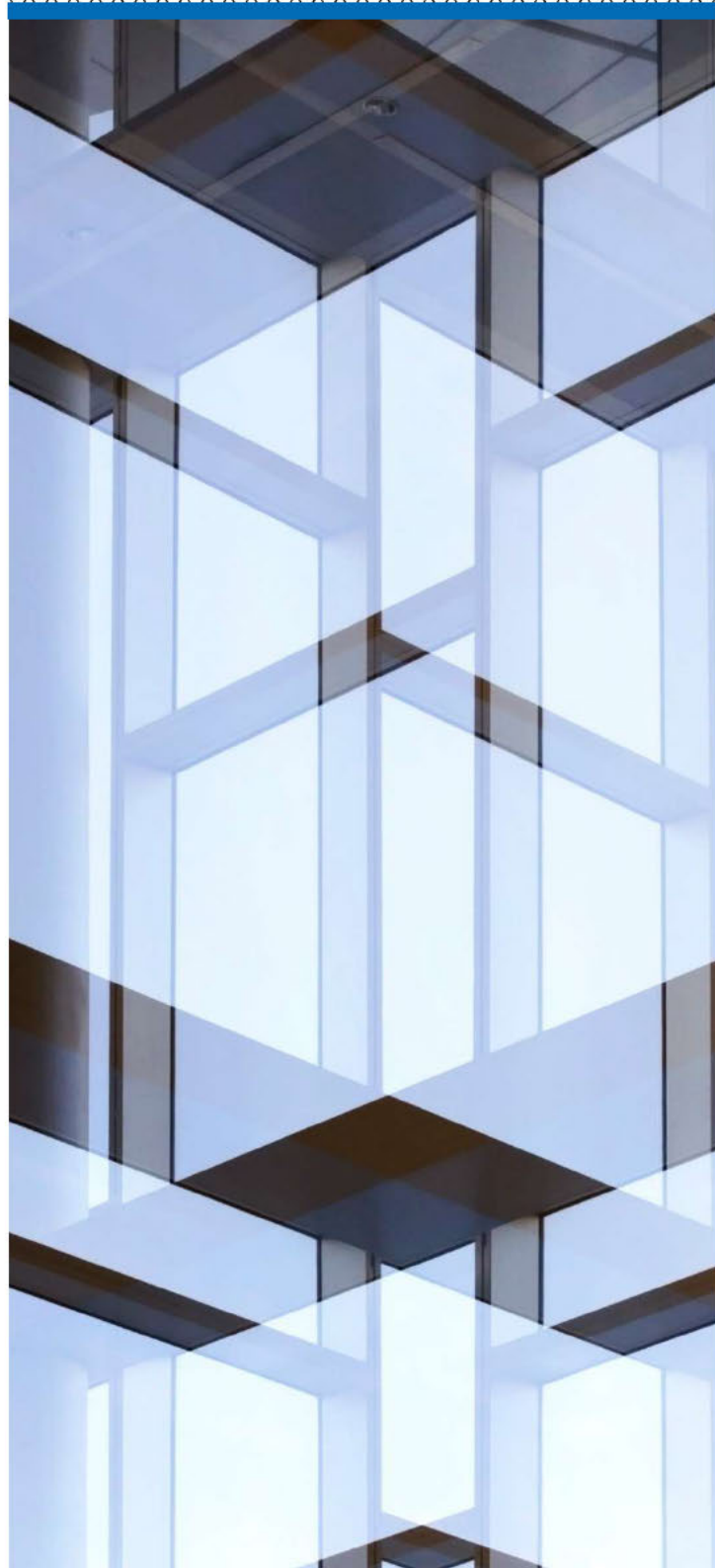
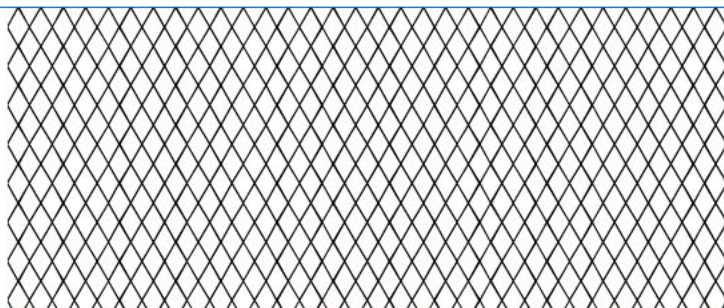
Appraisal Report Prepared For:

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 30, 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 1427 Melon Street, Philadelphia, PA 19130, Prepared by [REDACTED] (herein "Firm" or [REDACTED])

[REDACTED]

Dear Mr. Hazel:

The "Subject Property" is an existing 24-unit multifamily property comprised of 23 1BR/1BA units and one 2BR/1.5BA unit totaling 17,287 square feet of rentable area. The development also includes off-street parking for 8 vehicles. As of the effective appraisal date, the property is 100% leased and occupied. The site, which totals 0.12 acres, is located along the north side of Melon Street in the Fairmount neighborhood of Philadelphia.

Key Value Considerations

Key Value Considerations

Strengths

1. Located in the North Broad Street Corridor, an area of the city which has experienced significant growth over the past decade. Subject is located just outside of the Center City CBD core with ample cultural and entertainment opportunities.
2. Strong accessibility from subject location. Fairmount station of the Broad Street Line subway is located within 1/4 mile of the subject property, and all 3 of Philadelphia's major highway systems (95, 76, 676) can be reached within a a 10-minute drive time. Subject is also located in the immediate vicinity of several bus routes.
3. Subject benefits from 4 years of remaining tax abatement benefit.

Risk Factors

1. New construction that continues to enter the market.
2. Lack of project amenities.

[REDACTED]

[REDACTED]

May 30, 2023

TIMOTHY M. HAZEL, ESQUIRE

National Trends and Uncertainties

1. Federal Reserve interest rate increases and associated effects on cost of capital and investment
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 opinion of value for the subject is:

Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value "As Is"	Leased Fee	4/11/2023	\$5,600,000

Compiled by [REDACTED]

Extraordinary Assumptions

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

1. None

Hypothetical Conditions

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

1. None

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



Certification

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

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

CERTIFICATION

-
17. [REDACTED] has not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment. [REDACTED] has not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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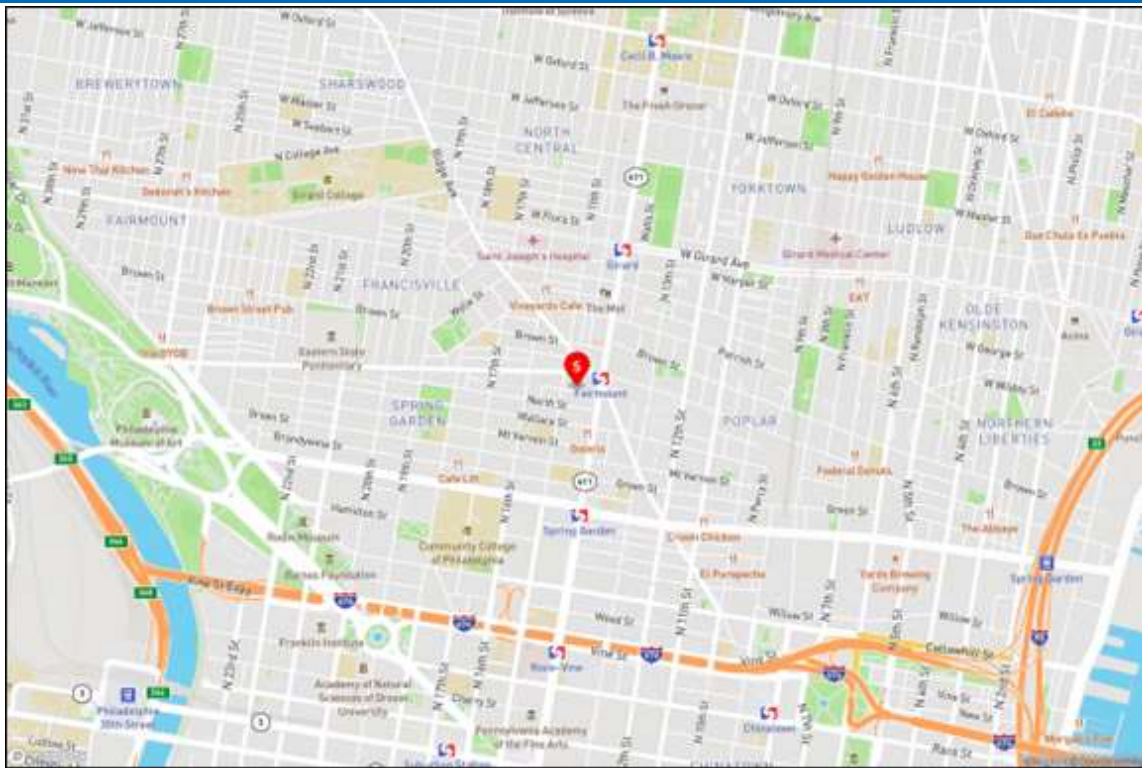
Addenda

- A. Glossary of Terms
- B. Engagement Letter
- C. Financials and Property Information
- D. Comparable Data
Improved Sales
- E. Précis Metro Report - Economy.Com, Inc.
- F. Appraiser Qualifications and Licenses

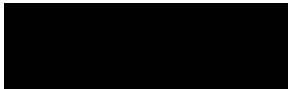
SUBJECT MAPS



Aerial Photo



Location Map



SUBJECT PHOTOGRAPHS



Southern elevation



Subject viewed northeast



Subject viewed northwest



Main entrance



Garage parking



Elevator



SUBJECT PHOTOGRAPHS



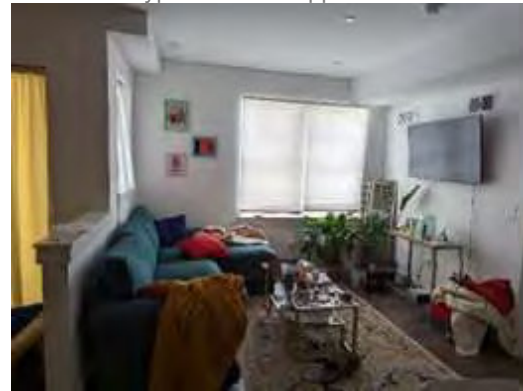
In-unit washer/dryer



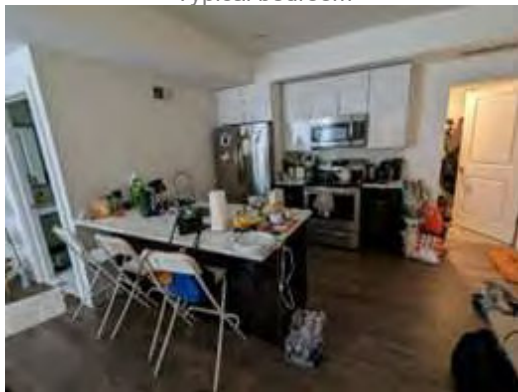
Typical kitchen appliances



Typical bedroom



Typical living space



Typical kitchen



Electric meters



SUBJECT PHOTOGRAPHS



Melon St viewed east (subject to left)



Melon St viewed west (subject to right)



Executive Summary

1427 Melon Street

Property Type:	Multifamily-Mid/High Rise
Street Address:	1427 Melon Street
City, State & Zip:	Philadelphia, Philadelphia County, PA 19130
Gross Building Area (SF):	20,079
Net Rentable Area (SF):	17,287
Number of Units:	24
Year Built:	2016
Land Area:	0.127 acres; 5,520 SF
Zoning:	CMX-4, Center City Commercial Mixed Use
Highest and Best Use - As Vacant:	Multifamily Use
Highest and Best Use - As Improved:	Continued Multifamily Use

Analysis Details

Valuation Date:	
Market Value "As Is"	April 11, 2023
Inspection Date and Date of Photos:	April 11, 2023
Report Date:	May 30, 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 user is permitted by any other party for any other purpose.
Appraisal Premise:	Market Value "As Is"
Intended Use and User:	The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and [REDACTED] will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.
Interest Appraised:	Leased Fee
Exposure Time (Marketing Period) Estimate:	6 Months (6 Months)

Compiled by: [REDACTED]

Leasing Summary

Rental Unit Subtotals	1 BR	2 BR	Overall
Average Unit Size	710 SF	969 SF	720 SF
Average Unit Contract Rent	\$1,675	\$1,800	\$1,680
Unit Occupancy	100.0%	100.0%	100.0%
Unit Market Rent	\$1,700	\$2,100	\$1,717

EXECUTIVE SUMMARY

Valuation Summary			
Sales Comparison Approach		\$/Unit	\$ Total
Number of Sales			6
Range of Sale Dates			Apr-21 to Mar-23
Adjusted Range of Comparables (\$/Unit)			\$217,187 to \$240,701
Indicated Sales Comparison Approach Value	As Is	\$233,333	\$5,600,000
Income Capitalization Approach - Direct Capitalization Method		\$/Unit	\$ Total
Capitalization Rate Indicators and Conclusion			
			Indication
Comparable Sales			5.50% - 6.00%
Investor Surveys			6.00% - 7.50%
Market Participants			5.50% - 6.00%
Band of Investment			7.50%
Concluded Going-In Capitalization Rate			6.00%
Stabilized Income Estimate			
Potential Gross Income		\$21,985	\$527,642
Stabilized % Vacancy & Collection Loss		-8.00%	(\$42,211)
Effective Gross Income		\$20,226	\$485,430
Operating Expenses		\$6,756	\$162,153
Operating Expense Ratio			33.4%
Net Operating Income		\$13,470	\$323,277
Capitalization Rate			6.00%
Indicated Income Capitalization Approach Value	As Is	\$233,333	\$5,600,000
Market Value Conclusions	As Is	\$233,333	\$5,600,000
Exposure / Marketing Time			
Concluded Exposure Time			6 Months or Less
Concluded Marketing Time			6 Months or Less

Compiled by [REDACTED]

Extraordinary Assumptions and Hypothetical Conditions

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

- 1. None

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

- 1. None

Compiled by [REDACTED]



Introduction

OWNERSHIP HISTORY

The current owner is 1427 Melon 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 Recent Reported Sale:	August 9, 2018
Buyer:	1427 Melon St LLC
Seller:	1427 Melon Associates LP
Purchase Price:	\$7,600,000 \$439.64 Per SF (Net Rentable Area)
Deed Information:	Document ID #53407142

Compiled by [REDACTED]

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

INTENDED USE AND USER

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

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

DEFINITION OF VALUE

Market value is defined as:



INTRODUCTION

“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

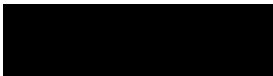
The primary purpose of the appraisal is to develop an opinion of the Market Value "As Is" of the Leased Fee interest in the property. (Please see Glossary of Terms for definition(s) of interest(s) appraised)

Purpose of the Appraisal		
Appraisal Premise	Interest Appraised	Date of Value
Market Value "As Is"	Leased Fee	4/11/2023
Compiled by: [REDACTED]		

SCOPE OF WORK

Extent to Which the Property is Identified

- Physical characteristics
- Legal characteristics



- Economic characteristics

Extent to Which the Property is Inspected

██████████ inspected the subject property on April 11, 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

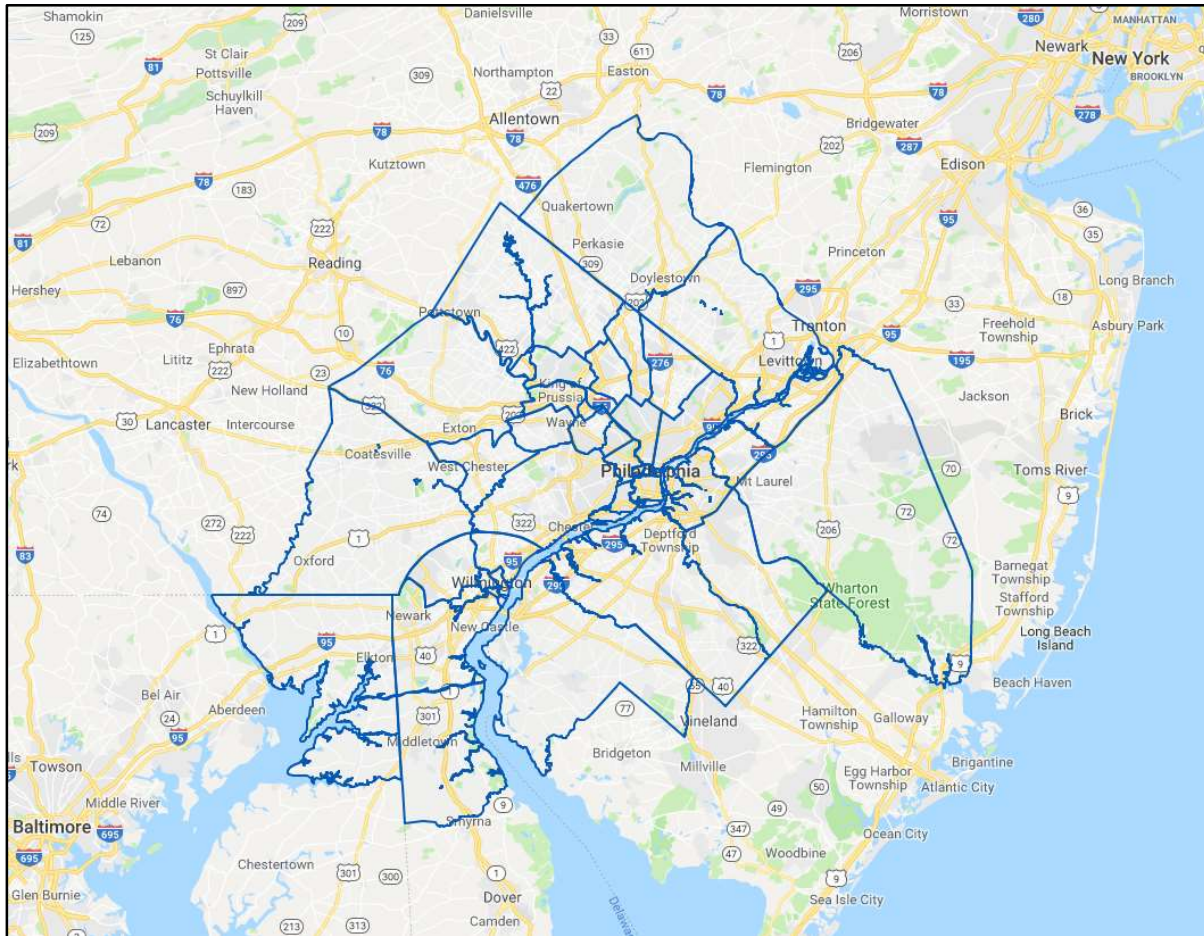
National and Global economies have experienced record setting inflation and interest rates have continued to increase. Influences of the COVID pandemic on the economy have reduced but some fallout effects continue. A recession is still a concern among economists and the populace at large while the yield curve continues to signal a recession. The April 2023 forecast by The Conference Board shows the strong likelihood of a 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.

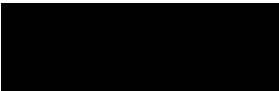
GREATER PHILADELPHIA



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.

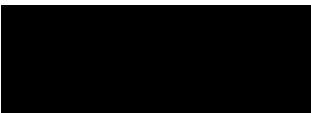


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- Lower cost of living than other major Northeast Metros (including New York, Boston, Washington D.C.).
 - Lowest rental rates for Class A industrial space compared to other major East Coast cities.
 - Lowest rental rates for Class A office space in 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

Compiled by [REDACTED]

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%.



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- 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.

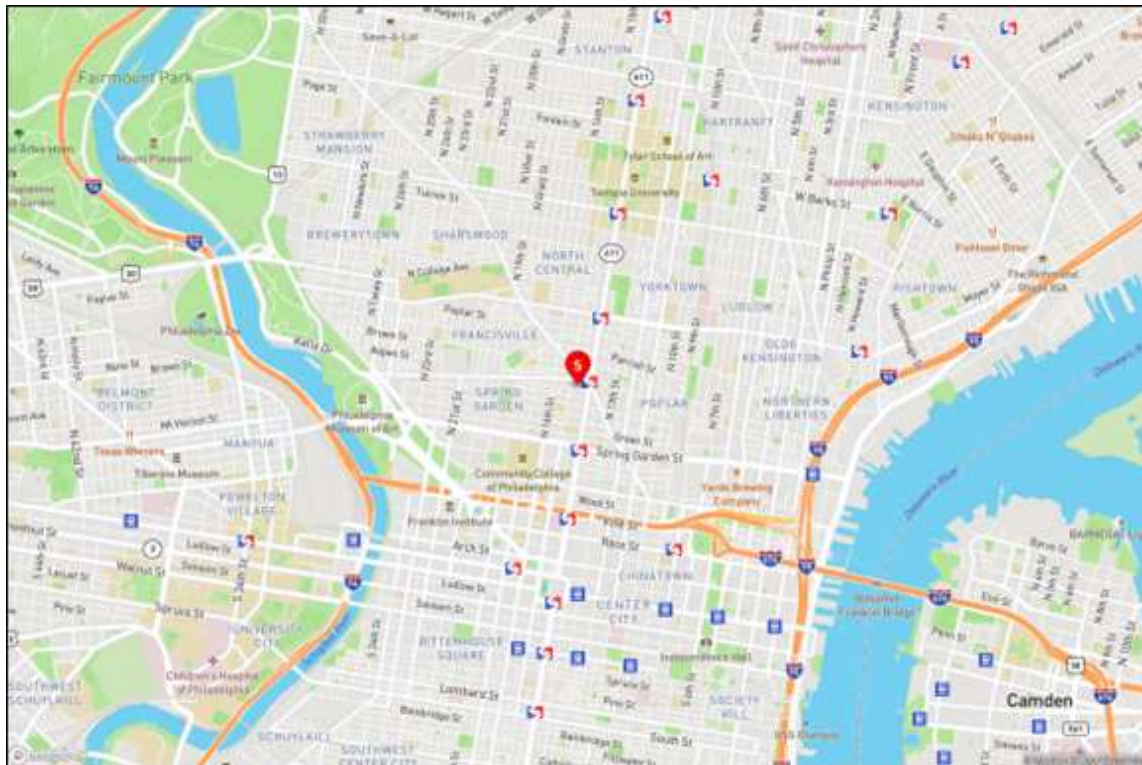
Greater Philadelphia is a National Leader in Higher Education

- 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%.

Conclusion-Greater Philadelphia

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. Despite some pandemic setbacks over the past 24 months, 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

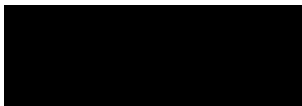
Boundaries

The subject is located in the Spring Garden 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

New Development

The North Broad Street area is undergoing a revitalization period. Commercial, residential and institutional development along the corridor has accelerated over the past few years, expanding the multifamily housing market and providing access to a plethora of retail and entertainment/recreation spaces.



Access

Primary Access

Primary access to the neighborhood is provided by Broad Street and several one-way, north and south bound streets, as well as major east and west bound roadways like Spring Garden and Vine Street. Regional highways providing linkage to this neighborhood include I-76, I-95 and I-676 (Vine Street Expressway). The Vine Street Expressway, which is located along the northern perimeter of the CBD and is several blocks south of the subject, links I-95 with the Schuylkill Expressway (I-76). I-95 and the Schuylkill provide linkages with the suburban communities to the northwest, northeast and southwest of the city, as well as New Jersey suburban markets to the east. The Benjamin Franklin Bridge, which is located just over one mile from the subject and is accessed via the Vine Street Expressway, also provides linkage to South Jersey suburban markets.

Transportation

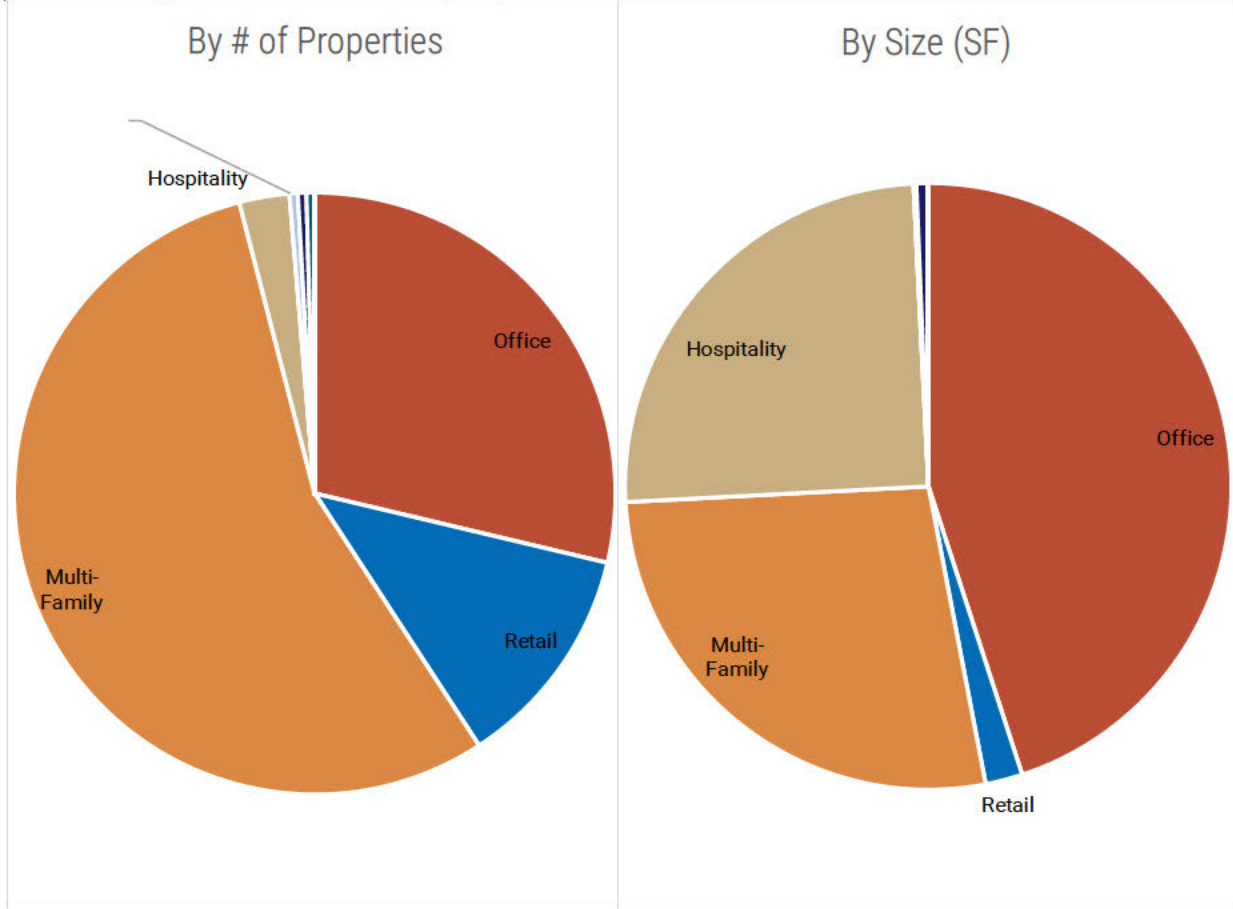
Public transportation is provided by SEPTA (Southeastern Pennsylvania Transportation Authority). Regional rail lines provide access to various Pennsylvania suburban communities. The subject is also a 10-minute drive from Amtrak's 30th Street Station, which provides access to major cities along the East Coast, including New York City and Washington D.C. One block north of the subject is the Fairmount stop of the Broad Street subway line, which provides access to City Hall and to points north and south, including the ever-expanding Temple University, Temple University Medical School and Hospital, and the Philadelphia Navy Yard. Finally, the subject has access to Southern New Jersey via the PATCO Speedline, which runs between Philadelphia, Pennsylvania and Camden County, New Jersey.

Land Use

The following was developed from Costar data for the major property types in the surrounding 1.0 mile radius around the subject.



Surrounding Area Commercial Property Characteristics



Source: Costar; Compiled by [REDACTED]

North Broad Street Renaissance (2016-2021)

The surrounding area has undergone revitalization over the past several years as Center City continues to gentrify. Over the past five years, there has been a considerable northern push north of the CBD in close proximity to the subject which will have a considerable positive impact on the subject with a considerable educated residential base within a very short commute (just a few minutes' walk) from these complexes to the subject.

- Divine Lorraine - 699 N. Broad Street – Originally built in 1982, the iconic Divine Lorraine Hotel has been restored and transformed into a Class A apartment complex. Philadelphia developer Eric Blumenfeld purchased the building in 2012 and conversion of the former hotel into 101 apartment units with restaurants on the ground level was completed in 2016.
- The Broadridge at 1300 Fairmount Avenue. The 14-story property features 478 studio-three-bedroom apartments and about 60,000 SF of retail space.



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- Hanover North Broad - 322 N. Broad Street - Two tower luxury class A complex comprising 339 units and 17,094 square feet of street-level retail. Amenities include exterior courtyards with grilling areas, fitness center, conference room, resident lounge with bar and kitchen, movie theater, and others.
 - Franklin Tower- 200 N. 16th Street - PMC completed the redevelopment of the former GSK building into 549 apartments in 2017. The plan originally called for apartments on floors 10 through 24 with Class A office space on floors 2 through 9; however, the plans changed in the midst of construction and the property was outfitted fully with apartments. The transformation has turned what was otherwise an obsolete class B office tower into a modern, desirable class A asset, with features and amenities that compete with others of its class.
 - Philadelphia Metropolitan Opera House “The Met” - A 136,000 square foot former opera house located at 858 N. Broad Street was extensively renovated and completed in December 2018 and is now a live performance venue leased and operated by Live Nation Entertainment.
 - The Hamilton- 1520-1540 Hamilton Street - Radnor Property Group is developing a two-tower, mixed-use, residential project which consists of two phases, the first of which was completed in 2019 and added 279 apartment units to the submarket. Phase II of the project was delivered to market in 2022 and adds an additional 297 apartment units.
 - LVL North – Alterra recently delivered a 410-apartment unit building over ground floor retail and 275 car underground parking garage.

Nearly 2,000 new apartment units were recently completed or are coming online in next 24 months which will have a major positive transformational impact on the local neighborhood and the demand for office space and other space types in the immediate vicinity as this area becomes a more vibrant “24-hour” urban environment commensurate with the Philadelphia CBD core.

Demographics

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



ECONOMIC ANALYSIS

Demographic Analysis							
	1-Mile Radius	3-Miles Radius	5-Miles Radius	19130	Philadelphia City	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA	Pennsylvania
Population							
2010 Total Population	55,672	452,749	968,506	24,819	1,526,006	5,965,343	12,702,379
2022 Total Population	77,184	515,194	1,033,512	31,618	1,619,078	6,290,595	13,027,451
2027 Total Population	80,018	522,902	1,033,475	31,694	1,604,021	6,309,366	13,011,297
Projected Annual Growth %	0.7%	0.3%	0.0%	0.0%	-0.2%	0.1%	0.0%
Households							
2010 Total Households	24,643	188,295	379,363	12,876	599,635	2,260,312	5,018,904
2022 Total Households	36,685	233,999	435,670	17,157	667,219	2,438,223	5,232,785
2027 Total Households	38,310	239,345	438,903	17,288	664,975	2,454,567	5,244,451
Projected Annual Growth %	0.9%	0.5%	0.1%	0.2%	-0.1%	0.1%	0.0%
Income							
2022 Median Household Income	\$74,078	\$56,149	\$48,860	\$95,140	\$52,721	\$81,273	\$69,170
2022 Average Household Income	\$115,536	\$99,320	\$83,783	\$143,654	\$83,843	\$119,011	\$99,758
2022 Per Capita Income	\$55,502	\$45,362	\$35,503	\$78,310	\$34,678	\$46,256	\$40,217
Housing							
2022 Owner Occupied Housing Units	29.2%	35.9%	40.6%	34.8%	46.9%	62.0%	62.1%
2022 Renter Occupied Housing Units	59.6%	51.4%	47.5%	56.4%	43.5%	31.1%	28.4%
2022 Median Home Value	\$371,802	\$304,239	\$225,970	\$402,634	\$224,010	\$299,485	\$232,971
Median Year Structure Built	1967	1940	1940	1956	1948	1965	1964
Miscellaneous Data Items							
2022 Bachelor's Degree	30.3%	25.2%	19.9%	37.2%	19.3%	24.5%	20.8%
2022 Grad/Professional Degree	28.3%	22.3%	15.6%	37.8%	13.6%	16.6%	13.4%
2022 College Graduate %	58.6%	47.5%	35.4%	75.0%	32.8%	41.1%	34.2%
2022 Average Household Size	1.89	2.08	2.28	1.81	2.36	2.52	2.41
2022 Median Age	33.5	33.3	33.9	35.4	35.7	39.7	41.9

Source: ESRI; Compiled by [REDACTED]

Demand Generators

The subject’s neighborhood is primarily influenced by its location within Greater Center City. As noted above this neighborhood is accessible to 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 City Hall, which is located at Penn Square at the intersection of Market and Broad Streets, and within 11 blocks from the subject property. 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:

- Philadelphia is in the middle of the nation's Northeast Corridor and at the center of a nine-county region of about 6.2 million residents.
- Philadelphia is the second largest city along the East Coast (the largest being NYC). Greater Center City now ranks second only to Midtown Manhattan in size of population among US downtown districts.



- Close proximity to major colleges and universities gives employers access to a steady influx of college-educated residents.
- 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, it was ranked 4th most walkable city in the United States behind New York, San Francisco, and Boston.
- The combined spending on research at Drexel, Temple, Thomas Jefferson and Penn totaled more than \$1.23 billion. Penn’s expenditures accounted for nearly 75% of this total.

Employment

Center City is the largest center of employment in the state and is considered a major economic driver for the region. The primary sectors in Center City office employment are education, health care, finance, insurance, real estate, engineering and legal services. Office sector employment accounts for over 40% of downtown private-sector jobs.

Major employers include the City of Philadelphia, University of Pennsylvania, Temple University, two major medical schools and two major hospitals. The city serves as headquarters for Comcast, Cigna, Chubb, Blue Cross of Pennsylvania, Delaware Valley Investments, and several others. Moreover, there are numerous City and Federal agencies located in Center City such as HUD, Justice Department, U.S. Mint, and The Federal Reserve.

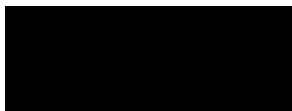


While office jobs are the largest employment sector in Center City, education and healthcare institutions are the largest segment of the balance of the city’s economy, accounting for 33% of citywide employment and 20% of Center City’s development (61,000 jobs downtown). Thomas Jefferson University remains Center City’s largest employer with 14,040 employees downtown.

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.



ECONOMIC ANALYSIS

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- 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.



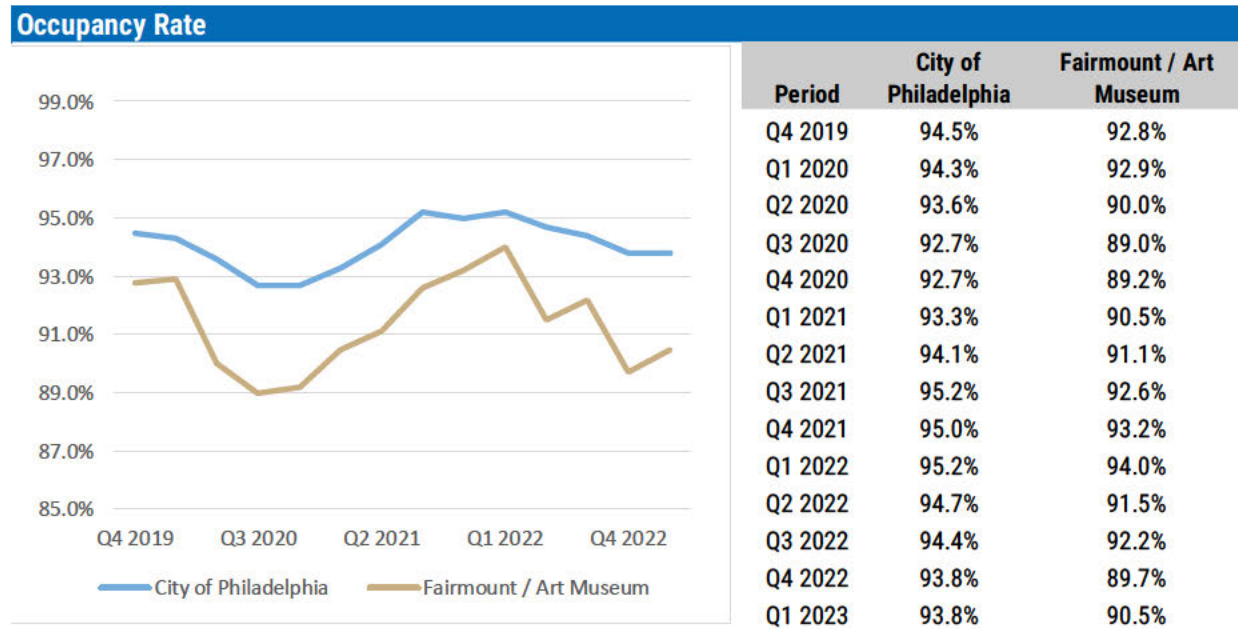
MULTIFAMILY MARKET ANALYSIS

Classification

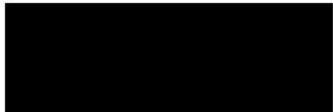
The subject is in the Fairmount / Art Museum submarket of the City of Philadelphia market. The property is considered a Class B Apartment Complex in this market.

Multifamily Market Overview

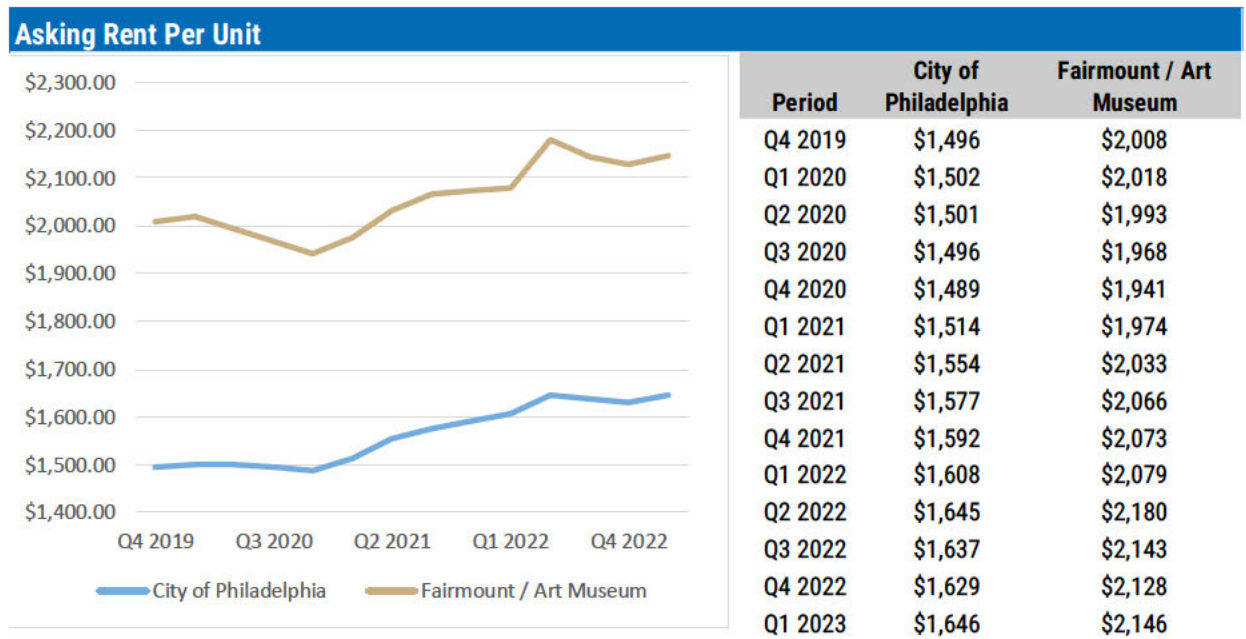
The following discussion outlines overall market performance in the surrounding Multifamily market using Costar market metric data. Presented first are market statistics of the City of Philadelphia area and the subject Fairmount / Art Museum submarket overall.



Source: Costar; Compiled by [REDACTED]



ECONOMIC ANALYSIS



Source: Costar; Compiled by [REDACTED]

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
City of Philadelphia	144,406	4,838	6.20%	2,666	\$1,646	\$1,625
Fairmount / Art Museum	13,373	1,506	9.50%	958	\$2,146	\$2,101

Source: Costar; Compiled by [REDACTED]

- The average vacancy rate for the subject submarket is higher than that of the overall market area.
- The average rental rate for the submarket is higher than the overall City of Philadelphia market. The subject Fairmount / Art Museum submarket is considered an upper tier submarket as compared to the other submarkets in the overall City of Philadelphia.
- Approximately 11.3% of the submarket inventory, and 3.4% of the market inventory, represents newer construction. This new construction is responsible for the current lower overall occupancy rate as new projects continue to lease-up.
- Absorption for the last 12 months was positive for the overall market area and at the submarket level despite major supply additions, which illustrates the strong demand for multifamily product in this submarket.



Market and Submarket Trends

Multifamily Market Trends								
	City of Philadelphia				Fairmount / Art Museum			
	Inventory (Unit)	Completions (Unit)	Vacancy %	Asking Rent Per Unit	Inventory (Unit)	Completions (Unit)	Vacancy %	Asking Rent Per Unit
Q1 2021	135,971	566	6.7%	\$1,514	11,368	96	9.5%	\$1,974
Q2 2021	137,243	1,272	5.9%	\$1,554	11,756	388	8.9%	\$2,033
Q3 2021	138,051	808	4.8%	\$1,577	11,756	0	7.4%	\$2,066
Q4 2021	138,920	1,004	5.0%	\$1,592	11,769	123	6.8%	\$2,073
Q1 2022	139,543	651	4.8%	\$1,608	11,867	98	6.0%	\$2,079
Q2 2022	141,120	1,582	5.3%	\$1,645	12,487	620	8.5%	\$2,180
Q3 2022	142,430	1,310	5.6%	\$1,637	12,570	83	7.8%	\$2,143
Q4 2022	143,690	1,260	6.2%	\$1,629	13,265	695	10.3%	\$2,128
Q1 2023	144,406	686	6.2%	\$1,646	13,373	108	9.5%	\$2,146

Source: Costar; Compiled by [REDACTED]

- The overall market area and submarket have been generally improving with respect to occupancy over the past year, with major fluctuations in the submarket as new inventory is added.
- Over the past several years, effective rental rates have been following an increasing trend.

Supply & Demand

Supply Additions – City of Philadelphia

The following table shows a summary of some of the new, larger multifamily developments within the Center City Philadelphia submarket (greater than 100 units) as of this snapshot in time and reported per Reis research over the past 12 months.



ECONOMIC ANALYSIS

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



ECONOMIC ANALYSIS

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

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

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

Construction Versus Absorption

Construction/Absorption Change									
Market / Submarket	Prior Calendar Years History								
	Prior Calendar Year History			Prior Three Year History			Prior Five Year History		
	Units Built	Units Absorbed	Const. / Abs. Ratio	Units Built	Units Absorbed	Const. / Abs. Ratio	Units Built	Units Absorbed	Const. / Abs. Ratio
City of Philadelphia	4,803	2,853	1.7	11,821	10,017	1.2	18,623	17,740	1.0
Fairmount / Art Museum	1,496	943	1.6	2,423	1,681	1.4	3,759	3,304	1.1

Source: Costar; Compiled by [REDACTED]

- Absorption in the Fairmount / Art Museum submarket has fallen behind construction over the past three years.

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					
City of Philadelphia	6.20%	6.20%	7.30%	6.20%	6.70%
Fairmount / Art Museum	9.50%	10.30%	10.80%	10.30%	13.20%
Subject	0.00%				
Concluded Subject Vacancy Rate	7.00%				

Source: Costar; [REDACTED]



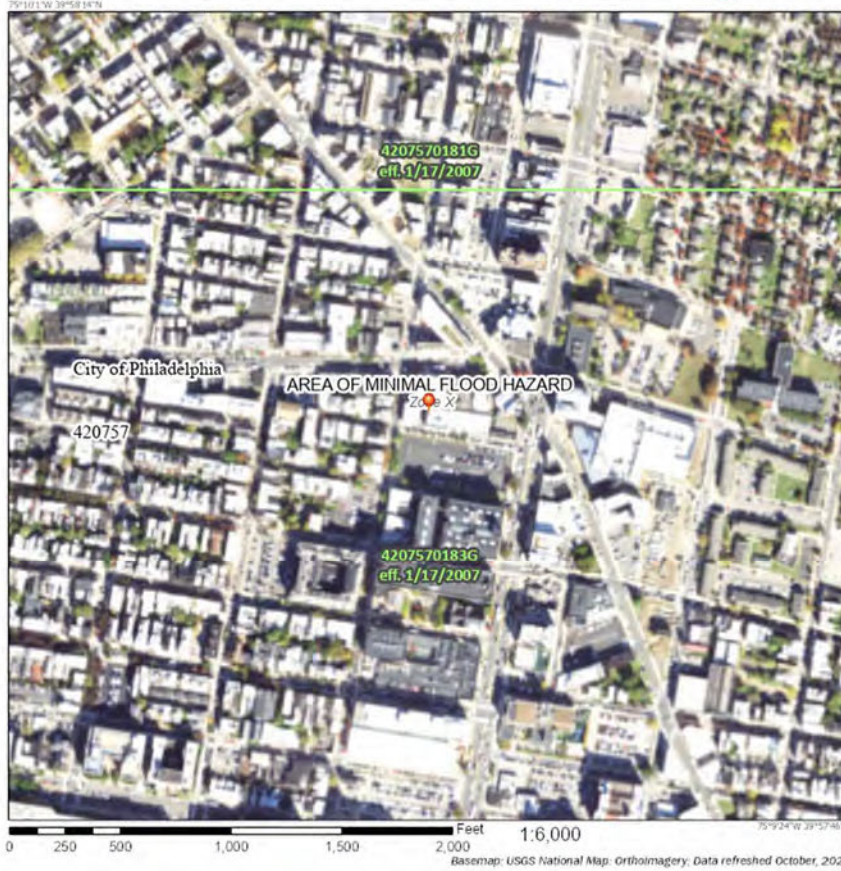
ECONOMIC ANALYSIS

34

-
- As previously mentioned, the submarket vacancy rate is particularly high due to the influx of new development activity in the area, which has resulted in the delivery of several new projects that are still in the initial lease-up stage. While there are continued additions that are planned to come online in the submarket in coming years, we anticipate the current rates are generally reflective of the expected occupancy moving forward.
 - The forecast is for 7% stabilized vacancy, in line with the average for Class A multifamily projects in Philadelphia.



National Flood Hazard Layer FIRMette



SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

Legend

SPECIAL FLOOD HAZARD AREAS

- Without Base Flood Elevation (BFE) Zone A, B, APF
- With BFE or Depth Zone AE, AO, AH, VE, VE1
- Regulatory Floodway

OTHER AREAS OF FLOOD HAZARD

- 0.2% Annual Chance Flood Hazard: Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone A
- Future Conditions 1% Annual Chance Flood Hazard Zone A
- Area with Reduced Flood Risk due to Levee: See Notes, Zone D
- Area with Flood Risk due to Levee Zone D

OTHER AREAS

- NO SCREEN: Area of Minimal Flood Hazard Zone X
- Effective LOMRs
- Area of Undetermined Flood Hazard Zone D

GENERAL STRUCTURES

- Channel, Culvert, or Storm Sewer
- Levee, Dike, or Floodwall

CROSS SECTIONS

- 20.2: Cross Sections with 1% Annual Chance Water Surface Elevation
- 12.5: Coastal Transect
- Base Flood Elevation Line (BFE)
- Limit of Study
- Jurisdiction Boundary
- Coastal Transect Baseline
- Profile Baseline
- Hydrographic Feature

OTHER FEATURES

- Digital Data Available
- No Digital Data Available
- Unmapped

MAP PANELS

- The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

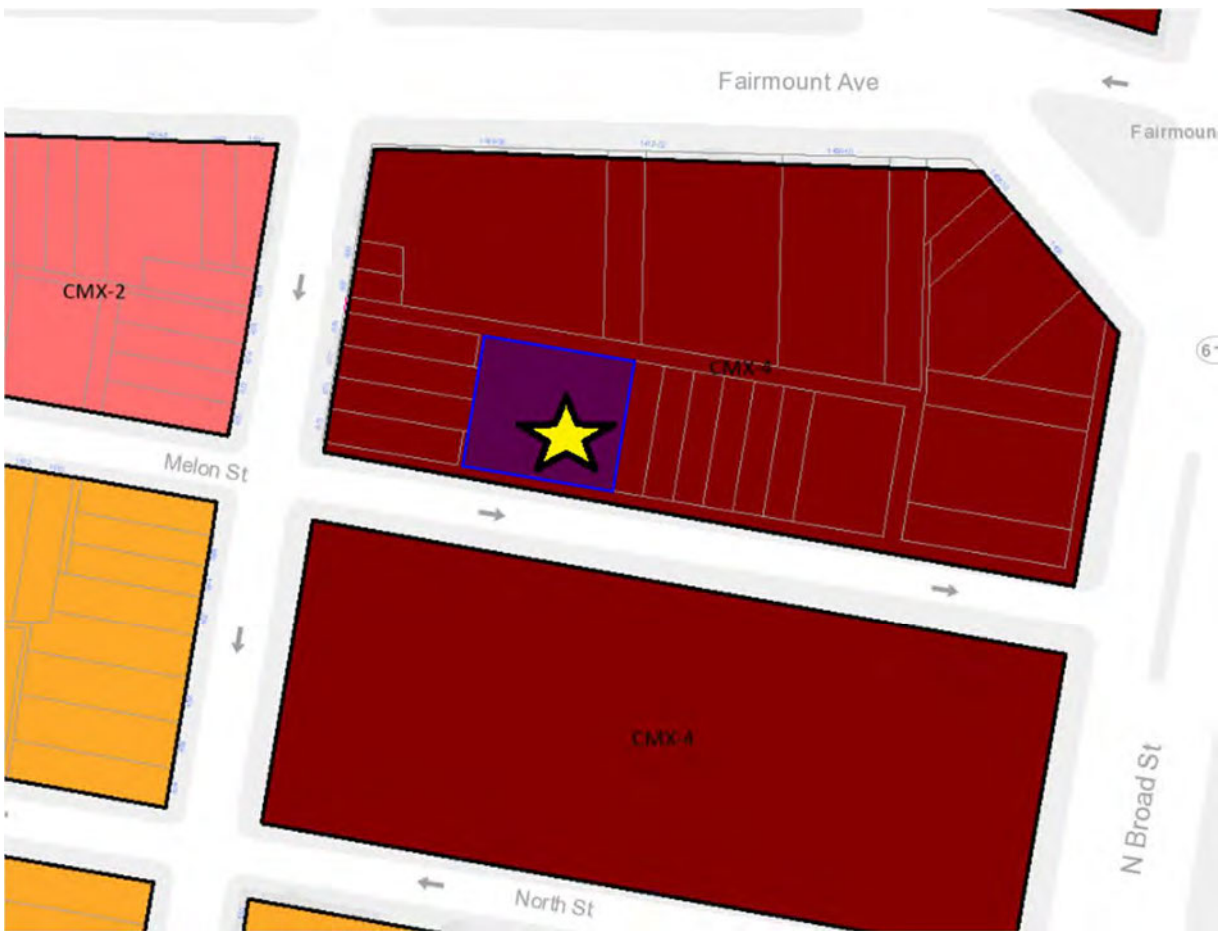
This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards.

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 11/4/2023 at 10:48 AM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

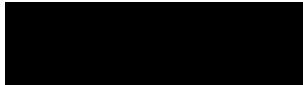
This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRMette panel number, and FIRMette effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

Flood Map





Zoning Map

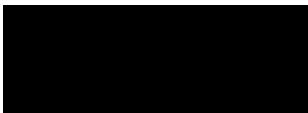


LAND AND SITE ANALYSIS

Land Parcels			
Parcel Summary	Associated APN(s)	Land Area (SF)	Land Area (Acres)
1427-35 Melon Street	881108051	5,520	0.1267
Total Gross Land Area		5,520	0.1267
Total Usable Land Area		5,520	0.1267
Total Surplus Land Area		0	0.0000
Total Excess Land Area		0	0.0000

Compiled by [REDACTED]

Note that the subject property is identified by the Philadelphia Office of Property Assessment as 1427-35 Melon Street. We primarily utilize the mailing address of 1427 Melon Street throughout the report.



Land Description

Total Land Area	0.1267 Acres; 5,520 SF
Usable Land Area	0.1267 Acres; 5,520 SF
Excess Land Area	None
Surplus Land Area	None
Source of Land Area	Public Record

Site Characteristics

Primary Street Frontage	Melon Street (80 FF)
Traffic Control at Entry	None
Traffic Flow	Low
Accessibility Rating	Average
Visibility Rating	Average
Shape	Rectangular
Corner	No
Topography	Level
Site Vegetation	Minimal
Easement/Encroachments	None Noted
Environmental Issue	None Noted

Flood Zone Analysis

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

Utilities

Utility Services	Electricity, gas, sewer, water
Utility Service Providers	
Water	Philadelphia Water Department (PWD)
Sewer	Philadelphia Water Department (PWD)
Electricity	PECO Energy
Natural Gas	Philadelphia Gas Works (PGW)

Compiled by [REDACTED]

EXCESS OR SURPLUS LAND

Analysis of the site and current use indicates that there is no area of the site that is not in use and would be viewed as excess or surplus land.



EASEMENTS, ENCROACHMENTS AND RESTRICTIONS

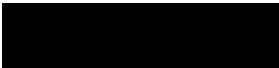
We were not provided a current title report to review. Further, there do not appear to be any easements, encroachments, or restrictions other than those that are typical for the property type. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes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

ZONING AND LEGAL RESTRICTIONS


Zoning Summary	
Category	Description
Zoning Jurisdiction	City of Philadelphia
Zoning Designation	CMX-4, Center City Commercial Mixed Use
Description	Community- and region-serving mixed-use development, including retail and service uses.
Legally Conforming?	Yes
Zoning Change Likely?	Unlikely
Permitted Uses	Multifamily housing; group living such as personal care homes; passive and active recreation; public, civic, and institutional use; office use; retail use including food, beverage, and groceries; assembly and entertainment; a wide variety of additional uses.
Minimum Lot Area	None noted
Maximum Floor Area Ratio	500%
Allowable Building Area	27,600
Setback Requirements	
Front	None
Side	Buildings 1-4 stories with 3 or fewer dwelling units - 5'; others - 8'
Rear	None
Building Height Restrictions	None
Compiled by [REDACTED]	



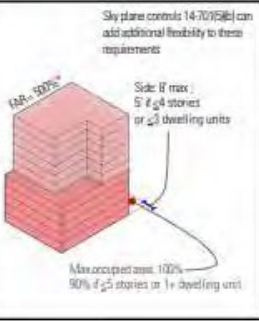
CMX-4

Table 14-701-3: Dimensional Standards for Commercial Districts

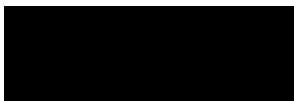
Max. Occupied Area	Buildings \leq 5 stories with 1 or more dwelling units 90%; Others 100%
Min. Side Yard Width	If used: Buildings \leq 4 stories with three or fewer dwelling units = 5 ft.; Others = 8 ft.
Max. Floor Area Ratio	500%* With additional bonuses



Sky plane controls 14-701(5)(d) can add additional flexibility to these requirements



The existing multifamily development appears to be a legally conforming use.



Improvements Analysis



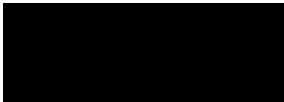
Subject Property



IMPROVEMENTS ANALYSIS

The “Subject Property” is an existing 24-unit multifamily property comprised of 23 1BR/1BA units and one 2BR/1.5BA unit totaling 17,287 square feet of rentable area. The development also includes off-street parking for 8 vehicles. As of the effective appraisal date, the property is 100% leased and occupied. The site, which totals 0.12 acres, is located along the north side of Melon Street in the Fairmount neighborhood of Philadelphia. The improvements are more fully described in the following table.

Improvements Description	
Component Structures	
Improvements (Structures)	
General Improvement Type	Multifamily
Use Description	Mid/High Rise
No. Buildings	1
No. Units	24
GBA (SF)	20,079
Rentable SF	17,287
Average Unit Size (SF)	720
% Occupied	100.00%
Construction Status	Existing, Stabilized Operations
Construction Class	C
Quality	Average
Current Condition	Good
Age/Life Depreciation Analysis	
Year Built	2016
Year Renovated	None
Actual Age (Yrs.)	7
Economic Life (Yrs.)	55
Effective Age (Yrs.)	7
Remaining Economic Life (Yrs.)	48
Percent Depreciation	12.73%
Floor Area Analysis	
Number of Stories	5
Max Ceiling Height (Ft)	9
Floor Area Ratio (FAR)	3.638
Land to Building Ratio	0.28:1
Parking Type	Garage
Total Parking Spaces	8
Parking Ratio Per Unit	0.33
Construction Details	
Foundation	Reinforced concrete
Basement	Partial, unfinished basement housing incoming building utilities
Structural Frame/Construction Summary	Wood frame over steel and concrete podium
Exterior Walls	Brick and limestone façade (southern elevation); vinyl siding elsewhere
Windows	A mix of double-hung and fixed windows set in vinyl frames; some units have french doors leading to Juliet balconies
Roof	TPO or EPDM membrane



IMPROVEMENTS ANALYSIS

Interior Finish	
Floors	Ceramic Tile & Carpet
Walls	Painted drywall
Ceilings	Painted drywall
Lighting	LED Fixtures
Engineering & Mechanical	
HVAC	Forced air via rooftop mounted package units
Electrical	Assumed adequate
Plumbing	Assumed adequate
Utility Meters	Individually metered for electric; no in-unit gas service; water/sewer centrally metered and billed directly to landlord
Elevators	1 Kencor passenger elevator (3,500 lb. capacity)
Fire Sprinklers	Wet
Improvement Features and Amenities	
Property Amenities	6 units have Juliet balconies; elevator; secure package room; Aiphone intercom system
Unit Amenities	In-unit washer/dryers

Compiled by [REDACTED]

UNIT MIX

Unit Mix						
No. Units	Unit Description	Unit Size (SF)	Rentable Area (SF)	Occupied Units	Unit Occupancy	
23	1 BR/1 BA 1BR/1BA - 710 SF	710	16,319	23	100.0%	
1	2 BR/1.5 BA 2BR/1.5BA - 969 SF	969	969	1	100.0%	
24	Totals		17,287	24		
	Averages	720			100.0%	

Compiled by [REDACTED]

PROPERTY CONDITION

Deferred Maintenance

Our observation of the property indicated no significant items of deferred maintenance. We do note that the front glass door was in need of repair as of the date of inspection.

Functional Utility

Based on our inspection and consideration of its current future use, there do not appear to be any significant items of functional obsolescence although we do note the lack of project amenities compared with competing apartment projects in the submarket.



ADA Compliance

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

Environmental Assessment

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

Personal Property

Certain items in apartment projects are sometimes considered personal property, such as furniture, fixtures or equipment. These items include kitchen appliances (stove, refrigerator and dishwasher) in each unit and various items in the common areas. 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 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; school districts typically operate on a fiscal year. In the City of Philadelphia, the Office of Property Assessment (OPA) has affirmed a millage rate of 1.3998% through 2023.

In Pennsylvania, real property is not automatically mandated to be reassessed upon sale as in some states. Reassessments are either triggered by the issuance of building permits to significantly improve a property, or through the appeal by a proper authority (i.e. school district/municipality) or individual taxpayer or by announced county-wide reassessment. The City of Philadelphia recently released new assessment data effective for tax year 2023.

Real estate taxes and assessments for the 2023 tax year are shown in the following table.

Taxes and Assessments						
Tax Year 2023		Assessed Value			Millage Rates	Taxes and Assessments
Tax ID	Land	Improvements	Total	Land & Improvements	Ad Valorem Taxes	
881108051 - Unabated Assessment	\$401,530	\$3,613,770	\$4,015,300	13.99800	\$56,206	
881108051 - Abated Assessment	\$401,530	\$0	\$401,530	13.99800	\$5,621	

Compiled by [REDACTED]

According to City of Philadelphia tax records, the subject property has a total current assessment of \$4,015,300. Application of all current millage rates applicable to Philadelphia therefore result in a total annual tax liability of \$56,206. Note that the subject has been granted the 10-year real estate tax abatement program within the City of Philadelphia, pursuant to Council Ordinance 1130, As Amended 2 Section 19-1303-(3) of the Philadelphia code, which offers abatement of real estate taxes on improvements to properties whereby the property owner receives a ten-year tax abatement on 100% of the value added by the construction of the improvements. The property has 4 years of remaining tax abatement following 2023.

To check the reasonableness of the subject’s assessment and related tax expense, we analyze the assessments of several competitive properties, summarized as follows:



TAX COMPARABLES

Tax Comparables					
Tax Year 2023	1	2	3	4	Subject (Actual)
Property Name	Fairmount Greenery - 814-21 N 20th St	Stable Lofts - 631 N Broad St	The Maven - 1533-35 Ridge Ave	HQ - 710 N 16th St	1427 Melon Street
City, County, State	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, Philadelphia, PA
Apt. Units	14	41	28	30	24
Total Assessed Value	\$3,269,000	\$7,474,400	\$5,623,700	\$5,904,200	\$4,015,300
Assessed Value/Unit	\$233,500	\$182,302	\$200,846	\$196,807	\$167,304

Compiled by: [REDACTED]

SUBJECT TAX CONCLUSION

Ad Valorem Tax Analysis					
	Comparable Data		Unabated Assessment	Abated Assessment	Projection
	Range	Average	2023	2023	2023
Total Assessed Value			\$4,015,300	\$401,530	\$4,800,000
Total Assessed Value/Unit	\$182,302 - \$233,500	\$203,364	\$167,304	\$16,730	\$200,000
Tax Rate			1.39980%	1.39980%	1.3998%
Ad Valorem Taxes			\$56,206	\$5,621	\$67,190
Direct Assessments			\$0	\$0	\$0
Actual / Pro Forma Taxes			\$56,206	\$5,621	\$67,190
Reported Tax Delinquencies			None	None	None
			None	4 years of remaining tax abatement benefit	None
Tax Exemptions or Abatements					

Compiled by: [REDACTED]

The properties displayed in the preceding exhibit represent recently constructed multifamily and mixed-use properties in comparable locations, i.e. the subject's Fairmount and neighboring Lower North Philadelphia neighborhoods of Philadelphia. As shown above, the assessments for the tax comparables range from \$182,302 – \$233,500 per unit. The subject's 2023 total assessed value of \$167,304 per unit is approximately 18% below the average of the comparable data. Therefore, in consideration of the likelihood of reassessment and for the purposes of projecting a stabilized assessment in this appraisal, we project stabilized real estate taxes based on an assessed value of \$200,000 per unit. Applying our concluded per unit assessment to the subject's unit count of 24, we arrive at a total projected stabilized assessment of \$4,800,000. Taking the projected assessment and multiplying it by the current millage rate of 1.3998%, we conclude to a projected stabilized tax liability of \$67,190.



TAX ABATEMENT

As previously noted, the subject currently benefits from the 10-year real estate tax abatement program within the City of Philadelphia, pursuant to Council Ordinance 1130, As Amended 2 Section 19-1303-(3) of the Philadelphia code, which offers abatement of real estate taxes on improvements to properties whereby the property owner receives a ten-year tax abatement on 100% of the value added by the construction of the improvements. The abatement commenced in 2018. As will be shown later in the analysis, the real estate tax amount utilized in the direct capitalization is based upon the stabilized estimate. The benefit of the savings associated with the abatement over the remaining four-year abatement period is added to the stabilized value as a lump sum adjustment. Therefore, it is necessary to calculate the value of the abatement.

For the benefit of applying the abatement, we calculate the present value of each year’s difference in the benefit savings. The present value of the tax abatement is applied as a lump sum adjustment to the stabilized value. Both the abated and unabated tax figures are trended at 3.00% annually. This cash savings is then discounted to present value at a 6.00% discount rate (safe rate is used given the level of certainty of the abatement). The details of the calculations of the present value of the tax abatement are shown below.

Present Value of Tax Abatement					
Year	Projected Stabilized (Unabated) Taxes	Projected Abated Taxes	Tax Benefit	Present Value @ 6.0% Discount Rate	Present Value
1	\$67,190	\$5,621	\$61,570	0.9434	\$58,085
2	\$69,206	\$5,789	\$63,417	0.8900	\$56,441
3	\$71,282	\$5,963	\$65,319	0.8396	\$54,843
4	\$73,421	\$6,142	\$67,279	0.7921	\$53,291
Total					\$222,660
Rounded					\$220,000



Highest and Best Use

AS VACANT

Legally Permissible

The site is zoned CMX-4, Center City Commercial Mixed Use which allows for a wide variety of commercial 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 5,520 square feet (0.127 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 multifamily development consisting is considered to be reasonably probable. As presented in the Market Analysis section of this report, the subject submarket is supportive of these potential uses. Given the underlying market conditions and activity, it appears that a multifamily development would have a sufficient degree of feasibility.

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 development of a multifamily property.

AS IMPROVED

Legally Permissible

The existing multifamily improvements appear to be legally conforming to zoning. There are no known legal restrictions to the continued use of the improvements as they were designed.

Physically Possible

As previously discussed, the improvements are rated as average for their age and location. The improvements conform to the expectations of the market and conform in general terms to the highest and best use as though vacant conclusion above. The improvements were designed for this use. Based on our analysis and review, the improvements do not appear to suffer from significant functional obsolescence. Therefore, continuation of the existing multifamily property use 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 development. Market and economic conditions are supportive of this continued use. The most likely buyer would be a local or regional investor.



Appraisal Methodology

COST APPROACH

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

SALES COMPARISON APPROACH

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

INCOME CAPITALIZATION APPROACH

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

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

Compiled by [REDACTED]

The cost approach was not utilized in this appraisal as market participants considering properties like the subject do not give consideration to the cost approach. In addition, the age and condition of the improvements makes depreciation highly speculative. The exclusion of this approach is not considered to impact the reliability of the appraisal.

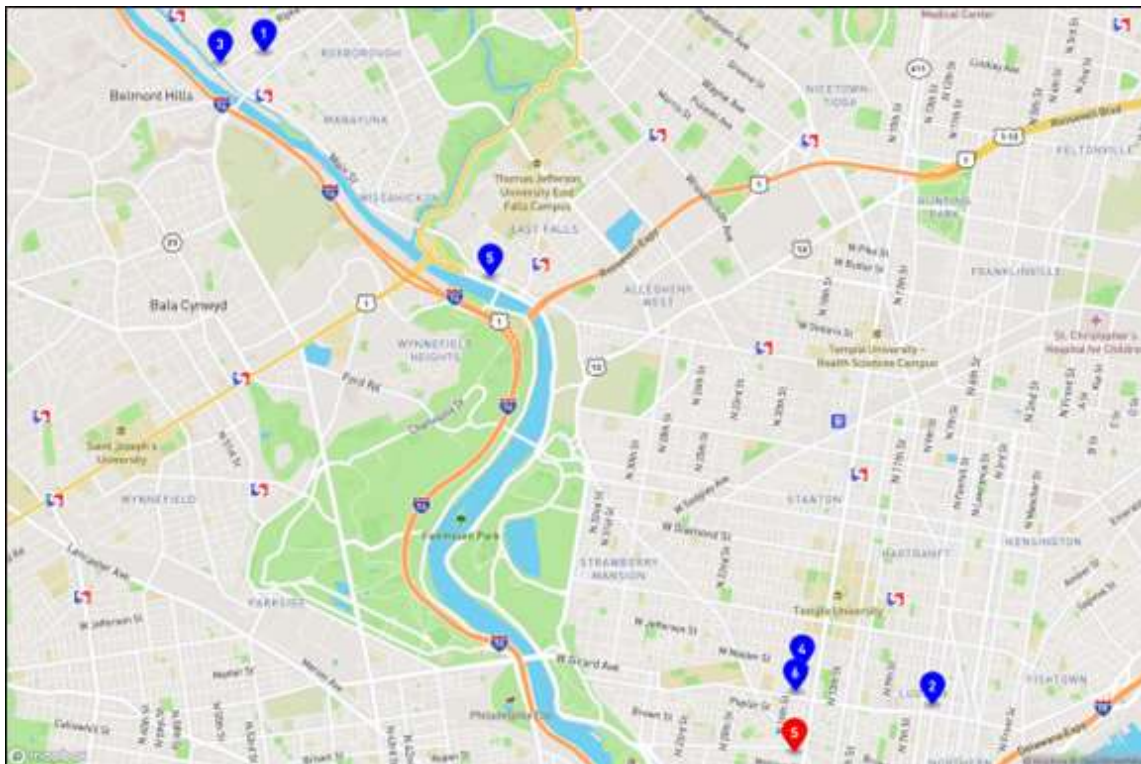


Sales Comparison Approach

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

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

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



Comparable Map



SALES COMPARISON APPROACH



Comparable One



Comparable Two



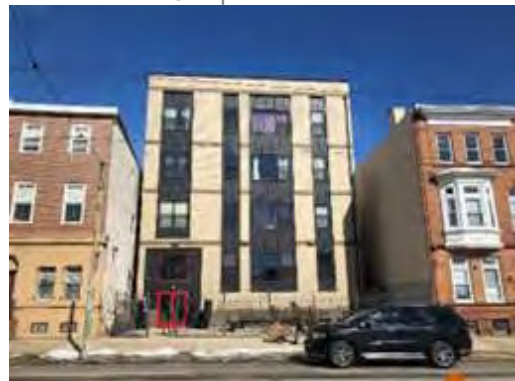
Comparable Three



Comparable Four



Comparable Five



Comparable Six



SALES COMPARISON APPROACH

Comparable Sales Summary							
Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	
Property Name	1427 Melon Street	227 Krams	1216 26 N 5th St	4602 Canton	1326 North 15th Street	Falls Bridge Lofts	1509 West Girard Avenue
Address	1427 Melon Street	227 Krams Avenue	1216 1226 North 5th Street	4602 Canton Street	1326 North 15th Street	4328 Ridge Avenue	1509 West Girard Ave
City, State	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA
Land Size	0.13 Acres	0.41 Acres	0.28 Acres	0.33 Acres	0.13 Acres	0.99 Acres	0.18 Acres
Rentable Area (SF)	17,287 SF	18,815 SF	25,058 SF	26,049 SF	11,600 SF	36,303 SF	15,379 SF
Number of Apt. Units	24	24	31	36	12	46	17
Average Unit Size (SF)	720 SF	784 SF	808 SF	724 SF	967 SF	789 SF	905 SF
Year Built (Renovated)	2016	2018	2018	2018	2013	2017	2014
Occupancy/Owner Occ.	100%	95%	97%	100%	100%	85%	100%
Condition	Good	Good	Good	New	Average	Good	Good
Buyer		227 Krams, LLC	1216 1226 N 5th St Owner LLC	Canton Properties, LLC	Three Silver, LLC / Off Broad, LLC	Falls Bridge Lofts 2021 LLC	1509 Girard Ave LLC and/or assigns
Seller		227 Krams Dp Partners, LP	South Randolph Street Associates	4600 Canton Street Holdings, LLC	Palo Verde Enterprises, LLC	4333 Kelly Drive Associates, LP	Seaside Capital LLC
Interest Conveyed	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Transaction Status		Closed	Closed	Closed	Closed	Closed	Closed
Transaction Date		Mar 23	Mar 22	Mar 22	Mar 22	Dec 21	Apr 21
Price		\$6,000,000	\$9,050,000	\$9,075,000	\$3,161,000	\$11,900,000	\$4,700,000
Operating Status at Sale		Stabilized Operations	Stabilized Operations	Stabilized Operations	Stabilized Operations	Sub stabilized Operations	Stabilized Operations
Price per SF		\$318.89	\$361.16	\$348.38	\$272.50	\$327.80	\$305.61
Price per Unit		\$250,000	\$291,935	\$252,083	\$263,417	\$258,696	\$276,471
NOI/Unit	\$12,923	\$12,950	\$16,348	N/A	\$12,820	N/A	\$16,443
Cap Rate		5.18%	5.60%		4.87%		5.95%

Compiled by [REDACTED]

ANALYSIS OF IMPROVED COMPARABLE DATA

Property Rights Conveyed

All comparables are transfers of the leased fee interest. The property rights appraised for the property in this case is that of the leased fee interest as well so no adjustment for property rights conveyed is necessary.

Financing Terms

All sales yielded cash to the seller so no adjustment for financing terms is necessary.

Conditions of Sale

All sales are arms-length transactions. No adjustments were required.

Market Conditions

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

Location

Market or submarket influences on sale price; surrounding land use influences. Convenience to transportation facilities; ease of site access; visibility; traffic counts. Sales 1, 3 and 5 are located further from the Center City core and adjusted upward accordingly.



Project Size

Inverse relationship that often exists between project size and unit value. Adjustments are made to address size differences where appropriate.

Age/Condition/Quality

Effective age; physical condition; quality of building improvements. All sales are of a similar vintage and no adjustments are therefore required.

Features/Amenities

As discussed in greater detail in the Improvements Analysis section of this report, the subject property lacks the amenity package of many competing Class A developments. Accordingly, all sales, with the exception of Sale 4, are adjusted downward for superior amenities.

Unit Mix

The subject is primarily composed of one-bedroom units. Sales 1, 2, 4 and 5 are more heavily weighted towards two- and three-bedroom units which generate more revenue on a per unit basis and are therefore adjusted downward.

Retail Component

Sale 3 is adjusted downward as this property generates additional income via a ground floor retail space.

Tax Abatement

Each of the comparable sales benefit from more than five years of remaining tax abatement, granted by the City of Philadelphia to new construction or improvements to existing structures. While the subject will benefit from it as well, we add back the present value of the abatement to our stabilized value conclusion at the end of this section rather than accounting for the abatement in the adjustment grid. As such, we apply downward adjustments to Sales 1, 2, 3 and 5 for superior tax abatement benefit.

Economic Characteristics

This category adjusts for non-stabilized occupancy, tenancy, above/below market rents, and other economic factors. Sale 5 is adjusted upward for sub-stabilized occupancy as of the effective sale date.

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	Sale 6	
Property Name	1427 Melon Street	227 Krams	1216 26 N 5th St	4602 Canton	1326 North 15th Street	Falls Bridge Lofts	1509 West Girard Avenue
Address	1427 Melon Street	227 Krams Avenue	1216 1226 North 5th Street	4602 Canton Street	1326 North 15th Street	4328 Ridge Avenue	1509 West Girard Ave
City	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA
Land Size	0.13 Acres	0.41 Acres	0.28 Acres	0.33 Acres	0.13 Acres	0.99 Acres	0.18 Acres
Size (Rentable Area)	17,287 SF	18,815 SF	25,058 SF	26,049 SF	11,600 SF	36,303 SF	15,379 SF
Number of Apt. Units	24	24	31	36	12	46	17
Average Unit Size (SF)	720 SF	784 SF	808 SF	724 SF	967 SF	789 SF	905 SF
Year Built (Renovated)	2016	2018	2018	2018	2013	2017	2014
NOI/Unit	\$12,923	\$12,950	\$16,348	N/A	\$12,820	N/A	\$16,443
Transaction Type	Closed	Closed	Closed	Closed	Closed	Closed	Closed
Transaction Date		Mar 23	Mar 22	Mar 22	Mar 22	Dec 21	Apr 21
Actual Sale Price		\$6,000,000	\$9,050,000	\$9,075,000	\$3,161,000	\$11,900,000	\$4,700,000
Price per Unit		\$250,000	\$291,935	\$252,083	\$263,417	\$258,696	\$276,471
Occupancy	100%	95%	97%	100%	100%	85%	100%
Cap Rate		5.18%	5.60%	0.00%	4.87%	0.00%	5.95%
Transaction Adjustments							
Property Rights		0%	0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%	0%
Market Conditions (Time)	4/11/2023	0%	3%	3%	3%	4%	6%
Subtotal (adjustments are multiplied)		0%	3.0%	3.0%	3.0%	4.0%	6.0%
Transaction Adjusted Price per Unit		\$250,000	\$283,177	\$244,521	\$255,514	\$248,348	\$259,882
Property Adjustments							
Location		5%	0%	5%	0%	5%	0%
Project Size		0%	0%	0%	5%	5%	5%
Age/Condition/Quality		0%	0%	0%	0%	0%	0%
Features/Amenities		5%	5%	5%	0%	10%	10%
Unit Mix		5%	5%	0%	10%	5%	0%
Retail Component		0%	0%	5%	0%	0%	0%
Tax Abatement		5%	5%	5%	0%	5%	0%
Economic Characteristics		0%	0%	0%	0%	5%	0%
Subtotal (adjustments are summed)		10%	15%	10%	15%	5%	15%
Gross Adjustment		20%	18%	23%	18%	39%	21%
Overall Adjustment		10.0%	17.55%	12.7%	17.55%	8.8%	20.1%
Indicated Price per Unit		\$225,000	\$240,701	\$220,069	\$217,187	\$235,930	\$220,900

SALES COMPARISON APPROACH CONCLUSION

- Prior to adjustments, the sales reflect a range of \$250,000 to \$291,935 per unit.
- After adjustment, the range is narrowed to \$217,187 to \$240,701 per unit, with an average of \$226,631 per unit.

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

Sales Comparison Approach Conclusion		
Reconciliation of Price per Unit Indication		Value Indication
Adjusted Value Range - Low		\$217,187
Adjusted Value Range - High		\$240,701
Reconciled As Stabilized Value - Price per Unit	Effective Date: 4/11/2023	\$225,000
Subject Apt. Units		24
Reconciled As Stabilized Value - Sales Comparison Approach	Effective Date: 4/11/2023	\$5,400,000
Value Indications		
As Is		Value Indication
Reconciled As Stabilized Value	Effective Date: 4/11/2023	\$5,400,000
Present Value of Tax Abatement		\$220,000
As Is Value	Effective Date: 4/11/2023	\$5,620,000
Rounded		\$5,600,000

Compiled by: [Redacted]

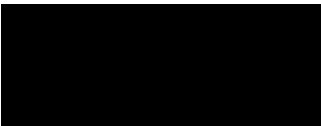


Adjustments to Value

Present Value of Tax Abatement

Capitalization of the projected stabilized net operating income results in an As Stabilized value indication. To this amount, it is necessary to add the present value of the tax abatement benefit. As noted in the Real Estate Tax Analysis section of this report, the present value of the tax abatement benefit is added as a lump-sum adjustment to each valuation conclusion. See following table for reference. We add the tax abatement benefit of \$220,000 to the value conclusion.

Present Value of Tax Abatement					
Year	Projected Stabilized (Unabated) Taxes	Projected Abated Taxes	Tax Benefit	Present Value @ 6.0% Discount Rate	Present Value
1	\$67,190	\$5,621	\$61,570	0.9434	\$58,085
2	\$69,206	\$5,789	\$63,417	0.8900	\$56,441
3	\$71,282	\$5,963	\$65,319	0.8396	\$54,843
4	\$73,421	\$6,142	\$67,279	0.7921	\$53,291
Total					\$222,660
Rounded					\$220,000



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 the subject property is expected to have a stable income stream and this method tracks better with investor and market participant analyses for a property like the subject.

RENT ROLL / TENANT OVERVIEW

A summary rent roll for the property is shown below, based on our review of the owner's 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	Market Rent	Market Rent PSF	
23	1 BR/1 BA 1BR/1BA - 710 SF	710	16,319	23	100.0%	\$1,675	\$1,700	\$2.40	
1	2 BR/1.5 BA 2BR/1.5BA - 969 SF	969	969	1	100.0%	\$1,800	\$1,800	\$1.86	
24	Totals		17,287	24					
	Averages	720			100.0%	\$1,680	\$1,704	\$2.37	

Compiled by [REDACTED]

- As of the effective appraisal date, the subject is 100% leased and occupied.

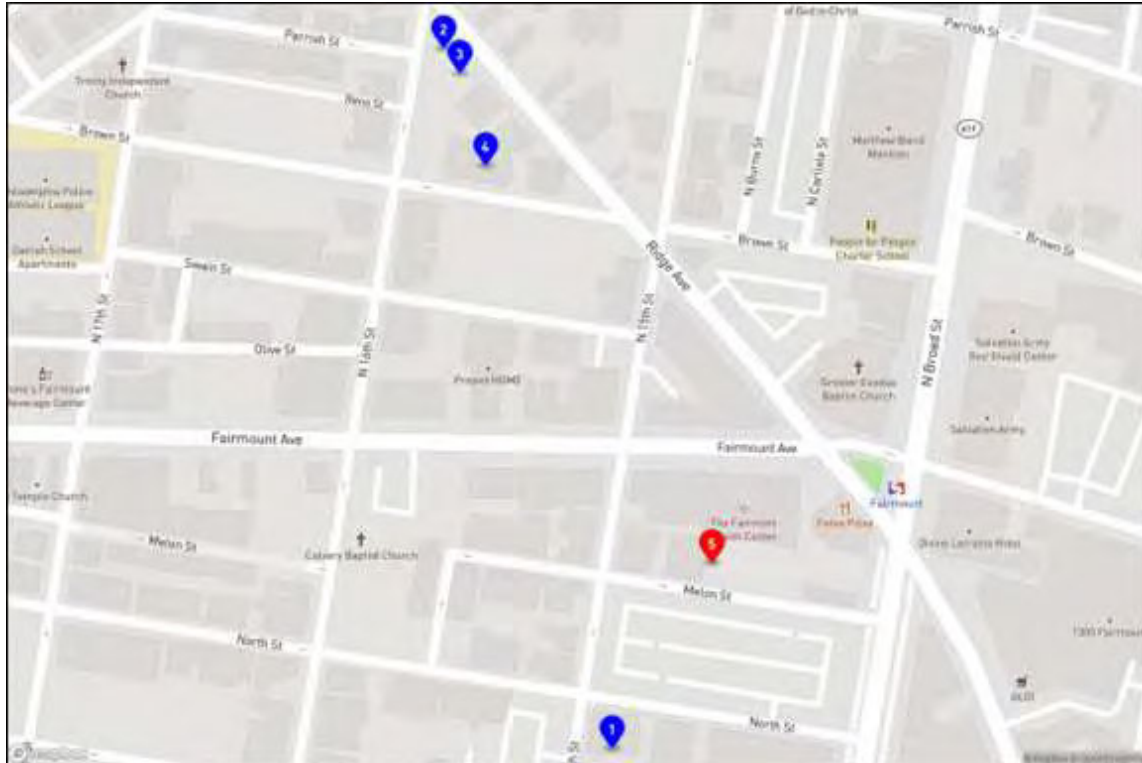
MARKET RENT ANALYSIS

In estimating market rent for the subject property, we considered data and opinions from the following:

- Leasing activity with competing properties;
- Market area leasing trends; and
- opinions of market rent derived from our interviews of leasing agents active in the local market.



INCOME CAPITALIZATION APPROACH

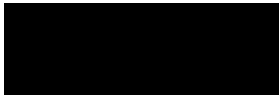


Comparable Map



INCOME CAPITALIZATION APPROACH

MARKET RENT ANALYSIS - 1BR/1BA						
Photo	Property	Unit Size (SF)	Rent (\$)	\$/SF RA	Tenant Pays	Comparison to Subject
SUBJECT: 1427 Melon St, Philadelphia, PA 19130						
		710	\$1,675	\$2.36		
	649 N 15th St #5, Philadelphia, PA 19130	650	\$1,700	\$2.62	All utilities	<i>Roughly similar</i> Similar size, similar condition, in-unit laundry, location.
	1540 Ridge Ave #2S, Philadelphia, PA 19130	500	\$1,595	\$3.19	All utilities	<i>Mildly inferior</i> Similar location, condition. Mildly inferior for size.
	1534 Ridge Ave #501 Philadelphia, PA 19130	750	\$1,700	\$2.27	All utilities	<i>Roughly similar</i> Similar location, age/condition, size, in-unit/project amenities.
	1515 Brown St #2 Philadelphia, PA 19130	800	\$1,600	\$2.00	All Utilities	<i>Roughly similar</i> Similar location, age/condition, size, in-unit/project amenities.
COMPETITIVE RENT SUMMARY						
		Average Rent				
		Competitors			Subject	
1BR/1BA		\$1,665			\$1,700	



Market Rent Conclusions

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

Unit Mix									
No. Units	Unit Description	Unit Size (SF)	Rentable Area (SF)	Occupied Units	Unit Occupancy	Avg. Contract Rent	Market Rent	Market Rent PSF	
23	1 BR/1 BA 1BR/1BA - 710 SF	710	16,319	23	100.0%	\$1,675	\$1,700	\$2.40	
1	2 BR/1.5 BA 2BR/1.5BA - 969 SF	969	969	1	100.0%	\$1,800	\$2,100	\$2.17	
24	Totals		17,287	24					
	Averages	720			100.0%	\$1,680	\$1,717	\$2.38	

Compiled by [REDACTED]

- Market rent for the subject’s single 2BR apartment unit is based on a survey of competitive properties, which exhibit a range of 2BR rents from \$1,800 - \$2,200. Our model utilizes a projection of \$2,100 per month.

GROSS INCOME ESTIMATE

Potential Gross Rent

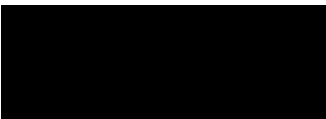
For the direct capitalization analysis, potential gross rent is based on a blended rent, comprising 50% contract rent and 50% market rent.

Potential Gross Rent					
Unit Description	No. Units	Avg. Contract Rent / Unit	Potential Gross Rent- Contract	Market Rent / Unit	Potential Gross Rent- Market
Leased Units					
1 BR/1 BA 1BR/1BA - 710 SF	23	\$1,675	\$462,300	\$1,700	\$469,200
2 BR/1.5 BA 2BR/1.5BA - 969 SF	1	\$1,800	\$21,600	\$2,100	\$25,200
Total Leased	24	\$1,680	\$483,900	\$1,717	\$494,400
Grand Total	24	\$1,680	\$483,900	\$1,717	\$494,400

Compiled by [REDACTED]

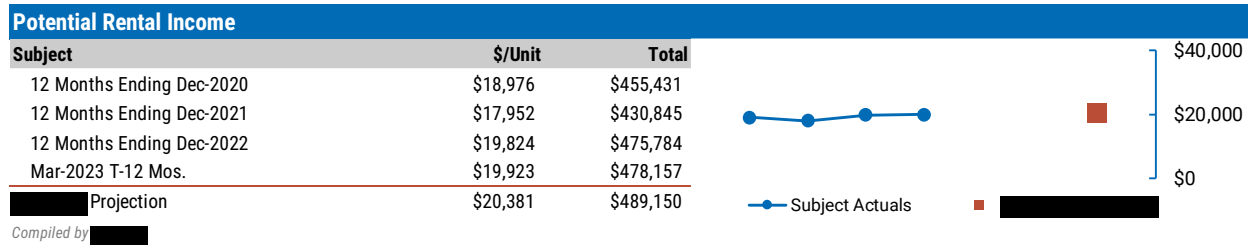
Concessions

- We project no concessions in our analysis, in accordance with local market practice for properties of the subject’s asset class and ownership’s reported lack of concessions being offered as of the effective appraisal date.



INCOME CAPITALIZATION APPROACH

Potential Rental Income



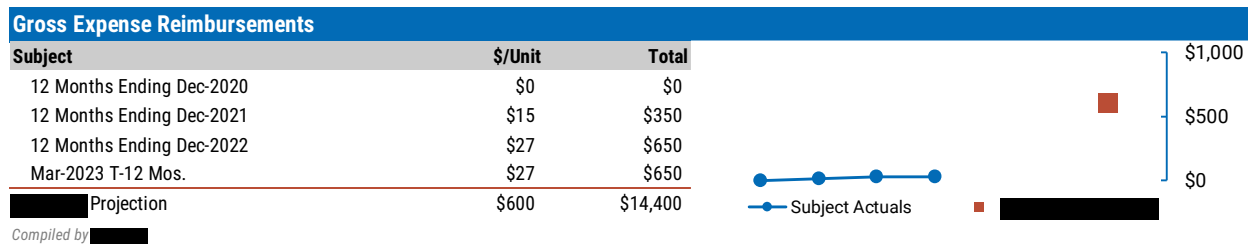
Operating History

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

Operating History and Projections											
Period Length	12 Mos.		12 Mos.		12 Mos.		12 Mos.		T 12 Mos.		Projection
Period Ending	12/31/2020		12/31/2021		12/31/2022		3/31/2023		3/31/2023		
Apt. Units	24		24		24		24		24		24
Multifamily Income	Total \$	\$/Unit	Total \$	\$/Unit	Total \$	\$/Unit	Total \$	Total \$	\$/Unit	Total \$	\$/Unit
Rental Income	\$455,431	\$18,976	\$430,595	\$17,941	\$475,784	\$19,824	\$478,157	\$478,157	\$19,923	\$489,150	\$20,381
Gross Expense Reimbursements	\$0	\$0	\$350	\$15	\$650	\$27	\$650	\$650	\$27	\$14,400	\$600
Gross Parking Income	\$16,883	\$703	\$16,515	\$688	\$18,181	\$758	\$19,284	\$19,284	\$803	\$19,200	\$800
Gross Other Income	\$0	\$0	\$250	\$10	\$1,395	\$58	\$1,395	\$1,395	\$58	\$4,892	\$204
Potential Gross Multifamily Income	\$472,314	\$19,680	\$447,961	\$18,665	\$496,010	\$20,667	\$499,486	\$499,486	\$20,812	\$527,642	\$21,985
Vacancy	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$36,935)	(\$1,539)
Collection Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,276)	(\$220)
Effective Gross Income	\$472,314	\$19,680	\$447,961	\$18,665	\$496,010	\$20,667	\$499,486	\$499,486	\$20,812	\$485,430	\$20,226
Operating Expenses	Total \$	\$/Unit	Total \$	\$/Unit	Total \$	\$/Unit	Total \$	Total \$	\$/Unit	Total \$	\$/Unit
Real Estate Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$67,190	\$2,800
Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,000	\$500
Utilities	(\$266)	(\$11)	\$2,012	\$84	\$6,390	\$266	\$5,517	\$5,517	\$230	\$18,000	\$750
Repairs and Maintenance	\$17,488	\$729	\$43,161	\$1,798	\$54,123	\$2,255	\$58,780	\$58,780	\$2,449	\$38,400	\$1,600
General and Administrative	\$2,717	\$113	\$0	\$0	\$1,374	\$57	\$6,704	\$6,704	\$279	\$6,000	\$250
Management	\$23,375	\$974	\$22,780	\$949	\$23,970	\$999	\$23,970	\$23,970	\$999	\$14,563	\$607
Replacement Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,000	\$250
Total Operating Expenses	\$43,314	\$1,805	\$67,953	\$2,831	\$85,857	\$3,577	\$94,971	\$94,971	\$3,957	\$162,153	\$6,756
Operating Expense Ratio	9.2%		15.2%		17.3%		19.0%		19.0%	33.4%	
Net Operating Income	\$429,000	\$17,875	\$380,008	\$15,834	\$410,153	\$17,090	\$404,515	\$404,515	\$16,855	\$323,277	\$13,470

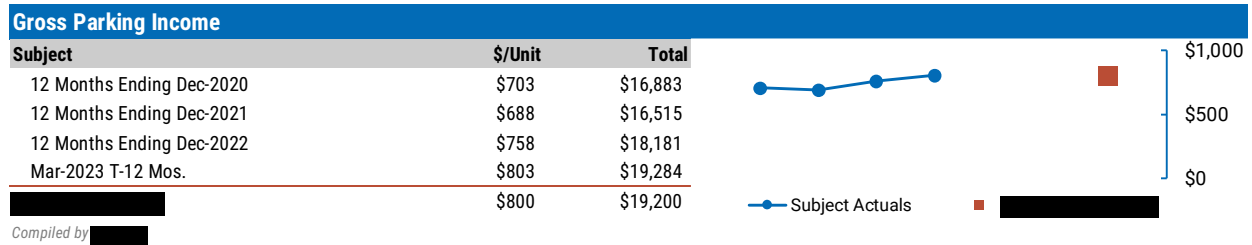
Compiled by [REDACTED]

Gross Expense Reimbursements



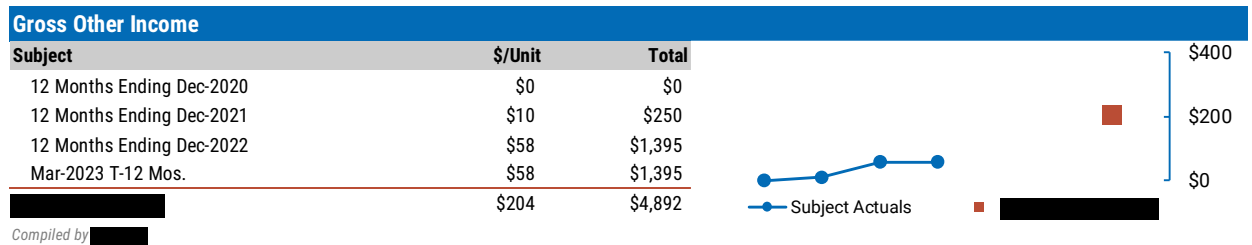
- Our projections model apartment tenants reimbursing the landlord \$50 per month for water/sewer charges. This is consistent with the actual operation of the property although the owner’s income/expense does not fully account for this income.

Gross Parking Income



- The subject includes 8 off-street parking spaces which rent for \$200 per month. This figure is supported by the recent leasing history as well as our survey of comparable parking space rentals across Greater Center City.

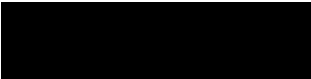
Gross Other Income



- This includes the categories late fees, application fees, forfeited deposits, tenant storage, pet fees, and a variety of other sources.
- Other income typically ranges from 0.5% to 3.0% of potential gross income for multifamily complexes such as the subject. We project gross other income at 1.0% of PGI, which equates to \$4,892.
- This is supported based on competing properties within the submarket area.

Vacancy & Collection Loss Allowance

The vacancy estimate for the subject was previously developed in the market analysis section of this report. The following table recaps the vacancy benchmarks from our preceding multifamily market analysis:



Market Vacancy Rate Indicators

	Current	Most Recent Full Year	Trailing 3-Year	Trailing 5-Year	Trailing 10-Year
Costar					
City of Philadelphia	6.20%	6.20%	7.30%	6.20%	6.70%
Fairmount / Art Museum	9.50%	10.30%	10.80%	10.30%	13.20%
Subject	0.00%				
Concluded Subject Vacancy Rate	7.00%				

Source: Costar, [REDACTED]

- We project a vacancy rate of 7.00% for the subject’s multifamily component, and we also include an additional 1.00% allocation for collection loss.
- Based on this analysis, the total stabilized vacancy and collection loss allowance for the subject is 8.00%.

Effective Gross Income

Subject	\$/Unit	Total
12 Months Ending Dec-2020	\$19,680	\$472,314
12 Months Ending Dec-2021	\$18,665	\$447,961
12 Months Ending Dec-2022	\$20,667	\$496,010
Mar-2023 T-12 Mos.	\$20,812	\$499,486
[REDACTED]	\$20,226	\$485,430

Compiled by [REDACTED]

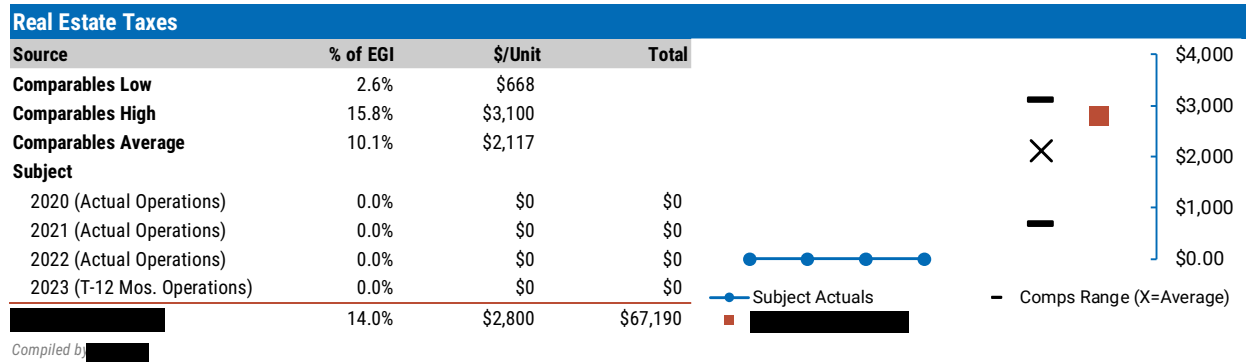
OPERATING EXPENSE ANALYSIS

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

Expense Analysis Per Unit									
	Comp 1	Comp 2	Comp 3	Comp 4	Subject Historical and Projections				
Year Built	1860	1890	1925	1902	2016				
Apt. Units	35	22	28	40	24	24	24	24	24
Average Unit Size (SF)	701	732	1,243	570	720				
Operating Data Type	Actual	Actual	Actual	Actual	Actual	Actual	Actual	T-12 Mos.	[REDACTED]
Year	2022	2021	2021	2020	2020	2021	2022	2023	Projection
Effective Gross Multifamily Income Per Unit	\$21,940	\$19,666	\$25,684	\$20,733	\$19,680	\$18,665	\$20,667	\$20,812	\$20,226
Operating Expenses Per Unit									
Real Estate Taxes	\$1,656	\$3,100	\$668	\$3,043	\$2,800				
Insurance	\$859	\$509	\$413	\$591	\$500				
Utilities	\$1,019	\$783	\$1,193	\$2,356	-\$11	\$84	\$266	\$230	\$750
Repairs and Maintenance	\$496	\$1,971	\$724	\$1,466	\$729	\$1,798	\$2,255	\$2,449	\$1,600
General and Administrative	\$293	\$422	\$1,152	\$114	\$113		\$57	\$279	\$250
Management	\$658	\$228	\$382		\$974	\$949	\$999	\$999	\$607
Replacement Reserves									\$250
Total Operating Expenses Per Unit	\$4,980	\$7,013	\$4,533	\$7,571	\$1,805	\$2,831	\$3,577	\$3,957	\$6,756
Net Operating Income Per Unit	\$16,959	\$12,652	\$21,151	\$13,163	\$17,875	\$15,834	\$17,090	\$16,855	\$13,470

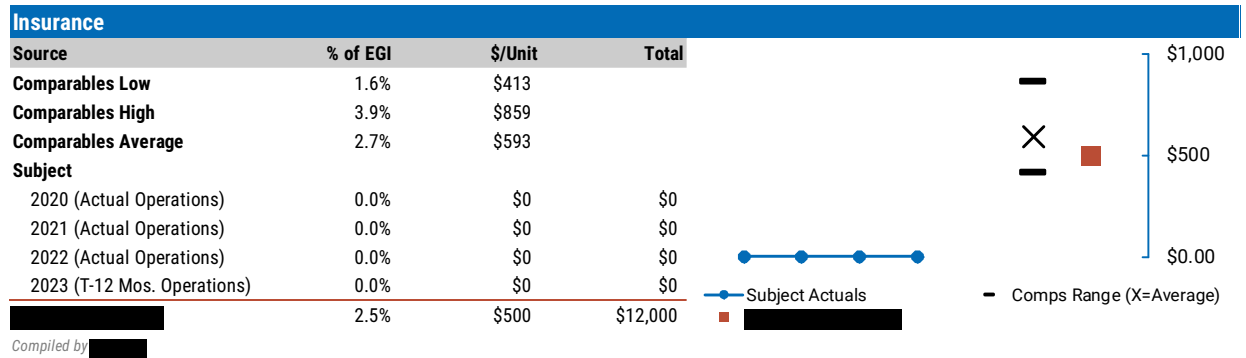
Compiled by [REDACTED]

Real Estate Taxes



- This expense category includes all local, county, and state property tax levies.
- Our projection is based on the property assessment and tax rate for the subject, as discussed previously in the Real Estate Tax Analysis. Real estate taxes were not included as operating expenses in the owner’s income and expense data submitted for our review. The estimate is above the comparable set due to our utilization of the subject’s full (unabated) tax assessment.

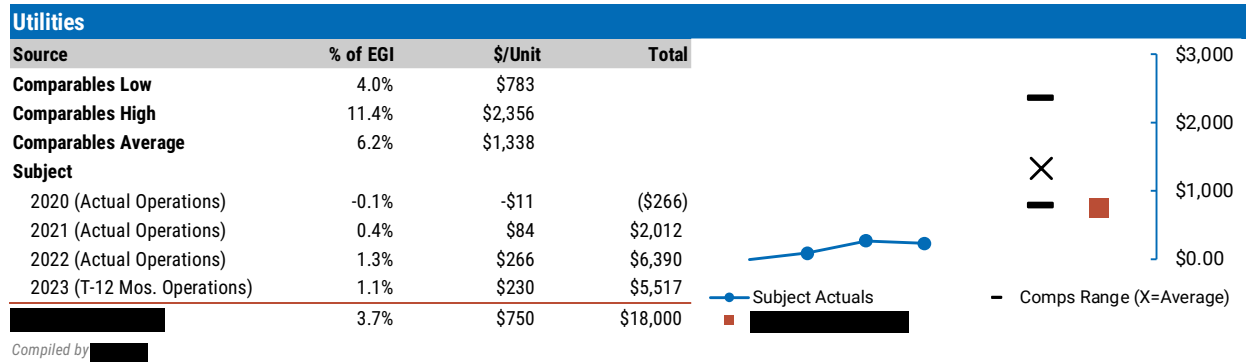
Insurance



- Insurance expense includes property and casualty insurance for the subject. We researched comparable properties for our insurance estimate, as the provided historical operating income expenses exclude insurance.
- The projected expense reflects \$500 per apartment unit.

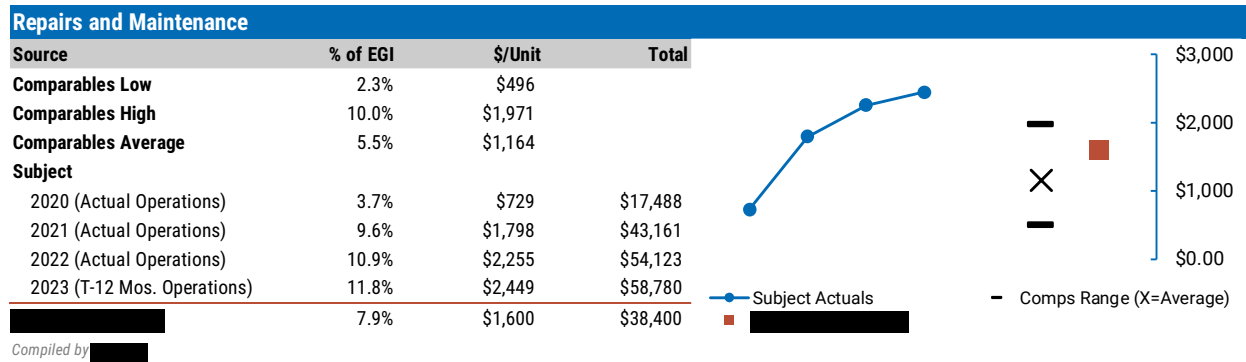


Utilities

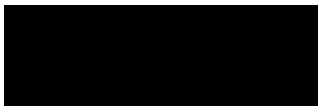


- Utility charges include cold water, sewer, and common area electricity, all of which are centrally metered and billed to the owner. All other utilities are billed directly to the tenants.
- Our projection is reflective of \$750 per apartment unit.

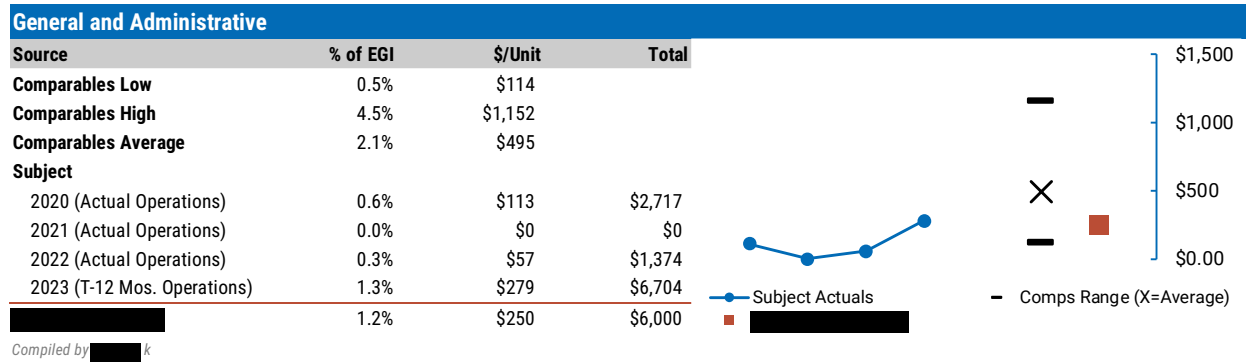
Repairs and Maintenance



- The umbrella category of repairs and maintenance includes expenditures to repair and maintain mechanical systems and structural components, encompassing payroll and contract costs, as appropriate, pest control, snow removal, trash removal, and appliance/kay replacement. Excluded are alterations and major replacements, which are considered capital costs rather than periodic expenses.
- Our projected estimate for repairs and maintenance falls in line with comparable properties and the subject’s historical figures, and is based on a projection of \$1,600 per apartment unit.

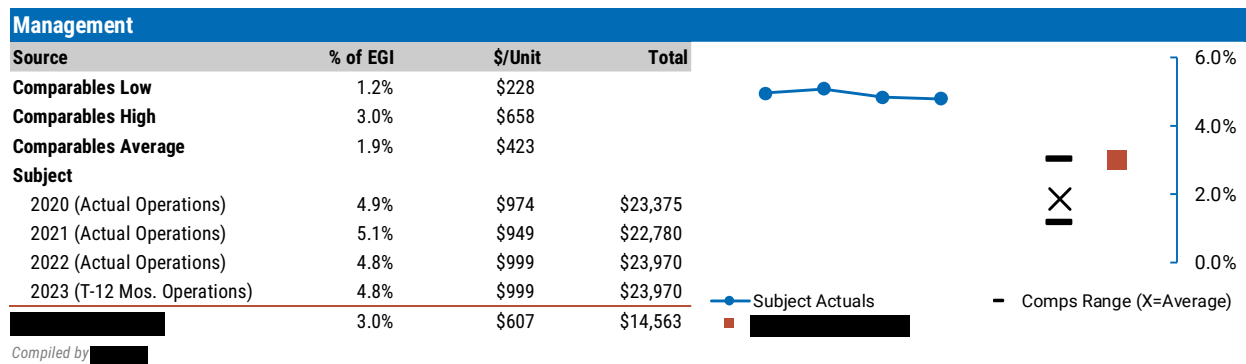


General/Administrative



- General and administrative expenses are minimal for the subject and include licenses and permits, legal expenses, and inspections and tests.
- Our projected estimate reflects \$250 per apartment unit.

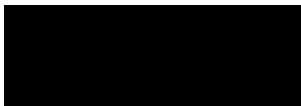
Management



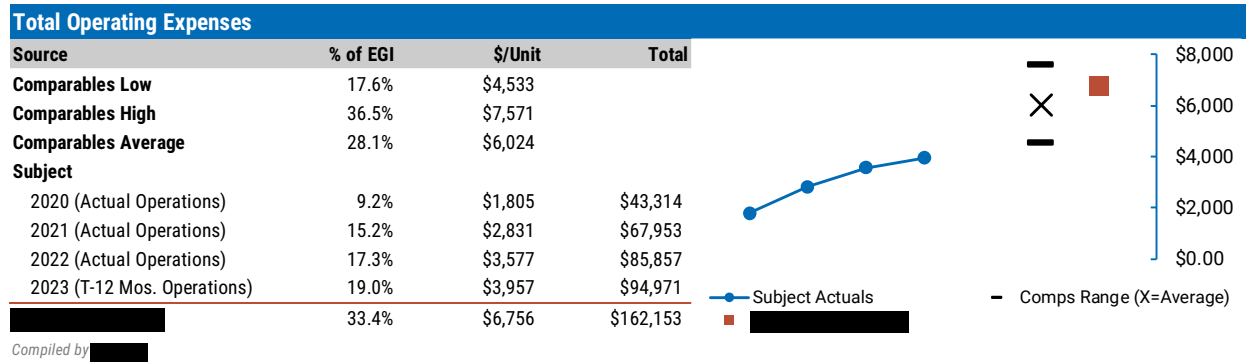
- Typical management fees for properties of this type range from 2% to 4%
- Considering that the subject has typical management needs, we project an overall management fee of 3% of effective gross income.

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.
- Our analysis utilizes a projection of \$250 per apartment unit.

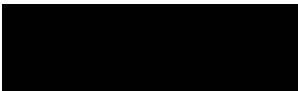
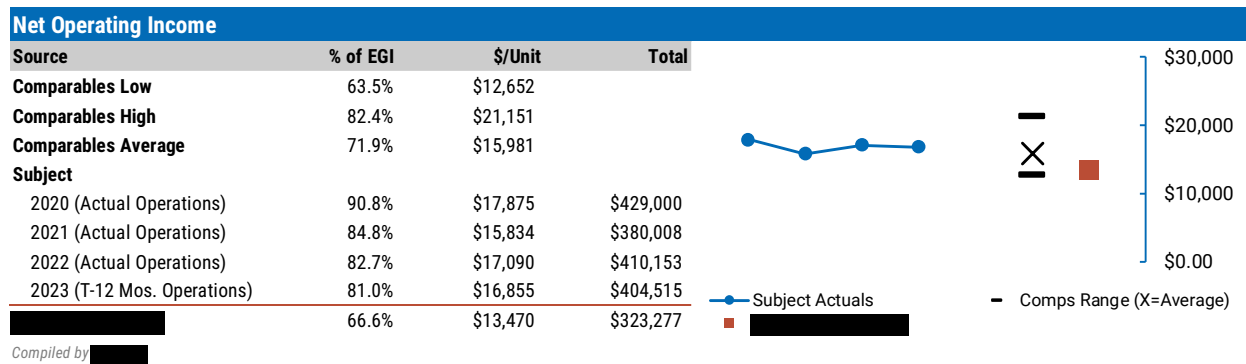


Total Operating Expenses



- The total projected operating expenses are above the recent operating as the owner’s income/expense data does not reflect typical expense categories including real estate taxes, utilities or insurance.
- The projected expenses are well-supported by the comparable set.

NET OPERATING INCOME



DIRECT CAPITALIZATION

In an effort to tame a rapidly escalating rate of inflation this year, the U.S. Fed has implemented its most aggressive actions since 2005 with plans to continue to increase rates. The impacts to both the residential and commercial real estate markets have been material as borrowing costs have increased significantly. It is expected that “rescue equity” will be needed to replace the capital shortfalls as values decline and cost of debt rises. Further, negative leverage is occurring as mortgage rates trend above capitalization rates which 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.

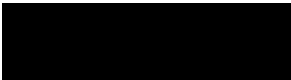
As we all know, the national and global economies are shaky and interest rate changes are having a significant impact on the commercial real estate market. The Federal Reserve has raised the Federal Funds Rate to a range of 4.50% to 4.75% and continues to signal further increases.

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

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

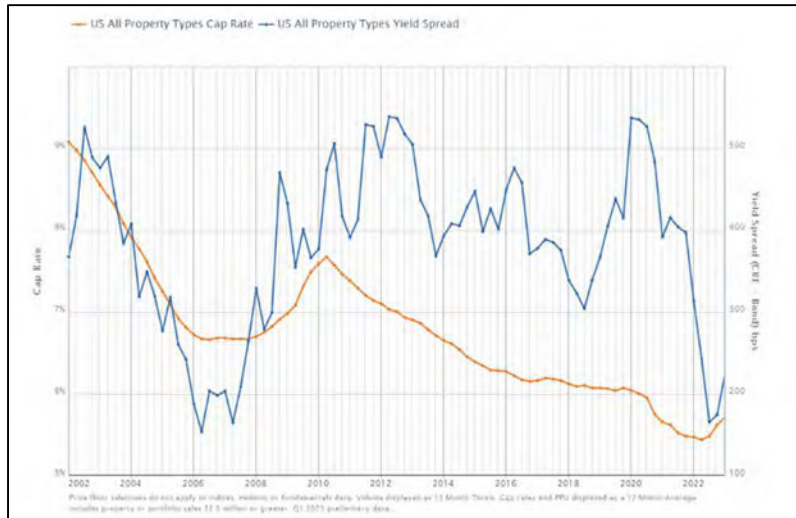
Cost of Capital

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



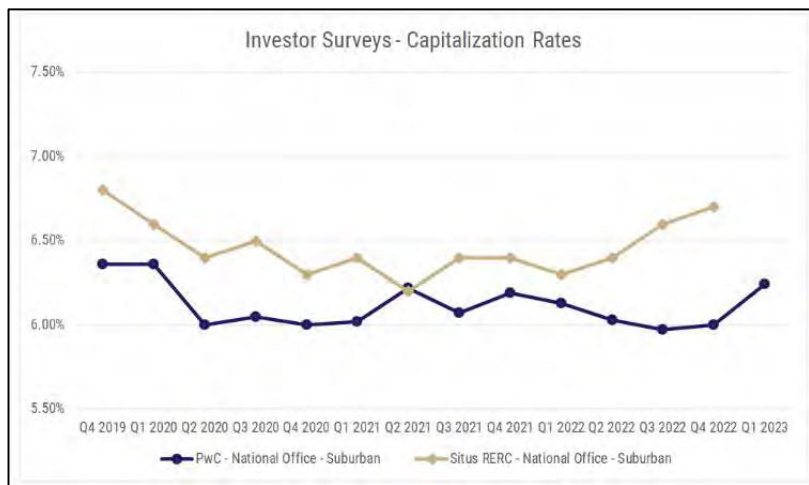
Capitalization Rates

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



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

Cap rates have begun reacting. As shown in the graph above, the past three quarters reflected a tick up in the Real Capital Analytics cap rate data (which is based on closed transactions). The graph to the right depicts investor survey data for suburban office properties from PwC and Situs RERC. Situs RERC has reflected upward trending cap rates since the first of 2022 while PwC’s data has only recent reflected upward trends.



PwC reports that 60% of their respondents expect capitalization rates for suburban office to increase in the next six months while the other 40% expect cap rates for this category to hold steady.



INCOME CAPITALIZATION APPROACH

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

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

Compiled by [REDACTED]

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

Property Values

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



Green Street CPPI®: Sector-Level Indexes

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

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

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

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

Again, note that the Green Street data is heavily REIT based and tends to be more volatile than the CRE market by itself and this should be viewed as an indication of trends and not necessarily absolute change. For the alternate view, Real Capital Analytics data is reflective of closed transactions only.

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



this quarter. Demand is clearly falling – which means that pricing will fall as well just from a simple economics supply and demand model. On the other hand, pricing metrics from Real Capital Analytics have not been severely impacted – for first quarter 2023, the price change was only - 8.0% year over year. The graph to the right shows price per unit for apartments (orange line) and

price per square foot for commercial properties (blue line) – neither has moved significantly downward yet.

Final Thoughts / Action Items

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

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

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

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

INCOME CAPITALIZATION APPROACH

Comparable Sales

Comparable Multifamily Sales Summary							
No.	Property Location	Yr. Built	Sale Date	Number of Apt. Units	Occ. %	Price per Unit	OAR
1	227 Krams Avenue, Philadelphia, PA	2018	Mar-2023	24	95%	\$250,000	5.18%
2	1216-1226 North 5th Street, Philadelphia, PA	2018	Mar-2022	31	97%	\$291,935	5.60%
4	1326 North 15th Street, Philadelphia, PA	2013	Mar-2022	12	100%	\$263,417	4.87%
6	1509 West Girard Ave, Philadelphia, PA	2014	Apr-2021	17	100%	\$276,471	5.95%
Average (Mean) Cap Rate:							5.40%

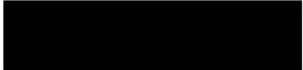
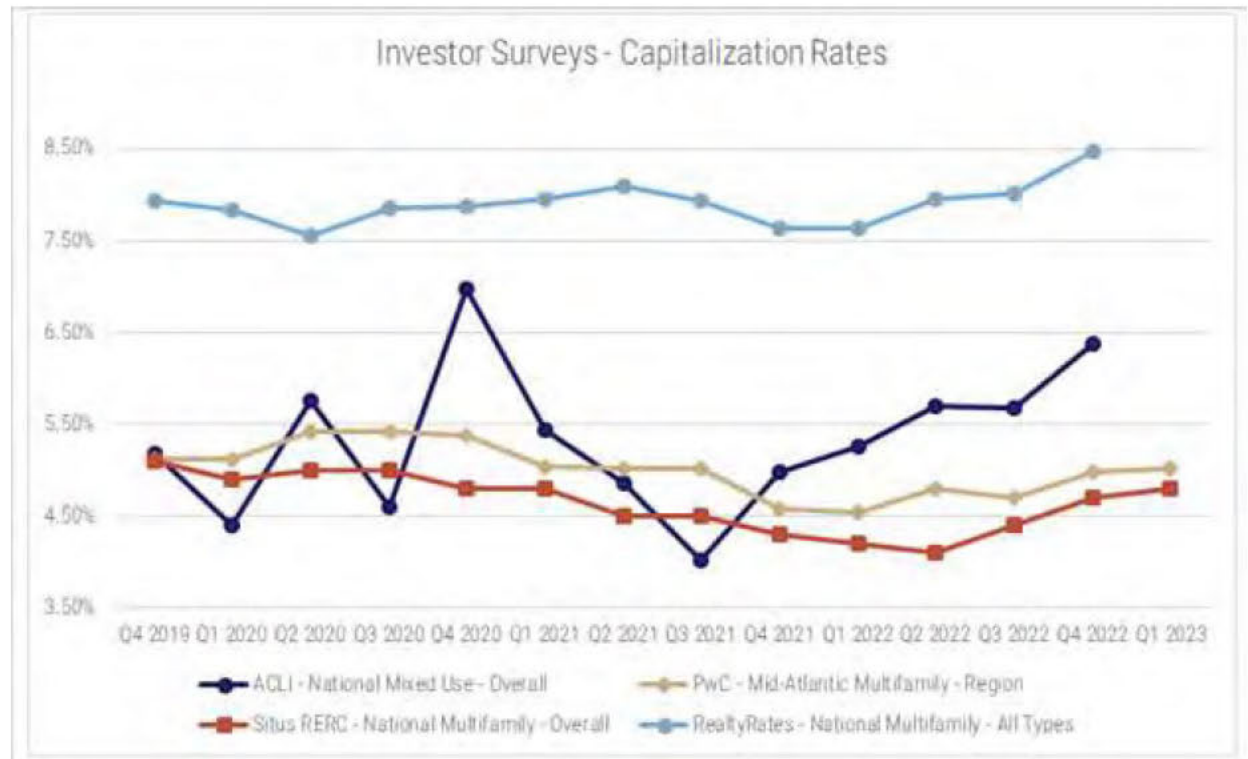
Compiled by [REDACTED]

- The above-referenced sales occurred in an superior economic climate.
- Based on this information, a capitalization rate within a range of 5.50% to 6.00% could be expected for the subject.

Investor Surveys

Investor Surveys - Capitalization Rates				
Source	Period	Low	High	Average
ACLI - National Mixed Use - Overall	Q4 2022	N/A	N/A	6.37%
PwC - Mid-Atlantic Multifamily - Region	Q1 2023	4.00%	6.50%	5.03%
Situs RERC - National Multifamily - Overall	Q1 2023	4.30%	6.00%	4.80%
RealtyRates - National Multifamily - All Types	Q4 2022	5.07%	12.10%	8.48%

Compiled by [REDACTED]



- We note that investor surveys focus on the stronger institutional product. A rate above the presented survey averages can therefore be expected.
- Accordingly, based on the survey data, a capitalization rate within a range of 6.00% to 7.50% could be expected for the subject. Minimal weight is placed on the investor surveys.

Market Participants

Market Participant Survey - Capitalization Rates	
Respondent	Cap Rate
Multifamily Broker	5.50% - 6.00%
Developer	Around 6
Private Equity Investor	5.50% - 6.00%
Subject Indication	5.50% - 6.00%

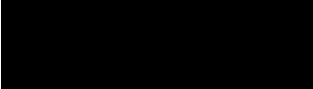
Compiled by: [REDACTED]

- Market participants generally viewed the subject property favorably due to strong location, although noted inferior economic climate compared with previous quarters.
- Additional upward pressure is placed on the subject property due to the lack of project amenities.
- Based on these responses, a capitalization rate within the range of 5.50% - 6.00% is indicated for the subject.

Band of Investment

Band of Investment					
Mortgage/Equity Assumptions					
Loan to Value Ratio	70%				
Interest Rate	5.80%				
Amortization (Years)	25				
Mortgage Constant	0.0759				
Equity Ratio	30%				
Equity Dividend Rate	7.00%				
Weighted Average Of Mortgage/Equity Requirements					
Mortgage Requirement	70%	x	7.59%	=	5.31%
Equity Requirement	30%	x	7.00%	=	2.10%
Indicated Capitalization Rate (Rounded)					7.50%
Debt Coverage Ratio Analysis					
Debt Coverage Ratio	1.25				
Loan to Value Ratio	70%				
Mortgage Constant	0.0759				
Indicated Capitalization Rate (Debt Coverage Ratio Method)					6.64%

Compiled by: [REDACTED]



Capitalization Rate Conclusion

Capitalization Rate Conclusion	
Source	Indication
Comparable Multifamily Sales	5.50% - 6.00%
Investor Surveys	6.00% - 7.50%
Market Participants	5.50% - 6.00%
Band of Investment	7.50%
Debt Coverage Ratio Analysis	6.64%
Concluded Going-In Capitalization Rate	6.00%

Compiled by [REDACTED]

Adjustments to Value

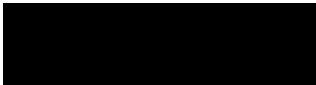
Present Value of Tax Abatement

Capitalization of the projected stabilized net operating income results in an As Stabilized value indication. To this amount, it is necessary to add the present value of the tax abatement benefit. As noted in the Real Estate Tax Analysis section of this report, the present value of the tax abatement benefit is added as a lump-sum adjustment to each valuation conclusion. See following table for reference. We add the tax abatement benefit of \$220,000 to the value conclusion.

Present Value of Tax Abatement					
Year	Projected Stabilized (Unabated) Taxes	Projected Abated Taxes	Tax Benefit	Present Value @ 6.0% Discount Rate	Present Value
1	\$67,190	\$5,621	\$61,570	0.9434	\$58,085
2	\$69,206	\$5,789	\$63,417	0.8900	\$56,441
3	\$71,282	\$5,963	\$65,319	0.8396	\$54,843
4	\$73,421	\$6,142	\$67,279	0.7921	\$53,291
Total					\$222,660
Rounded					\$220,000

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

Income Capitalization Approach			
Summary of Stabilized Net Operating Income			
Item Description	% of Income	\$/Unit	Total \$
Multifamily Income		24 Units	
Rental Income		\$20,381	\$489,150
Gross Expense Reimbursements		\$600	\$14,400
Gross Parking Income		\$800	\$19,200
Gross Other Income		\$204	\$4,892
Potential Gross Multifamily Income		\$21,985	\$527,642
Vacancy	-7.00%	(\$1,539)	(\$36,935)
Collection Loss	-1.00%	(\$220)	(\$5,276)
Effective Gross Income		\$20,226	\$485,430
Operating Expenses		24 Units	
Real Estate Taxes		\$2,800	\$67,190
Insurance		\$500	\$12,000
Utilities		\$750	\$18,000
Repairs and Maintenance		\$1,600	\$38,400
General and Administrative		\$250	\$6,000
Management	3.00%	\$607	\$14,563
Replacement Reserves		\$250	\$6,000
Total Operating Expenses	33.40%	\$6,756	\$162,153
Net Operating Income		\$13,470	\$323,277
Direct Capitalization Method			
Value Indication		\$/Unit	Total \$
Stabilized Net Operating Income		\$13,470	\$323,277
Overall Capitalization Rate			6.00%
As Stabilized Value	Effective Date: 4/11/2023		\$5,387,948
Rounded		\$225,000	\$5,400,000

Valuation Matrix	
OAR	Value
5.50%	\$5,877,761
5.75%	\$5,622,207
6.00%	\$5,387,948
6.25%	\$5,172,430
6.50%	\$4,973,490

As Is		
As Stabilized Value as of Current Date	Effective Date: 4/11/2023	\$5,387,948
Present Value of Tax Abatement		\$220,000
As Is Value	Effective Date: 4/11/2023	\$5,607,948
Rounded		\$233,333

Compiled by [REDACTED]

Reconciliation of Value

The values indicated by our analyses are as follows:

Market Value Indications	
Market Value Premise As of Date:	As Is April 11, 2023
Cost Approach:	Not Used
Sales Comparison Approach:	\$5,600,000
Income Capitalization Approach:	\$5,600,000
Market Value Conclusion	\$5,600,000

Compiled by [REDACTED]

Cost Approach

The Cost Approach has best applicability for properties with new or nearly new improvements. It is a summation approach in that the underlying land value is added to the depreciated replacement cost for the indicated value. 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 an apartment property. It is distinctly an income producing property and this approach is specifically designed to address the value of such a property. Market rent was well established by reasonably similar lease data. The property has a stable history and both



RECONCILIATION OF VALUE

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	4/11/2023	\$5,600,000

Compiled by [REDACTED]

Extraordinary Assumptions and Hypothetical Conditions

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

1. None

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

1. None

Compiled by [REDACTED]

EXPOSURE TIME

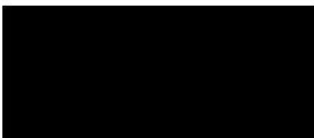
Exposure time is the estimated length of time the subject property would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. It is a retrospective estimate based on an analysis of past events assuming a competitive and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

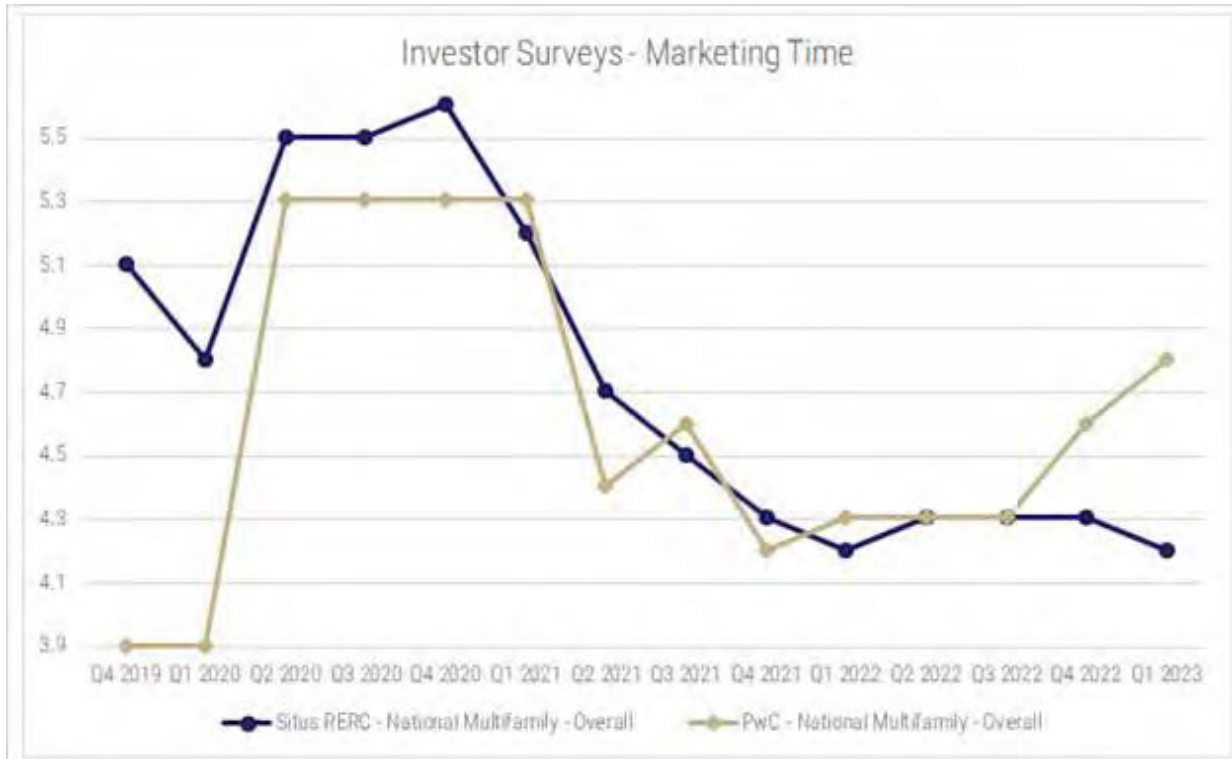
The following is national investor survey data which is one source for the underlying data to this conclusion.

Investor Surveys - Marketing Times

Source	Period	Low	High	Average
Situs RERC - National Multifamily - Overall	Q1 2023	N/A	N/A	4.2
PwC - National Multifamily - Overall	Q1 2023	1.0	12.0	4.8

Compiled by [REDACTED]

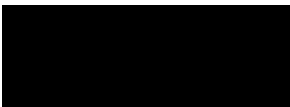




Recent sales transaction data for similar properties, supply and demand characteristics for the local multifamily market, and the opinions of local market participants were reviewed and analyzed. Based on this data and analysis, it is our opinion that the probable exposure time for the subject at the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

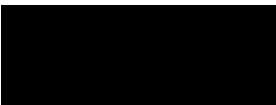
The Appraisal contained in this Report (herein "Report") is subject to the following assumptions and limiting conditions:

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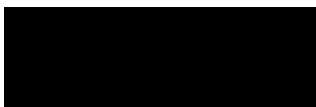
-
14. Acceptance and/or use of this report constitutes full acceptance of these Assumptions and Limiting Conditions and any others contained in this report, including any Extraordinary Assumptions and Hypothetical Conditions, and is subject to the terms and conditions contained in the agreement to prepare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

ADDENDA

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

ADDENDA

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

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

ADDENDA

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

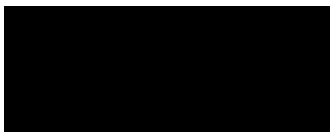
- ◆ **Net Lease:** A lease in which the landlord passes on all expenses to the tenant. See also *gross lease*; *modified gross lease*.
- ◆ **Net Net Net Lease:** An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses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

ADDENDA

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

ADDENDA

Addendum B
Engagement Letter



March 24, 2023

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

C/O

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

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

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

Dear Mr. Hazel:

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

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

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

COMMENCEMENT AND DELIVERY DATE: Delivery is as follows:

Appraisal report: four (4) weeks

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

REPORT TYPE: Appraisal Report

[REDACTED]

[REDACTED]

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

INTEREST IN THE PROPERTY APPRAISED: Leased Fee Interest

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

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

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

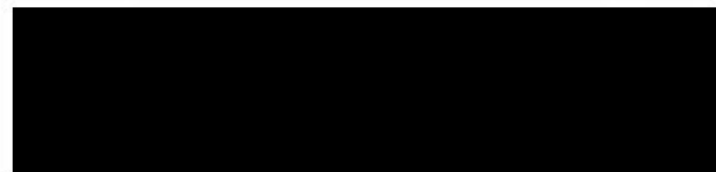
RELIANCE LANGUAGE: None

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

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

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

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



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

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

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

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

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

CHANGES TO THE AGREEMENT:

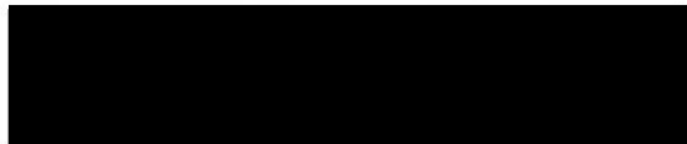
Any significant changes to the assignment as outlined in this Agreement, such as the identity of the Client, Intended User, or Intended Use, will require the preparation and execution of a new agreement.

CANCELLATION OF ASSIGNMENT:

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

NO THIRD-PARTY BENEFICIARIES:

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



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

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

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

Respectfully,



Agreed:
PIETRAGALLO GORDON ALFANO BOSICK & RASPANTI, LLP

SIGNATURE:

PRINT NAME:

GAETANO J. ALFANO

TITLE:

PARTNER

DATE:

3-24-23

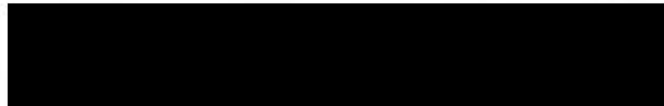


Schedule "A"

TERMS AND CONDITIONS

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

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



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

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Firm or a Firm Party) for any indirect, special, exemplary, incidental, or consequential damages (including loss of profits) arising from or relating to this Agreement or the appraisal, even if such party knew or should have known of the possibility of, or could reasonably have prevented, such damages. In no event shall the total liability of the Firm or any Firm Party to Client or any third party (regardless of whether such party's claimed use or reliance on the appraisal was authorized by the Firm or a Firm Party) arising from or relating to this Agreement or the appraisal, whether based on tort, contract, or any other legal theory, exceed the amount of fees paid to the Firm for the appraisal and the services described herein. Legal claims or causes of action relating to the appraisal are not assignable, except: (i) as the result of a merger, consolidation, sale or purchase of a legal entity, (ii) with regard to the collection of a bona fide existing debt for services but then only to the extent of the total compensation for the appraisal plus reasonable interest, or (iii) in the case of an appraisal performed in connection with the origination of a mortgage loan, as part of the transfer or sale of the mortgage before an event of default on the mortgage or note or its legal equivalent.

16. Federal banking regulations require banks and other lending institutions to engage appraisers where FIRREA compliant appraisals must be used in connection with mortgage loans or other transactions involving federally regulated lending institutions. In view of that requirement, the appraisal may not be accepted by a federally regulated financial institution.
17. In the event Client fails to make payments of any fees or sums when due and payable under this Agreement; then from the date due and payable until paid, the amount due and payable shall bear interest at the maximum rate permitted under the laws of the state in which the Property is located. If the Firm is required to undertake collection efforts including institution of legal action against Client relating to the Agreement, the Firm shall be entitled to recover attorney's fees, litigation expenses, and costs from Client.
18. To the extent permitted under applicable law, any legal action or lawsuit or other proceeding by Client or any Intended User of the appraisal against Firm or a Firm Party whether based in contract, tort, warranty, indemnity or otherwise, relating to the appraisal shall be commenced within two (2) years from the date of delivery of the appraisal to the claimant in such action or proceeding, unless the applicable law provides for a shorter period, and any such claimant waives the right to a jury in any such legal action or lawsuit or other proceeding. Notwithstanding the state of domicile or residency of either party to this Agreement, this Agreement shall be governed and construed under the laws of the state in which the Property is located, and venue for any action or proceeding arising out of this Agreement shall be deemed proper only in the court of competent jurisdiction located in the state in which the Property is located.
19. Throughout the performance of services under this Agreement, the Firm shall maintain at its sole cost and expense the following insurance:
 - (a) Workers' Compensation, so as to provide statutory benefits as required by the laws of each state within the United States in which the Firm's services are being provided, and Employer's Liability insurance with limits of liability of \$1,000,000 each accident, \$1,000,000 disease each employee and \$1,000,000 disease policy limit covering all employees of the Firm engaged in the performance of such services.
 - (b) Fidelity insurance or bond with a limit of \$1,000,000 to insure the Firm against loss of its or Client's assets caused from the dishonest acts of the Firm's employees.
 - (c) Professional Liability insurance with a limit of liability of \$1,000,000 each claim and \$1,000,000 aggregate, which limits may be provided by a combination of primary and excess policies.
 - (d) Commercial General Liability insurance providing coverage against damages due to bodily injury (including death), property damage and personal and advertising injury arising in connection with the Firm's services provided under this Agreement, which insurance coverage shall: (i) be occurrence-based; (ii) provide limits of liability in an amount of \$1,000,000 each occurrence and \$1,000,000 aggregate (including excess and/or umbrella limits), (iii) include at least those coverages generally included in the most current ISO Commercial

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

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



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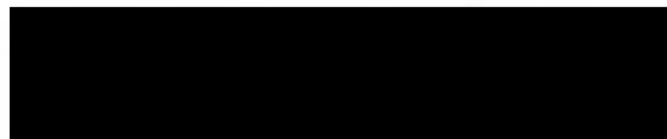
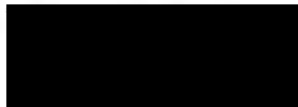
Schedule "B"

PROPERTY INFORMATION LIST

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

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

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



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FOR APARTMENT PROPERTY

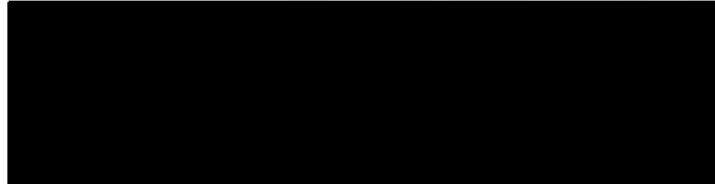
18. **Current Rent Roll** (in Excel if possible) showing tenant name, apartment number, dates of leases and the type of apartment, asking/market rents for each apartment, and contractual rent for each apartment unit. If rent roll does not show past due rent or rent in arrears, please forward aging report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

FOR COMMERCIAL PROPERTY

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

FOR ALL INCOME-PRODUCING PROPERTIES

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

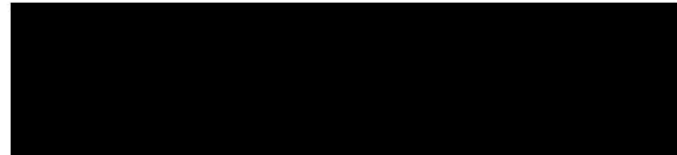
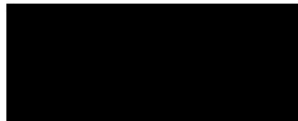


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Schedule "C"

PROPERTY DETAILS

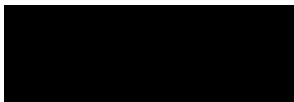
Location	Type	Fee
300 Market Street, Philadelphia, PA	(12 Apts / 1 Comm)	\$2,800
1427 Melon Street, Philadelphia, PA	(24 Apts)	\$2,800
627-629 E. Girard Avenue, Philadelphia, PA	(8 Apts / 2 Comm)	\$2,500
861 N. 3 rd Street, Philadelphia, PA	(3 Apts / 1 Comm)	\$2,500
915-917 S. 11 th Street, Philadelphia,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



ADDENDA

Addendum C

Financials and Property Information



Rent Roll (Itemized)

Exported On: 04/19/2023 12:15 PM

Properties: 300 Market Street Philadelphia, PA 19106, 1427 Melon Street Philadelphia, PA 19130, 627-29 E Girard Ave Philadelphia, PA 19125, 861 N 3rd St Philadelphia, PA 19123, 1635 E Passyunk Ave - 1635 E Passyunk Ave Philadelphia, PA 19148, 715 Sansom St Philadelphia, PA 19106, 915-17 S 11th St Philadelphia, PA 19147, 1932 Spruce St - 1932 Spruce St Philadelphia, PA
 Units: Active
 GL Accounts: 4100: Rent Income, 4105: Parking Fee Income, and 6430: Water
 As of: 04/19/2023

Unit	BD/BA	Sqft	Status	Tenant	Lease From	Lease To	Rent Income	Water	Parking Fee Income	Other Charges
1427 Melon Street Philadelphia, PA 19130										
Parking #1	--		Current	R.G.			0.00	0.00	250.00	0.00
Parking #2	--		Current	M.M.			0.00	0.00	0.00	0.00
Parking #5	--		Notice-Unrented	C.F.			0.00	0.00	250.00	0.00
Parking #7	--		Current	D.L.			0.00	0.00	250.00	0.00
Unit 101	1/1.00	741	Notice-Unrented	I.D.	06/01/2021	05/26/2023	1,315.00	50.00	0.00	0.00
Unit 201	1/1.00	719	Current	K.K.	05/01/2022	07/26/2023	1,725.00	50.00	0.00	0.00
Unit 202	1/1.00	743	Current	R.S.	07/11/2016	07/26/2023	1,630.00	40.00	0.00	0.00
Unit 203	1/1.00	748	Notice-Unrented	M.S.	05/01/2022	04/25/2023	1,645.00	50.00	0.00	0.00
Unit 204 (Break Lease)	1/1.00	670	Current	T.A.S.	01/11/2023	12/26/2023	1,395.00	50.00	0.00	0.00
Unit 205	1/1.00	711	Current	A.I.	06/01/2022	05/26/2024	1,765.00	50.00	250.00	0.00
Unit 206	1/1.00	659	Current	M.G.	04/01/2022	03/26/2024	1,495.00	50.00	0.00	0.00
Unit 301	1/1.00	719	Current	C.N.	07/17/2021	07/26/2023	1,745.00	50.00	0.00	0.00
Unit 302	1/1.00	786	Current	M.S.	06/01/2022	05/26/2024	1,795.00	50.00	250.00	0.00
Unit 303	1/1.00	748	Current	D.H.	10/01/2021	09/28/2023	1,650.00	50.00	0.00	0.00
Unit 304	1/1.00	670	Current	K.H.	09/01/2022	08/26/2023	1,695.00	50.00	0.00	0.00
Unit 305	1/1.00	709	Current	F.P.	08/01/2022	07/26/2023	1,695.00	50.00	0.00	0.00
Unit 306	1/1.00	656	Current	C.W.	02/01/2021	09/25/2023	1,540.00	50.00	0.00	0.00
Unit 401	1/1.00	719	Current	S.P.	06/15/2022	06/25/2024	1,810.00	50.00	0.00	0.00
Unit 402	1/1.00	786	Notice-Rented	L.R.	05/01/2022	04/25/2023	1,695.00	50.00	0.00	0.00
Unit 403	1/1.00	748	Current	F.N.	07/01/2022	06/25/2024	1,775.00	50.00	0.00	0.00
Unit 404	1/1.00	670	Current	S.I.	07/18/2022	06/25/2024	1,700.00	50.00	0.00	0.00
Unit 405	1/1.00	708	Current	J.S.	08/01/2020	07/26/2023	1,765.00	50.00	0.00	0.00
Unit 406	1/1.00	656	Current	J.S.	10/13/2021	09/25/2023	1,745.00	50.00	0.00	0.00
Unit 501	1/1.00	744	Current	J.R.	06/01/2022	05/26/2024	1,785.00	50.00	0.00	0.00
Unit 502	2/1.50	968	Current	M.W.	05/26/2016	05/26/2024	1,800.00	0.00	500.00	0.00
Unit 503	1/1.00	737	Vacant-Unrented							
Unit 504	1/1.00	678	Current	J.L.	09/18/2021	08/26/2023	1,650.00	50.00	0.00	0.00
Unit 505	1/1.00	595	Notice-Unrented	H.S.	09/02/2022	08/26/2023	1,645.00	50.00	0.00	0.00
28 Units		17,287	96.4% Occupied				38,660.00	1,090.00	1,750.00	0.00



1427-35 MELON ST

PHILADELPHIA, PA 19130-2922

Owner

[Redacted]

OPA Account Number

[Redacted]

Address

[Redacted]
[Redacted]
[Redacted]

Property assessment and sale information

Assessed Value	\$4,015,300
Sale Date	08/09/2018
Sale Price	\$7,600,000

Office of Property Assessment (OPA) was formerly part of the Board of Revision of Taxes (BRT) and some City records may still use that name. Source: [Office of Property Assessment \(OPA\). \(https://www.phila.gov/opa/pages/default.aspx\)](https://www.phila.gov/opa/pages/default.aspx)

Valuation History (9)

Taxable and exempt land values can represent the contributory value of land in relation to the total market value, or were no structure is present, the value of vacant land. (Consistent with International Association of Assessing Officers (IAAO) standards, the value of an improved parcel is separated into the portion of value attributed to the improvement and the portion of value attributed to the land.)

Year	Market Value	Taxable Land	Taxable Improvement	Exempt Land	Exempt Improvement
2023	\$4,015,300	\$401,530	\$0	\$0	\$3,613,770
2022	\$4,254,300	\$425,430	\$0	\$0	\$3,828,870
2021	\$6,460,000	\$646,000	\$0	\$0	\$5,814,000
2020	\$6,460,000	\$646,000	\$0	\$0	\$5,814,000
2019	\$4,212,200	\$421,220	\$0	\$0	\$3,790,980
2018	\$4,089,600	\$408,960	\$0	\$0	\$3,680,640
2017	\$219,200	\$219,200	\$0	\$0	\$0
2016	\$0	\$0	\$0	\$0	\$0

Year	Market Value	Taxable Land	Taxable Improvement	Exempt Land	Exempt Improvement
2015	\$57,800	\$42,600	\$15,200	\$0	\$0

Sales History (2)

Date	Adjusted Total	Grantees	Grantors	Doc Id
08/09/2018	\$7,600,000	1427 MELON ST LLC	1427 MELON ASSOCIATES L P	53407142
10/15/2015	\$450,000	1427 MELON ASSOCIATES LP	LOONSTYN DEVELOPMENT LP	52982331

Property Details



OPA is currently updating its data files. Some of the information below does not yet reflect the data used to calculate the tax year 2023 property value. For questions regarding the 2023 property value, call OPA at [\(215\) 686-9200 \(tel:+12156869200\)](tel:2156869200).

For all other property questions, **submit an official inquiry** [\(https://opainquiry.phila.gov/opa.apps/help/PropInq.aspx?acct_num=881108051\)](https://opainquiry.phila.gov/opa.apps/help/PropInq.aspx?acct_num=881108051) .

Property characteristics described below are included for convenience, but may not reflect the most recent conditions at the property.

Year Built	2016
Building Description	APTS 5-50 UNITS MASONRY
Building Condition	Not available
Number of Stories	Not Available
Number of Rooms	Not Available
Features	No basement No fireplace No garage
Heating and Utilities	Heater type n/a No central air Sewer type n/a
Lot Size	5,520 sq ft
Improvement Area	20,079 sq ft
Frontage	80 ft
Beginning Point	74.750' EAST OF 15TH ST
Zoning	CMX4-Center City Commercial Mixed-Use 🔗 (https://atlas.phila.gov/1427-35%20MELON%20ST/zoning)
OPA Account Number	881108051
OPA Address	1427-35 Melon St
Homestead Exemption	No

Local Details

Political Divisions	Ward: 8th Council District: 5th
School Catchment	Elementary: Waring, Laura W Middle: Waring, Laura W HS: Franklin Benjamin HS
Police District	9th District
Trash Day	Monday
L&I District	NORTH
Census Tract	013300

You can download the property assessment dataset in bulk, and get more information about this data at metadata.phila.gov

Note: Taxable and exempt land values can represent the contributory value of land in relation to the total market value, or were no structure is present, the value of vacant land. (Consistent with International Association of Assessing Officers (IAAO) standards, the value of an improved parcel is separated into the portion of value attributed to the improvement and the portion of value attributed to the land.)

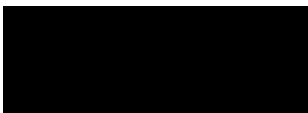
ADDENDA

Addendum D
Comparable Data



ADDENDA

Improved Sales



ADDENDA

Multifamily Sale Comparable 1
227 Krams

Location Information

Location	227 Krams Avenue Philadelphia, PA
Market	PA - Philadelphia - Greater
Submarket	Philadelphia - Greater
County	Philadelphia
APN	88-1086457



Physical Property Summary

Property Type	Multifamily (Mid/High Rise)
Gross Building Area	22,275 SF
Rentable Area	18,815 SF
Land Acres	0.41 Acres
Land SF	17,920 SF
Number of Units	24
Density (Units per Acre)	1043478.3
Average Unit Size	784 SF
No. of Stories	4
Year Built (Renovated)	2018
Construction	Wood frame
Condition	Good
Parking	
Investment Class	Class A
Elevators	

Sale Data

Transaction Type	Closed
Interest Conveyed	Leased Fee
Date	March 23, 2023
Marketing Time	N/A
Grantor	227 Krams Dp Partners, LP
Grantee	227 Krams, LLC
Document No.	0
Price	\$6,000,000
Financing Terms	Cash to Seller
Price Adjustments For:	
Financing	\$0
Conditions of Sale	\$0
Other	\$0
Adjusted Price	\$6,000,000
Price Per Unit	\$250,000

Financial Data

Occupancy	95.0%
Property Operations Status	Stabilized Operations

Financial Indicators

NOI	N/A	Verification	Confirmed-Seller Attorney
Derived Cap Rate	N/A		
Reported Cap Rate	5.18%		

Comments

Class B multifamily building located in the Manayunk submarket. Rents include on-site parking, water, sewer, and trash. Project amenities include an elevator, bike storage, and rooftop deck area.



ADDENDA

Multifamily Sale Comparable 2
1216-26 N 5th St

Location Information

Location	1216-1226 North 5th Street Philadelphia, PA
Market	Valuation Properties
Submarket	Valuation Apartment / Multi Housing
County	Philadelphia
APN	881006770



Physical Property Summary

Property Type	Multifamily (Walk-Up)
Gross Building Area	30,236 SF
Rentable Area	25,058 SF
Land Acres	0.28 Acres
Land SF	12,000 SF
Number of Units	31
Density (Units per Acre)	112.5
Average Unit Size	808 SF
No. of Stories	4
Year Built (Renovated)	2018
Construction	Wood frame
Condition	Good
Parking	Surface; Interior Courtyard
Investment Class	Class B
Elevators	1

Sale Data

Transaction Type	Closed
Interest Conveyed	Leased Fee
Date	March 22, 2022
Marketing Time	3 months
Grantor	South Randolph Street Associates
Grantee	1216-1226 N 5th St Owner LLC
Document No.	0
Price	\$9,050,000
Financing Terms	Cash to Seller
Price Adjustments For:	
Financing	\$0
Conditions of Sale	\$0
Other	\$0
Adjusted Price	\$9,050,000
Price Per Unit	\$291,935

Financial Data

Occupancy	97.0%
Property Operations Status	Stabilized Operations

Financial Indicators

NOI	N/A	
Derived Cap Rate	N/A	
Reported Cap Rate	5.60%	Verification Secondary Verification

Comments

Sale of a 31-unit apartment complex located in the Olde Kensington neighborhood of Philadelphia. Property was reportedly 96.8% occupied as of the effective sale date. Sale was listed by Rittenhouse Realty Advisors and received adequate exposure to the market. The improvements are a mix of 1BR and 2BR units, and feature a fitness center and off-street parking. No commercial space.



ADDENDA

Multifamily Sale Comparable 3
4602 Canton

Location Information

Location	4602 Canton Street Philadelphia, PA
Market	PA - Philadelphia - Greater
Submarket	Philadelphia - Greater
County	Philadelphia
APN	88-1799922



Physical Property Summary

Property Type	Multifamily (Mid/High Rise)
Gross Building Area	28,000 SF
Rentable Area	26,049 SF
Land Acres	0.33 Acres
Land SF	14,442 SF
Number of Units	36
Density (Units per Acre)	108.6
Average Unit Size	724 SF
No. of Stories	4
Year Built (Renovated)	2018
Construction	Wood frame
Condition	New
Parking	Covered Parking
Investment Class	Class A
Elevators	

Sale Data

Transaction Type	Closed
Interest Conveyed	Leased Fee
Date	March 21, 2022
Marketing Time	N/A
Grantor	4600 Canton Street Holdings, LLC
Grantee	Canton Properties, LLC
Document No.	54019673
Price	\$9,075,000
Financing Terms	Cash to Seller
Price Adjustments For:	
Financing	\$0
Conditions of Sale	\$0
Other	\$0
Adjusted Price	\$9,075,000
Price Per Unit	\$252,083

Financial Data

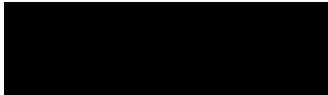
Occupancy	100.0%
Property Operations Status	Stabilized Operations

Financial Indicators

NOI	N/A	
Derived Cap Rate	N/A	
Reported Cap Rate	N/A	
	Verification	Confirmed-Other

Comments

Four-story building located between Canton Street, Leverington Park, and railroad tracks, in close proximity to the Leverington & Main Street train station. Property is located in the Manayunk/Roxborough submarket. Building includes 1,695 SF of ground floor commercial space (being leased at \$10.00/SF modified gross). Amenities include covered parking, fitness center, and is elevator served. Garage parking (18 spaces) is available at \$100/month.



ADDENDA

Multifamily Sale Comparable 5
Falls Bridge Lofts

Location Information

Location	4328 Ridge Avenue Philadelphia, PA
Market	PA - Philadelphia - Greater
Submarket	Philadelphia - Greater
County	Philadelphia
APN	88-1137427



Physical Property Summary

Property Type	Multifamily (Mid/High Rise)
Gross Building Area	50,000 SF
Rentable Area	36,303 SF
Land Acres	0.99 Acres
Land SF	43,285 SF
Number of Units	46
Density (Units per Acre)	2000000.0
Average Unit Size	789 SF
No. of Stories	5
Year Built (Renovated)	2017
Construction	
Condition	Good
Parking	
Investment Class	Class A
Elevators	

Sale Data

Transaction Type	Closed
Interest Conveyed	Leased Fee
Date	December 16, 2021
Marketing Time	N/A
Grantor	4333 Kelly Drive Associates, LP
Grantee	Falls Bridge Lofts 2021 LLC
Document No.	54005744
Price	\$11,900,000
Financing Terms	Cash to Seller
Price Adjustments For:	
Financing	\$0
Conditions of Sale	\$0
Other	\$0
Adjusted Price	\$11,900,000
Price Per Unit	\$258,696

Financial Data

Occupancy	85.0%
Property Operations Status	Sub-stabilized Operations

Financial Indicators

NOI	N/A	
Derived Cap Rate	N/A	
Reported Cap Rate	N/A	Verification Confirmed-Other

Comments

Redevelopment site of former office building(s) converted to Class A multifamily community situated between Ridge Avenue and Kelly Drive in the East Falls neighborhood of the CBD. Project amenities include: clubhouse with lobby/lounge area, game room, yoga room, business center, elevator, fitness center, bike storage, outdoor courtyard and grilling area, extra storage, and dog park. Unit features include stainless steel appliances, granite countertops, in-unit washers and dryers, and hardwood floors. Rents include sewer & trash. Tenants pay all other utilities. Assigned surface lot parking is \$100/month. Sale of a 46-unit multi-family building. The Falls Bridge Lofts features studio, one-, and two-bedroom units ranging in size from 540 square feet to 1,100 square feet. The apartment building was 85.11% leased at the time of the transaction. No retail component. No cap rate reported.



ADDENDA

Multifamily Sale Comparable 6
1509 West Girard Avenue

Location Information

Location	1509 West Girard Ave Philadelphia, PA
Market	PA - Philadelphia - Greater
Submarket	Philadelphia - Greater
County	Philadelphia
APN	881906605



Physical Property Summary

Property Type	Multifamily (Walk-Up)
Gross Building Area	16,111 SF
Rentable Area	15,379 SF
Land Acres	0.18 Acres
Land SF	7,750 SF
Number of Units	17
Density (Units per Acre)	95.6
Average Unit Size	905 SF
No. of Stories	4
Year Built (Renovated)	2014
Construction	Wood frame
Condition	Good
Parking	Garage
Investment Class	Class A
Elevators	

Sale Data

Transaction Type	Closed
Interest Conveyed	Leased Fee
Date	April 21, 2021
Marketing Time	N/A
Grantor	Seaside Capital LLC
Grantee	1509 Girard Ave LLC and/or assigns
Document No.	53846420
Price	\$4,700,000
Financing Terms	Cash to Seller
Price Adjustments For:	
Financing	\$0
Conditions of Sale	\$0
Other	\$0
Adjusted Price	\$4,700,000
Price Per Unit	\$276,471

Financial Data

Occupancy	100.0%
Property Operations Status	Stabilized Operations

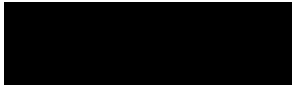
Financial Indicators

Effective Gross Income	\$328,901
EGIM	14.29
Operating Expense Ratio	15.0%
NOI	\$279,530
Derived Cap Rate	5.95%
Reported Cap Rate	N/A

Verification Confirmed-Other

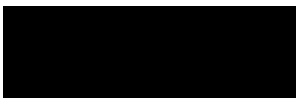
Comments

Sale of 17-unit apartment building in Francisville/Fairmount neighborhood. Property had 12 underground parking spaces. Property had maintained consistently high occupancy rates over the last few years, but the current owners had not made much effort to raise rents despite the rapid growth within the neighborhood



ADDENDA

Précis Metro Report - Economy.Com, Inc.



ECONOMIC DRIVERS

FINANCIAL CENTER MEDICAL CENTER COLLEGE TOWN

EMPLOYMENT GROWTH RANK

2021-2023 77 1st quintile
2021-2026 129 2nd quintile
Best=1, Worst=410

RELATIVE COSTS

LIVING 98% BUSINESS 99%
U.S.=100%

VITALITY

RELATIVE 0.50
Rank: 61
Best=1, Worst=403

QUALITY

OF LIFE 213
Best=1, Worst=378

BUSINESS CYCLE STATUS



ANALYSIS

Recent Performance. Early signs suggest things are beginning to look sunnier in Philadelphia. Though a larger share of jobs lost in the COVID-19 recession are yet to be recovered than the regional average, a midyear acceleration in job growth helped narrow the shortfall. The uptick in payrolls has been driven by finance and professional services. The pickup in these high-wage jobs has supported strong growth in consumer-facing retail and leisure/hospitality. Alongside a growing supply of labor, the jobless rate had fallen below its pre-virus level by July.

demic levels than both the state and regional averages. World-class hospitals and research institutions are an advantage for PHI, attracting job seekers and funding. The recent acceleration in payroll growth, however, is owed in part to the full opening of UPenn Health's new 500-room hospital. This burst will be short-lived. Top employer Jefferson Health has downgraded its hiring outlook, contributing to the Moody's Analytics forecast for below-average payroll growth in the local industry.

Public sector. Federal aid will support PHI's public sector in the near term, though out-migration will squeeze tax revenues and limit hiring longer term. PHI's public sector has posted a subpar performance from the pandemic recession. Headcounts are 5% below early-2020 levels and have contracted over the past year. PHI's largest public school district received \$1.1 billion in federal funding via the American Rescue Plan. The funds represent about a quarter of the district's annual budget and have been earmarked to expand programs and increase pay to retain and attract staff, among other initiatives.

Residential. Though the upside is limited, there are reasons to be optimistic about PHI's residential housing market. Out-migration has weighed heavily on single-family prices in PHI, leaving the pace of appreciation below that in the U.S. and other large metro areas in the region. The worst of the pandemic-initiated outflow of residents, however, appears to have passed. Though the outlook for remote work remains cloudy, homebuilders are betting PHI's relative affordability and urban amenities will attract new residents in the coming years. Starts to build single-family homes have pushed to record highs in recent quarters. Relative to peers in the surrounding region, PHI's cost advantages will drive above-average growth in household formations. This will keep a higher floor under demand and price growth a touch more buoyant than in the typical large Northeast metro in the years ahead.

The influx of spending and pay bumps for some of the 20,000 employees at the district will have a positive near-term impact on job growth and consumer spending. However, an acceleration in the outflow of residents since the pandemic began and an unfavorable business environment are working in the opposite direction. Fewer residents and new businesses will erode the tax base, threaten spending on public services, and leave payrolls expanding at a pace below the U.S. and regional averages.

Job growth in Philadelphia will come at an above-average clip in the quarters ahead. White-collar workers' return to PHI will be slow, but healthcare will pick up some of the slack near term. Longer term, weak demographics and an unfriendly business climate will keep job growth in PHI trailing that of the U.S.

Caregivers. Healthcare will maintain its position as the primary job creator in PHI in the years ahead. Payrolls have expanded at an impressive rate for most of 2022 and are closer to pre-pandemic

Matt Colyar August 2022 1-866-275-3266 help@economy.com

STRENGTHS & WEAKNESSES

STRENGTHS

- » World-class educational institutions.
- » Center for healthcare, medical research.
- » Well-developed port and international airport.

WEAKNESSES

- » Relatively anemic population growth.
- » Prohibitive business taxes that push firms to suburbs or nearby states.
- » Significant fiscal problems.

FORECAST RISKS

SHORT TERM LONG TERM

RISK EXPOSURE 2022-2027 344 5th quintile Most=1 Least=403

UPSIDE

- » Downtown investment attracts more firms to PHI and boosts long-run job growth.
- » Revamped mixed-use buildings draw more hybrid workers to locate downtown than expected.

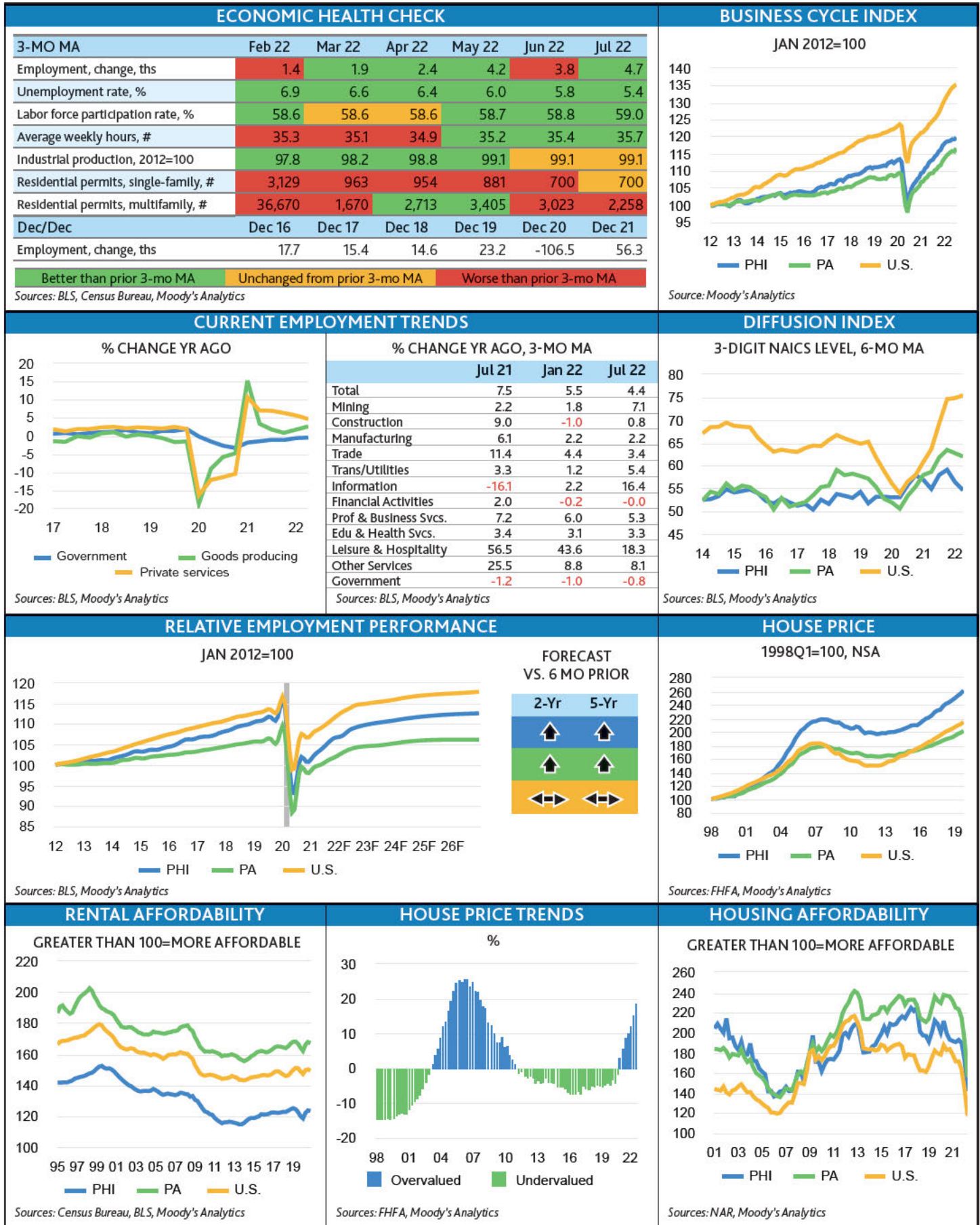
DOWNSIDE

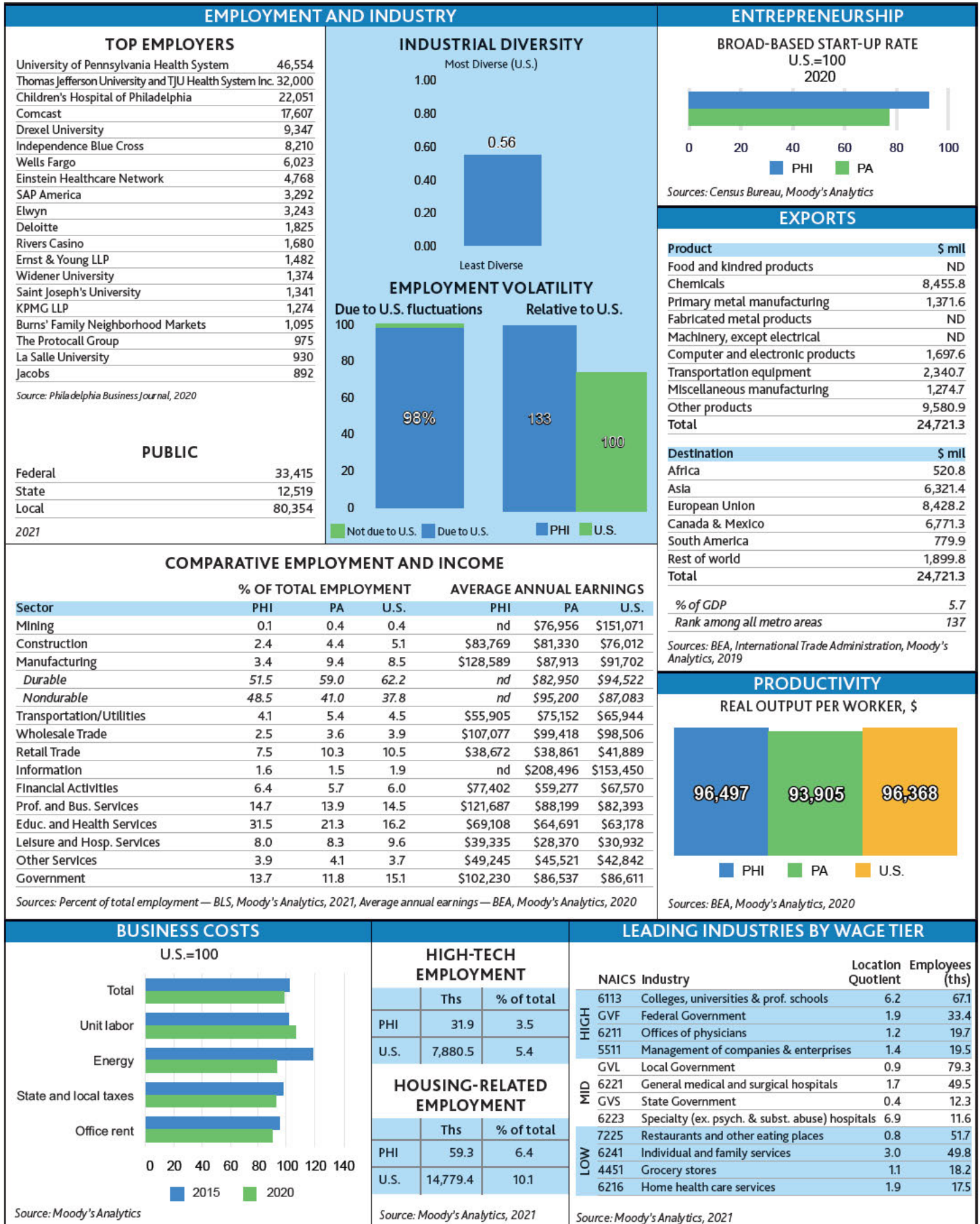
- » City schools' financial situation deteriorates further, forcing more job cuts.
- » Permanent remote work leads to an exodus of professional workers from the city.

MOODY'S RATING

A2 CITY AS OF NOV 09, 2018

2016	2017	2018	2019	2020	2021	INDICATORS	2022	2023	2024	2025	2026	2027
113.3	114.3	116.9	120.3	113.9	115.9	Gross metro product (C12\$ bil)	117.0	118.9	121.9	125.0	128.2	131.2
3.0	0.8	2.3	2.9	-5.3	1.7	% change	1.0	1.6	2.5	2.6	2.6	2.3
931.4	945.9	964.1	982.3	900.3	920.7	Total employment (ths)	957.6	973.8	982.7	989.1	992.3	994.8
1.8	1.6	1.9	1.9	-8.4	2.3	% change	4.0	1.7	0.9	0.7	0.3	0.2
6.2	5.8	5.3	5.2	11.5	8.4	Unemployment rate (%)	5.4	3.8	3.7	4.0	4.6	4.9
6.3	-0.4	5.5	0.8	7.4	3.7	Personal income growth (%)	1.7	6.3	5.7	5.1	5.1	4.7
47.3	48.8	50.7	53.2	54.5	57.7	Median household income (\$ ths)	59.3	62.0	64.5	66.9	69.4	71.8
2,139.8	2,144.5	2,148.8	2,150.8	2,151.8	2,154.6	Population (ths)	2,159.8	2,164.7	2,167.1	2,167.9	2,167.9	2,167.5
0.3	0.2	0.2	0.1	0.0	0.1	% change	0.2	0.2	0.1	0.0	0.0	-0.0
-3.6	-2.8	-2.6	-4.3	-4.2	-0.9	Net migration (ths)	-1.2	-1.3	-3.8	-5.3	-5.8	-6.0
1,310	1,194	915	1,137	1,144	1,919	Single-family permits (#)	1,110	1,620	1,715	1,778	1,858	1,955
2,317	2,776	2,610	3,710	4,775	23,872	Multifamily permits (#)	2,296	2,434	2,639	2,714	2,957	3,300
232.3	245.1	259.3	272.9	288.2	320.8	FHFA house price (1995Q1=100)	348.7	350.8	354.3	356.9	361.2	367.0





BUSINESS COSTS

U.S.=100

Source: Moody's Analytics

HIGH-TECH EMPLOYMENT

	Ths	% of total
PHI	31.9	3.5
U.S.	7,880.5	5.4

HOUSING-RELATED EMPLOYMENT

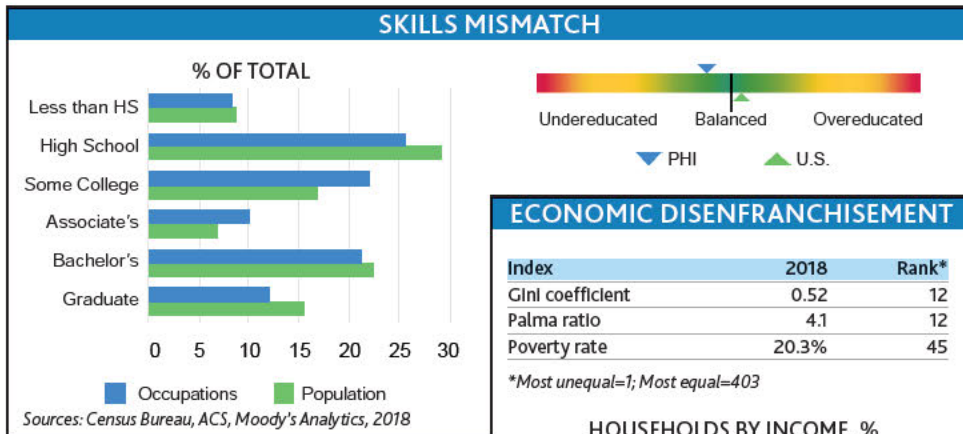
	Ths	% of total
PHI	59.3	6.4
U.S.	14,779.4	10.1

Source: Moody's Analytics, 2021

LEADING INDUSTRIES BY WAGE TIER

NAICS Industry	Location Quotient	Employees (ths)
6113 Colleges, universities & prof. schools	6.2	67.1
GVF Federal Government	1.9	33.4
6211 Offices of physicians	1.2	19.7
5511 Management of companies & enterprises	1.4	19.5
GVL Local Government	0.9	79.3
6221 General medical and surgical hospitals	1.7	49.5
GVS State Government	0.4	12.3
6223 Specialty (ex. psych. & subst. abuse) hospitals	6.9	11.6
7225 Restaurants and other eating places	0.8	51.7
6241 Individual and family services	3.0	49.8
4451 Grocery stores	1.1	18.2
6216 Home health care services	1.9	17.5

Source: Moody's Analytics, 2021



MIGRATION FLOWS

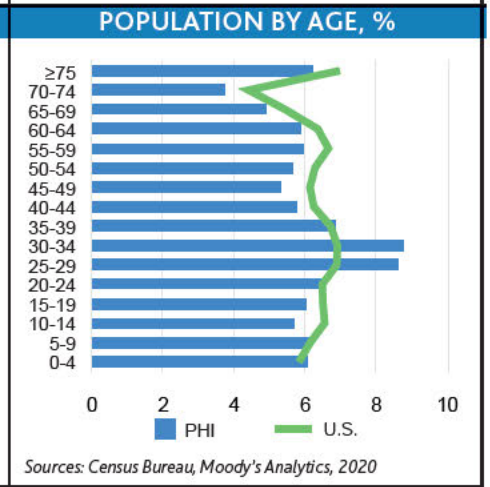
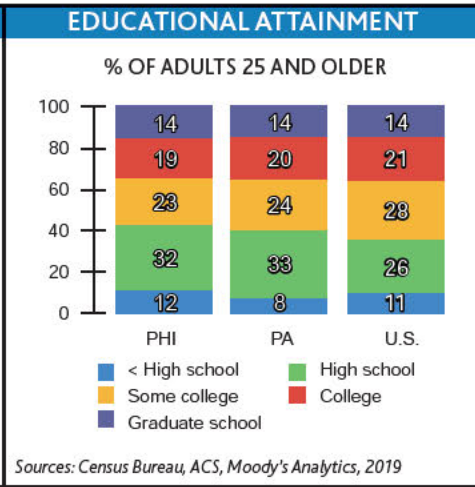
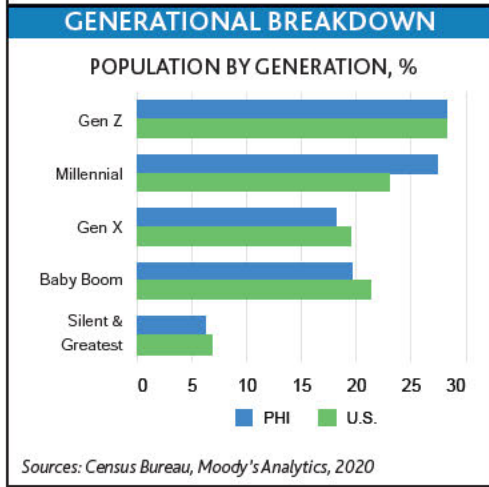
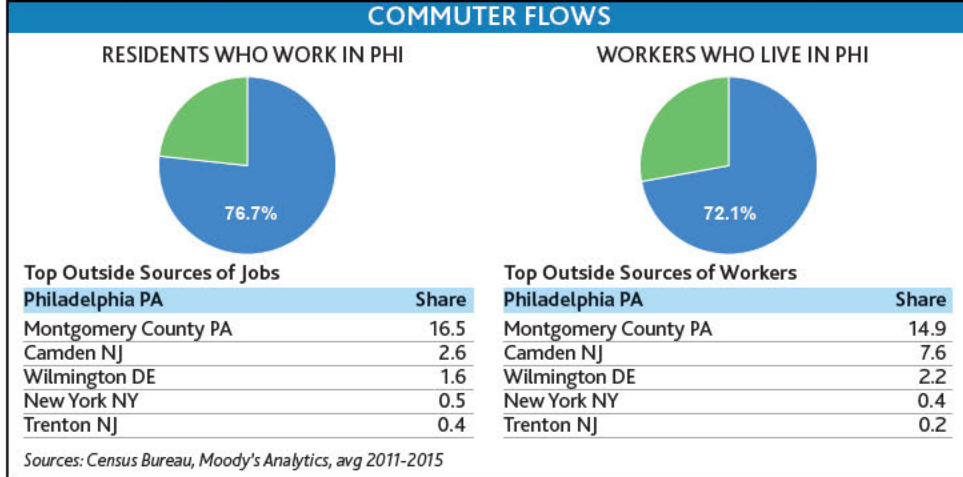
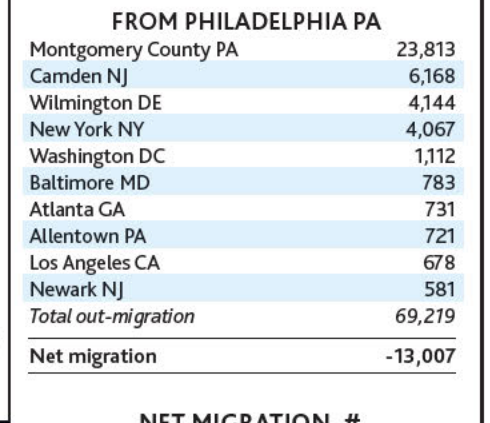
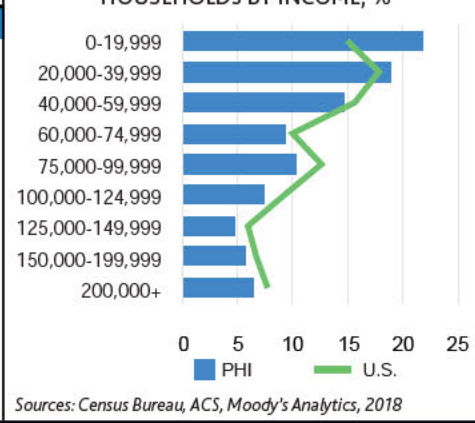
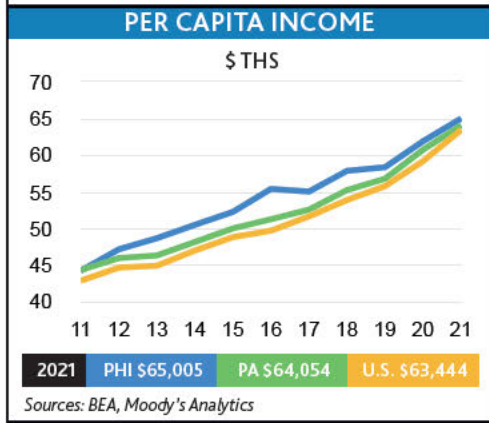
INTO PHILADELPHIA PA

Location	Number of Migrants
Montgomery County PA	15,035
New York NY	6,753
Camden NJ	3,967
Wilmington DE	2,676
Washington DC	1,296
Newark NJ	880
Allentown PA	794
Baltimore MD	768
Pittsburgh PA	552
Los Angeles CA	550
Total in-migration	56,212

FROM PHILADELPHIA PA

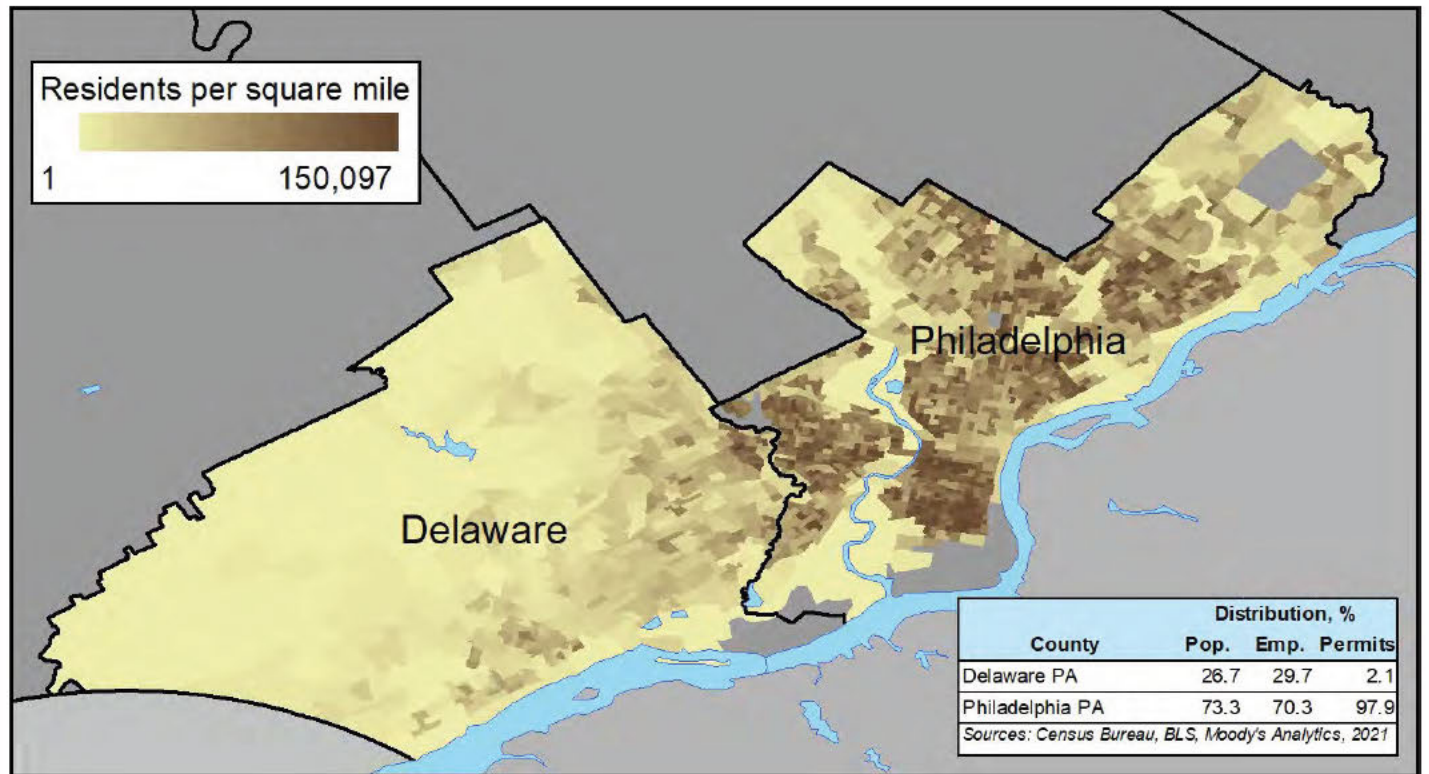
Location	Number of Migrants
Montgomery County PA	23,813
Camden NJ	6,168
Wilmington DE	4,144
New York NY	4,067
Washington DC	1,112
Baltimore MD	783
Atlanta GA	731
Allentown PA	721
Los Angeles CA	678
Newark NJ	581
Total out-migration	69,219

Net migration: -13,007

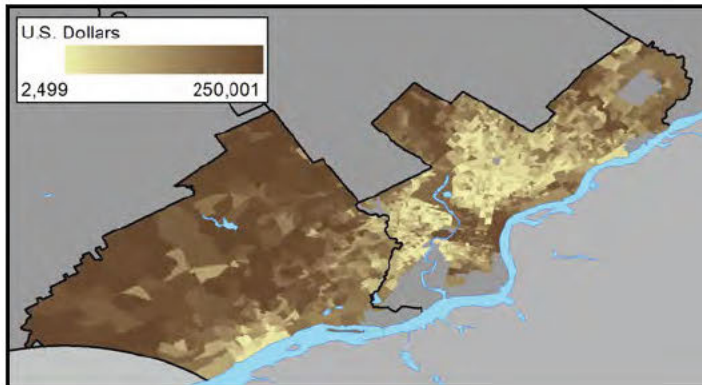


GEOGRAPHIC PROFILE

POPULATION DENSITY



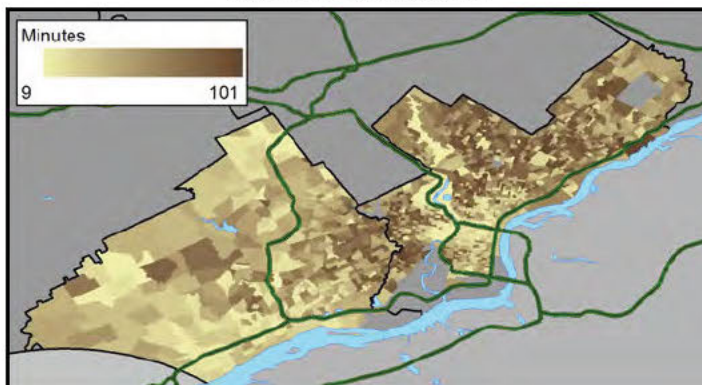
MEDIAN HOUSEHOLD INCOME



POPULATION & HOUSING CHARACTERISTICS

	Units	Value	Rank*
Total area	sq mi	333.3	400
Total water area	sq mi	15.3	291
Total land area	sq mi	317.9	399
Land area - developable	sq mi	296.9	376
Land area - undevelopable	sq mi	21.2	327
Population density	pop. to developable land	6,762.5	1
Total population	ths	2,150.1	36
U.S. citizen at birth	% of population	82.8	342
Naturalized U.S. citizen	% of population	7.3	55
Not a U.S. citizen	% of population	6.4	97
Median age		35.6	312
Total housing units	ths	913.7	32
Owner occupied	% of total	50.1	357
Renter occupied	% of total	39.2	33
Vacant	% of total	10.7	201
1-unit; detached	% of total	16.8	403
1-unit; attached	% of total	52.0	1
Multifamily	% of total	31.1	49
Median year built		1950	

MEDIAN COMMUTE TIME



* Areas & pop. density, out of 410 metro areas/divisions, including metros in Puerto Rico; all others, out of 403 metros.

Sources: Census Bureau, Moody's Analytics, 2018 except land area 2010

Sources: ACS, Moody's Analytics

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ADDENDA

Addendum E

Appraiser Qualifications and Licenses





[REDACTED]

[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.

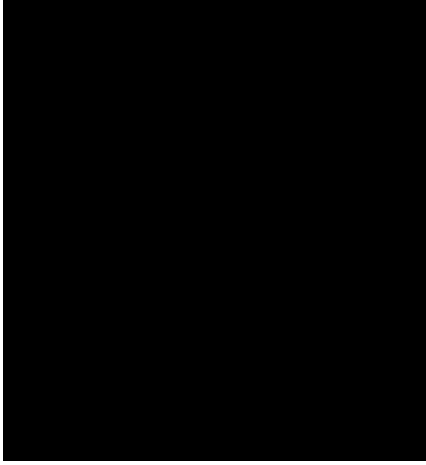
He joined [REDACTED]

Quotes from Publications

[REDACTED]

Professional Affiliations

[REDACTED]



YEARS OF EXPERIENCE

29+

AREAS OF SPECIALTY

[REDACTED]



[REDACTED]

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

Education

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

[REDACTED]

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

Commonwealth of Pennsylvania

Department of State

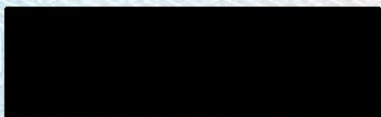
Bureau of Professional and Occupational Affairs

PO BOX 2649 Harrisburg PA 17105-2649



License Type

Certified General Appraiser



License Status

Active

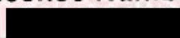
Initial License Date

09/04/1996

Expiration Date

06/30/2023

License Number



Commissioner of Professional and Occupational Affairs



[REDACTED]

An experienced appraiser, [REDACTED] has prepared and performed valuations and market studies on a broad range of properties that include lifestyle centers, neighborhood and community shopping centers, single-tenant retail, manufacturing, warehouse and flex industrial facilities, low-to-high rise office buildings and large mixed-use developments as well as vacant land. Additionally, he has performed specialized real estate valuation and market studies on religious facilities, schools, restaurants/catering halls, bank branches, theaters, convenience stores, medical offices and residential land subdivisions. Clients have included commercial banks, developers, corporations, individual property owners, public agencies, insurance companies and legal firms.

[REDACTED] has completed valuations and market studies on proposed, partially completed, renovated and existing properties. He has carried out valuations for mortgage financing, investment counseling, potential sales and purchases, leasehold and rental analysis, and feasibility analysis.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

YEARS OF EXPERIENCE

6+

AREAS OF SPECIALTY

[REDACTED]

Licenses and Designations

[REDACTED]

Education

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Commonwealth of Pennsylvania
Department of State

Bureau of Professional and Occupational Affairs
PO BOX 2649 Harrisburg PA 17105-2649



License Type
Certified General Appraiser



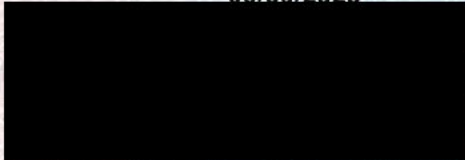
License Status
Active

Initial License Date
03/01/2021

License Number



Expiration Date
06/30/2023



Commissioner of Professional and Occupational Affairs

Exhibit B

*Purchase and Sale Agreement
Dated December 15, 2023*

PURCHASE AND SALE AGREEMENT

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

1. KEY TERMS.

- A. Seller: Ryan Stumphauzer, Court Appointed Receiver
phone No.: (call counsel to Receiver) email address: c/o tmh@pietragallo.com
& gja@pietragallo.com
mailing address: c/o Stumphauzer Kolaya Nadler & Sloman, PLLC, One
Biscayne Tower, 2 South Biscayne Boulevard, Suite 1600, Miami, FL 33131
- B. Buyer: [REDACTED]
phone No.: [REDACTED] email address: [REDACTED]
mailing address: [REDACTED]
- C. Purchase Price: \$5,550,000.00
- D. Earnest Money Deposit: \$55,500.00 (if blank, then 10% of the Purchase Price, but no less than \$50,000).
- E. Property: Address: 1427-1435 Melon Street, Philadelphia, PA 19130 as legally described on Exhibit A, including all permanent improvements thereon (but excluding any personal property unless specifically identified by addendum or amendment to this Agreement).
- F. Closing Date: The Closing shall occur on mutually agreed date that is no more than thirty (30) days following the Court’s approval of this Purchase and Sale Agreement.
- G. Closing Agent: [REDACTED] contact [REDACTED] address: [REDACTED]
[REDACTED]
phone number: [REDACTED] email address: [REDACTED]
- H. Title Insurance Company: [REDACTED], title insurance agent for Buyer, and the Title Company designated by Receiver.
- I. Closing Cost Allocations: As described in the Section below entitled “Closing Cost Allocations”.

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

opened upon Closing Agent's receipt of the Earnest Money Deposit and a fully-signed copy of this Agreement.

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

4. **CLOSING DELIVERIES.**

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

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

(ii) A counterpart of the "Settlement Statement" (defined below) signed by Seller.

(iii) A counterpart of the assignment and assumption of leases and contracts substantially in the form attached as Exhibit B ("**Assignment of Leases and Contracts**") signed by Seller.

(iv) Any and all other instruments reasonably required by Closing Agent or otherwise necessary to Close the transactions contemplated by this Agreement.

(b) Buyer's Deliveries. On or before the Closing Date, Buyer shall deliver the following to Closing Agent ("**Buyer's Deliveries**"):

(i) An amount in immediately available "good funds" equal to the Purchase Price (less the Earnest Money Deposit already deposited with Closing Agent), plus Buyer's share of closing costs, prorations and expenses as set forth in this Agreement.

(ii) A counterpart of the Settlement Statement signed by Buyer.

(iii) A counterpart of the Assignment of Leases and Contracts signed by Buyer.

(iv) Any and all other instruments reasonably required by Closing Agent or otherwise necessary to Close the transactions contemplated by this Agreement.

5. CONDITIONS PRECEDENT TO CLOSING.

(a) Seller's Conditions. Seller's obligation to Close is conditioned upon the following:

(i) All representations and warranties of Buyer in this Agreement shall have been true in all material respects as of the Effective Date.

(ii) Buyer shall have performed in all material respects all covenants and obligations required to be performed by Buyer on or before the Closing Date.

(iii) Seller shall have received approval of the United States District Court for the Southern District of Florida, Case No. 20-CV-81205-RAR for the Closing pursuant to the terms of this Agreement ("**Court Approval**"). In the event that Court Approval is not received by Seller within thirty (30) days of the Effective Date, despite Seller's commercially reasonable efforts, Seller may elect in Seller's sole and absolute discretion, to terminate this Agreement by providing written notice to Buyer of Seller's election, whereupon this Agreement and all of the parties' rights and obligations hereunder shall forever terminate and this Agreement shall be of no further force or effect.

(b) Buyer's Conditions. Buyer's obligation to Close is conditioned upon the following:

(i) All representations and warranties of Seller in this Agreement have been true in all material respects as of the Effective Date.

(ii) Seller shall have performed in all material respects all covenants and obligations required to be performed by Seller on or before the Closing Date.

(iii) Title Insurance Company is irrevocably committed to issue to Buyer an owner's title insurance policy covering the Property with standard coverage customary in the state where the Property is located, showing liability in the amount of the Purchase Price and showing insurable title to the Property vested in Buyer, subject only to the following: (a) Title Insurance Company's standard exceptions; (b) liens for all current general and special real property taxes and assessments not yet due and payable; (c) liens of supplemental taxes, if any assessed; (d) any facts not shown by public records that an accurate survey and/or a personal inspection of the Property would have disclosed; (e) the mortgage/deed of trust/deed to secure debt lien in connection with any Buyer financing; (f) any laws, regulations, or ordinances regarding the use, occupancy, subdivision, or improvement of the Property, or the effect of any non-compliance with or any violation thereof; (g) rights of existing tenants and/or occupants of the Property, if any; (h) covenants, restrictions, easements, and other matters that do not materially impair the value or use of the Property; (i) non-monetary encumbrances disclosed to Buyer in writing prior to entering into this Agreement; and (j) any other matter for which Title Insurance Company agrees to provide insurance at no additional cost to Buyer.

(c) Duty to Cooperate in Good Faith to Resolve. Despite anything to the contrary in this Section, if either party learns that a closing condition is unlikely to be satisfied, such party

shall promptly notify the other party, and both parties shall cooperate in good faith to fairly and promptly resolve the matter, and the party whose closing condition was not satisfied shall not be relieved of its obligation to Close unless (i) the other party fails to cooperate in good faith, (ii) fair and prompt resolution is not reached after the parties have cooperated in good faith, or (iii) fair and prompt resolution of the matter on or before the Closing Date would be impracticable.

(d) Waiver of Conditions. Either party may waive its respective closing conditions in its sole discretion. By proceeding to Closing, each party waives its respective closing conditions and irrevocably releases the other party from any liability arising from any facts known by such waiving party that would otherwise have resulted in a failure of a closing condition.

6. CLOSING INSTRUCTIONS TO CLOSING AGENT. At Closing, Closing Agent is irrevocably instructed to do the following:

(a) Record the Deed.

(b) Pay all fees, costs, deed and transfer taxes for the sale of the Property which are required to be paid by Seller and Buyer under this Agreement, the portion of any fees charged by Closing Agent which are payable by Seller and Buyer (if any) and other expenses relating to the sale of the Property which are required to be paid by Seller and Buyer.

(c) Pay to Seller the balance of the Purchase Price and any other funds remaining after Closing.

7. COSTS AND PRORATIONS.

(a) Pre-Closing Costs. Buyer and Seller acknowledge that Closing Agent may incur certain costs while processing this transaction which must be paid prior to Closing. Closing Agent is authorized and instructed to release funds for payment of such costs prior to Closing from funds deposited into Escrow by Buyer. Such funds are not refundable and Closing Agent is released from any liability for payment of any such funds pre-released through the Escrow. Closing Agent is authorized to charge the appropriate party for costs incurred, or credit the appropriate party for credits, as applicable at Closing or upon termination of this Agreement.

(b) Prorations. The following shall be prorated as of the date of Closing, in each case based on the number of calendar days in the applicable period and in accordance with local customs: (i) all real property taxes, assessments, utilities and other operating expenses customarily apportioned in similar situations ("**Property Expenses**"), and (ii) all rents and other income actually received and customarily apportioned in similar situations ("**Property Income**"). Despite anything to the contrary in this Agreement, insurance premiums will not be prorated, and Seller may cancel any existing insurance on the Property after Closing. If either party receives Property Income or a refund of Property Expenses attributable, in whole or in part, to the other party's period of ownership, the party that received such Property Income or refund shall immediately submit to the other party the portion attributable to such other party's period of ownership. Except as set forth in this Agreement, Seller shall not be responsible for any Property Expenses accruing after Closing. This paragraph shall survive Closing indefinitely.

(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 RKS/ 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.

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 reasonable 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 filing 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		
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	

Closing Costs (as applicable)	Seller Pays	Buyer Pays	50% Seller/ 50% Buyer

SELLER'S INITIALS RKS/

BUYER'S INITIALS FM

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

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SELLER:

BUYER:

COURT APPOINTED RECEIVER

1427 MELON STREET LLC

By: *Ryan Stumphauer*
Name: Ryan Stumphauer
Title: Court Appointed Receiver

By: [REDACTED]
Name: [REDACTED]
Title: [REDACTED]

Date: 12/15/2023, 2023

Date: 12/15/2023, 2023

LISTING BROKER (if any):

BUYER'S BROKER (if any):

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

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

(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 situate in the 8th Ward of the City of Philadelphia and described in accordance with a Consolidation Plan of Property made March 3, 2014 by Juron Surveying and Mapping, LLC, as follows, to wit:

BEGINNING at a point situate on the Northeasterly side of Melon Street (36 feet wide) at the distance of 74.750 feet from the Easterly side of 15th Street (50 feet wide); thence extending Northward, North 11 degrees 21 minutes, 00 seconds East, the distance of 69.000 feet to the South side of a 10 feet wide alley to a point; thence extending along the mentioned alley South 78 degrees, 59 minutes, 00 seconds East the distance of 80.000 feet to a point; thence extending through wall South 11 degrees, 21 minutes 00 seconds West the distance of 69.000 feet to a point on the North side of the mentioned Melon Street; thence extending North 78 degrees, 59 minutes, 00 seconds West along the mentioned Melon Street the distance of 80.000 feet to the first mentioned point and place of beginning.

CONTAINING in area 5,519.9 square feet, 09.12672 acres, more or less.

BEING known as Nos. 1427-1435 Melon Street.

BRT#: 881108051

EXHIBIT B

Assignment and Assumption of Leases and Contracts

FORM OF ASSIGNMENT AND ASSUMPTION OF LEASES

For good and valuable consideration, the receipt of which is hereby acknowledged, RYAN STUMPHAUZER, Court Appointed Receiver (“**Assignor**”), hereby irrevocably assigns, transfers, and sets over to [ASSIGNEE NAME], a[n] [STATE OF ORGANIZATION] [ENTITY TYPE] having an address at [ADDRESS] (“**Assignee**”), all of Assignor's right, title, and interest, as lessor, in and to those certain leases (collectively, the “**Leases**”) in effect for space at the real property located at _____, Philadelphia, Pennsylvania (the “**Property**”) and listed on Exhibit A attached hereto and made a part hereof.

Assignee hereby expressly assumes all the obligations imposed upon the lessor under the Leases that accrue from and after the date hereof.

[Assignee acknowledges that, simultaneously with the execution hereof, Assignee has received [NUMBER IN WORDS] and 00/100 Dollars (\$[NUMBER]) from Assignor in respect of the Security Deposits.]

This Assignment and Assumption of Leases is made by Assignor without recourse and without any express or implied representation or warranty whatsoever.

This Assignment and Assumption of Leases may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original for all purposes, and all such counterparts shall together constitute but one and the same instrument.

This Assignment and Assumption of Leases shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without regard to conflict of law rules.

This Assignment and Assumption of Leases and the obligations of the parties hereunder shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors, and assigns.

No modification, waiver, amendment, discharge, or change of this Assignment and Assumption of Leases shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver, amendment, discharge, or change is or may be sought.

Capitalized terms used herein, but not otherwise defined, shall have the meanings ascribed to such terms in the Purchase Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Assignment and Assumption of Leases as of this [DATE].

ASSIGNOR:

, Court Appointed Receiver

ASSIGNEE:

[ASSIGNEE NAME], a[n] [STATE OF ORGANIZATION] [ENTITY TYPE]

By: _____

Name: _____

Title: _____

EXHIBIT A

LEASES

1. Unit 101 – Lease - 2023-2024 - [REDACTED]
2. Unit 201 – Lease – 2022-2023 - [REDACTED]
3. Unit 201 – Lease Renewal - 2023-2024 - [REDACTED]
4. Unit 202 – Lease – 2023-2024 - [REDACTED]
5. Unit 203 – Lease – 2023-2024 - [REDACTED]
6. Unit 204 – Lease – January 2023 to December 2023 - [REDACTED]
7. Unit 205 – Lease – 2022-2024 - [REDACTED]
8. Unit 206 – Lease – 2022-2023 - [REDACTED]
9. Unit 206 – Renewal – 2023-2024 - [REDACTED]
10. Unit 301 – Lease – 2021-2022 - [REDACTED]
11. Unit 301 – Renewal – 2023-2024 - [REDACTED]
12. Unit 302 – Lease – 2022-2023 - [REDACTED]
13. Unit 302 – Renewal – 2023-2024 - [REDACTED]
14. Unit 303 – Lease – 2021-2023 - [REDACTED]
15. Unit 303 – Renewal – 2023-2025 - [REDACTED]
16. Unit 305 – Lease – 2022-2023 - [REDACTED]
17. Unit 305 – Renewal – 2023-2024 - [REDACTED]
18. Unit 306 – Lease – 2023-2024 - [REDACTED]
19. Unit 401 – Lease – 2022-2023 - [REDACTED]
20. Unit 401 – Renewal – 2023-2024 - [REDACTED]
21. Unit 402 – Lease – 2023-2024 - [REDACTED]
22. Unit 403 – Lease – 2022-2023 - [REDACTED]
23. Unit 403 – Renewal – 2023-2024 - [REDACTED]

- 24. Unit 404 – Lease – 2022-2023 - [REDACTED]
- 25. Unit 404 – Renewal – 2023-2024 - [REDACTED]
- 26. Unit 405 – Lease – 2020-2021 - [REDACTED]
- 27. Unit 405 – Renewal – 2023-2024 - [REDACTED]
- 28. Unit 501 – Lease – 2022-2023 - [REDACTED]
- 29. Unit 501 – Renewal – 2023-2024 - [REDACTED]
- 30. Unit 502 – Lease – 2018-2019 - [REDACTED]
- 31. Unit 502 – Renewal – 2020-2021 - [REDACTED]
- 32. Unit 502 – Renewal – 2021-2023 - [REDACTED]
- 33. Unit 502 – Renewal – 2023-2024 - [REDACTED]
- 34. Unit 503 – Lease – 2023-2024 - [REDACTED]
- 35. Unit 504 – Lease – 2021-2022 - [REDACTED]
- 36. Unit 504 – Renewal – 2022-2023 - [REDACTED]
- 37. Unit 504 – Renewal – 2023-2024 - [REDACTED]

EXHIBIT C

Leases

1. Unit 101 – Lease - 2023-2024 - [REDACTED]
2. Unit 201 – Lease – 2022-2023 - [REDACTED]
3. Unit 201 – Lease Renewal - 2023-2024 - [REDACTED]
4. Unit 202 – Lease – 2023-2024 - [REDACTED]
5. Unit 203 – Lease – 2023-2024 - [REDACTED]
6. Unit 204 – Lease – January 2023 to December 2023 - [REDACTED]
7. Unit 205 – Lease – 2022-2024 - [REDACTED]
8. Unit 206 – Lease – 2022-2023 - [REDACTED]
9. Unit 206 – Renewal – 2023-2024 - [REDACTED]
10. Unit 301 – Lease – 2021-2022 - [REDACTED]
11. Unit 301 – Renewal – 2023-2024 - [REDACTED]
12. Unit 302 – Lease – 2022-2023 - [REDACTED]
13. Unit 302 – Renewal – 2023-2024 - [REDACTED]
14. Unit 303 – Lease – 2021-2023 - [REDACTED]
15. Unit 303 – Renewal – 2023-2025 - [REDACTED]
16. Unit 305 – Lease – 2022-2023 - [REDACTED]
17. Unit 305 – Renewal – 2023-2024 - [REDACTED]
18. Unit 306 – Lease – 2023-2024 - [REDACTED]
19. Unit 401 – Lease – 2022-2023 - [REDACTED]
20. Unit 401 – Renewal – 2023-2024 - [REDACTED]
21. Unit 402 – Lease – 2023-2024 - [REDACTED]
22. Unit 403 – Lease – 2022-2023 - [REDACTED]
23. Unit 403 – Renewal – 2023-2024 - [REDACTED]

- 24. Unit 404 – Lease – 2022-2023 - [REDACTED]
- 25. Unit 404 – Renewal – 2023-2024 - [REDACTED]
- 26. Unit 405 – Lease – 2020-2021 - [REDACTED]
- 27. Unit 405 – Renewal – 2023-2024 - [REDACTED]
- 28. Unit 501 – Lease – 2022-2023 - [REDACTED]
- 29. Unit 501 – Renewal – 2023-2024 - [REDACTED]
- 30. Unit 502 – Lease – 2018-2019 - [REDACTED]
- 31. Unit 502 – Renewal – 2020-2021 - [REDACTED]
- 32. Unit 502 – Renewal – 2021-2023 - [REDACTED]
- 33. Unit 502 – Renewal – 2023-2024 - [REDACTED]
- 34. Unit 503 – Lease – 2023-2024 - [REDACTED]
- 35. Unit 504 – Lease – 2021-2022 - [REDACTED]
- 36. Unit 504 – Renewal – 2022-2023 - [REDACTED]
- 37. Unit 504 – Renewal – 2023-2024 - [REDACTED]

**PENNSYLVANIA RIDER TO
PURCHASE AND SALE AGREEMENT**

STATE-SPECIFIC PROVISIONS.

- A. Zoning Classification: _____
- B. Sewage Facilities. In accordance with the Pennsylvania Sewage Facilities Act of January 24, 1996, No. 537 P.L. 1536, as amended, the following statement regarding the availability of a community sewage system is included: the Property ____ **IS NOT** ____ **IS** connected to or serviced by a Community Sewage System.
- C. Coal Notice. NOTICE – THIS DOCUMENT MAY NOT SELL, CONVEY, TRANSFER, INCLUDE OR INSURE THE TITLE TO THE COAL AND RIGHTS OF SUPPORT UNDERNEATH THE SURFACE LAND DESCRIBED OR REFERRED TO HEREIN, AND THE OWNER OR OWNERS OF SUCH COAL MAY HAVE THE COMPLETE LEGAL RIGHTS TO REMOVE ALL SUCH COAL AND IN THAT CONNECTION, DAMAGE MAY RESULT TO THE SURFACE OF THE LAND AND ANY HOUSE, BUILDING OR OTHER STRUCTURE ON OR IN SUCH LAND. THE INCLUSION OF THIS NOTICE DOES NOT ENLARGE, RESTRICT OR MODIFY ANY LEGAL RIGHTS OR ESTATES OTHERWISE CREATED, TRANSFERRED, EXCEPTED OR RESERVED BY THIS INSTRUMENT. (This notice is set forth in the manner provided in Section 1 of the Act of July 17, 1957, P.L. 984, as amended, and is not intended as notice of unrecorded instruments, if any.)
- Buyer acknowledges that it may not be obtaining the right of protection against subsidence resulting from coal mining operations and that the Property may be protected from damage due to mine subsidence by a private contract with the owners of the economic interests in the coal. This acknowledgement is made for the purpose of complying with the provisions of Section 14 of the Bituminous Mine Subsidence and the Land Conservation Act of 1966, and Buyer agrees to sign the notice in the deed which will contain the aforesaid provision.
- D. Assignment. In the event this Agreement is assigned by Buyer pursuant to Section 12(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
1427-1435 Melon Street, Philadelphia, PA 19130*

**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 1427-1435 MELON STREET, PHILADELPHIA, PA 19130**

THIS CAUSE comes before the Court upon the Receiver's Motion for Order Approving Receiver's Sale of Real Property Located at 1427-1435 Melon Street, Philadelphia, PA 19130 [ECF No. ____] ("Motion"), filed on February 1, 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 1427-1435 Melon Street, Philadelphia, PA 19130. 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 of Ryan K. Stumphauzer, Esq. [ECF No. ____-1], regarding his proposed sale of the

real property located at and commonly known as 1427-1435 Melon Street, Philadelphia, PA 19130 (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 B.M. (“Buyer”),¹ dated December 15, 2023, in connection with the Receiver’s proposed sale of the Property to Buyer are approved.

B. The Court ratifies the Receiver’s execution of the Contract and authorizes the Receiver to perform all of his obligations under the Contract.

C. The Receiver is authorized to sell the Property to Buyer or Buyer’s designee, as contemplated in the Contract, in exchange for the aggregate sum of \$5,550,000, subject to the applicable terms of this Order.

D. The Receiver is further authorized to pay any commissions provided for in the Contract and in connection with the consummation of his sale of the Property.

E. In accordance with the terms of the Contract, and without limiting those terms, Buyer or Buyer’s designee shall purchase the Property on an “as-is / where-is” basis, without any representations or warranties whatsoever by the Receiver and his agents and/or attorneys including, without limitation, any representations or warranties as to the condition of the Property, except as expressly set forth in the Contract. Buyer or their designee is responsible for all due diligence, including but not limited to, inspection of the condition of and title to the Property, and are not relying on any representation or warranty of the Receiver, except as expressly set forth in the Contract.

¹ For security purposes, the Buyer’s identity has been redacted.

F. In the performance of his obligations pursuant to this Order, the Receiver's liability in connection with the Contract and the sale of the Property to the Buyer shall be limited to the assets of the Receivership Estate ("Estate"). Neither the Receiver nor his professionals shall have any personal liability for claims arising out of or relating to the performance of any actions necessary to complete the sale of the Property as provided for herein.

G. Provided Buyer or Buyer's designee consents, in writing, the Receiver is hereby authorized to amend or otherwise modify the Contract, in writing, as necessary to complete the sale of the Property in the event that the Receiver determines, in his reasonable business judgment, that such amendment or modification is reasonable and necessary, will benefit the Estate, avoid the imposition of any liability upon the Estate, or is required pursuant to the terms of the Contract or any other amendment or modification thereto, provided that any such amendment or modification does not change the material terms of the Contract, including the parties to the Contract and the purchase price for the Property.

H. The Receiver is hereby authorized to take all actions and execute all documents necessary to consummate and otherwise effectuate the sale of the Property to Buyer or Buyer's designee, including, but not limited to, the Contract itself, any other documents required to be executed pursuant to the Contract, and any related documentation, escrow instructions, or conveyance documents consistent with selling and conveying title to the Property to Buyer or Buyer's designee. The Receiver shall execute all documents necessary to consummate and otherwise effectuate the sale of the Property as "Ryan K. Stumphauzer, Court-Appointed Receiver" or any reasonable variation thereof which clearly identifies the Receiver as a Court-appointed Receiver.

I. The Receiver is hereby authorized to execute and acknowledge a Receiver's Deed, or similar instrument, conveying title to the Property to Buyer or Buyer's designee (the "Receiver's Deed") to effectuate the conveyance, and cause the Receiver's Deed to be recorded on the date on which close of escrow occurs pursuant to the terms of the Contract, or as determined by and between the Receiver and Buyer or Buyer's designee.

J. Any licensed title insurer may rely on this Order as authorizing the Receiver to transfer title to the Property as provided in the Contract and as authorized herein.

K. This Court shall retain jurisdiction over any dispute involving the Receiver in connection with the sale of the Property.

L. If requested by Buyer, the Receiver shall provide Buyer or Buyer's designee with a certified copy of this Order, as entered by the Court, directly or through escrow, prior to the Close of Escrow, or as provided for in the Contract, and Buyer or Buyer's designee shall acknowledge receipt of a copy of this Order, in writing. A certified copy of this Order may be recorded concurrently with the Receiver's Deed, or at any time before the close of escrow, provided, however, that failure to record this Order shall not affect the enforceability of this Order, the enforceability and viability of the Contract, or the validity of the Receiver's Deed.

DONE AND ORDERED in Miami, Florida, this ____ day of February, 2024.

RODOLFO A. RUIZ II
UNITED STATES DISTRICT JUDGE