

**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 135-137 N. 3rd STREET, PHILADELPHIA, PA 19123**

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 135-137 N. 3rd Street, Philadelphia, PA 19123 (the “3rd Street Property”). In support thereof, the Receiver states:

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

2. On January 11, 2023, the Court entered an Order Approving the Motion for Order Authorizing Sale [ECF No. 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 3rd Street Property.

4. 135-137 N. 3rd St. LLC, a Receivership Entity, is the owner of record of the 3rd Street Property and the Receiver is vested with full legal authority to act on behalf of 135-137 N. 3rd 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 3rd Street Property.

5. In accordance with the Order Authorizing Sale, the Receiver has entered into a Purchase and Sale Agreement for the sale of the 3rd Street Property (the “Contract”). The Contract, which is subject to approval by this Court, is scheduled for a closing within 30 days of Court approval, provided the Court approves the Contract and authorizes the sale of the 3rd Street Property.

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

7. The Receiver believes that the sale price for the 3rd Street 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 3rd Street Property is a *bona fide* offer from a proposed buyer with whom the Receiver has no relationship and is the product of arms-length negotiation.

9. The Receiver proposes to proceed with the sale of the 3rd Street Property pursuant to the Contract, provided the Court approves the sale free and clear of liens, encumbrances, and other related obligations or claims.

10. A Proposed Order authorizing and approving the sale of the 3rd Street Property is attached as **Exhibit 2**.

11. To provide an opportunity for any potential objections to the sale of the 3rd Street Property pursuant to the Contract, and given that the closing date is scheduled for July 10, 2024, 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 July 1, 2024, approving the Contract and authorizing the Receiver to sell the 3rd Street Property.

Local Rule 7.1 Certification

Pursuant to Local Rule 7.1, the undersigned counsel for the Receiver certifies that he has conferred with counsel for the United States Securities and Exchange Commission (“SEC”), regarding the relief requested in this motion. Counsel for the SEC has confirmed that the SEC does not oppose the relief requested herein and agrees to the waiver of the requirements of 28 U.S.C. §2001 and 28 U.S.C. §2004 for the sale of the 3rd Street Property.

Dated: June 24, 2024

Respectfully Submitted,

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

By: /s/ Timothy A. Kolaya
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Co-Counsel for Receiver

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Co-Counsel for Receiver

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on June 24, 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 Entities¹, including 135-137 N. 3rd St. LLC. 135-137 N. 3rd St. LLC owns the real property located at 135-137 N. 3rd Street, Philadelphia, PA 19123 (the “Property” or the “3rd Street Property”).

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

The legal description of the Property is:

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

SITUATE in the City of Philadelphia and described according to a Survey and Plan of Property (203P2011) made by Michael A. Labrum, Assistant Surveyor and Regulator of the Second Survey District, dated October 18, 2011 to wit:

BEGINNING at a point on the Easterly side of 3rd Street on City Plan 50 feet wide legally open at a distance of 16.375 feet from the Northerly side of Cherry Street on City Plan variable width legally open,

THENCE extending North 11 degrees 21 minutes 00 seconds East along the said Easterly side of 3rd Street the distance of 48.666 feet to appoint,

THENCE extending South 78 degrees 51 minutes 23 seconds East the distance of 105.00 feet to a point,

THENCE extending South 11 degrees 21 minutes 00 seconds West the distance of 16.167 feet to appoint on the head of a certain 5.0 feet wide alley for ingress and egress which extends Southwardly to the said Northerly side of Cherry Street,

THENCE extending North 78 degrees 51 minutes 23 seconds West along the head of the said 5.0 feet wide alley the distance of 5.00 feet to a point,

THENCE extending South 11 degrees 21 minutes 00 seconds West along the Westerly side of the said 5.0 feet wide alley the distance of 33.161 feet to a point,

THENCE extending North 78 degrees 28 minutes 40 seconds West the distance of 100.00 feet to a point on the said Easterly side of 3rd Street, said point being the first mentioned point and place of beginning.

TOGETHER with the free and common use, right, liberty and privilege of the aforesaid alley for ingress, egress and utilities at all times hereafter, forever.

BEING known as No. 135-137 North 3rd 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.

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 FL 33477.

3. Specifically, and as detailed below, I have completed my marketing efforts for the 3rd Street Property in accordance with this Court's prior Order, and now respectfully request that the Court enter an Order authorizing and approving my proposed sale of the Property.

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

5. 135-137 N. 3rd St. LLC purchased the Property from Electra 137, LLC on July 31, 2019, for \$6,575,000.00. The Property is located in the Old City neighborhood in Philadelphia and is a mixed-use property with 16 apartments and two ground floor commercial spaces.

6. Before listing the Property, I obtained a Pennsylvania Certified Residential Appraisal of the Property dated June 12, 2023 (the "First Appraisal"). The First Appraisal valued the Property at \$6,700,000. A true and correct copy of the First Appraisal is attached as **Exhibit A**. Based upon feedback from prospective buyers and the Broker, I obtained a second Pennsylvania Certified Residential Appraisal of the Property dated November 30, 2023 (the "Second Appraisal"). The Second Appraisal valued the Property at \$6,000,000. A true and correct copy of the Second Appraisal is attached as **Exhibit B**.

7. I initially listed the Property for sale for \$7,000,000.00. Based upon feedback from prospective buyers and the Broker, I periodically reduced the listing price to its final listing price of \$6,500,000.

8. The Property has been on the market for almost one year, and was shown to prospective buyers nine (9) times. I received five (5) offers for the Property. As a result of my marketing efforts and after negotiations, I have received an offer from T _ S _ _, LLC,² a third party unaffiliated with the Receivership Entities (collectively “Buyer”), to purchase the Property out of receivership for \$5,600,000. The Buyer’s broker also has agreed to reduce its commission by \$25,000 and the Receiver’s net proceeds at settlement will be credited by that amount. The Buyer’s offer is the highest offer received for the Property. I accepted this offer because, although it is less than the Appraised Value, it is consistent with the market value determined in the Second Appraisal Report and aligns with the prevailing expectations of commercial real estate investors for a return 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 and a decline in residential rents due to an inventory surplus.

9. The offer is an “all cash” offer with no contingencies. In my reasonable business judgment, I believe Buyer’s offer to purchase the Property for \$5,600,000 is appropriate, and consistent with the Property’s current market value. As a result, on or about May 24, 2024, I entered into a contingent Purchase and Sale Agreement (“Contract”) for the Property with Buyer,

² For security purposes, the Buyer’s identity has been redacted.

a true and correct copy of which is attached hereto as **Exhibit C** to this Declaration, and which has been redacted for security purposes.³ Closing is scheduled for July 10, 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, less the commission reduction of \$14,500 to be credited to the Receiver at settlement.

11. Accordingly, I respectfully request that this Court enter an Order approving the sale of the 3rd Street Property, as provided for in the Contract.

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

Executed on June 24, 2024

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

³ The Buyer, T _ S _ , LLC is a permitted assignee under the Contract.

Exhibit A

*Pennsylvania Certified Residential Appraisal
Dated June 12, 2023*

[Redacted]

135-137 North 3rd Street

135-137 North 3rd Street
Philadelphia, Philadelphia County, PA 19106

[Redacted] Job No.: [Redacted]

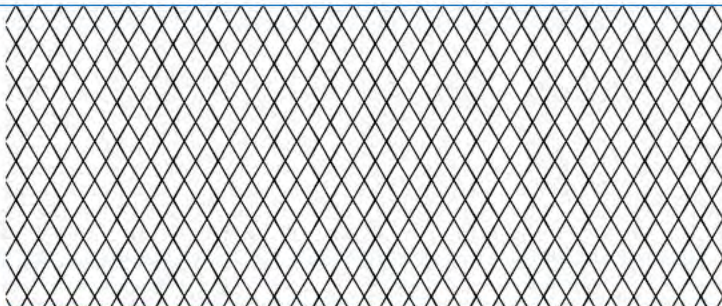
Appraisal Report Prepared For:

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]

June 12, 2023

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

RE: Appraisal Of A Mixed-Use Property Known As 135-137 North 3rd Street Located At 135-137 North 3rd Street, Philadelphia, Philadelphia County, PA 19106, Prepared By [REDACTED] (herein "Firm" or "Newmark")

[REDACTED] Job No.: [REDACTED]

Dear M. Hazel, Esquire:

The "Subject Property" is a 16-unit elevator served apartment building with two ground floor commercial units located in the Olde City neighborhood of Philadelphia. The property was originally constructed in 1850 and most recently renovated in 2015. The subject's multifamily units include (16) 2BR/1BA units, and 2 ground floor commercial spaces currently leased to a clothing boutique and a custom window treatment retail unit. The improvements were in good condition at time of inspection, 100% leased and the multi-family segment 94% occupied with 1 residential apartment unit leased but not yet occupied as of the effective date. The total rentable area is 19,973 square feet. The site consists of approximately 4,867 square feet and does not include off-street parking. The site is zoned CMX-3, which is a commercial, mixed-use designation within the city of Philadelphia.

Key Value Considerations

Strengths

1. The subject was completely renovated in 2015.
2. The building is in good conditon and of good quality and tenant appeal.
3. Access to amenities, employment centers and public transportation is considered to be above average.
4. The subject has large unit sizes.

[REDACTED]

[REDACTED]

June 12, 2023
TIMOTHY M. HAZEL, ESQUIRE

Risk Factors

1. Lack of amenities commensurate with more modern, newly constructed properties.
2. Competitive market area with a significant amount of gentrification with new inventory coming online in Center City.

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. Consumer spending and robust job growth have so far kept the economy growing in spite of high inflation and interest rate increases, as well as bank closures.

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	4/14/2023	\$6,700,000

Extraordinary Assumptions

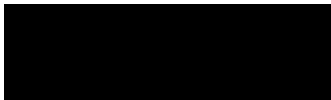
An extraordinary assumption is defined in USPAP as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions. The value conclusions are subject to the following extraordinary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

1. 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



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.
12. [REDACTED] and [REDACTED] have not personally inspected the subject. [REDACTED] personally inspected the subject.
13. Significant real property appraisal assistance was provided by [REDACTED] who has not signed this certification. The assistance of [REDACTED] consisted of participating in the property inspection.
14. The Firm operates as an independent economic entity. Although employees of other service lines or affiliates of the Firm may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
15. Within this report, [REDACTED] 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

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



PA State Certified General Real Estate
Appraiser
Pennsylvania # [REDACTED]
Telephone: [REDACTED]
Email: [REDACTED]



*Co-Market Leader Pennsylvania, Southern New Jersey,
& West Virginia*
PA State Certified General Real Estate
Appraiser
Pennsylvania # [REDACTED]
Telephone: [REDACTED]
Email: [REDACTED]



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Addenda

A. Glossary of Terms

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C. Legal Description

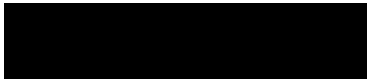
D. Financials and Property Information

E. Comparable Data

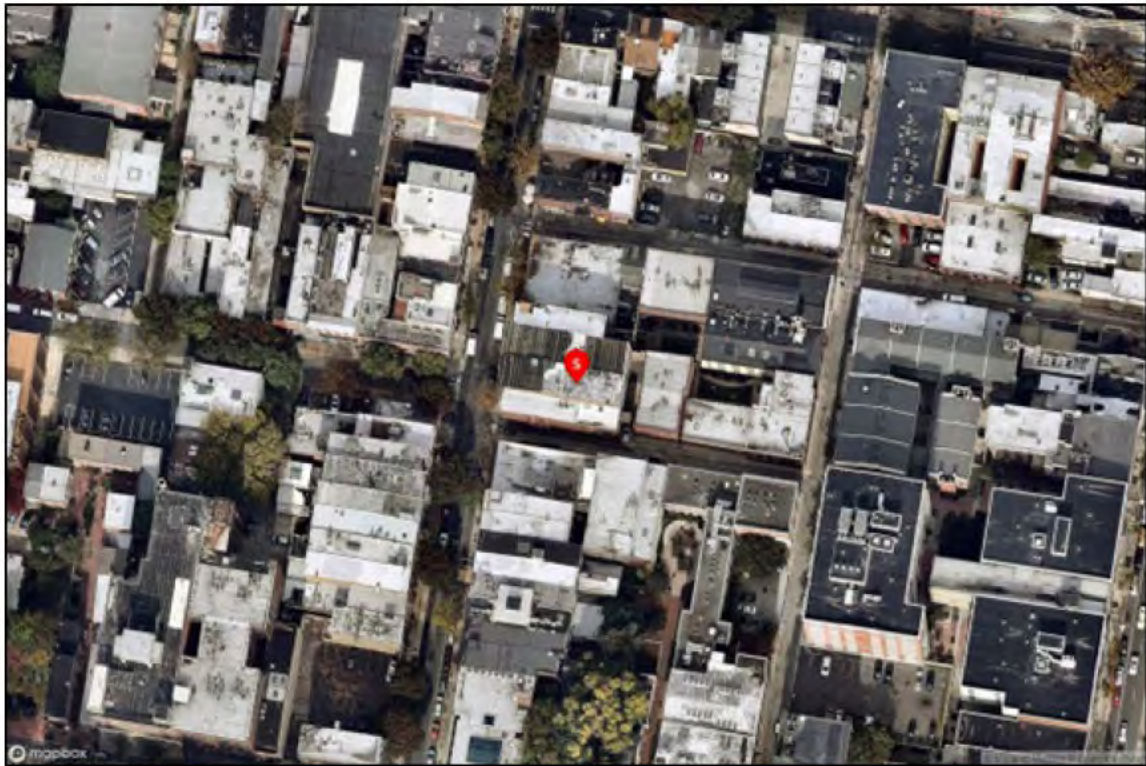
Improved Sales

Lease Comparables

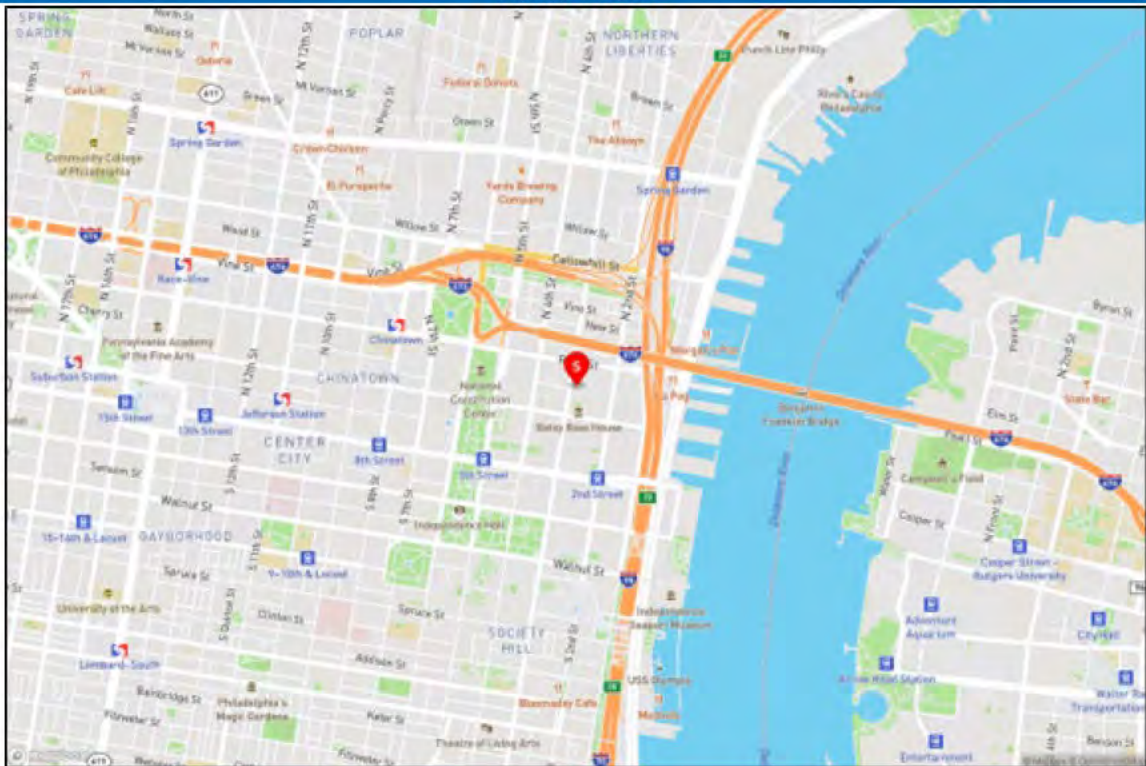
F. Appraiser Qualifications and Licenses



SUBJECT MAPS



Aerial Photo



Location Map



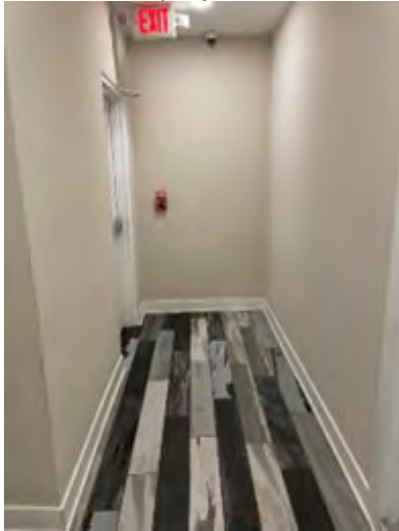
SUBJECT PHOTOGRAPHS



Property Photo



Subject Front



Common Area



Elevator



Kitchen



Bedroom



SUBJECT PHOTOGRAPHS



Bedroom



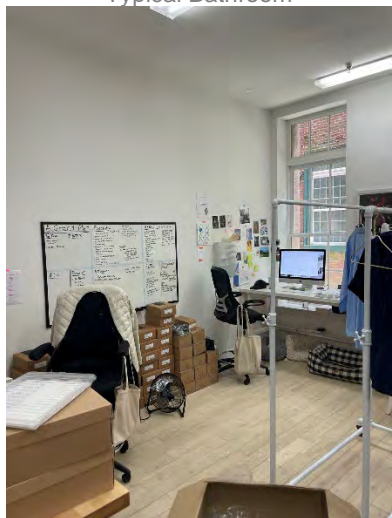
Living Room



Typical Bathroom



Ground Floor Retail



Ground Floor Retail



Ground Floor Retail



SUBJECT PHOTOGRAPHS



Retail Washroom



Ground Floor Retail



Basement



In unit Electric Panel



Executive Summary

135-137 North 3rd Street

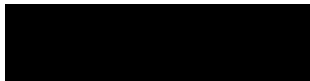
Property Type:	Mixed Use: Multifamily-Mid/High Rise, Retail-Urban Retail
Street Address:	135-137 North 3rd Street
City, State & Zip:	Philadelphia, Philadelphia County, PA 19106
Market Name:	PA - Philadelphia - Greater
Submarket Name:	Independence Hall
Investment Class:	Class B
Latitude:	39.953138
Longitude:	-75.144758
Gross Building Area (SF):	21,190
Net Rentable Area (SF):	19,973
Multifamily Net Rentable Area (SF):	16,248
Retail Net Rentable Area (SF):	3,725
Number of Units:	16
Year Built (Renovated):	1850 (2015)
Land Area:	0.112 acres; 4,867 SF
Zoning:	CMX-3
Highest and Best Use - As Vacant:	A Mixed Use
Highest and Best Use - As Improved:	Mixed Use

Analysis Details

Valuation Date:	April 14, 2023
Market Value "As Is"	April 14, 2023
Inspection Date and Date of Photos:	April 14, 2023
Report Date:	June 12, 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. and no other use is permitted.
Intended User:	Pietragallo Gordon Alfano Bosick & Raspanti, LLP 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)

Valuation Summary

Sales Comparison Approach		\$/Unit	\$ Total
Number of Sales			5
Range of Sale Dates			Dec-20 to Oct-22
Adjusted Range of Comparables (\$/Unit)		\$294,000 to \$607,500	
Indicated Sales Comparison Approach Value	As Is	\$418,750	\$6,700,000



EXECUTIVE SUMMARY

Income Capitalization Approach - Direct Capitalization Method		\$/Unit	\$ Total
Capitalization Rate Indicators and Conclusion			Indication
Comparable Sales			5.50% - 6.42%
Investor Surveys			3.50% - 8.00%
Band of Investment			6.50%
Concluded Going-In Capitalization Rate			5.75%
Stabilized Income Estimate			
Potential Gross Income		\$34,762	\$556,198
Stabilized % Vacancy & Collection Loss		-5.00%	(\$27,810)
Effective Gross Income		\$33,024	\$528,388
Operating Expenses		\$8,846	\$141,536
Operating Expense Ratio			26.8%
Net Operating Income		\$24,178	\$386,853
Capitalization Rate			5.75%
Indicated Income Capitalization Approach Value	As Is	\$418,750	\$6,700,000
Market Value Conclusions	As Is	\$418,750	\$6,700,000
Exposure / Marketing Time			
Concluded Exposure Time		6 Months or Less	
Concluded Marketing Time		6 Months or Less	

Extraordinary Assumptions and Hypothetical Conditions

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

- 1. 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

Introduction

OWNERSHIP HISTORY

The current owner is 135 137 N 3rd 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:	July 31, 2019	
Buyer:	135 137 N 3rd St LLC	
Seller:	[REDACTED]	
Purchase Price:	\$6,575,000	\$329.19 Per SF (Net Rentable Area)
Deed Information:	53548800	

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 the subject property and no other use.
- The client is Pietragallo Gordon Alfano Bosick & Raspanti, LLP.
- The intended user is Client and [REDACTED] and no other party is permitted to use or rely on the appraisal.



DEFINITION OF VALUE

Market value is defined as:

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

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

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

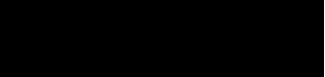
APPRAISAL REPORT

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

PURPOSE OF THE APPRAISAL & INTEREST APPRAISED

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

Purpose of the Appraisal		
Appraisal Premise	Interest Appraised	Date of Value
Market Value "As Is"	Leased Fee	4/14/2023



SCOPE OF WORK

Extent to Which the Property is Identified

- Physical characteristics
- Legal characteristics
- Economic characteristics

Extent to Which the Property is Inspected

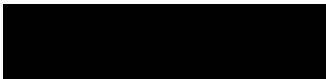
██████████ inspected the subject property on April 14, 2023 as per the defined scope of work. ██████████ made a personal inspection of the property that is the subject of this report. ██████████ and ██████████ have not personally inspected the subject.

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 a 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.

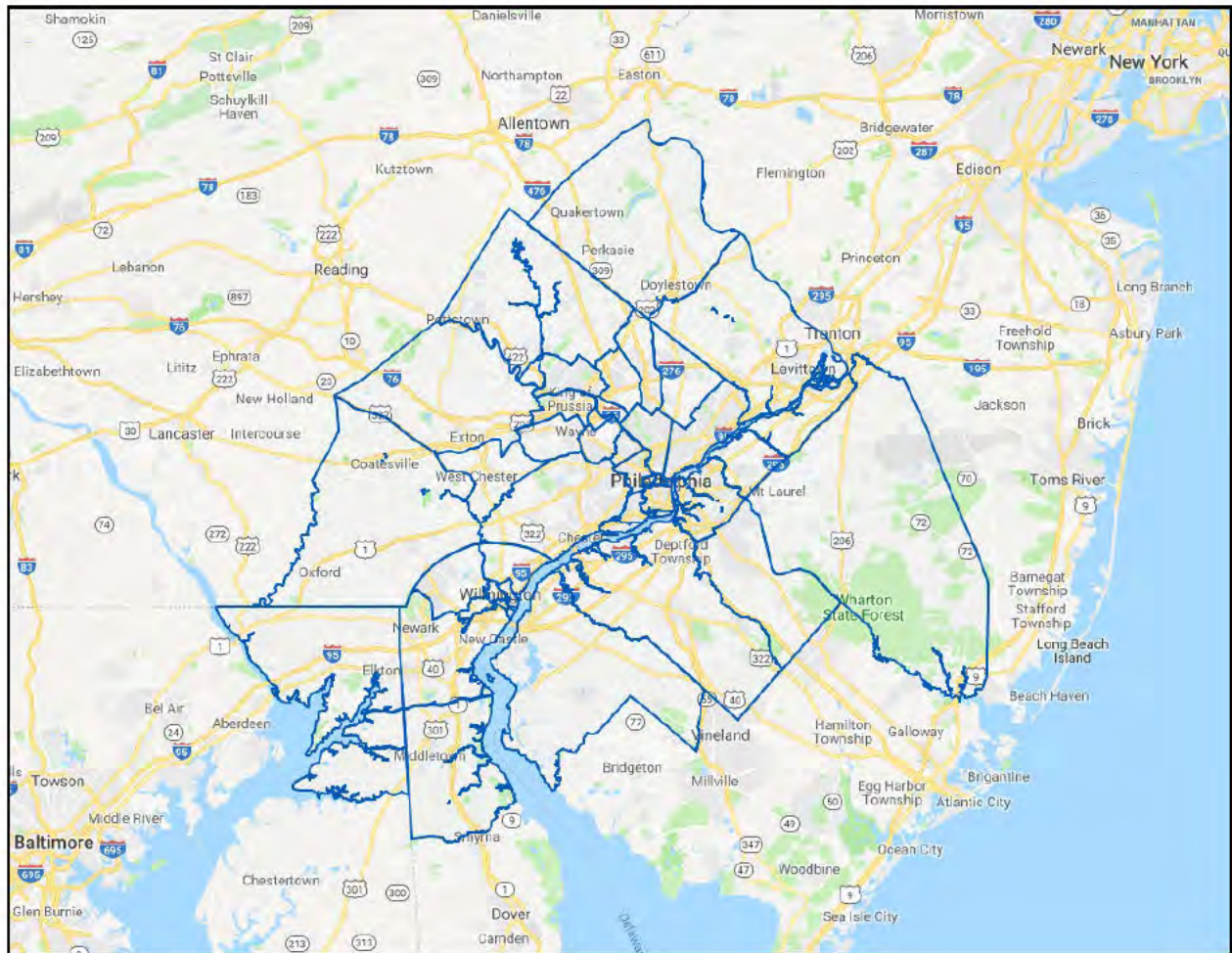
Commercial real estate is receiving an increased amount of attention as prices are demonstrably falling and transaction volumes plummeting. These effects are a function of the unfavorable economic and credit conditions as well as other factors such as impacts to office use driven in part by the COVID-19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

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



Source: Costar



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

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

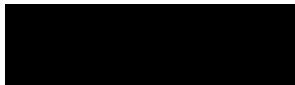


The chart on the left (produced by Select Philadelphia) demonstrates the excellent transportation access the Philadelphia region offers to other East Coast markets.

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

Transportation Infrastructure

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



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

Other Factors Fueling the Growth of Greater Philadelphia

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

Major Employers

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

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



Selected Major Employers: Greater Philadelphia

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

Source: Philadelphia Business Journal, 2020; compiled by NKF

Expansion of Life Sciences

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

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

Labor Pool

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



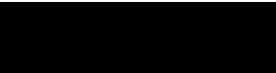
-
- 16% of the population (25 years and older) have advanced degrees, compared with the U.S. average of 13%
 - Greater Philadelphia is the 7th largest labor force among the nation’s largest metro areas
 - Over 1.15 million workers worked in Knowledge Occupations as defined by the Economic Development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

Greater Philadelphia is a National Leader in Higher Education

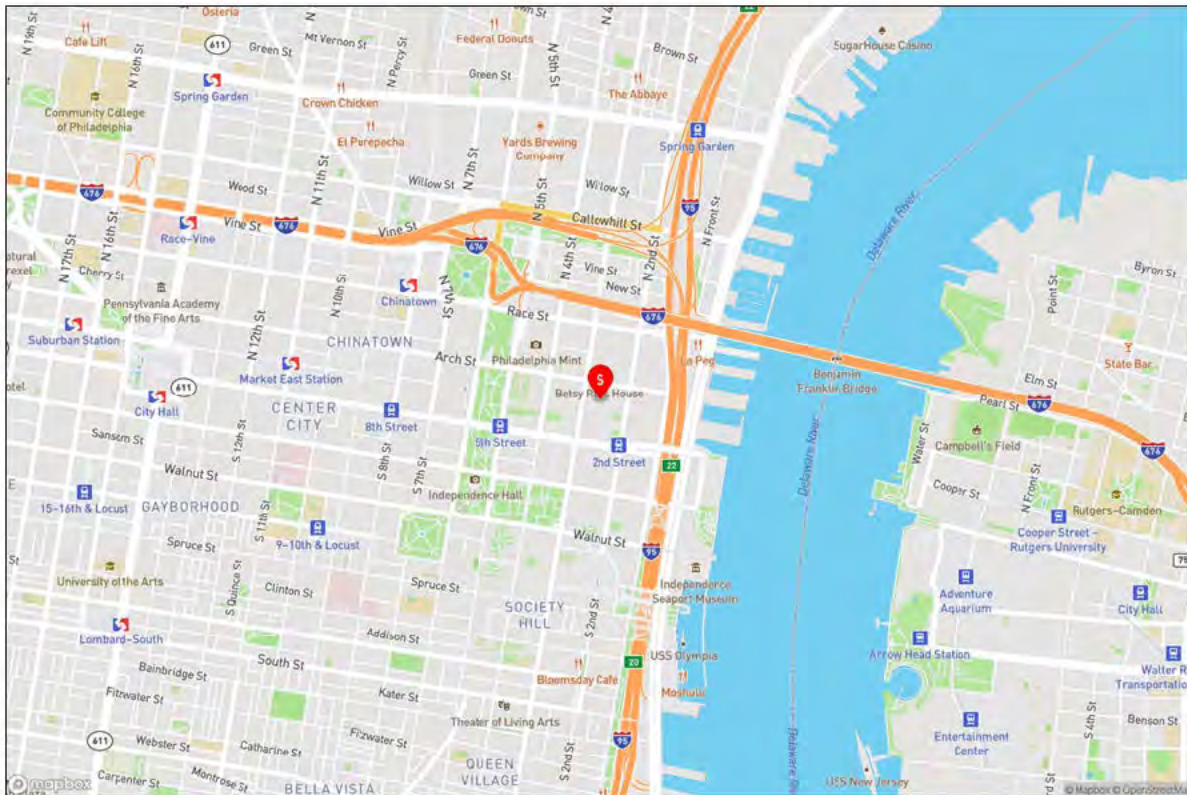
- Over 100 degree-granting institutions including Princeton University and University of Pennsylvania, two Ivy League universities plus three of the very top liberal arts colleges: Swarthmore, Haverford, and Bryn Mawr Colleges.
- Approximately 500,000 full- and part-time students
- 6 medical schools,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

Summary

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



NEIGHBORHOOD ANALYSIS



Area Map

Boundaries

The subject is located in the Old City neighborhood of Center City Philadelphia. This area is part of the Independence Hall submarket as defined by Costar and is generally delineated as follows:

North	Vine Street Expressway (I-676)
South	South Street
East	Delaware River
West	7 th Street

Access & Transportation

The subject's location has good access to public transportation and nearby regional employment centers, shopping centers, parks, and cultural activities through major interstate highways. Interstates 676, 76, 476, and 95 are all within a reasonable distance of the subject and connect the area with the entire Philadelphia Metro. The subject also benefits from its close proximity to New Jersey which can be accessed via the Ben Franklin Bridge, a half mile north of the subject.

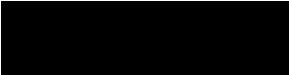


SEPTA operates numerous bus lines, two intra-city subways, and two major regional commuter rail stations in Center City. The regional rail lines provide public transportation to numerous Pennsylvania suburban communities. The subject also benefits from its proximity to Amtrak's 30th Street Station, which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

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



Drive Time Map



Land Uses



The property is situated in the eastern part of Center City Philadelphia in a neighborhood known as Old City. The neighborhood is influenced by nearby historic attractions like Independence Hall, the Liberty Bell, the Betsy Ross House, and Penn's Landing, all of which serve as major tourist attractions for the Philadelphia Metropolitan Area.

Primary employment centers in Old City include various office buildings, museums and historical attractions, retail, and dining establishments. Land uses within the immediate area include retail, office, and residential uses. Numerous retail stores line both 2nd Street and Arch Street, including local, regional, and national tenants. Residential and office uses are common for the upper levels of properties fronting these streets.



Prominent land uses located nearby include the US Federal Building (600 block of Market Street), US Mint (400 block of Arch Street), The Gallery at Market East, Independence Hall, and the Liberty Bell. Residential uses in the neighborhood consist primarily of historic and older townhouses, along with more recent high-rise condominiums and apartment building. Many of the residential structures in and around Old City are former loft-style manufacturing buildings that have been converted into apartments.



Demographics

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

Demographic Analysis								
	1-Mile Radius	3-Miles Radius	5-Miles Radius	19106	Philadelphia City	Philadelphia County	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA	Pennsylvania
Population								
2010 Total Population	35,384	424,735	854,083	11,022	1,526,006	1,526,006	5,965,343	12,702,379
2022 Total Population	46,940	487,837	913,314	15,143	1,619,078	1,619,078	6,290,595	13,027,451
2027 Total Population	51,082	495,179	915,385	16,673	1,604,021	1,604,159	6,309,366	13,011,297
Projected Annual Growth %	1.7%	0.3%	0.0%	1.9%	-0.2%	-0.2%	0.1%	0.0%
Households								
2010 Total Households	18,591	176,547	335,422	6,354	599,635	599,736	2,260,312	5,018,904
2022 Total Households	25,888	219,294	387,420	8,813	667,219	667,219	2,438,223	5,232,785
2027 Total Households	28,378	224,383	391,285	9,787	664,975	665,034	2,454,567	5,244,451
Projected Annual Growth %	1.9%	0.5%	0.2%	2.1%	-0.1%	-0.1%	0.1%	0.0%
Income								
2022 Median Household Income	\$103,291	\$63,121	\$51,044	\$118,087	\$52,721	\$52,721	\$81,273	\$69,170
2022 Average Household Income	\$156,143	\$106,300	\$86,353	\$171,523	\$83,843	\$83,843	\$119,011	\$99,758
2022 Per Capita Income	\$86,700	\$48,037	\$36,775	\$103,317	\$34,678	\$34,678	\$46,256	\$40,217
Housing								
2022 Owner Occupied Housing Units	33.2%	39.2%	40.9%	40.3%	46.9%	46.9%	62.0%	62.1%
2022 Renter Occupied Housing Units	56.8%	49.0%	47.4%	49.8%	43.5%	43.5%	31.1%	28.4%
2022 Median Home Value	\$474,942	\$303,815	\$231,863	\$488,389	\$224,010	\$224,010	\$299,485	\$232,971
Median Year Structure Built	1960	1940	1940	1962	1948	1948	1965	1964
Miscellaneous Data Items								
2022 Bachelor's Degree	37.3%	25.9%	20.1%	38.6%	19.3%	19.3%	24.5%	20.8%
2022 Grad/Professional Degree	36.9%	22.2%	15.9%	41.1%	13.6%	13.6%	16.6%	13.4%
2022 College Graduate %	74.3%	48.1%	36.0%	79.7%	32.8%	32.8%	41.1%	34.2%
2022 Average Household Size	1.70	2.11	2.27	1.61	2.36	2.36	2.52	2.41
2022 Median Age	36.8	34.0	33.9	39.3	35.7	35.7	39.7	41.9

Source: ESRI

- As shown above, the current population within the subject's zip code was estimated to be 15,143 in 2022. The population in the area is expected to grow over the next five years at a faster pace than the City of Philadelphia as a whole.
- Median household income is significantly higher in Old City than in the surrounding area at an estimated \$118,087. The median owner-occupied home values are also considerably higher in Old City.

Demand Generators

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

of the most acclaimed historic properties and architecture in the United States. Some key facts regarding Greater Center City are summarized below:

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

Employment

- Center City is the largest center of employment in the state and is considered a major economic driver for the region. The primary sectors in the Center City office sector employment are education, health care, finance, insurance, real estate, engineering and legal services. Office sector employment accounts for over 40% of downtown private-sector jobs.
- Major employers include the City of Philadelphia, University of Pennsylvania, Temple University, two major medical schools and three major hospitals. It is the headquarters for Comcast, Cigna, ACE, Blue Cross of Pennsylvania, Delaware Valley Investments, and several others. Moreover, there are numerous City and Federal agencies located in Center City (EPA, HUD, Justice Department, U.S. Mint, and The Federal Reserve) and many others.



-
- While office jobs are the largest employment sector in Center City, the education and healthcare institutions are the largest segment of the balance of the city's economy, accounting for 20% of citywide employment or nearly 60,000 jobs. Thomas Jefferson University and Hospital is the largest private employer. Even Penn, with most of its employees in University City, employs about 4,000 people in Center City.

Residential Market

- 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 environments. Two of the nation's largest demographic groups, empty-nesters and millennials, have been attracted in large numbers to the dense and walkable urban setting of Center City. Millennials make up 40% of the downtown population (more than twice the national average), while those over 60 constituted 21% of Greater Center City residents.

Conclusion

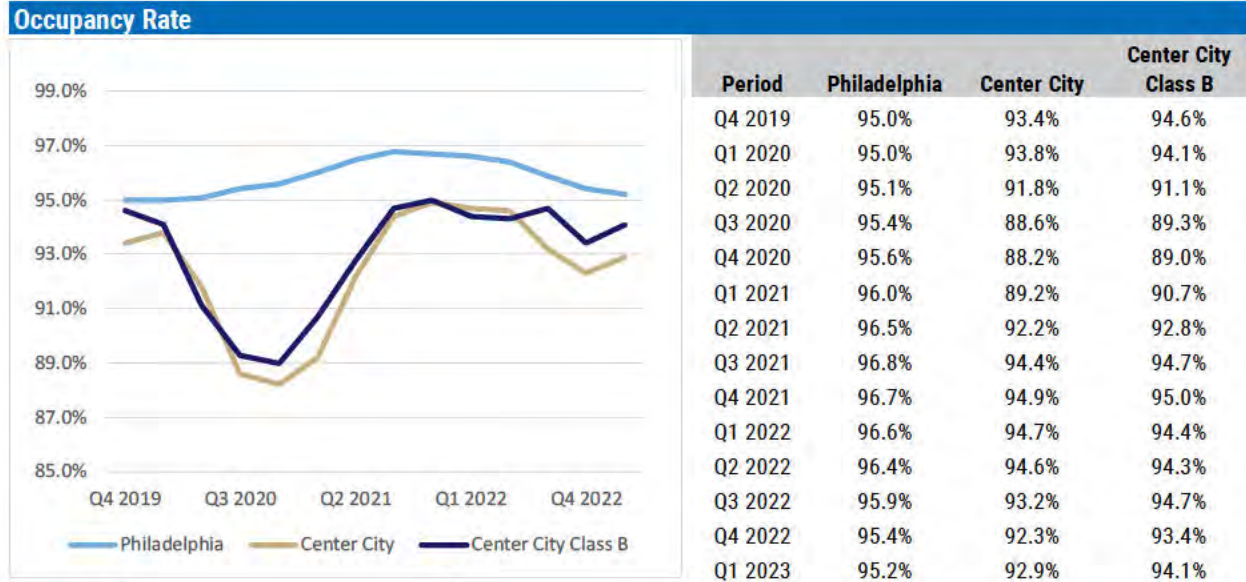
- The market is in the stable stage of its life cycle. Given the history and growth trends, it is our opinion that property values will increase in the near future.



MULTIFAMILY MARKET ANALYSIS

Multifamily Market Overview

The following discussion outlines overall market performance in the surrounding multifamily market using Costar market metric data. The property is considered a Class B building in this market.



Source: Costar; [REDACTED]



Source: Costar; [REDACTED]



ECONOMIC ANALYSIS

Multifamily Market Statistics						
Trailing Four Quarters Ended Q1 2023						
Market / Submarket	Inventory (Unit)	Completions (Unit)	Vacancy (%)	Net Absorption (Unit)	Asking Rent Per Unit	Effective Rent Per Unit
Philadelphia	668,008	13,713	4.80%	3,975	\$1,510	\$1,499
Center City	26,716	842	7.10%	335	\$2,244	\$2,209
Center City Class B	7,553	0	5.90%	-19	\$2,118	\$2,106

Source: Costar, [REDACTED]

- The average rental rate for the submarket is higher than the overall Philadelphia market. The subject Center City submarket is considered an upper tier submarket as compared to the other submarkets in the overall Philadelphia area due to its prestigious location.
- Approximately 3.2% of the submarket inventory, and 2.1% 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.

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
Philadelphia	13,222	4,253	3.1	34,717	35,746	1.0	55,479	58,389	1.0
Center City	842	113	7.5	1,873	1,453	1.3	3,530	3,518	1.0
Center City Class B	0	-111	0.0	4	-84	0.0	77	117	0.7

Source: Costar, [REDACTED]

- Absorption in the Center City submarket has fallen behind construction over the past three years.

Forecasting

Moody’s Analytics REIS provides econometric based forecasting data. The primary forecast provided by REIS is termed the “Base Case Scenario”. This is founded on the Moody’s Analytics forecast for the area (presented in the Area Analysis section of this report). In this case, two other scenarios are available as well. These are known as Moody’s Analytics CRE “downside scenario 1”. That corresponds to, and is consistent with, Moody’s Analytics “Downside - 90th Percentile (S3)” and Moody’s Analytics CRE “downside scenario 2”. That corresponds to, and is consistent with, Moody’s Analytics “Downside - 96th Percentile (S4)”. They are reflective of cases where there is greater downturn in the market than projected under the base Moody’s Analytics forecast for the area economy. Basically an indication of “worst case” type scenarios which are useful in stress testing.



Trends and Projections

Subject and Market Historical and Forecast Trends

Market Vacancy Rate Indicators					
	Current	Most Recent Full Year	Trailing 3-Year	Trailing 5-Year	Trailing 10-Year
Costar					
Philadelphia	4.80%	4.60%	4.40%	5.20%	5.90%
Center City	7.10%	7.70%	11.80%	8.50%	7.90%
Center City Class B	5.90%	6.60%	11.00%	6.20%	6.30%
Subject	0.00%				
Concluded Subject Vacancy Rate	4.00%				

Source: Costar, [REDACTED]

- We have considered the subject’s location and recent market trends for this area and have concluded to a vacancy rate of 4.00%, slightly less than the current vacancy rate given the subject is fully leased.

Conclusion

Occupancy Conclusions	
Costar	
Philadelphia	95.20%
Center City	92.90%
Center City Class B	94.10%
<u>Subject Property’s Current Occupancy</u>	100.00%
Subject Property’s Stabilized Occupancy	96.00%

Source: Costar, [REDACTED]

- The subject ranks at the top tier among similar properties in a submarket that has good prospects for continued growth.

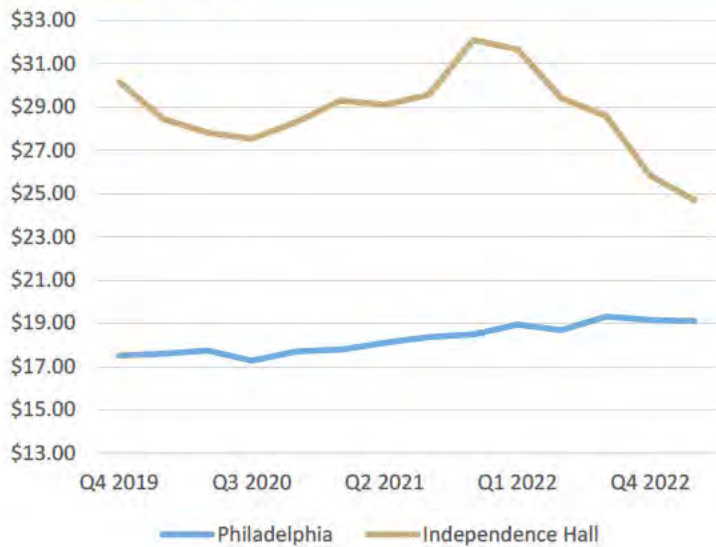


RETAIL MARKET ANALYSIS

Retail Market Overview

The following discussion outlines overall market performance in the surrounding retail market using Costar market metric data. Presented first are market statistics of the City of Philadelphia and the subject's Independence Hall submarket overall.

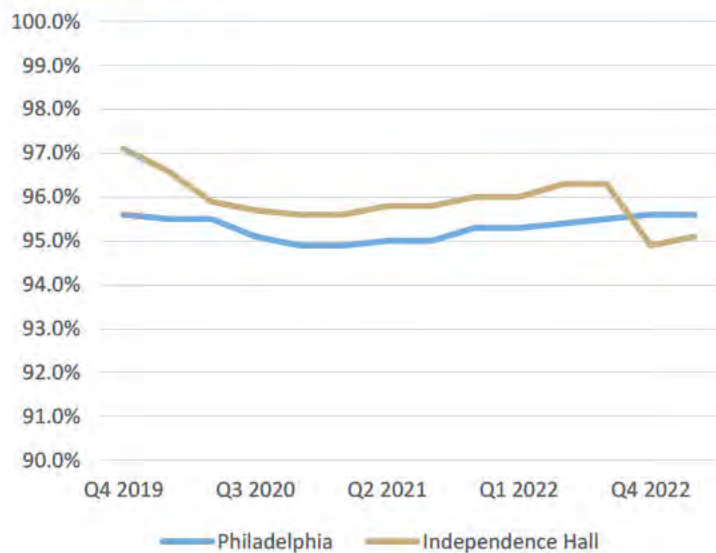
Asking Rent Per SF



Period	Philadelphia	Independence Hall
Q4 2019	\$17.51	\$30.17
Q1 2020	\$17.60	\$28.45
Q2 2020	\$17.75	\$27.82
Q3 2020	\$17.28	\$27.54
Q4 2020	\$17.71	\$28.31
Q1 2021	\$17.79	\$29.31
Q2 2021	\$18.10	\$29.11
Q3 2021	\$18.38	\$29.58
Q4 2021	\$18.49	\$32.10
Q1 2022	\$18.94	\$31.68
Q2 2022	\$18.69	\$29.40
Q3 2022	\$19.31	\$28.59
Q4 2022	\$19.16	\$25.82
Q1 2023	\$19.12	\$24.69

Source: Costar, [REDACTED]

Occupancy Rate



Period	Philadelphia	Independence Hall
Q4 2019	95.6%	97.1%
Q1 2020	95.5%	96.6%
Q2 2020	95.5%	95.9%
Q3 2020	95.1%	95.7%
Q4 2020	94.9%	95.6%
Q1 2021	94.9%	95.6%
Q2 2021	95.0%	95.8%
Q3 2021	95.0%	95.8%
Q4 2021	95.3%	96.0%
Q1 2022	95.3%	96.0%
Q2 2022	95.4%	96.3%
Q3 2022	95.5%	96.3%
Q4 2022	95.6%	94.9%
Q1 2023	95.6%	95.1%

Source: Costar, [REDACTED]



Market and Submarket Trends

Retail Market Trends								
	Philadelphia				Independence Hall			
	Inventory (SF)	Completions (SF)	Vacancy %	NNN Rent Overall / SF	Inventory (SF)	Completions (SF)	Vacancy %	NNN Rent Overall / SF
Q1 2021	337,282,827	374,606	5.1%	\$17.79	3,211,090	0	4.4%	\$29.31
Q2 2021	337,468,585	185,758	5.0%	\$18.10	3,211,090	0	4.2%	\$29.11
Q3 2021	337,732,137	263,552	5.0%	\$18.38	3,211,090	0	4.2%	\$29.58
Q4 2021	338,096,447	364,310	4.7%	\$18.49	3,211,090	0	4.0%	\$32.10
Q1 2022	338,232,866	136,419	4.7%	\$18.94	3,211,090	0	4.0%	\$31.68
Q2 2022	338,567,777	334,911	4.6%	\$18.69	3,211,090	0	3.7%	\$29.40
Q3 2022	338,681,206	113,429	4.5%	\$19.31	3,211,090	0	3.7%	\$28.59
Q4 2022	339,102,593	421,387	4.4%	\$19.16	3,211,090	0	5.1%	\$25.82
Q1 2023	339,309,634	204,017	4.4%	\$19.12	3,211,090	0	4.9%	\$24.69

* Forecast

Source: Costar

- The average vacancy rate for the subject's submarket is similar to that of the overall market area.
- The average rental rate for the submarket is higher than the overall City of Philadelphia market.
- The overall market area and submarket have been relatively stagnant with respect to occupancy over the past two years. Both market areas are operating at stabilized levels currently.
- Effective rental rates for the subject's submarket have dropped down ±\$5.00 per square foot since Q1 2021.

Supply & Demand

Construction Versus Absorption

Construction/Absorption Change									
Market / Submarket	Prior Calendar Years History								
	Prior Calendar Year History			Prior Three Year History			Prior Five Year History		
	SF Built	SF Absorbed	Const. / Abs. Ratio	SF Built	SF Absorbed	Const. / Abs. Ratio	SF Built	SF Absorbed	Const. / Abs. Ratio
Philadelphia	1,006,146	2,038,068	0.5	3,362,221	3,246,125	1.0	6,591,685	6,488,512	1.0
Independence Hall	0	-36,356	0.0	0	-72,242	0.0	3,960	-79,286	0.0

Source: Costar

- New construction in the Independence Hall submarket has been minimal over the last three years, as vacant land is scarce in this area.

Trends and Projections

Subject and Market Historical and Forecast Trends

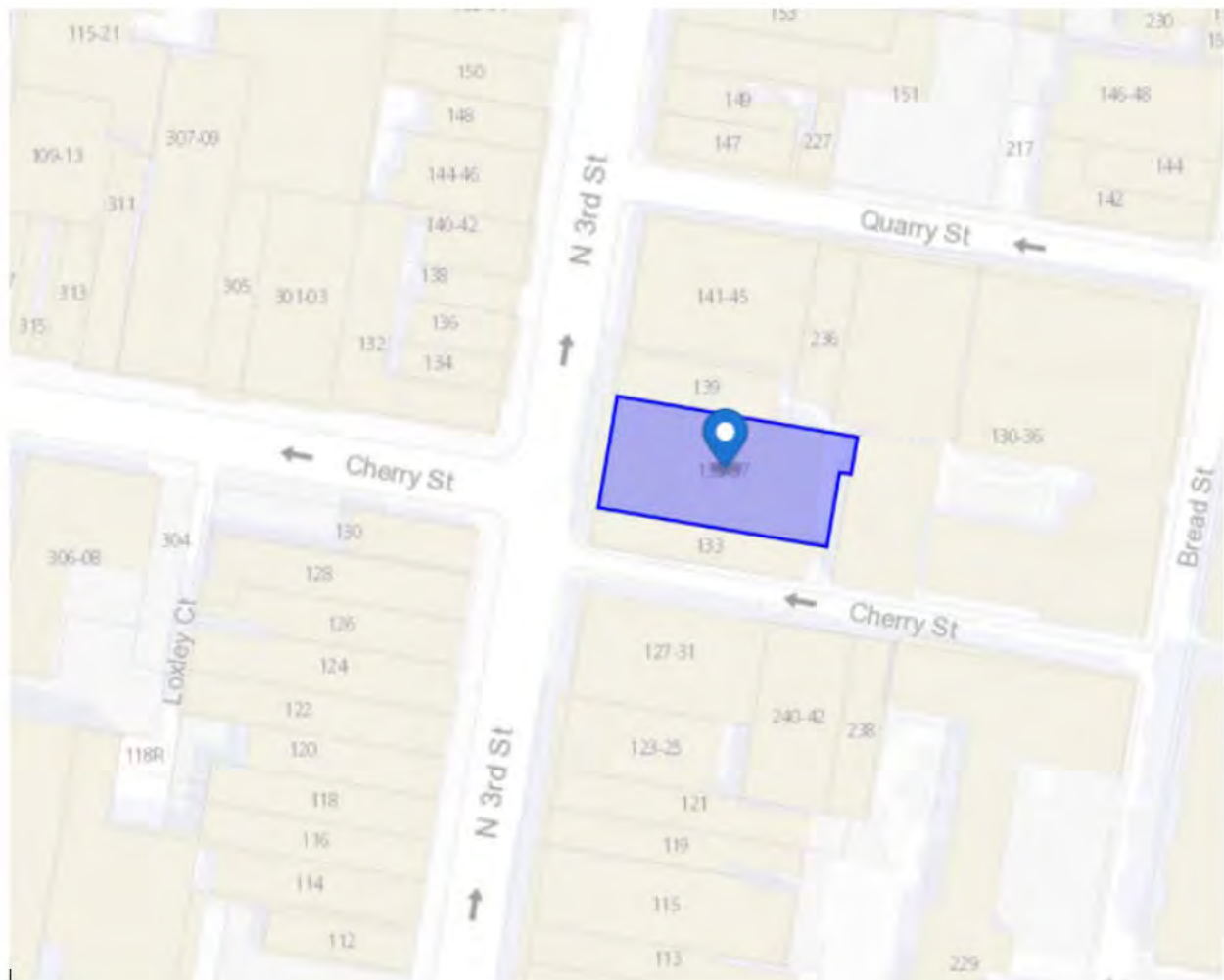
Market Vacancy Rate Indicators					
	Current	Most Recent Full Year	Trailing 3-Year	Trailing 5-Year	Trailing 10-Year
Costar					
Philadelphia	4.40%	4.40%	5.10%	4.30%	5.40%
Independence Hall	4.90%	5.10%	4.40%	3.70%	3.60%
Concluded Subject Vacancy Rate	4.00%				

Source: Costar, [REDACTED]

- We have considered the subject’s location and recent market trends for this area and have concluded to a vacancy rate of 4.00%, similar to the current vacancy rate for the submarket and overall market area, exclusion of collection loss.



Land and Site Analysis



Tax Map



National Flood Hazard Layer FIRMette



Legend

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

SPECIAL FLOOD HAZARD AREAS	Without Base Flood Elevation (BFE) Zone A, V, X, AP With BFE or Depth Zone AE, AC, AH, VE, AR 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 X Future Conditions 1% Annual Chance Flood Hazard Zone X Area with Reduced Flood Risk due to Levee. See NOTES. Zone X Area with Flood Risk due to Levee Zone X
OTHER AREAS	Area of Minimal Flood Hazard Zone X Effective LOWRs Area of Undetermined Flood Hazard Zone B
GENERAL STRUCTURES	Channel, Culvert, or Storm Sewer Levee, Dike, or Floodwall
OTHER FEATURES	Cross Sections with 1% Annual Chance Water Surface Elevation Coastal Transect Base Flood Elevation Line (BFE) Limit of Study Jurisdiction Boundary Coastal Transect Baseline Profile Baseline Hydrographic Feature
MAP PANELS	Digital Data Available No Digital Data Available Unmapped

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 5/26/2023 at 6:32 PM 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 creator data, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

Flood Map



LAND AND SITE ANALYSIS

Land Parcels

Parcel Summary	Associated APN(s)	Land Area (SF)	Land Area (Acres)
135-137 N. 3rd Street	881007212	4,867	0.1117
Total Gross Land Area		4,867	0.1117
Total Usable Land Area		4,867	0.1117
Total Surplus Land Area		0	0.0000
Total Excess Land Area		0	0.0000

Land Description

Total Land Area	0.1117 Acres; 4,867 SF
Usable Land Area	0.1117 Acres; 4,867 SF
Excess Land Area	None
Surplus Land Area	None
Source of Land Area	Public Records
Location	Situated on the east side of N. 3rd Street between Cherry Street and Quarry Street.

Site Characteristics

Primary Street Frontage	N. 3rd Street (49 FF)
Traffic Control at Entry	None noted
Traffic Flow	Moderate
Accessibility Rating	Above Average
Visibility Rating	Average
Shape	Irregular
Corner	No
Topography	Level
Site Vegetation	None noted
Other Site Characteristics	None Noted
Easement/Encroachments	None Noted
Environmental Issue	None Noted

Flood Zone Analysis

Flood Area Panel Number	34007C0009F
Date	8/17/2016
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
------------------	--------------------------------

EASEMENTS, ENCROACHMENTS AND RESTRICTIONS

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

ENVIRONMENTAL ISSUES

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

CONCLUSION

- Overall, the subject is considered to have good functionality by means of accessibility to and from the property.
- The physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any particular restrictions on development.



Zoning and Legal Restrictions




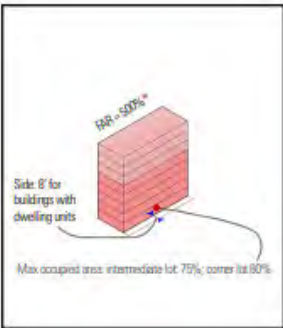
Zoning Map



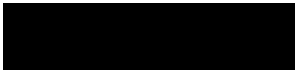
Zoning Summary

Category	Description
Zoning Jurisdiction	City of Philadelphia
Zoning Designation	CMX-3
Description	Community Commercial Mixed-Use
Legally Conforming?	Yes
Zoning Change Likely?	Unlikely
Permitted Uses	Multi-family, office and retail
Maximm Occupied Area	75%
Maximum Floor Area Ratio	5.00

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

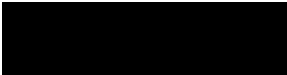
	<table border="1"> <tr> <td>Max. Occupied Area</td> <td>Lot: Intermediate 75% Corner 80%</td> </tr> <tr> <td>Min. Side Yard Width</td> <td>8 ft. if used for buildings containing dwelling units</td> </tr> <tr> <td>Max. Floor Area Ratio</td> <td>500%* With additional bonuses</td> </tr> </table>	Max. Occupied Area	Lot: Intermediate 75% Corner 80%	Min. Side Yard Width	8 ft. if used for buildings containing dwelling units	Max. Floor Area Ratio	500%* With additional bonuses	
Max. Occupied Area	Lot: Intermediate 75% Corner 80%							
Min. Side Yard Width	8 ft. if used for buildings containing dwelling units							
Max. Floor Area Ratio	500%* With additional bonuses							

We are not experts in the interpretation of zoning ordinances. A qualified land use/zoning expert should be engaged if there are any zoning concerns or if a determination of compliance with zoning is required.

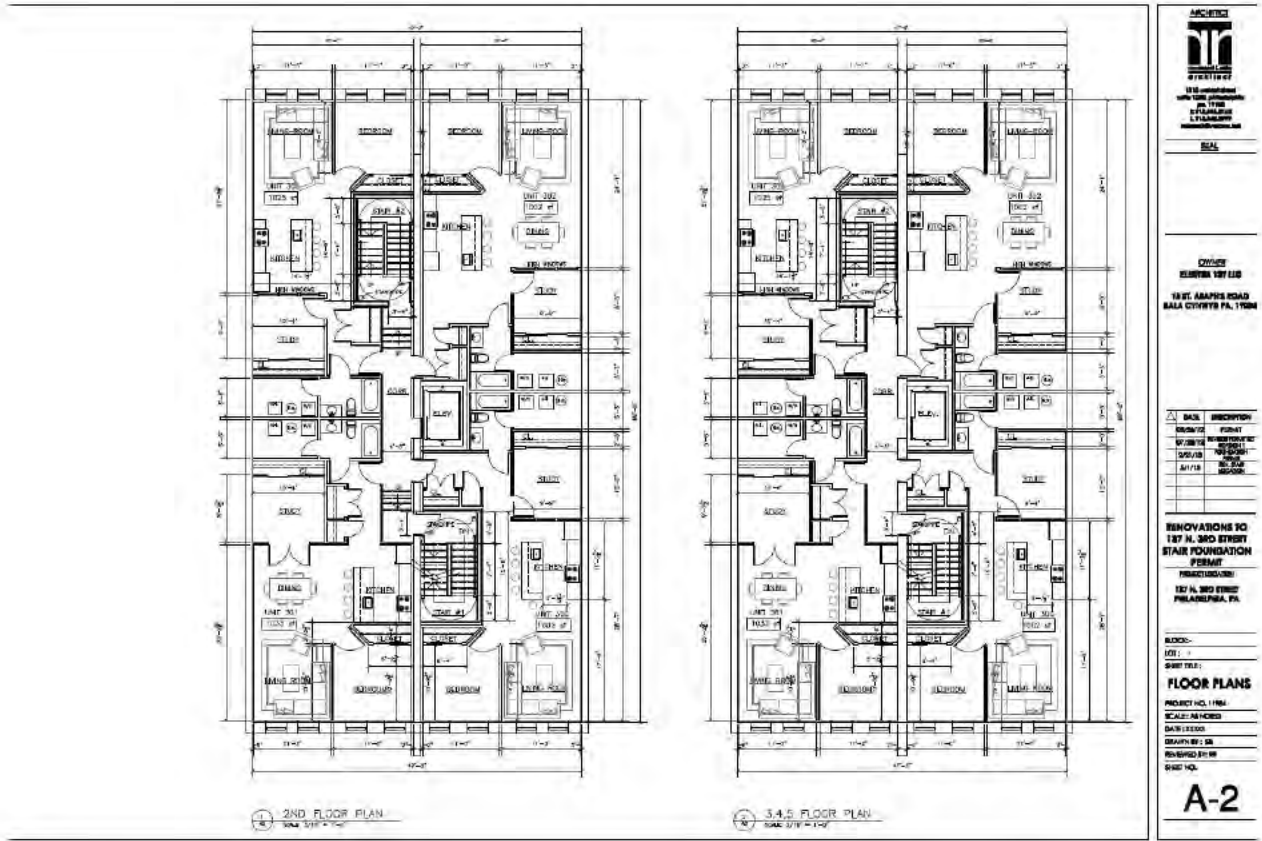


Improvements Analysis

The “Subject Property” is a 16-unit elevator served apartment building with two ground floor commercial units located in the Olde City neighborhood of Philadelphia. The property was originally constructed in 1850 and most recently renovated in 2015. The subject’s multifamily units include (16) 2BR/1BA units, and 2 ground floor commercial spaces currently leased to a clothing boutique and a custom window treatment retail unit. The improvements were in good condition at time of inspection, 100% leased and the multi-family segment 94% occupied with 1 residential apartment unit leased but not yet occupied as of the effective date. The total rentable area is 19,973 square feet. The site consists of approximately 4,867 square feet and does not include off-street parking. The site is zoned CMX-3, which is a commercial, mixed-use designation within the city of Philadelphia.



IMPROVEMENTS ANALYSIS



Floor Plan

The improvements are more fully described in the following table.



IMPROVEMENTS ANALYSIS

Improvements Description	
Component Structures	
General Improvement Type	Multifamily
Use Description	Mid/High Rise
No. Buildings	1
No. Units	16
GBA (SF)	21,190
Rentable SF Total	19,973
Rentable SF Apartments	16,248
Rentable SF Retail	3,725
Average Unit Size (SF)	1,248
Construction Status	Existing, Stabilized Operations
Quality	Good
Current Condition	Good
Age/Life Depreciation Analysis	
Year Built	1850
Year Renovated	2015
Actual Age (Yrs.)	173
Economic Life (Yrs.)	60
Effective Age (Yrs.)	10
Remaining Economic Life (Yrs.)	50
Floor Area Analysis	
Number of Stories	5
Est. Ground Floor Area (GBA)	4,238
Attributed Site Area (SF)	4,867
Site Coverage	87.1%
Floor Area Ratio (FAR)	4.354
Unit Density (Units/Acre)	143.2
Land to Building Ratio	0.23:1
Construction Details	
	Mid/High Rise
Foundation	Masonry
Basement	Full unfinished basement
Structural Frame/Construction Summary	Masonry
Exterior Walls	Masonry
Windows	Replacement windows in aluminum framing
Roof	Flat built-up
Interior Finish	
	Mid/High Rise
Floors	Vinyl plank throughout
Walls	Textured and painted sheetrock
Ceilings	Textured and painted sheetrock
Lighting	Recessed spot lighting and ceiling suspended incandescent lighting fixtures
Engineering & Mechanical	
	Mid/High Rise
HVAC	Electric HVAC
Electrical	Assumed adequate / Sub-panels in each unit
Plumbing	Assumed adequate
Utility Meters	Individually metered electric
Elevators	1
Rest Rooms	2 restrooms (1 per retail unit)
Fire Sprinklers	Wet

UNIT MIX

Unit Mix						
No. Units	Unit Description	Unit Size (SF)	Rentable Area (SF)	Occupied Units	Unit Occupancy	
8	2 BR/1 BA 2BR/1BA - 1,002 SF	1,002	8,016	8	100%	
4	2 BR/1 BA 2BR/1BA - 1,025 SF	1,025	4,100	3	75%	
4	2 BR/1 BA 2BR/1BA - 1,033 SF	1,033	4,132	4	100%	
16	2 BR Total	1,016	16,248	15	94%	
16	Totals		16,248	15		
	Averages	1,016			94%	

The commercial space consists of two ground floor retail units. Unit 1 is a clothing boutique that operates as the name Rennes and Unit 2, Allure, designs and sells custom window treatments. Both units are in good condition and are 100% occupied. Unit 1 contains 1,850 SF and Unit 2 is 1,875 SF.

PROPERTY CONDITION

Recent Renovations

The property was extensively renovated in 2015, including cosmetic and mechanical upgrades. The cost and breakdown of renovations was not available. The subject was in good condition at time of inspection.

Deferred Maintenance

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

OTHER PROPERTY CONSIDERATIONS

Functional Utility

Based on our inspection and consideration of its current and/or future use, there do not appear to be any significant items of functional obsolescence.

ADA Compliance

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



Planned Capital Expenditures

Planned capital expenditures were not specified from our discussion with the subject's property management group.

Environmental Assessment

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

Personal Property

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

CONCLUSION

Overall, the quality, condition, and functional utility of the improvements are considered to be good for their age and location.



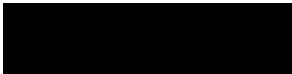
Real Estate Taxes

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

Real estate taxes and assessments for the subject for the 2023 tax year are shown in the following table. The current assessed value is identical to the concluded market value present herein, given Philadelphia’s Actual Value Initiative. Also included in the table below are OCD (Old City District) taxes that are levied on the property. This figure was confirmed with a representative of the district.

Taxes and Assessments											
Tax Year 2023	Assessor's Market Value			Assessment Ratio	Assessed Value			Tax Rates		Taxes and Assessments	
	Land	Improvements	Total		Land	Improvements	Total	Land & Improvements	Ad Valorem Taxes	Direct Assessments	Total
881007212	\$409,000	\$3,681,000	\$4,090,000	100.0%	\$409,000	\$3,681,000	\$4,090,000	1.3998%	\$57,252	\$3,149	\$60,401

In Pennsylvania, properties are not automatically reassessed upon sale. Reassessments may be triggered by the issuance of building permits to improve a property, or through the appeal by a proper authority (i.e. school district/municipality) or individual taxpayer. In the City of Philadelphia, assessments can change each year by the assessment office. Further, 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	237 Chestnut Street	223-227 Arch Street	17-23 S. Bank Street	116-118 Chestnut Street	135-137 North 3rd Street
City, County, State	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, Philadelphia,
Apt. Units	15	15	22	16	16
Total Assessed Value	\$7,200,000	\$2,700,000	\$2,749,000	\$4,100,000	\$4,090,000
Assessed Value/Unit	\$480,000	\$180,000	\$124,955	\$256,250	\$255,625
Total Taxes	\$100,786	\$37,795	\$38,481	\$57,392	\$60,401
Taxes/Unit	\$6,719	\$2,520	\$1,749	\$3,587	\$3,775
Effective Tax Rate	1.3998%	1.3998%	1.3998%	1.3998%	1.4768%

SUBJECT TAX CONCLUSION

Ad Valorem Tax Analysis		
	Subject History	Conclusion
	2023	
Total Assessed Value	\$4,090,000	\$4,090,000
Total Assessed Value/Unit	\$255,625	\$255,625
Tax Rate	1.39980%	1.3998%
Ad Valorem Taxes	\$57,252	\$57,252
Direct Assessments	\$3,149	\$3,149
Actual / Pro Forma Taxes	\$60,401	\$60,401
Reported Tax Delinquencies	None	None
Tax Exemptions or Abatements	None	None

The subject's tax assessment falls above the average of the assessment comparables. Tax assessments for comparable properties range from \$124,955 - \$480,000 per unit. The subject's 2023 total assessed value of \$255,625 per unit is approximately 2% below the average of the comparable data. The subject falls in line with nearby comparables falling near the middle of the range. Because the subject is assessed in line with the assessment comparables, we believe the assessment to be reasonable.

Highest and Best Use

AS VACANT

Legally Permissible

The site is zoned CMX-3 which allows for multi-family, office and retail 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 4,867 square feet (0.112 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 mixed-use development consisting of multifamily and commercial uses 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 mixed-use 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 mixed-use development. The associated risk is typical and market conditions appear to be supportive.

Highest and Best Use Conclusion – As Vacant

The highest and best use of the subject as though vacant is the development of a mixed use property.



AS IMPROVED

Legally Permissible

The existing mixed-use improvements appear to be legally conforming to zoning.

Physically Possible

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

Financially Feasible

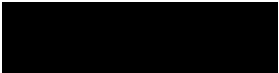
Financial feasibility focuses on positive and excess returns from the improved property. In this case, the subject is an income producing property and is capable of generating sufficient income to support the continuation of the use. This is demonstrated in the income capitalization approach by the fact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

Maximally Productive

The existing mixed-use 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 mixed-use development.

Highest and Best Use – As Improved

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



Appraisal Methodology

COST APPROACH

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

SALES COMPARISON APPROACH

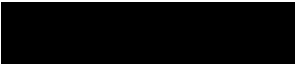
The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison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

INCOME CAPITALIZATION APPROACH

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

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

The cost approach was not utilized in this appraisal as market participants considering properties like the subject do not give consideration to the cost approach. 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.

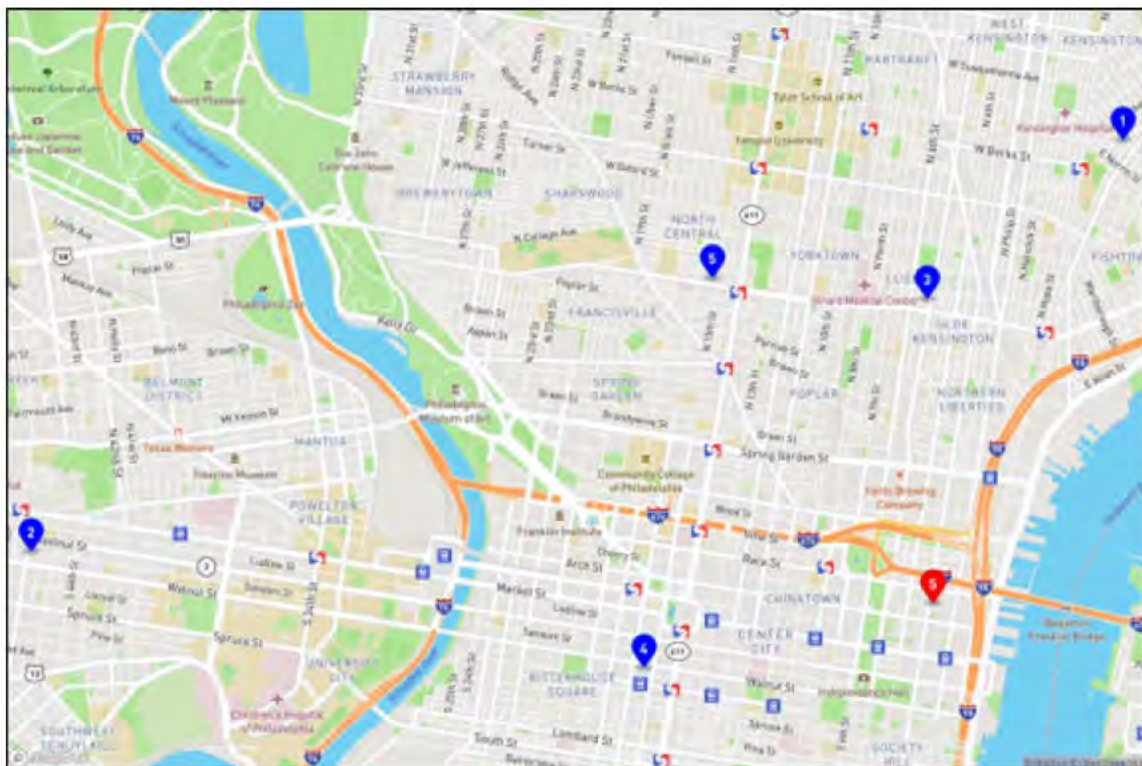


Sales Comparison Approach

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 Sales Summary						
	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
						
Property Name	135-137 North 3rd Street	Nylon Lofts	Manor Flats off Sansom	1216-26 N 5th St	1512 Walnut Street	1509 West Girard Avenue
Address	135-137 North 3rd Street	2045 Trenton Avenue	125 South 46th Street	1216-1226 North 5th	1512 Walnut Street	1509 West Girard Ave
City, State	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA
Land Size	0.11 Acres	0.09 Acres	0.22 Acres	0.28 Acres	0.10 Acres	0.18 Acres
Rentable Area (SF)	19,973 SF	12,036 SF	19,411 SF	25,058 SF	9,924 SF	15,379 SF
Number of Apt. Units	16	12	19	31	22	17
Average Unit Size (SF)	1,248 SF	1,003 SF	1,022 SF	808 SF	451 SF	905 SF
Year Built (Renovated)	1850 (2015)	1903 (2020)	2019	2018	1927 (2010)	2014
Occupancy/Owner Occ.	94%	83%	68%	97%	100%	100%
Buyer	-	FB Wesleyan LLC	Manor Flats Off Sansom LLC	1216-1226 N 5th St Owner LLC	Six Acre Capital	1509 Girard Ave LLC and/or assigns
Seller	-	Sharouq Matari	125-135 S 46th St	South Randolph Street	Pearl Properties, LLC	Seaside Capital LLC
Interest Conveyed	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Transaction Status	-	Closed	Closed	Closed	Closed	Closed
Transaction Date	-	Oct-22	Dec-20	Mar-22	Mar-22	Apr-21
Price	-	\$3,900,000	\$4,750,000	\$9,050,000	\$13,500,000	\$4,700,000
Stabilized Price	-	\$3,900,000	\$4,750,000	\$9,050,000	\$13,500,000	\$4,700,000
Operating Status at Sale	-	Sub-stabilized Operations	Sub-stabilized Operations	Stabilized Operations	Stabilized Operations	Stabilized Operations
Price per Unit	-	\$325,000	\$250,000	\$291,935	\$613,636	\$276,471
Cap Rate	-	5.50%	6.42%	5.60%		5.95%



ANALYSIS OF IMPROVED COMPARABLE DATA

Property Rights Conveyed

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

Financing

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

Conditions of Sale

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

Market Conditions

Although the market for multifamily assets has significantly increased over the last several years, given the recent (last several months) increase in interest rates and increased cost of capital, pricing for similar assets has decreased resulting from higher overall capitalization rates. As a result, downward adjustments for market conditions of 1% per year is deemed reasonable and utilized herein.

Location/Access

Sales 1, 2, 3 and 5 received upward adjustments for their inferior locations in comparison to the subject's location closer to the CBD of Center City based upon market rents and commercial demand. The factors considered include neighborhood externalities, supporting services, and overall market appeal. Sale 4 received a downward adjustment for its superior location taking into consideration the same factors.

Project Size (Number of Units)

Sale 3 was adjusted upward to account for the smaller unit sizes, on average and size.

Age/Condition/Quality

The property was originally constructed in 1850 and was completely renovated in 2015. The property is currently in good condition and is of good construction quality. No adjustments were required.

Average Unit Size

Sale Nos. 3 and 4 were adjusted upwards as they are smaller than the subject in terms of unit size.

Ground Floor Commercial Space

Sales 1, 2, 3, and 5 were adjusted upward for lack of ground floor retail space, as opposed to the subject's two ground floor retail units.



SALES COMPARISON APPROACH

Parking

Sale 5 received a downward adjustment for on-site parking. Secure, off-street parking is very desirable and sale 5 offers 12 underground parking spaces warranting a downward adjustment.

Economic Characteristics

No adjustments were required.

PV Tax Abatement

Sale Nos. 1, 2, 3, and 5 benefit from Philadelphia’s 10-year tax abatement requiring a downward adjustment.

Summary of Adjustments / Adjustment Grid

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

Comparable Sales Adjustment Grid						
	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Property Name	135-137 North 3rd Street	Nylon Lofts	Manor Flats off Sansom	1216-26 N 5th St	1512 Walnut Street	1509 West Girard Avenue
Address	135-137 North 3rd Street	2045 Trenton Avenue	125 South 46th Street	1216-1226 North 5th	1512 Walnut Street	1509 West Girard Ave
City	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA
Land Size	0.11 Acres	0.09 Acres	0.22 Acres	0.28 Acres	0.10 Acres	0.18 Acres
Size (Rentable Area)	19,973 SF	12,036 SF	19,411 SF	25,058 SF	9,924 SF	15,379 SF
Number of Apt. Units	16	12	19	31	22	17
Average Unit Size (SF)	1,248 SF	1,003 SF	1,022 SF	808 SF	451 SF	905 SF
Year Built (Renovated)	1850 (2015)	1903 (2020)	2019	2018	1927 (2010)	2014
Transaction Type	--	Closed	Closed	Closed	Closed	Closed
Transaction Date	--	Oct-22	Dec-20	Mar-22	Mar-22	Apr-21
Actual Sale Price	--	\$3,900,000	\$4,750,000	\$9,050,000	\$13,500,000	\$4,700,000
Stabilized Sale Price	--	\$3,900,000	\$4,750,000	\$9,050,000	\$13,500,000	\$4,700,000
Price per Unit	--	\$325,000	\$250,000	\$291,935	\$613,636	\$276,471
Occupancy	94%	83%	68%	97%	100%	100%
Cap Rate	--	5.50%				5.95%
Transaction Adjustments						
Property Rights		0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%
Market Conditions (Time)	4/14/2023	0%	-2%	-1%	-1%	-2%
Subtotal (adjustments are multiplied)		0%	-2.0%	-1.0%	-1.0%	-2.0%
Transaction Adjusted Price per Unit		\$325,000	\$245,000	\$289,016	\$607,500	\$270,941
Property Adjustments						
Location		10%	10%	10%	-10%	15%
Building Size (Number of Units)		0%	0%	10%	0%	0%
Age/Condition/Quality		0%	0%	0%	0%	0%
Average Unit Size (SF)		0%	0%	10%	10%	0%
Commercial Space		10%	10%	10%	0%	10%
Parking		0%	0%	0%	0%	-5%
Economic Characteristics		0%	0%	0%	0%	0%
PV Tax Abatement		0%	0%	0%	0%	0%
Subtotal (adjustments are summed)		20%	20%	40%	0%	20%
Gross Adjustment		20%	22%	41%	21%	32%
Overall Adjustment		20.0%	17.6%	38.6%	-1.0%	17.6%
Indicated Price per Unit		\$390,000	\$294,000	\$404,623	\$607,500	\$325,129



PRICE PER UNIT CONCLUSION

Multifamily Sales Adjustment Summary			
Price per Unit	Low	High	Average
Unadjusted Range	\$250,000	\$613,636	\$351,408
Adjusted Range	\$294,000	\$607,500	\$404,250
Concluded Price per Unit Indication			\$420,000

- Prior to adjustments, the sales reflect a range of \$250,000 to \$613,636 per unit.
- After adjustment, the range is narrowed to \$294,000 to \$607,500 per unit with an average of \$404,250 per unit.
- Most weight was placed on Comparables 1 and 4 because they are both vintage buildings similar to the subject that have also been renovated.

SALES COMPARISON APPROACH CONCLUSION

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

Sales Comparison Approach Conclusion		
Reconciliation of Price per Unit Indication		Value Indication
Adjusted Value Range - Low		\$294,000
Adjusted Value Range - High		\$455,625
Reconciled As Stabilized Value - Price per Unit	Effective Date: 4/14/2023	\$420,000
Subject Apt. Units		16
Reconciled As Stabilized Value - Price per Unit Analysis		\$6,720,000
Reconciled As Stabilized Value - Sales Comparison Approach	Effective Date: 4/14/2023	\$6,720,000

Value Indications		
As Is		Value Indication
Reconciled As Stabilized Value	Effective Date: 4/14/2023	\$6,720,000
As Is Value	Effective Date: 4/14/2023	\$6,720,000
Rounded		\$6,700,000

Income Capitalization Approach

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

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

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

RENTABLE AREA SUMMARY

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

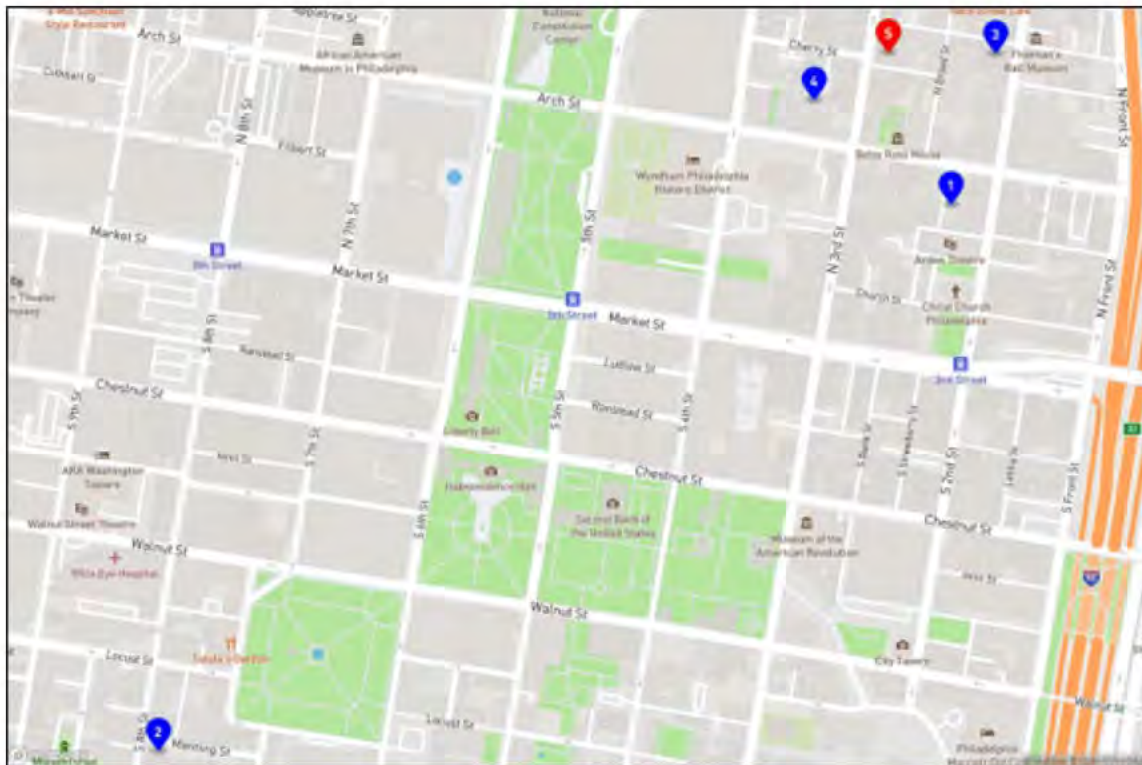
Unit Mix								
No.	Unit Description	Unit Size (SF)	Rentable Area (SF)	Occupied Units	Unit Occupancy	Avg. Contract Rent	Market Rent	Market Rent PSF
8	2 BR/1 BA 2BR/1BA - 1,002 SF	1,002	8,016	8	100%	\$2,148	\$2,200	\$2.20
4	2 BR/1 BA 2BR/1BA - 1,025 SF	1,025	4,100	3	75%	\$2,002	\$2,200	\$2.15
4	2 BR/1 BA 2BR/1BA - 1,033 SF	1,033	4,132	4	100%	\$2,124	\$2,200	\$2.13
16	2 BR Total	1,016	16,248	15	94%	\$2,112	\$2,200	\$2.17
16	Totals		16,248	15				
	Averages	1,016			94%	\$2,112	\$2,200	\$2.17

- The subject includes 16 units, all of which are 2BR/2BA units.
- As of the effective valuation date, the multifamily portion of the property was 100% leased and 94% occupied.
- Tenants are responsible for their individually metered electric usage.

MULTIFAMILY 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.







Comparable Map

No.	Name	Address
Subject	135-137 North 3rd Street	135-137 North 3rd Street, Philadelphia, PA
1	209 Cuthbert Street	209 Cuthbert Street
2	735 Spruce Street	735 Spruce Street
3	136 N. 2nd Street	136 N. 2nd Street
4	309 Arch Street	309 Arch Street



INCOME CAPITALIZATION APPROACH

MARKET RENT ANALYSIS - 2BR							
Photo	Property	Unit Type	Unit Size (SF)	Rent (\$)	\$/SF RA	Tenant Pays	Comparison to Subject
	SUBJECT: 135-137 N. 3rd Street Philadelphia, PA	2BR/1BA	1,016	\$2,114	\$2.08	Electric	N/A
	209 Cuthbert Street, Philadelphia, PA	2BR/1BA	985	\$2,200	\$2.23	Electric	Similar Similar location, age and condition, smaller size, similar building amenities
	735 Spruce Street #2F Philadelphia, PA	2BR/1BA	850	\$1,850	\$2.18	Electric, Gas	Similar Similar location, age and condition, smaller size, similar building amenities
	136 N. 2nd Street #5C Philadelphia, PA	2BR/1BA	1,026	\$2,550	\$2.49	Electric	Similar Similar location, age, condition and building amenities
	309 Arch Street #609 Philadelphia, PA	2BR/1BA	1,248	\$2,500	\$2.00	Electric	Similar Similar location, age, condition and building amenities. Larger unit size
COMPETITIVE RENT SUMMARY							
			Average Rent				
	Competitors			Subject			
Two-Bedroom	\$2,200			\$2,200			

- We conclude to a projected market rent of \$2,200 per month for the 2-BR units.
- The estimate is higher than the average contract rent of the 2-BR units.

Multi-Family 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	
8	2 BR/1 BA 2BR/1BA - 1,002 SF	1,002	8,016	8	100%	\$2,148	\$2,200	\$2.20	
4	2 BR/1 BA 2BR/1BA - 1,025 SF	1,025	4,100	3	75%	\$2,002	\$2,200	\$2.15	
4	2 BR/1 BA 2BR/1BA - 1,033 SF	1,033	4,132	4	100%	\$2,124	\$2,200	\$2.13	
16	2 BR Total	1,016	16,248	15	94%	\$2,112	\$2,200	\$2.17	
16	Totals		16,248	15					
	Averages	1,016			94%	\$2,112	\$2,200	\$2.17	

COMMERCIAL SPACE

As noted, the subject includes two segments – a multifamily component and a retail component. The commercial segment will now be addressed. A summary rent roll for this portion of the property is shown below, based on our review of the owner's rent roll.

Rent Roll											
Tenant	Rentable Area (SF)	Lease Term		Total Mos.	Rem. Mos.	MLA Category	Reimb. Method	Year 1 Market Rent		Year 1 Contract Rent	
		Start	End					\$ Total	\$ PSF	\$ Total	\$ PSF
Rennes	1,850	Oct-16	Jul-23	82	4	Retail	Net	\$61,050	\$33.00	\$63,720	\$34.44
Allure	1,875	Aug-20	Sep-23	37	5	Retail	Net	\$61,875	\$33.00	\$51,949	\$27.71
Total (Average)	3,725			59	5			\$122,925	\$33.00	\$115,669	\$31.05

- The subject's current retail tenants are Rennes (a clothing boutique) and Allure (window treatment design).
- The 2 commercial tenant's contract rents range from \$27.71 to \$34.44 per square foot.
- Tenant spaces range from 1,850 to 1,875 square feet.
- The leases are both set to expire in 2023. Rennes is operating on an extension from February 1, 2023 to July 31, 2023. We are not aware of any additional options and the risk associated with re-leasing this space will be considered in the selection of the investment/capitalization rates.

Expense Structure

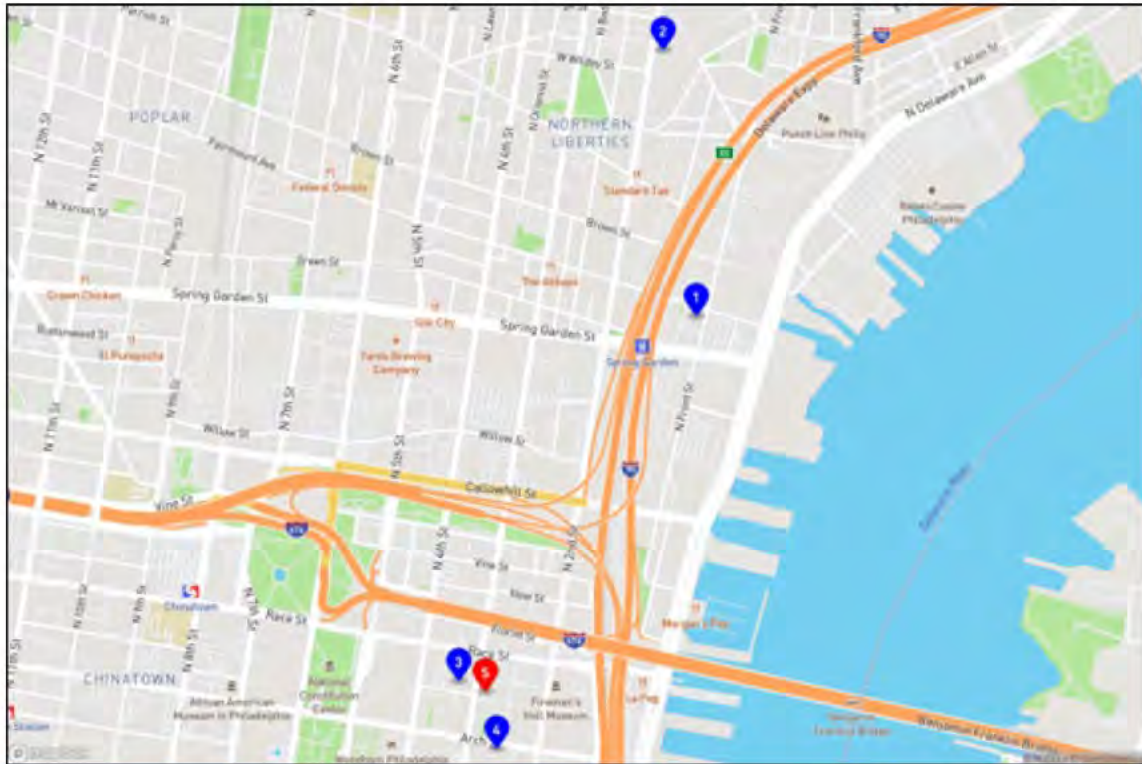
- The lease is of a Net basis whereby the tenant pays for their proportionate share of taxes (18.7%) and pays for insurance and the utilities directly to the provider. The owner pays for repairs and maintenance costing more than \$250 whether structural, HVAC, plumbing, roofing or otherwise.



COMMERCIAL MARKET RENT ANALYSIS

In estimating market rent for the subject property, we considered data and opinions from the actual recent leases from comparable buildings.

- Actual recent leases from comparable buildings;



Comparable Map

No.	Name	Address
Subject	135-137 North 3rd Street	135-137 North 3rd Street, Philadelphia, PA
1	Winebow	622 North Front Street, Philadelphia, PA
2	Bagels & Co.	1001 N. 2nd Street, Philadelphia, PA
3	Zommo Electric Bikes	305 Cherry Street, Philadelphia, PA
4	Olea BYOB LLC	232 Arch Street, Philadelphia, PA
5		



INCOME CAPITALIZATION APPROACH



Comparable One



Comparable Two



Comparable Three



Comparable Four



Analysis of Comparable Leases

Comparable Rentals Summary					
Retail Space	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Address	135-137 North 3rd Street	622 North Front Street	1001 N. 2nd Street	305 Cherry Street	232 Arch Street
City, State	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA
Submarket	Philadelphia - Greater	Philadelphia - Greater	Philadelphia - Greater	Philadelphia - Greater	Philadelphia - Greater
Year Built (Renovated)	1850 (2015)	2008	2005	1900	1800
Investment Grade	Class B	Class B	Class A	Class B	Class B
Lease Details					
Lease Status		Signed Lease	Signed Lease	Signed Lease	Signed Lease
Lease Date		Sep-21	Jun-21	Apr-21	Nov-21
Term (Mos.)		180	128	24	60
Lease Size (SF)		1,200	1,138	1,450	900
Tenant Name		Winebow	Bagels & Co.	Zoomo Electric Bikes	Olea BYOB LLC
Rates and Measures					
Base Rental Rate		\$24.00	\$36.91	\$20.69	\$29.05
Lease Reimbursement Method		Triple Net	Triple Net	Triple Net	Triple Net

The following table summarizes the adjustments made to each comparable.



INCOME CAPITALIZATION APPROACH

Comparable Rentals Adjustment Grid					
Retail Space	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Property Name	135-137 North 3rd Street	622 North Front Street	The Piazza	Cherry St Mixed Use	232 Arch Street
Address	135-137 North 3rd	622 North Front Street	1001 N. 2nd Street	305 Cherry Street	232 Arch Street
Lease Date		Sep-21	Jun-21	Apr-21	Nov-21
Term (Mos.)		180	128	24	60
Size (SF)		1,400	1,138	1,450	900
Tenant Name		Winebow	Bagels & Co.	Zoomo Electric Bikes	Olea BYOB LLC
Base Rental Rate		\$24.00	\$36.91	\$20.69	\$29.05
Effective Rental Rate		\$24.00	\$36.91	\$20.69	\$29.05
Lease Reimbursement Method		Triple Net	Triple Net	Triple Net	Triple Net
Financial Adjustments					
Expense Structure (\$ PSF Adjustment)		\$0.00	\$0.00	\$0.00	\$0.00
Expense Structure		0%	0%	0%	0%
Conditions of Lease		0%	0%	0%	0%
Market Conditions (Time)	4/14/2023	0%	0%	0%	0%
Subtotal		0%	0%	0%	0%
Financial Adjusted Rent Per SF		\$24.00	\$36.91	\$20.69	\$29.05
Physical Adjustments					
Location/Access/Exposure		10%	0%	0%	0%
Size		0%	0%	0%	0%
Age/Condition/Quality		0%	0%	15%	10%
Economic Characteristics		5%	5%	0%	5%
Subtotal		15%	5%	15%	15%
Overall Adjustment		15%	5%	15%	15%
Adjusted Rent Per SF		\$27.60	\$38.76	\$23.79	\$33.41
Range of Adjusted Rents	\$23.79 - \$38.76				
Average	\$30.89				
Indicated Rent	\$30.00				

- Based on these recent comparable leases, we conclude to a market rent of \$30 SF for the subject's ground floor commercial units which falls in the middle of the surveyed leases and aligns with the subject owner's pro forma estimate.

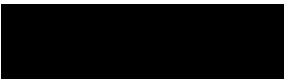
GROSS INCOME ESTIMATE

Operating History

Three years of historical operating data, trailing 12-month data, year-to-date, and a current budget for the property were requested. Two years of historical operating 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. The reclassification is done for proper analysis against comparable data and industry benchmarks as appropriate. Because the historical operating data statements use different names for some categories and it is not always immediately apparent which expenses belong to which standard expense category, the following provides a mapping of these expenses. The categories on the historical operating statements are in the far-left column while the "[REDACTED] Revenue or Operating Expense Category" are the categories used in this analysis for that line item.

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



INCOME CAPITALIZATION APPROACH

Application of [REDACTED] Account Standards to Owner's Revenue and Expenses				
Actual or Proforma		Actuals	Actuals	Actuals
Period Length		12 Mos.	12 Mos.	12 Mos.
Period Ending		12/31/2020	12/31/2021	12/31/2022
Apt. Units		16	16	16
Owner's Revenue Category	[REDACTED] Revenue Category			
Rent Income Combined (Retail & Residential)	Rental Income	\$472,130	\$487,613	\$512,411
Concessions	Concessions	\$6,025		
Last Month's Rent (LMR)	Rental Income	\$3,679		
CAM (Common Area Maintenance)	Net Expense Reimbursements		\$275	\$300
Effective Gross Income	Effective Gross Income	\$481,834	\$487,888	\$512,711
Actual or Proforma		Actuals	Actuals	Actuals
Period Length		12 Mos.	12 Mos.	12 Mos.
Period Ending		12/31/2020	12/31/2021	12/31/2022
Owner's Operating Expense Category	[REDACTED] Operating Expense Category			
Turnover Maintenance	Repairs and Maintenance	\$1,177	\$2,150	\$814
Keys	Repairs and Maintenance	\$16		
Maintenance Materials	Repairs and Maintenance	\$18	\$431	\$733
Turnover Cleaning	Repairs and Maintenance	\$173		
Trash Removal	Repairs and Maintenance	\$2,534		
Management Fees	Management	\$17,340	\$18,190	\$18,360
[REDACTED] Leasing Commission	Management	\$6,700	\$12,945	\$6,290
Fire Protection	Repairs and Maintenance	\$2,194		\$2,187
Common Area Electric	Utilities	\$2,528	\$2,503	
Vacant Apartment Electric	Utilities	\$614	\$122	
Internet	Utilities	\$3,072	\$3,173	
Water	Utilities	\$4,865	\$742	
Plumbing	Repairs and Maintenance	\$400	\$1,355	
Maintenance Labor	Repairs and Maintenance	(\$855)	\$6,225	
Repairs & Maintenance	Repairs and Maintenance	\$788	\$14,491	
Appliances	Repairs and Maintenance	\$2,117	\$2,147	\$2,422
Licenses & Permits	General and Administrative	\$898	\$916	
Paint	Repairs and Maintenance		\$116	
Common Area Cleaning	Repairs and Maintenance		\$6,249	\$7,235
Painting	Repairs and Maintenance		\$400	\$1,630
HVAC (Heat, Ventilation, Air)	Repairs and Maintenance		\$405	
Cleaning Expense	Repairs and Maintenance			\$1,068
Pest Control	Repairs and Maintenance		\$950	\$1,096
Snow Removal	Repairs and Maintenance		\$1,020	\$970
Trash Removal	Repairs and Maintenance		\$3,836	\$5,759
[REDACTED] Renewal Fee	Management		\$250	
Security Service	Repairs and Maintenance		\$2,819	
Insurance - Property	Insurance		\$1,420	
Property Tax	Real Estate Taxes		\$2,932	\$3,140
U&O Tax	General and Administrative		(\$72)	\$246
Roof Repairs & Maintenance	Repairs and Maintenance		\$6,348	\$495
Elevator Expense	Repairs and Maintenance		\$14,015	\$2,680
Inspections & Tests	Repairs and Maintenance			\$1,900
Total Operating Expenses	Total Operating Expenses	\$44,580	\$106,078	\$57,024
Net Operating Income		\$437,255	\$381,810	\$455,688

[REDACTED]

[REDACTED]

INCOME CAPITALIZATION APPROACH

Operating History and Projections								
Period Length	12 Mos.		12 Mos.		12 Mos.		Projection	
Period Ending	12/31/2020		12/31/2021		12/31/2022		Projection	
Occupancy	100.0%		100.0%		100.0%		100.0%	
Apt. Units	16		16		16		16	
Multifamily Income	Total \$	\$/Unit	Total \$	\$/Unit	Total \$	\$/Unit	Total \$	\$/Unit
Rental Income	\$475,809	\$29,738	\$487,613	\$30,476	\$512,411	\$32,026	\$406,560	\$25,410
Concessions	\$6,025	\$377	\$0	\$0	\$0	\$0	\$0	\$0
Potential Rental Income	\$481,834	\$30,115	\$487,613	\$30,476	\$512,411	\$32,026	\$406,560	\$25,410
Gross Expense Reimbursements	\$0	\$0	\$0	\$0	\$0	\$0	\$11,520	\$720
Potential Gross Multifamily Income	\$481,834	\$30,115	\$487,613	\$30,476	\$512,411	\$32,026	\$418,080	\$26,130
Vacancy	\$0	\$0	\$0	\$0	\$0	\$0	(\$16,723)	(\$1,045)
Collection Loss	\$0	\$0	\$0	\$0	\$0	\$0	(\$4,181)	(\$261)
Effective Rental Income	\$481,834	\$30,115	\$487,613	\$30,476	\$512,411	\$32,026	\$397,176	\$24,824
Net Expense Reimbursements	\$0	\$0	\$275	\$17	\$300	\$19	\$0	\$0
Effective Gross Multifamily Income	\$481,834	\$30,115	\$487,888	\$30,493	\$512,711	\$32,044	\$397,176	\$24,824
Commercial Income	Total \$	\$/Unit	Total \$	\$/Unit	Total \$	\$/Unit	Total \$	\$/Unit
Potential Base Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$122,925	\$7,683
Scheduled Base Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$122,925	\$7,683
Expense Recoveries	\$0	\$0	\$0	\$0	\$0	\$0	\$15,193	\$950
Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$138,118	\$8,632
Potential Gross Commercial Income	\$0	\$0	\$0	\$0	\$0	\$0	\$138,118	\$8,632
Vacancy Allowance	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,525)	(\$345)
Collection Allowance	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,381)	(\$86)
Effective Gross Commercial Income	\$0	\$0	\$0	\$0	\$0	\$0	\$131,212	\$8,201
Effective Gross Income	\$481,834	\$30,115	\$487,888	\$30,493	\$512,711	\$32,044	\$528,388	\$33,024
Operating Expenses	Total \$	\$/Unit	Total \$	\$/Unit	Total \$	\$/Unit	Total \$	\$/Unit
Real Estate Taxes	\$0	\$0	\$2,932	\$183	\$3,140	\$196	\$60,400	\$3,775
Insurance	\$0	\$0	\$1,420	\$89	\$0	\$0	\$9,600	\$600
Utilities	\$11,079	\$692	\$6,541	\$409	\$0	\$0	\$12,800	\$800
Repairs and Maintenance	\$8,563	\$535	\$62,956	\$3,935	\$28,987	\$1,812	\$24,000	\$1,500
General and Administrative Management	\$898	\$56	\$845	\$53	\$246	\$15	\$9,600	\$600
Management	\$24,040	\$1,503	\$31,385	\$1,962	\$24,650	\$1,541	\$21,136	\$1,321
Replacement Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$4,000	\$250
Total Operating Expenses	\$44,580	\$2,786	\$106,078	\$6,630	\$57,024	\$3,564	\$141,536	\$8,846
Operating Expense Ratio	9.3%		21.7%		11.1%		26.8%	
Net Operating Income	\$437,255	\$27,328	\$381,810	\$23,863	\$455,688	\$28,480	\$386,853	\$24,178

Multifamily Effective Gross Income Derivation

Potential Gross Rent - Multifamily

Potential Gross Rent							
Unit Description	No. Units	Avg. Contract Rent / Unit	Potential Gross Rent-Contract	Market Rent / Unit	Potential Gross Rent-Market	Loss to Lease	
Leased Units							
2 BR/1 BA 2BR/1BA - 1,002 SF	8	\$2,148	\$206,160	\$2,200	\$211,200	-2.4%	
2 BR/1 BA 2BR/1BA - 1,025 SF	4	\$2,039	\$97,860	\$2,200	\$105,600	-7.3%	
2 BR/1 BA 2BR/1BA - 1,033 SF	4	\$2,124	\$101,940	\$2,200	\$105,600	-3.5%	
Total Leased	16	\$2,114	\$405,960	\$2,200	\$422,400	-3.9%	

For our analysis, contract rent is applied in the operating income statement.

Concessions

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

Expense Reimbursements

Our projection models apartment tenants paying for their individual electric usage via direct metering. Additionally, based on conversations with subject management, the tenants currently reimburse the landlord at a rate of \$60 per month for water.

Gross Expense Reimbursements		
Subject	\$/Unit	Total
12 Months Ending Dec-2020	\$0	\$0
12 Months Ending Dec-2021	\$0	\$0
12 Months Ending Dec-2022	\$0	\$0
██████████ Projection	\$720	\$11,520
██████████		

Vacancy & Collection Loss Allowance - Multifamily

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

Vacancy and Collection Loss - Units			
Subject	% of PGI	\$/Unit	Total
12 Months Ending Dec-2020	0.00%	\$0	\$0
12 Months Ending Dec-2021	0.00%	\$0	\$0
12 Months Ending Dec-2022	0.00%	\$0	\$0
██████████ Projection	5.00%	\$1,305	\$20,874
██████████			

Effective Gross Income - Multifamily

Effective Rental Income			
Subject	% of PGI	\$/Unit	Total
12 Months Ending Dec-2020	100.00%	\$30,115	\$481,834
12 Months Ending Dec-2021	100.00%	\$30,476	\$487,613
12 Months Ending Dec-2022	100.00%	\$32,026	\$512,411
██████████ Projection	95.00%	\$24,788	\$396,606
██████████			



Commercial Effective Gross Income Derivation

Potential Gross Rent - Commercial

Potential Gross Rent						
MLA Category	Leased SF	Potential Rent At Contract Annual	Potential Rent At Market \$/SF/Yr	Potential Rent At Market Annual	Contract as % of Market	
Occupied Space						
Retail Units Combined	3,725	\$115,669	\$31.05	\$122,925	\$33.00	94.1%
Overall Total	3,725	\$115,669	\$31.05	\$122,925	\$33.00	

For this analysis, potential gross rent is based on market rent.

Potential Base Rent		
Subject	\$/Unit	Total
Projection	\$7,683	\$122,925

Expense Recoveries – Commercial

Expense Recoveries		
Subject	\$/Unit	Total
12 Months Ending Dec-2020	\$0	\$0
12 Months Ending Dec-2021	\$0	\$0
12 Months Ending Dec-2022	\$0	\$0
Projection	\$950	\$15,193

- The lease in-place is a Net lease whereby income will be generated from the retail tenants' obligation to reimburse the owner for its pro rata share of real estate taxes and certain operating expenses. Expense recoveries are estimated based on the retail space's proportionate share (18.7%) of rentable area for commercial multiplied by real estate taxes and repairs/maintenance expenses. The tenant is responsible for paying utilities directly to the provider as well as insurance.

Vacancy & Collection Loss Allowance – Commercial

- The vacancy estimate for the subject was previously developed in the market analysis section of this report. Based on this analysis, the total stabilized vacancy and collection loss allowance for the subject is 6.00%.

Effective Gross Income – Commercial

Effective Gross Commercial Income		
Subject	\$/Unit	Total
12 Months Ending Dec-2020	\$0	\$0
12 Months Ending Dec-2021	\$0	\$0
12 Months Ending Dec-2022	\$0	\$0
██████████ Projection	\$8,201	\$131,212

Effective Gross Income - Overall

The following depicts the total effective gross income for the property.

Effective Gross Income		
Subject	\$/Unit	Total
12 Months Ending Dec-2020	\$30,115	\$481,834
12 Months Ending Dec-2021	\$30,493	\$487,888
12 Months Ending Dec-2022	\$32,044	\$512,711
██████████ Projection	\$32,989	\$527,818

Our pro forma estimate is generally in line with the subject’s operating history.

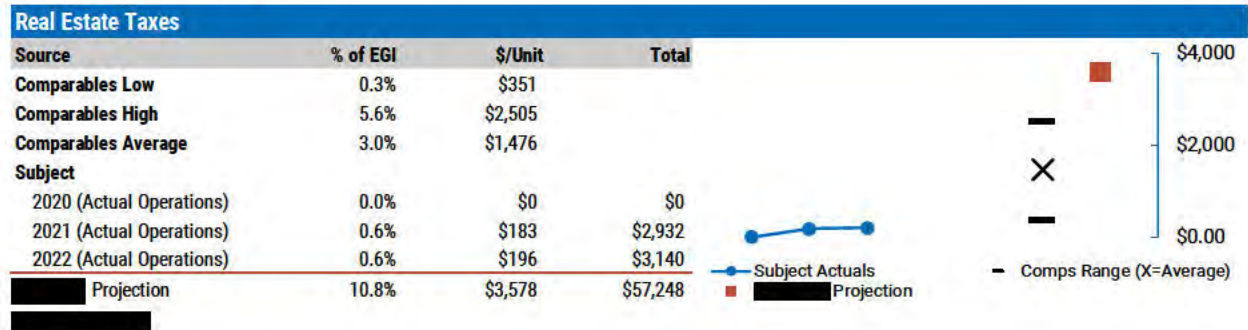


OPERATING EXPENSE ANALYSIS

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	2023	2020	1900	1900	1850			
Apt. Units	27	24	24	12	16	16	16	16
Operating Data Type	Budget	T-12	Actual	Actual	Actual	Actual	Actual	██████████
Year	2025	2021	2020	2021	2020	2021	2022	Projection
Operating Expenses Per Unit								
Real Estate Taxes	\$581	\$351	\$2,631	\$4,361		\$183	\$196	\$3,775
Insurance	\$496	\$750	\$487	\$655		\$89		\$600
Utilities	\$347	\$348	\$510	\$622	\$692	\$409		\$800
Repairs and Maintenance	\$1,253	\$250	\$1,764	\$2,176	\$535	\$3,935	\$1,812	\$1,500
General and Administrative	\$278	\$133	\$474	\$265	\$56	\$53	\$15	\$600
Management	\$1,026	\$1,523		\$864	\$1,503	\$1,962	\$1,541	\$1,321
Replacement Reserves	\$250							\$250
Total Operating Expenses Per Unit	\$10,956	\$20,563	\$7,341	\$12,056	\$2,786	\$6,630	\$3,564	\$8,846
Net Operating Income Per Unit	\$47,588	\$107,423	\$17,188	\$32,017	-\$2,786	-\$6,630	-\$3,564	-\$8,846

Real Estate Taxes

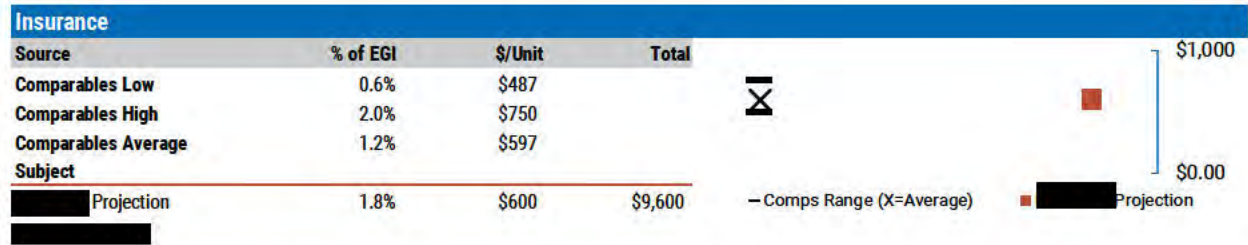


- This expense category includes all local, county, and state property tax levies.
- Our projection is based on the property assessment and tax rate for the subject, as discussed previously in the Real Estate Tax Analysis. Real estate taxes were not included as operating expenses in the owner’s income and expense data submitted for our review.



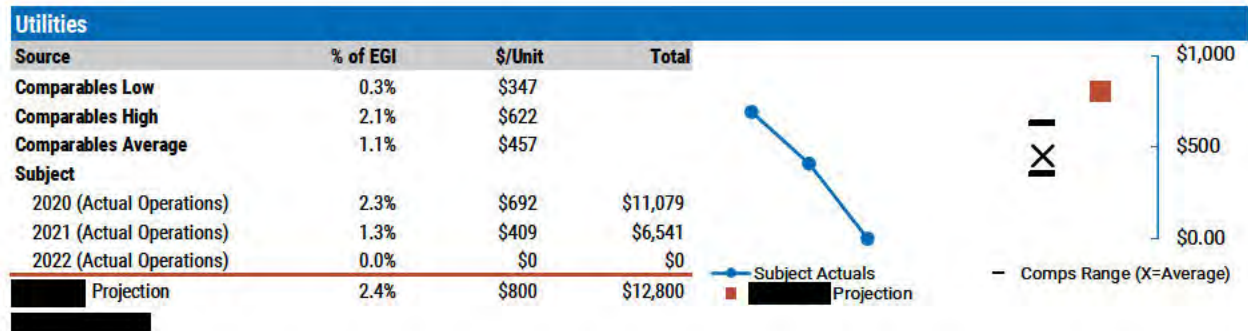
INCOME CAPITALIZATION APPROACH

Insurance



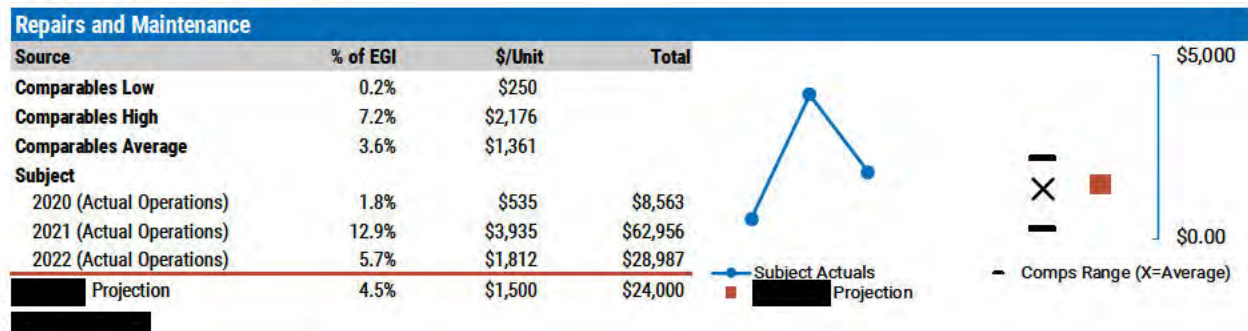
- Insurance expense includes property and casualty insurance for the subject. We researched comparable properties for our insurance estimate, as the provided historical operating income expenses exclude insurance.

Utilities



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

Repairs and Maintenance



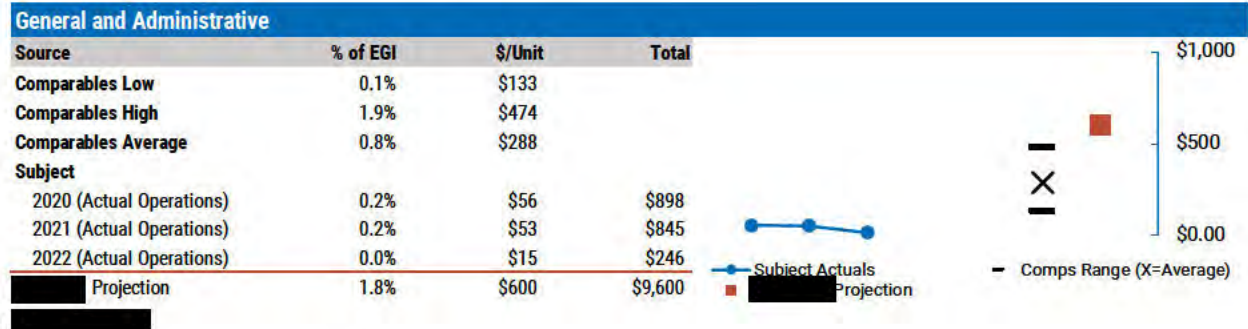
Repairs and maintenance include expenditures to repair and maintain mechanical systems and structural components, encompassing payroll and contract costs, as appropriate. Excluded are alterations and major replacements, which are considered capital costs rather than periodic expenses. The owner is responsible for any repair cost that exceeds \$250. Our projected



INCOME CAPITALIZATION APPROACH

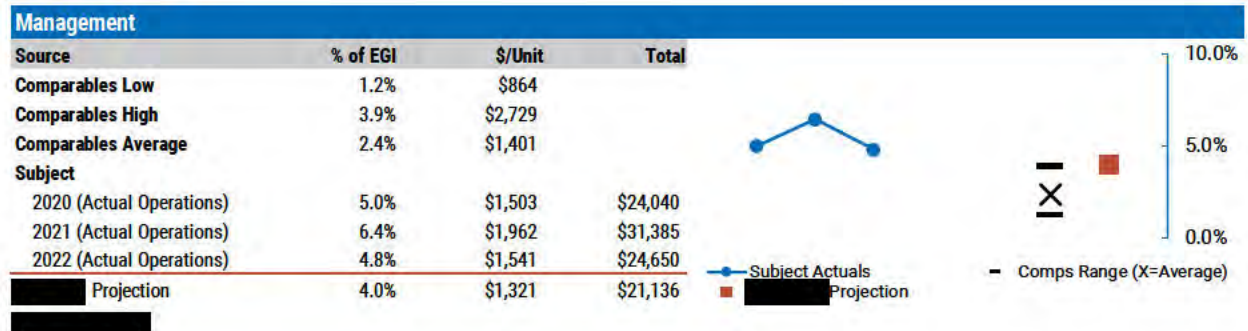
estimate for repairs and maintenance is below the comparable properties because the subject was recently completely renovated but falls in line with the subject's historical figures.

General/Administrative



General and administrative expenses consist of office expenses as well as legal, accounting and other professional fees, license fees, and business taxes, if any. Our projection is higher which is more typical of the market.

Management

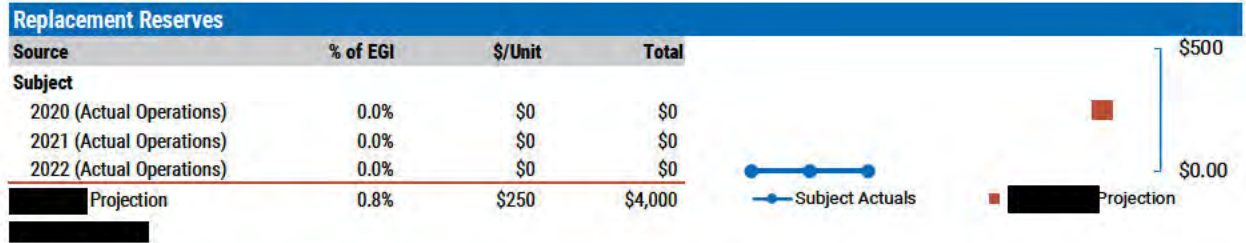


- Management fees are considered an expense of operation, whether the services are contracted or provided by the property owner.
- Typical management fees for properties of this type range from 3% to 5%. Considering that the subject is a multi-tenant property with minimal management needs, we project an overall management fee of 4% of effective gross income.



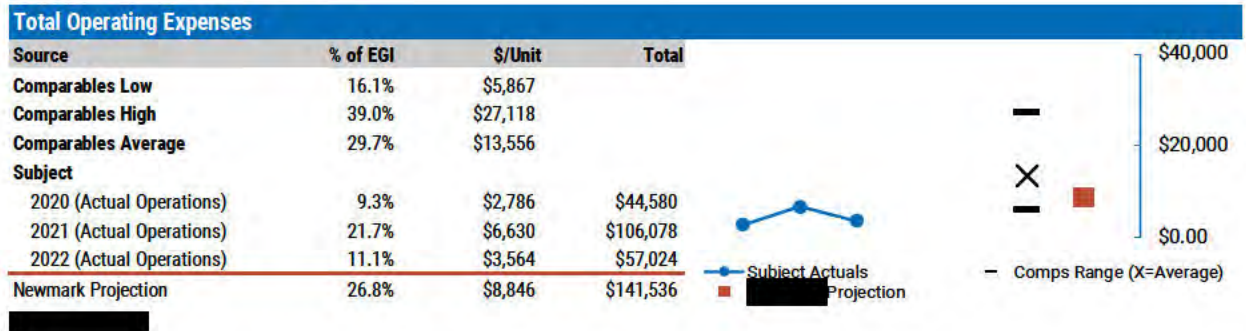
INCOME CAPITALIZATION APPROACH

Replacement Reserves



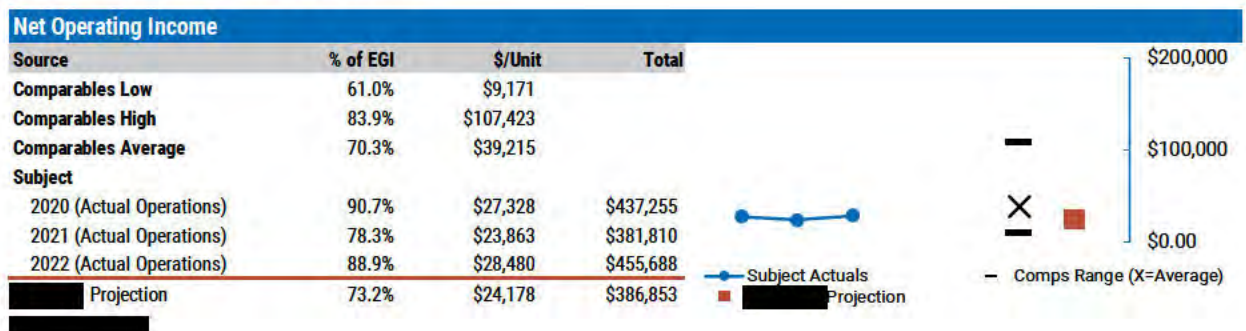
- For the subject property type and local market, it is customary to include replacement reserves as an expense line item in developing an estimate of net operating income.
- Replacement reserves are estimated to account for replacement costs of certain capital items, such as the roof and HVAC system.

Total Operating Expenses



- The total operating expenses for the subject are on the low end of the range of the comparables because the subject has been recently renovated therefore the projection for reserves and repairs and maintenance are not as high as they are for buildings that have not undergone complete renovation in recent years.

NET OPERATING INCOME



DIRECT CAPITALIZATION

CAP RATE AND VALUE CHANGES – EARLY 2Q 2023

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

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

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

Cost of Capital

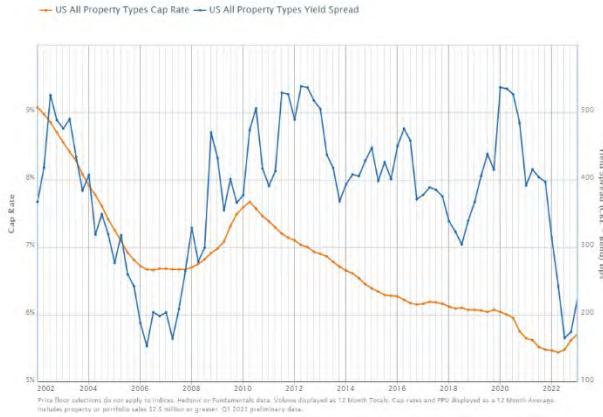
The increase in base interest rates directly affects financing rates. Various debt sources are quoting and achieving mortgage interest rates of 6% and above with bank financing commonly at 7% and above. This is creating a situation where debt coverage ratios are too low based on existing cash flows and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

Capitalization Rates

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



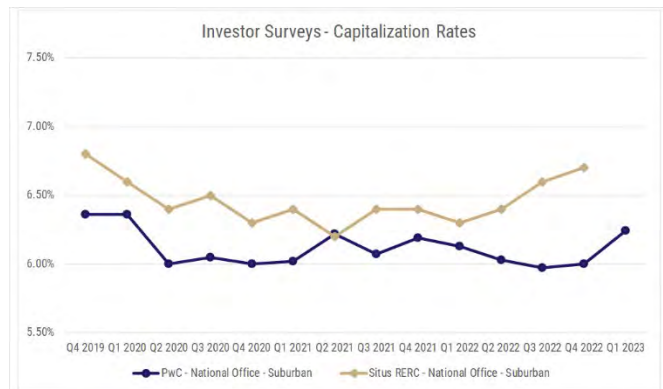
INCOME CAPITALIZATION APPROACH



In the past, there tended to be a noticeable lag between changes in capitalization rates and underlying financing rates. The graph to the left from Real Capital Analytics depicts the spread between capitalization rates and underlying interest rate yields (bond rates in this case). As interest rates began to climb into 2007, while capitalization rates continued a slow downtrend, the spread fell to below 200 basis points. In 2009,

capitalization rates hit a peak while the spread widened to the 350 to 500 basis point range. Very recently (Fourth Quarter 2022 and First Quarter 2023), the spread had again fallen to around 200 basis points largely reflecting investors' continued interest in CRE.

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



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

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



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

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

Property Values

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



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.

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	261.6	1.0%	-10%	-10%

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.



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

Comparable Sales

Comparable Multifamily Sales Summary							
No.	Property Location	Yr. Built	Sale Date	Number of Apt. Units	Occ. %	Price per Unit	OAR
1	2045 Trenton Avenue, Philadelphia, PA	1903	Oct-2022	12	83%	\$325,000	5.50%
2	125 South 46th Street, Philadelphia, PA	2019	Dec-2020	19	68%	\$250,000	6.42%
3	1216-1226 North 5th Street, Philadelphia, PA	2018	Mar-2022	31	97%	\$291,935	5.60%
4	1512 Walnut Street, Philadelphia, PA	1927	Mar-2022	22	100%	\$613,636	-
5	1509 West Girard Ave, Philadelphia, PA	2014	Apr-2021	17	100%	\$276,471	5.95%
Average (Mean) Cap Rate:							5.87%

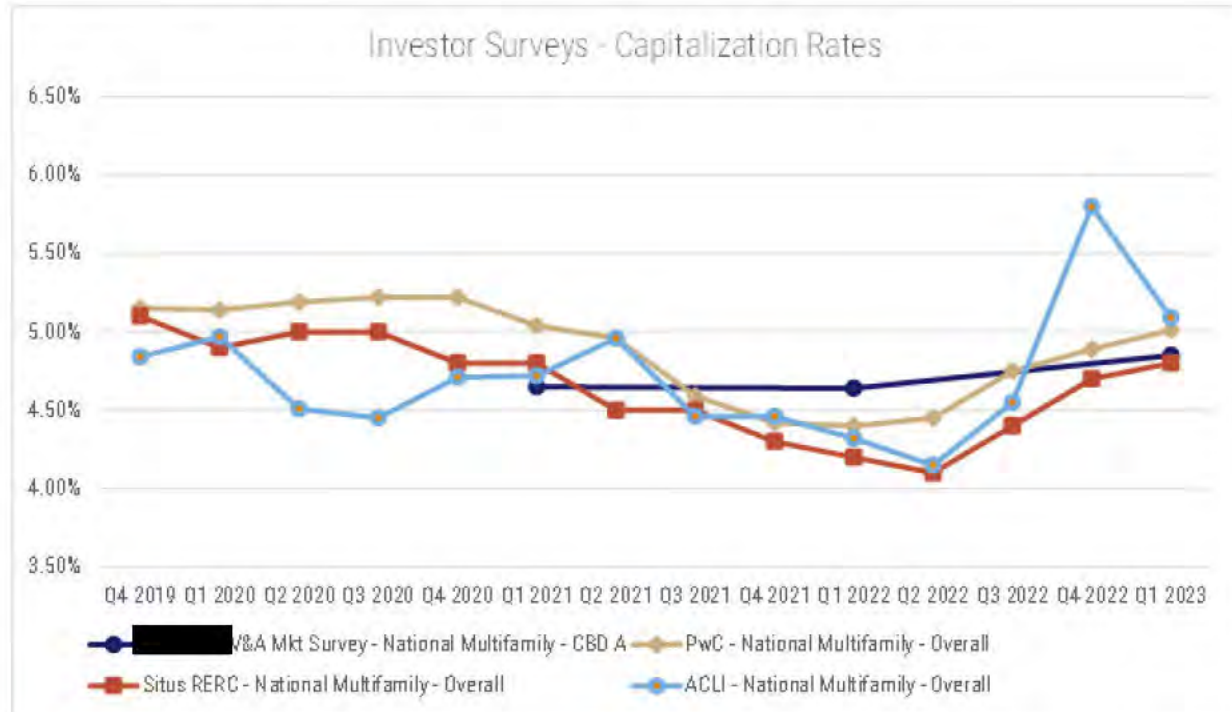


- Based on this information, a capitalization rate within a range of 5.50% - 6.42% could be expected for the subject.



Investor Surveys

Investor Surveys - Capitalization Rates				
Source	Period	Low	High	Average
Newmark V&A Mkt Survey - National Multifamily - CBD A	Q1 2023	N/A	N/A	4.85%
PwC - National Multifamily - Overall	Q1 2023	3.50%	8.00%	5.01%
Situs RERC - National Multifamily - Overall	Q1 2023	4.30%	6.00%	4.80%
ACLI - National Multifamily - Overall	Q1 2023	N/A	N/A	5.09%



- The most current national survey data indicates that going-in capitalization rates range from 3.50% to 8.00% and average 5.01%.
- The rate appropriate to the subject is considered to be above the average rate in the survey data because of its age, lack of amenities and risk due to retail lease expiring in 2023 with no renewal options noted.
- The trend lines for most national survey data suggest capitalization rates for this asset class started to increase in Q3 2022.



Band of Investment

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

Capitalization Rate Conclusion

- National Trends and Uncertainties**
1. Federal Reserve interest rate increases and associated effects on cost of capital and investment
 2. Despite positives such as a healthy job market, at least a mild recession is still expected later this year.
 3. Consumer spending and robust job growth have so far kept the economy growing in spite of high inflation and interest rate increases, as well as bank closures.

Capitalization Rate Conclusion	
Source	Indication
Comparable Multifamily Sales	5.50% - 6.42%
Investor Surveys	3.50% - 8.00%
Band of Investment	6.50%
Debt Coverage Ratio Analysis	5.96%
Concluded Going-In Capitalization Rate	5.75%

- We have concluded a capitalization rate in the middle of the range of 5.75% because although the improvement has been renovated, is an elevator served building, is in good condition, and has a good location with access to amenities and public

INCOME CAPITALIZATION APPROACH

transportation there is a small amount of risk as the retail leases are expiring and no renewal options were reported as of the effective date.

Direct Capitalization Summary

Net operating income is divided by the capitalization rate to derive the stabilized value of the subject. Valuation of the subject by direct capitalization is shown in the table immediately following.

Income Capitalization Approach			
Summary of Stabilized Net Operating Income			
Item Description	% of Income	\$/Unit	Total \$
Multifamily Income		16 Units	
Rental Income		\$25,410	\$406,560
Potential Rental Income		\$25,410	\$406,560
Potential Gross Multifamily Income		\$26,130	\$418,080
Vacancy	-4.00%	(\$1,045)	(\$16,723)
Collection Loss	-1.00%	(\$261)	(\$4,181)
Effective Rental Income		\$24,824	\$397,176
Effective Gross Multifamily Income		\$24,824	\$397,176
Commercial Income		2 Units	
Potential Base Rent		\$61,463	\$122,925
Scheduled Base Rent		\$61,463	\$122,925
Expense Recoveries		\$7,597	\$15,193
Total Tenant Revenue		\$69,059	\$138,118
Potential Gross Commercial Income		\$69,059	\$138,118
Vacancy Allowance	-4.00%	(\$2,762)	(\$5,525)
Collection Allowance	-1.00%	(\$691)	(\$1,381)
Effective Gross Commercial Income		\$65,606	\$131,212
Effective Gross Income		\$33,024	\$528,388
Operating Expenses		16 Units	
Real Estate Taxes		\$3,775	\$60,400
Insurance		\$600	\$9,600
Utilities		\$800	\$12,800
Repairs and Maintenance		\$1,500	\$24,000
General and Administrative		\$600	\$9,600
Management	4.00%	\$1,321	\$21,136
Replacement Reserves		\$250	\$4,000
Total Operating Expenses	26.79%	\$8,846	\$141,536
Net Operating Income		\$24,178	\$386,853



INCOME CAPITALIZATION APPROACH

Direct Capitalization Method		
Value Indication	\$/Unit	Total \$
Stabilized Net Operating Income	\$24,178	\$386,853
Overall Capitalization Rate		5.75%
As Stabilized Value	Effective Date: 4/14/2023	\$6,727,871
Rounded	\$418,750	\$6,700,000

Valuation Matrix	
OAR	Value
5.25%	\$7,368,620
5.50%	\$7,033,683
5.75%	\$6,727,871
6.00%	\$6,447,543
6.25%	\$6,189,641

As Is		
As Stabilized Value as of Current Date	Effective Date: 4/14/2023	\$6,727,871
As Is Value	Effective Date: 4/14/2023	\$6,727,871
Rounded	\$418,750	\$6,700,000



INCOME CAPITALIZATION APPROACH CONCLUSION

Income Capitalization Approach - Indicated Value		
Market Value Premise As of Date:		As Is April 14, 2023
Direct Capitalization		\$6,700,000
Reconciled Value		\$6,700,000
	Value per Unit	\$418,750

The discounted cash flow analysis is given greater weight since it better accounts for the impact of an irregular cash flow pattern on value, and is the method more often relied upon by investors in this property type.



Reconciliation of Value

The values indicated by our analyses are as follows:

Market Value Premise As of Date:	As Is April 14, 2023
Cost Approach:	Not Used
Sales Comparison Approach:	\$6,700,000
Income Capitalization Approach:	\$6,700,000
Market Value Conclusion	\$6,700,000

Sales Comparison Approach

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

Income Capitalization Approach

The subject property is a multi-tenant mixed-use property. It is distinctly an income producing property and this approach is specifically designed to address the value of such a property. Both direct capitalization and discounted cash flow analyses were developed. Market rent was well established by reasonably similar lease data. The property has a stable history and both income and expense estimates track with historical trends. Capitalization rates were developed from a number of sources including the sales used in the sales comparison approach. Discount and terminal capitalization rates were developed from investor surveys and market participant data. 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.



FINAL VALUE CONCLUSIONS

Value Conclusions			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value "As Is" [REDACTED]	Leased Fee	4/14/2023	\$6,700,000

Extraordinary Assumptions and Hypothetical Conditions

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

1. 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

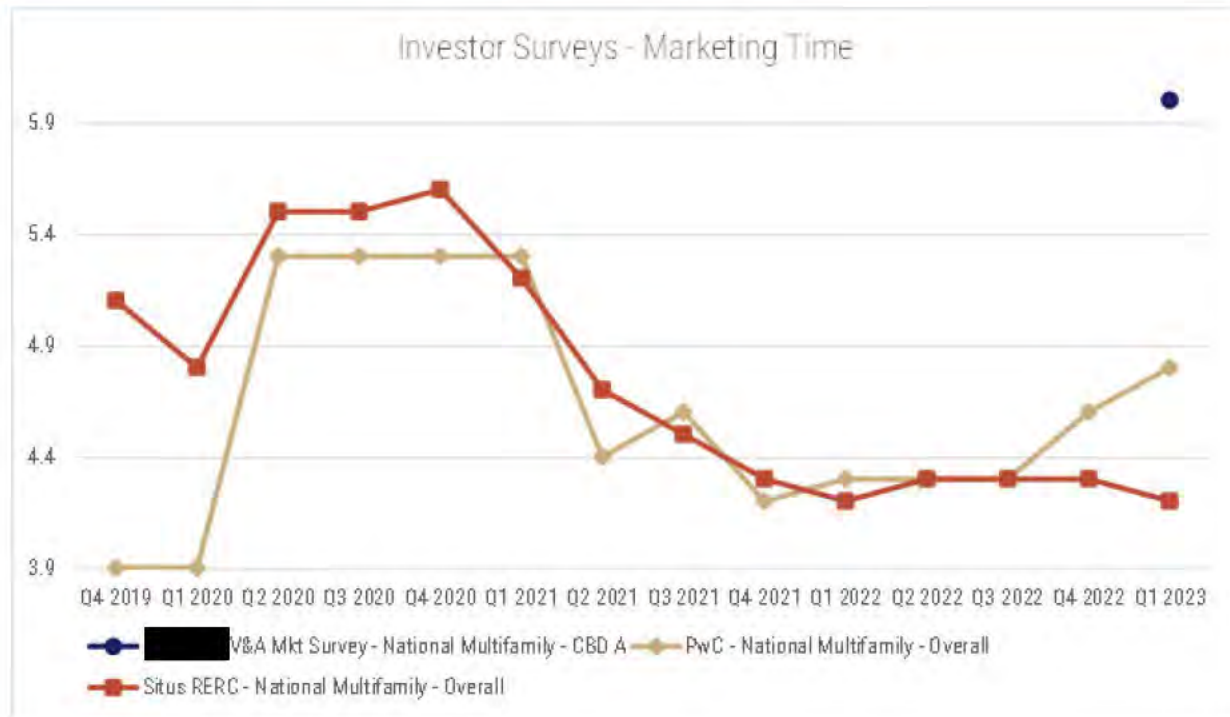
EXPOSURE TIME

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.



RECONCILIATION OF VALUE



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

MARKETING TIME

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



Assumptions and Limiting Conditions

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

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



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

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

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

ASSUMPTIONS AND LIMITING CONDITIONS

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



ADDENDA

Addendum A

Glossary of Terms



ADDENDA

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

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

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.

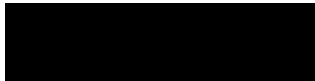
ADDENDA

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
PAGE 2 OF 11

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 [REDACTED] ("**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.

[REDACTED]

[REDACTED]

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 [REDACTED] to Client (Pietragallo Gordon Alfano Bosick & Raspanti, LLP)

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

CHANGES TO THE AGREEMENT:

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

CANCELLATION OF ASSIGNMENT:

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

NO THIRD-PARTY BENEFICIARIES:

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



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,

[Redacted signature area]

License No. PA [Redacted]

[Redacted]
Office Direct
Cell

Agreed:
PIETRAGALLO GORDON ALFANO BOSICK & RASPANTI, LLP

SIGNATURE:

[Handwritten Signature]

PRINT NAME:

GAETAN J. ALFANO

TITLE:

PARTNER

DATE:

3-24-23

[Redacted]

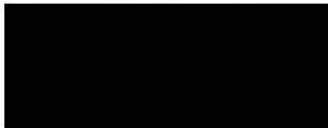
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Schedule "A"

TERMS AND CONDITIONS

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

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



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

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

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

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



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Schedule "B"

PROPERTY INFORMATION LIST

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

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

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



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FOR APARTMENT PROPERTY

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

FOR COMMERCIAL PROPERTY

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

FOR ALL INCOME-PRODUCING PROPERTIES

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

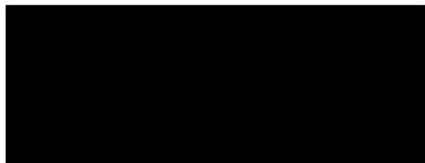


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Schedule "C"

PROPERTY DETAILS

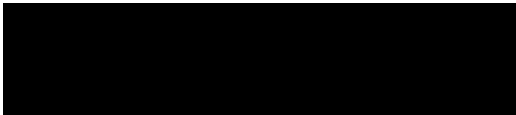
Location	Type	Fee
300 Market Street, Philadelphia, PA	(12 Apts / 1 Comm)	\$2,800
1427 Melon Street, Philadelphia, PA	(24 Apts)	\$2,800
627-629 E. Girard Avenue, Philadelphia, PA	(8 Apts / 2 Comm)	\$2,500
861 N. 3 rd Street, Philadelphia, PA	(3 Apts / 1 Comm)	\$2,500
915-917 S. 11 th Street, Philadelphia,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



ADDENDA

Addendum D

Financials and Property Information



Cash Flow - 12 Month

Exported On: 04/19/2023 01:47 PM

Properties: 135-37 N 3rd St Philadelphia, PA 19106

Period Range: Jan 2020 to Dec 2020

Accounting Basis: Cash

Level of Detail: Detail View

Include Zero Balance GL Accounts: No

Account Name	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Total
Operating Income & Expense													
Income													
Rent Income	39,015.09	42,340.09	45,050.09	35,707.09	36,807.09	34,817.09	33,672.09	38,142.09	39,675.09	37,573.09	38,205.09	51,126.36	472,130.35
Concessions	0.00	0.00	0.00	0.00	0.00	5,925.00	0.00	0.00	0.00	0.00	100.00	0.00	6,025.00
Last Month's Rent (LMR)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,679.00	0.00	0.00	0.00	3,679.00
Break Lease Penalty	250.00	0.00	-250.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Operating Income	39,265.09	42,340.09	44,800.09	35,707.09	36,807.09	40,742.09	33,672.09	38,142.09	43,354.09	37,573.09	38,305.09	51,126.36	481,834.35
Expense													
Turnover Maintenance	0.00	0.00	0.00	0.00	550.00	0.00	0.00	0.00	0.00	0.00	627.45	0.00	1,177.45
Keys	0.00	0.00	6.75	0.00	0.00	0.00	0.00	0.00	9.72	0.00	0.00	0.00	16.47
Maintenance Materials	7.51	0.00	10.79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18.30
Turnover Cleaning	0.00	0.00	0.00	0.00	0.00	172.80	0.00	0.00	0.00	0.00	0.00	0.00	172.80
Trash Removal	487.00	0.00	650.00	0.00	0.00	97.20	0.00	0.00	0.00	975.00	0.00	325.00	2,534.20
Management Fees	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00	1,445.00	1,445.00	1,360.00	1,360.00	1,275.00	1,360.00	1,445.00	17,340.00
Leasing Commission	0.00	0.00	0.00	2,000.00	0.00	0.00	0.00	0.00	1,925.00	0.00	1,850.00	925.00	6,700.00
Fire Protection	0.00	0.00	0.00	0.00	285.00	420.00	1,109.32	210.00	0.00	0.00	0.00	170.00	2,194.32
Common Area Electricity	231.28	227.47	214.30	212.88	186.62	199.54	404.15	206.74	209.88	210.75	210.75	224.28	2,527.89
Vacant Apartment Electric	0.00	0.00	0.00	0.00	0.00	0.00	0.00	202.16	186.34	76.02	89.62	60.33	614.47
Internet	276.94	276.94	276.94	276.37	276.60	0.00	566.83	280.27	280.44	280.44	280.44	0.00	3,072.04
Water	417.34	446.02	410.17	446.02	364.51	414.69	350.17	371.69	283.01	354.35	785.69	220.87	4,864.53
Plumbing	0.00	0.00	0.00	0.00	0.00	250.00	0.00	0.00	0.00	400.00	0.00	-250.00	400.00
Maintenance Labor	650.00	-650.00	0.00	0.00	-130.00	-355.00	0.00	-170.00	-170.00	-100.00	0.00	0.00	-655.00
Repairs & Maintenance	0.00	189.00	0.00	0.00	118.80	165.00	95.00	0.00	220.00	0.00	0.00	0.00	787.80
Appliances	297.00	0.00	81.00	0.00	226.80	0.00	0.00	210.60	0.00	0.00	0.00	1,301.40	2,116.80
Licenses & Permits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	897.60	0.00	0.00	0.00	897.60
Total Operating Expense	3,897.07	2,019.43	3,179.95	4,465.27	3,408.33	2,609.69	3,765.86	2,938.87	4,081.08	4,588.29	5,203.95	4,421.88	44,579.67
NOI - Net Operating Income	35,368.02	40,320.66	41,620.14	31,241.82	33,398.76	38,132.40	29,906.23	35,203.22	39,273.01	32,984.80	33,101.14	46,704.48	437,254.68
Total Income	39,265.09	42,340.09	44,800.09	35,707.09	36,807.09	40,742.09	33,672.09	38,142.09	43,354.09	37,573.09	38,305.09	51,126.36	481,834.35
Total Expense	3,897.07	2,019.43	3,179.95	4,465.27	3,408.33	2,609.69	3,765.86	2,938.87	4,081.08	4,588.29	5,203.95	4,421.88	44,579.67
Net Income	35,368.02	40,320.66	41,620.14	31,241.82	33,398.76	38,132.40	29,906.23	35,203.22	39,273.01	32,984.80	33,101.14	46,704.48	437,254.68
Other Items													
Owner Held Security Deposit	0.00	0.00	0.00	2,150.00	0.00	-3,950.00	0.00	-1,900.00	0.00	-1,900.00	0.00	0.00	-5,600.00
Owner Distribution	-35,440.94	-38,925.34	-39,019.72	-31,897.99	-37,427.42	-32,571.38	-35,209.58	-28,447.03	-46,190.55	-28,218.74	-30,852.68	-35,150.18	-419,351.55
Prepaid Rent	3,690.00	-342.50	962.50	-502.50	-5,260.00	6,812.50	-6,992.50	-120.00	-1,652.50	-1,495.00	3,025.00	1,050.50	-824.50
Net Other Items	-31,750.94	-39,267.84	-38,057.22	-30,250.49	-42,687.42	-29,708.88	-42,202.08	-30,467.03	-47,843.05	-31,613.74	-27,827.68	-34,099.68	-425,776.05
Cash Flow	3,617.08	1,052.82	3,562.92	991.33	-8,288.66	8,423.52	-12,295.85	-4,736.19	-8,570.04	1,371.06	5,273.46	12,604.80	11,478.63

Consolidated Profit & Loss

Dec-22

Personal Residences

Commercial / Residential

	<u>768 Ferndale</u>	<u>105 Rebecca Court</u>	<u>Roma Drive</u>	<u>118 Olive</u>	<u>1223 N 25th</u>	<u>1250 N 25th</u>	<u>135 N 3rd</u>	<u>1427 Mellon</u>	<u>1530 Christian</u>	<u>1635 Passvunk</u>	<u>1932 Spruce</u>	<u>242 S 21st</u>
Ordinary Income/Expense												
Rental Income	\$ -	\$ -	\$ 44,021	\$ 58,574	\$ 48,366	\$ 64,370	\$ 518,738	\$ 512,849	\$ 70,876	\$ 68,663	\$ 135,053	\$ 76,463
Rent Reimbursement	\$ 62,173	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Income	\$ 286	\$ 1	\$ -	\$ 189	\$ 207	\$ 197	\$ 2,260	\$ 2,617	\$ 318	\$ 248	\$ 263	\$ 171
Total Income	62,459	1	44,021	58,763	48,573	64,567	520,998	515,465	71,194	68,911	135,316	76,634
Expenses												
Bank Fees	\$ -	\$ 229	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 2,399	\$ 7,611	\$ -	\$ 1,482	\$ 5,731	\$ 11,432	\$ 20,799	\$ 11,729	\$ 3,327	\$ 4,413	\$ 12,717	\$ 4,801
Repairs and Maintenance	\$ -	\$ 26,612	\$ 5,147	\$ 4,522	\$ 9,576	\$ 18,671	\$ 54,099	\$ 55,292	\$ 9,898	\$ 4,966	\$ 53,245	\$ 16,258
Rent - Association Fees	\$ -	\$ -	\$ 1,820	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, Property and other Taxes	\$ -	\$ -	\$ 1,973	\$ 2,171	\$ 1,403	\$ 501	\$ 62,708	\$ 6,054	\$ 6,455	\$ 3,428	\$ 16,652	\$ 15,531
Utilities	\$ -	\$ -	\$ 701	\$ 517	\$ 2,017	\$ 3,323	\$ 12,031	\$ 20,011	\$ 1,465	\$ 856	\$ 20,790	\$ 2,830
Management & Professional Fees	\$ -	\$ 4,137	\$ 1,105	\$ 5,418	\$ 2,635	\$ 7,827	\$ 23,120	\$ 48,964	\$ 5,562	\$ 5,336	\$ 12,705	\$ 10,225
Non Receiver / Defendant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expense	2,399	38,590	10,747	14,109	21,362	41,754	172,757	142,050	26,708	18,999	116,109	49,644
Net Income	60,060	(38,589)	33,274	44,653	27,211	22,814	348,241	373,415	44,485.99	49,911	19,207	26,989

Ending Cash Balances												
Checking / Savings	\$ 83,583	\$ 143	\$ -	\$ 65,977	\$ 76,001	\$ 55,592	\$ 745,543	\$ 828,377	\$ 103,305	\$ 97,811	\$ 85,560	\$ 68,918
3rd Party Cash	\$ -	\$ -	\$ 247	\$ 5,950	\$ 76	\$ 6,039	\$ 6,441	\$ 19,370	\$ -	\$ 6,061	\$ (6,516)	\$ 1,762
Escrow Deposits	\$ -	\$ -	\$ -	\$ 4,800	\$ 4,630	\$ 10,790	\$ 33,780	\$ 42,015	\$ 14,689	\$ 6,590	\$ 22,170	\$ 12,170
Total Cash and Equivalents	83,583	143	247	76,727	80,708	72,421	785,764	889,762	117,994	110,463	101,214	82,850

Offices

Commercial / Residential

	<u>20 N 3rd</u>	<u>205 Arch</u>	<u>300 Market</u>	<u>4633 Walnut</u>	<u>500 Fairmount</u>	<u>627 Girard</u>	<u>715 Samson</u>	<u>803 S 4th</u>	<u>861 N 3rd</u>	<u>915 S 11th</u>
Ordinary Income/Expense										
Rental Income	\$ -	\$ -	\$ 220,270	\$ 63,912	\$ 118,480	\$ 272,864	\$ 166,017	\$ 50,008	\$ 132,407	\$ 162,805
Rent Reimbursement	-	4	-	-	-	-	-	-	-	-
Interest Income	5	-	(5,679)	217	464	1,343	535	91	772	(8,194)
Total Income	5	4	214,591	64,129	118,944	274,208	166,553	50,099	133,180	154,611
Expenses										
Bank Fees	\$ 103	\$ 207	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	-	1,976	143	10,303	5,430	9,574	8,442	5,937	7,355	15,395
Repairs and Maintenance	1,622	-	3,424	17,714	29,639	40,783	38,591	8,139	12,912	303
Rent - Association Fees	33,462	8,133	-	-	-	-	-	-	-	-
Licenses, Property and other Taxes	29,735	6,435	28,630	3,121	2,942	2,083	18,065	6,159	8,437	28,894
Utilities	-	-	4,733	1,960	3,942	8,955	5,466	1,138	313	7,642
Management & Professional Fees	-	-	52,922	7,540	14,900	19,815	16,965	10,631	9,716	7,435
Non Receiver / Defendant	-	-	-	-	-	-	-	-	-	-
Total Expense	64,921	16,751	89,851	40,639	56,853	81,209	87,529	32,004	38,733	59,669
Net Income	(64,916)	(16,747)	124,741	23,490	62,091	192,998	79,024	18,095	94,447	94,942

Ending Cash Balances										
Checking / Savings	\$ 837	\$ 1,240	\$ 323,055	\$ 72,345	\$ 148,253	\$ 424,046	\$ 179,556	\$ 33,787	\$ 245,586	\$ 194,374
3rd Party Cash	-	-	6,594	3,285	3,789	6,757	4,816	2,345	(1,223)	6,318
Escrow Deposits	-	-	52,080	6,970	18,930	28,735	18,275	4,645	7,807	19,850
Total Cash and Equivalents	837	1,240	381,729	82,600	170,972	459,537	202,648	40,777	252,170	220,542

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 19103, 135-37 N 3rd St Philadelphia, PA 19106, 500 Fairmount Ave Philadelphia, PA 19123

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	Deposit	Lease From	Lease To	Total	Size	Market Rent	Rent Income	Water	Parking Fee Income	Other Charges
135-37 N 3rd St Philadelphia, PA 19106														
Commercial 1	--/--		Current	Rennes	9,166.00	02/01/2017	07/31/2023	5,558.00	1,850.00	4,861.00	5,310.00	0.00	0.00	248.00
Commercial 2	--/--		Current	Allure	2,203.00	10/14/2016	09/30/2023	4,552.09		4,329.09	4,329.09	0.00	0.00	223.00
2A	2/1.00		Current	J.K.	4,400.00	06/19/2016	06/25/2024	2,480.00	1,002.00	2,275.00	2,480.00	0.00	0.00	0.00
2B	2/1.00		Current	K.G.	2,200.00	06/01/2019	05/26/2024	2,200.00	1,033.00	2,200.00	2,200.00	0.00	0.00	0.00
2C	2/1.00		Current	J.C.	3,900.00	11/01/2021	10/26/2023	2,070.00	1,002.00	1,905.00	2,010.00	60.00	0.00	0.00
2D	2/1.00		Current	K.G.	3,860.00	02/25/2023	02/25/2024	1,990.00	1,025.00	1,930.00	1,930.00	60.00	0.00	0.00
3A	2/1.00		Current	M.H.	4,200.00	03/01/2021	02/25/2024	2,290.00	1,002.00	2,110.00	2,230.00	60.00	0.00	0.00
3B	2/1.00		Current	K.B.	2,100.00	07/05/2019	08/25/2023	2,150.00	1,033.00	2,110.00	2,150.00	0.00	0.00	0.00
3C	2/1.00		Current	G.V.C.	1,850.00	12/01/2020	05/26/2024	1,965.00	1,002.00	1,850.00	1,905.00	60.00	0.00	0.00
3D	2/1.00		Current	K.A.	3,700.00	12/31/2020	07/26/2023	2,020.00	1,025.00	1,850.00	1,960.00	60.00	0.00	0.00
4A	2/1.00		Current	M.P.	4,290.00	08/01/2022	07/26/2023	2,205.00	1,002.00	2,150.00	2,145.00	60.00	0.00	0.00
4B	2/1.00		Current	W.D.	4,090.00	07/01/2022	06/25/2024	2,105.00	1,033.00	2,000.00	2,045.00	60.00	0.00	0.00
4C	2/1.00		Current	A.R.	1,850.00	11/10/2020	04/25/2024	1,850.00	1,002.00	1,850.00	1,850.00	0.00	0.00	0.00
4D	2/1.00		Vacant-Rented		0.00				1,025.00	1,950.00	2,150.00			
5A	2/1.00		Current	K.C.	2,000.00	06/10/2017	07/26/2023	2,145.00	1,002.00	2,125.00	2,145.00	0.00	0.00	0.00
5B	2/1.00		Current	E.S.	4,200.00	08/01/2022	07/26/2023	2,160.00	1,033.00	2,060.00	2,100.00	60.00	0.00	0.00
5C	2/1.00		Current	C.A.	2,150.00	09/15/2018	03/26/2024	2,415.00	1,002.00	2,150.00	2,415.00	0.00	0.00	0.00
5D	2/1.00		Current	A.R.	2,150.00	05/15/2018	08/26/2023	2,290.00	1,025.00	2,225.00	2,290.00	0.00	0.00	0.00
18 Units			0 94.4% Occupied		58,309.00			42,445.09		41,930.09	41,494.09	480.00	0.00	471.00

ADDENDA

Addendum E

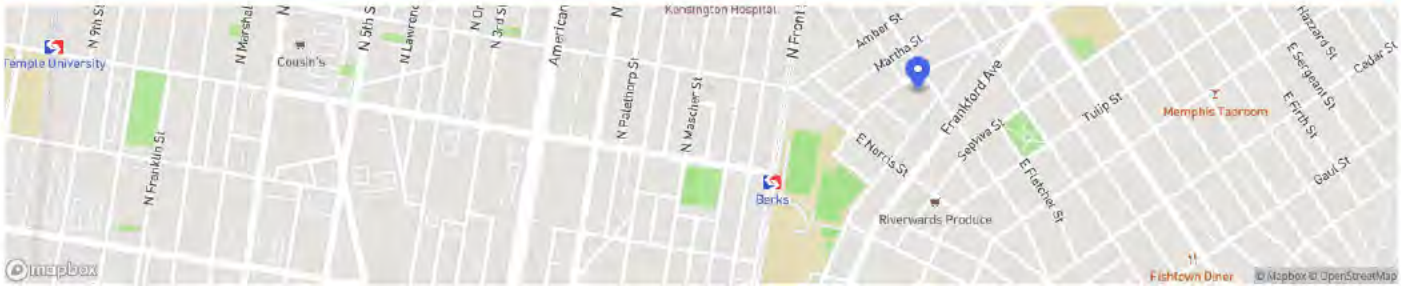
Comparable Data



Multifamily Sale



2045 Trenton Avenue Nylon Lofts



Location & Property Info

Property Name	Nylon Lofts
Property Type	Multifamily
Sub Type	Walk-Up
Major Market	PA - Philadelphia - Greater
Sub Market	Philadelphia - Greater
Address	2045 Trenton Avenue, Philadelphia, PA 19125
County	Philadelphia
Country	USA
Latitude	39.98007000
Longitude	-75.13029000
MSA	Philadelphia/Camden/Wilmington
Legal/Tax/Parcel ID	881068777
Market Orientation	Urban
Verification Type	Confirmed-Other
Verification Source	Doug Avart
Event ID	852949



Site Details

Source Of Land Info	Public Records
Usable/Gross Ratio	1.00
Zoning Designation	ICMX
Zoning Description	Industrial Commercial Mixed-Use
Site Shape	Rectangular
Site Topography	Generally Level and At Street Grade
Flood Zone Designation	X
Traffic Control At Entry	None
Traffic Flow	Moderate
Utilities	<ul style="list-style-type: none"> • Electricity • Gas • Sewer • Water
Frontage Street Name	Trenton Avenue

Frontage Feet	41
Corner Lot	No
Accessibility Rating	Average
Visibility Rating	Average

Land Parcels

IMPORTED GROUP 1

ROW NUMBER	ASSOCIATED APN(S)	CLASSIFICATION	LAND AREA (SF)	LAND AREA (ACRES)
1	881068777	Usable Land Area	3,947	0.0906
		Total Gross Land Area	3,947	0.0906

Total Gross Land Area	3,947	0.0906
Total Usable Land Area	3,947	0.0906

Improvement Details

Rentable Area SF	12,036
Gross Building Area	13,277
Demised Unit Of Comparison	Apt. Units
Number Of Demised Units	12
Average Unit Size (SF)	1,003
Construction Status	Completed
Construction Purpose	Owner-built
Year Built	1903
Year Renovated	2020
Investment Class	Class B
Construction Class	C
Condition	Good
Construction Type	Masonry
Construction Quality	Good
Number Of Buildings	1
Foundation	Concrete
Exterior Walls	Brick
Number Of Stories/Floors	4.00
Property Amenities Score	Average
Green Building Score	Average
Land To Building Ratio	0.30

Sale Information

Listing Price	\$4,099,999
Sale Status	Closed
Sale Date	10/21/2022
Sale Price	\$3,900,000
Grantor (Seller)	Sharouq Matari
Grantee (Buyer)	FB Wesleyan LLC
Contract Date	10/21/2022
Property Rights	Leased Fee
Document Type	Deed
Recording Number	54117649
Financing Type	Cash to seller
Effective Sales Price	\$3,900,000.00
Price Per SF GBA	\$293.74
Price Per SF NRA	\$324.03
Effective Price Per Unit	\$325,000.00
Price Per Land SF (Gross)	\$988.09
Price Per Acre (Gross)	\$43,046,357.62
Price Per Land SF (Usable)	\$988.09
Price Per Acre (Usable)	\$43,046,357.62

Operations at Date of Sale

Operations Status Type	Sub-stabilized Operations	Reported Cap Rate	5.50 %
Actuals Occupancy	83.00 %		

Comments

Sale of a 12-unit walk-up apartment building in Olde Kensington. Property was nearly leased-up (10 of 12 units) following a major renovation and conversion from its original industrial loft use to multifamily use. Property was downleg of a 1031 exchange for the seller. Mix of 1 BR and 2BR units with exposed brick, beam and ductwork. No amenities.

Multifamily Sale



125 South 46th Street Manor Flats off Sansom



Location & Property Info

Property Name	Manor Flats off Sansom
Property Type	Multifamily
Sub Type	Walk-Up
Major Market	PA - Philadelphia - Greater
Sub Market	Philadelphia - Greater
Address	125 South 46th Street, Philadelphia, PA 19139
County	Philadelphia
Country	USA
Latitude	39.95611700
Longitude	-75.21323600
MSA	Philadelphia-Camden-Wilmington MSA
Legal/Tax/Parcel ID	881214922 and 881214924
Market Orientation	Urban
Verification Type	Confirmed-Seller Broker
Verification Source	Corey Lonberger - Rittenhouse Realty; Offering Memorandum 559295
Event ID	



Site Details

Source Of Land Info	Public Records
Usable/Gross Ratio	1.00
Zoning Designation	CMX2
Site Shape	Rectangular
Site Topography	Level
Flood Zone Designation	X
Vegetation	Minimal
Traffic Control At Entry	Stop Sign
Traffic Flow	Moderate
Utilities	<ul style="list-style-type: none"> • Electricity • Gas • Sewer • Telephone • Water
Frontage Street Name	46th
Frontage Feet	95
Corner Lot	Yes
Accessibility Rating	Above Average
Visibility Rating	Good

Land Parcels

ROW NUMBER	ASSOCIATED APN(S)	CLASSIFICATION	LAND AREA (SF)	LAND AREA (ACRES)
1	881214922 and 881214924	Usable Land Area	9,533	0.2188
Total Gross Land Area			9,533	0.2188
Total Gross Land Area			9,533	0.2188
Total Usable Land Area			9,533	0.2188

Improvement Details

Rentable Area SF	19,411
Gross Building Area	21,034
Demised Unit Of Comparison	Apt. Units
Number Of Demised Units	19
Average Unit Size (SF)	1,021
Construction Status	Completed
Construction Purpose	Speculative
Year Built	2019
Investment Class	Class B
Construction Class	Class D
Condition	Good
Construction Type	Wood frame
Construction Quality	Good
Number Of Buildings	2
Exterior Walls	Brick and Vinyl Siding
Number Of Stories/Floors	3.00
Elevators Count	2
Roof Description	Flat Membrane
Parking Description	None
Land To Building Ratio	0.45

Sale Information

Sale Status	Closed
Sale Date	12/10/2020
Sale Price	\$4,750,000
Grantor (Seller)	125-135 S 46th St Associates LP
Grantee (Buyer)	Manor Flats Off Sansom LLC
Property Rights	Leased Fee
Document Type	Deed
Recording Number	53761691
Financing Type	Cash to seller
Effective Sales Price	\$4,750,000.00
Price Per SF GBA	\$225.82
Price Per SF NRA	\$244.71
Effective Price Per Unit	\$250,000.00
Price Per Land SF (Gross)	\$498.27
Price Per Acre (Gross)	\$21,704,601.74
Price Per Land SF (Usable)	\$498.27
Price Per Acre (Usable)	\$21,704,601.74

Operations at Date of Sale

Operations Status Type	Sub-stabilized Operations
Actuals Occupancy	68.00 %

NIM (Net Income Multiplier) 15.58

Pro Forma

		PER SF	PER UNIT
PGI	\$356,820	\$18.38	\$18,780
Other Income	\$8,850	\$0.46	\$465
EGI	\$365,370	\$18.82	\$19,230
Operating Expense	\$60,452	\$3.11	\$3,181
NOI	\$304,918	\$15.71	\$16,048

Financial Indicators

Pro Forma Operating Expense Ratio 16.55 %
 Cap Rate Derived - Stabilized 6.42 %

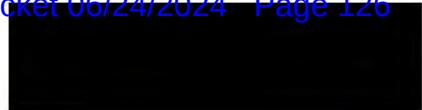
EGIM Derived - Stabilized

13.00

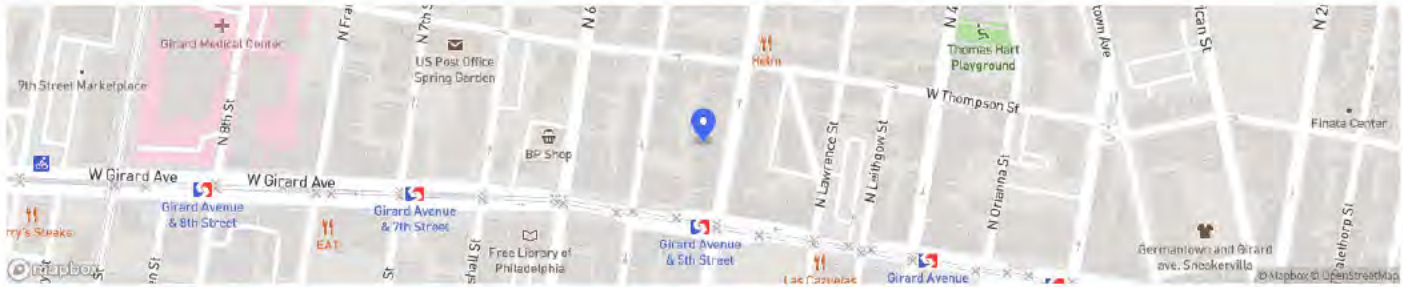
Comments

Sale of recently constructed (2019) multifamily property located on the western edge of University City comprised of two buildings located on non-contiguous parcels (125-29 S 46th St and 133-35 S 46th St). Property was at 68% occupancy, and contained a unit mix of two 1BR units, nine 2BR units and eight 3BR units.

Multifamily Sale



1216-1226 North 5th Street 1216-26 N 5th St



Location & Property Info

Property Name	1216-26 N 5th St
Property Type	Multifamily
Sub Type	Walk-Up
Address	1216-1226 North 5th Street, Philadelphia, PA 19122
County	Philadelphia
Country	USA
Latitude	39.97082700
Longitude	-75.14516300
MSA	Philadelphia-Camden- Wilmington, PA-NJ-DE-MD
Legal/Tax/Parcel ID	881006770
Market Orientation	Urban
Verification Type	Secondary Verification
Event ID	797194



Site Details

Source Of Land Info	Site Survey
Usable/Gross Ratio	1.00
Zoning Designation	RM-1, Residential Multifamily-1
Flood Map	4207570182H
Flood Map Date	11/18/2015
Flood Insurance Required	No
Site Shape	Rectangular
Site Topography	Level
Flood Zone Designation	X
Vegetation	Minimal
Traffic Control At Entry	None
Traffic Flow	Low
Utilities	<ul style="list-style-type: none"> • Electricity • Gas • Sewer • Water
Frontage Street Name	N 5th St
Frontage Feet	120
Frontage Type	One Way
Corner Lot	No
Accessibility Rating	Average

Visibility Rating

Average

Land Parcels

IMPORTED GROUP 1

ROW NUMBER	ASSOCIATED APN(S)	CLASSIFICATION	LAND AREA (SF)	LAND AREA (ACRES)
1	881006770	Usable Land Area	12,000	0.2755
Total Gross Land Area			12,000	0.2755
Total Gross Land Area			12,000	0.2755
Total Usable Land Area			12,000	0.2755

Improvement Details

Rentable Area SF	25,058
Gross Building Area	30,236
Demised Unit Of Comparison	Apt. Units
Number Of Demised Units	31
Average Unit Size (SF)	808
Construction Status	Completed
Construction Purpose	Speculative
Year Built	2018
Investment Class	Class B
Construction Class	D
Condition	Good
Construction Type	Wood frame
Construction Quality	Good
Construction Description	Wood frame
Number Of Buildings	1
Exterior Walls	Brick and wood veneer
Number Of Stories/Floors	4.00
Elevators Count	1
Fire Sprinkler Type	100% wet
Roof Description	Built-up flat roof with EPDM covering
Parking Description	Surface; Interior Courtyard
Covered Parking Spaces	18
Total Parking Spaces	18
Spaces/1,000 SF NRA Ratio	0.72
Land To Building Ratio	0.40
Property Amenities	<ul style="list-style-type: none"> • Fitness center • off-street parking

Unit Mix

UNIT DESCRIPTION	BR	BA	UNITS	UNIT SF	TOTAL SF	% OF UNITS	VACANT UNITS	BASE RENT	TOTAL RENT	BASE RENT PER SF	COMMENTS
1BR/1BA	1.00	1.00	12.00	726.00	8,712.00	11 %	0.00	\$1,360.00	\$16,320.00	\$1.87	
2BR/1BA	2.00	1.00	16.00	819.00	13,104.00	15 %	1.00	\$1,681.00	\$26,896.00	\$2.05	
2BR/2BA	2.00	2.00	3.00	1,077.00	3,231.00	3 %	0.00	\$2,000.00	\$6,000.00	\$1.86	
Total/Average			31.00	807.97	25,047.00	100 %	1.00	\$1,587.61	\$49,216.00	\$1.96	

Sale Information

Listing Date	12/17/2021
Sale Status	Closed
Sale Date	03/22/2022
Sale Price	\$9,050,000
Grantor (Seller)	South Randolph Street Associates
Grantee (Buyer)	1216-1226 N 5th St Owner LLC
Contract Date	12/28/2021
Property Rights	Leased Fee
Document Type	Deed
Financing Type	Cash to seller
Effective Sales Price	\$9,050,000.00
Price Per SF GBA	\$299.31
Price Per SF NRA	\$361.16
Effective Price Per Unit	\$291,935.48
Price Per Land SF (Gross)	\$754.17
Price Per Acre (Gross)	\$32,849,364.79
Price Per Land SF (Usable)	\$754.17
Price Per Acre (Usable)	\$32,849,364.79

Operations at Date of Sale

Operations Status Type	Stabilized Operations	Reported Cap Rate	5.60 %
Actuals Occupancy	97.00 %		

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.

Multifamily Sale

1512 Walnut Street 1512 Walnut Street



Location & Property Info

Property Name	1512 Walnut Street
Property Type	Multifamily
Sub Type	Mid/High Rise
Address	1512 Walnut Street, Philadelphia, PA 19102
County	Philadelphia
Country	USA
Latitude	39.94933500
Longitude	-75.16670000
MSA	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area 881012230
Legal/Tax/Parcel ID	CBD
Market Orientation	Secondary Verification
Verification Type	776415
Event ID	



Site Details

Source Of Land Info	Public Records
Usable/Gross Ratio	1.00
Zoning Designation	CMX-5
Site Shape	Rectangular
Site Topography	Generally Level and at Street Grade
Flood Zone Designation	X
Traffic Control At Entry	None
Traffic Flow	High
Frontage Street Name	Walnut
Frontage Feet	25
Corner Lot	Yes
Accessibility Rating	Average
Visibility Rating	Average

Land Parcels

IMPORTED GROUP 1

ROW NUMBER	ASSOCIATED APN(S)	CLASSIFICATION	LAND AREA (SF)	LAND AREA (ACRES)
1	881012230	Usable Land Area	4,150	0.0953

ROW NUMBER	ASSOCIATED APN(S)	CLASSIFICATION	LAND AREA (SF)	LAND AREA (ACRES)
Total Gross Land Area			4,150	0.0953
Total Gross Land Area			4,150	0.0953
Total Usable Land Area			4,150	0.0953

Improvement Details

Rentable Area SF	9,924
Gross Building Area	24,035
Demised Unit Of Comparison	Apt. Units
Number Of Demised Units	22
Average Unit Size (SF)	451
Construction Status	Completed
Construction Purpose	Owner-built
Year Built	1927
Year Renovated	2010
Construction Class	C
Condition	Average
Construction Type	Masonry
Construction Quality	Average
Construction Description	Masonry
Number Of Buildings	1
Foundation	Cement
Exterior Walls	Block
Number Of Stories/Floors	5.00
Parking Description	None
Land To Building Ratio	0.17
Property Amenities	• Laundry Facilities

Sale Information

Sale Status	Closed
Sale Date	03/17/2022
Sale Price	\$13,500,000
Grantor (Seller)	Pearl Properties, LLC
Grantee (Buyer)	Six Acre Capital
Recording Date	03/31/2022
Property Rights	Leased Fee
Document Type	Deed
Recording Number	54012962
Financing Type	Cash to seller - buyer obtained financing
Effective Sales Price	\$13,500,000.00
Price Per SF GBA	\$561.68
Price Per SF NRA	\$1,360.34
Effective Price Per Unit	\$613,636.36
Price Per Land SF (Gross)	\$3,253.01
Price Per Acre (Gross)	\$141,657,922.35
Price Per Land SF (Usable)	\$3,253.01
Price Per Acre (Usable)	\$141,657,922.35

Operations at Date of Sale

Operations Status Type	Stabilized Operations
Actuals Occupancy	100.00 %

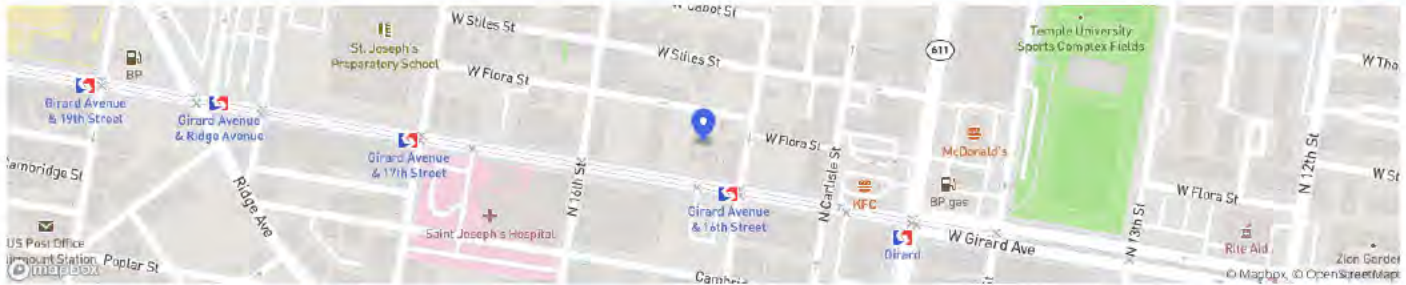
Comments

The building features studio and one-bedroom rentals with amenities such as granite countertops, hardwood floors, stainless steel appliances, and vaulted ceilings, as well as common laundry facilities. The building also features ground floor retail leased to tenants Chipotle and Elixir Coffee Roasters.

Multifamily Sale



1509 West Girard Ave 1509 West Girard Avenue



Location & Property Info

Property Name	1509 West Girard Avenue
Property Type	Multifamily
Sub Type	Walk-Up
Major Market	PA - Philadelphia - Greater
Sub Market	Philadelphia - Greater
Address	1509 West Girard Ave, Philadelphia, PA 19130
County	Philadelphia
Country	USA
Latitude	39.97204900
Longitude	-75.16149800
MSA	Philadelphia-Camden-Wilmington MSA
Legal/Tax/Parcel ID	881906605
Market Orientation	Urban
Verification Type	Confirmed-Other
Verification Source	Appraisal
Event ID	568779



Site Details

Source Of Land Info	Public Records
Usable/Gross Ratio	1.00
Zoning Designation	RM-4 Residential Multifamily-4
Site Shape	Rectangular
Site Topography	Level
Flood Zone Designation	X
Vegetation	N/A
Traffic Control At Entry	None
Traffic Flow	High
Utilities	<ul style="list-style-type: none"> • Electricity • Gas • Sewer • Telephone • Water
Frontage Street Name	Girard
Frontage Feet	52
Corner Lot	No
Accessibility Rating	Above Average
Visibility Rating	Good

Land Parcels

IMPORTED GROUP ↑

ROW NUMBER	ASSOCIATED APN(S)	CLASSIFICATION	LAND AREA (SF)	LAND AREA (ACRES)
1	881906605	Usable Land Area	7,750	0.1779
		Total Gross Land Area	7,750	0.1779
Total Gross Land Area			7,750	0.1779
Total Usable Land Area			7,750	0.1779

Improvement Details

Rentable Area SF	15,379
Gross Building Area	16,111
Demised Unit Of Comparison	Apt. Units
Number Of Demised Units	17
Average Unit Size (SF)	904
Construction Status	Completed
Year Built	2014
Investment Class	Class A
Construction Class	Class D
Condition	Good
Construction Type	Wood frame
Construction Quality	Good
Number Of Buildings	1
Exterior Walls	Brick and Vinyl Siding
Number Of Stories/Floors	4.00
Roof Description	Flat Membrane
Parking Description	Garage
Total Parking Spaces	12
Spaces/1,000 SF NRA Ratio	0.78
Land To Building Ratio	0.48

Unit Mix

UNIT DESCRIPTION	BR	BA	UNITS	UNIT SF	TOTAL SF	% OF UNITS	VACANT UNITS	BASE RENT	TOTAL RENT	BASE RENT PER SF	COMMENTS
1BR/1BA	1.00	1.00	2.00	552.00	1,104.00	12 %	0.00	\$1,220.00	\$2,440.00	\$2.21	
2BR/1BA	2.00	1.00	2.00	830.00	1,660.00	12 %	0.00	\$1,565.00	\$3,130.00	\$1.89	
2BR/1.5BA	2.00	1.50	1.00	1,319.00	1,319.00	6 %	0.00	\$1,525.00	\$1,525.00	\$1.16	
2BR/2BA	2.00	2.00	7.00	896.75	6,277.25	41 %	0.00	\$1,576.43	\$11,035.01	\$1.76	
3BR/2BA	3.00	2.00	5.00	1,003.80	5,019.00	29 %	0.00	\$1,776.60	\$8,883.00	\$1.77	
Total/Average			17.00	904.66	15,379.25	100 %	0.00	\$1,589.00	\$27,013.01	\$1.76	

Sale Information

Sale Status	Closed
Sale Date	04/21/2021
Sale Price	\$4,700,000
Grantor (Seller)	Seaside Capital LLC
Grantee (Buyer)	1509 Girard Ave LLC and/or assigns
Recording Date	06/13/2021
Property Rights	Leased Fee
Document Type	Deed

Recording Number	53846420
Financing Type	Cash to seller
Effective Sales Price	\$4,700,000.00
Price Per SF GBA	\$291.73
Price Per SF NRA	\$305.61
Effective Price Per Unit	\$276,470.59
Price Per Land SF (Gross)	\$606.45
Price Per Acre (Gross)	\$26,417,035.05
Price Per Land SF (Usable)	\$606.45
Price Per Acre (Usable)	\$26,417,035.05

Operations at Date of Sale

Operations Status Type	Stabilized Operations
Actuals Occupancy	100.00 %

Actuals		PER SF	PER UNIT
EGI	\$328,812	\$21.38	\$19,341
Operating Expense	\$49,282	\$3.20	\$2,898
NOI	\$279,530	\$18.18	\$16,443

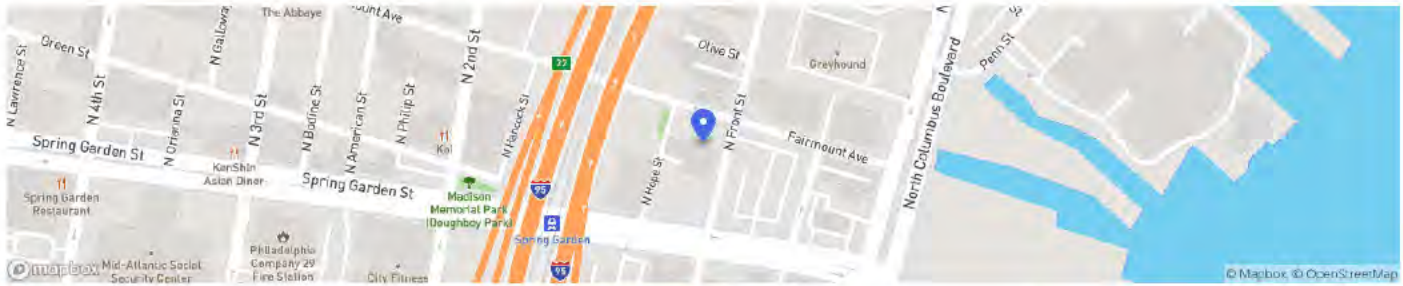
Financial Indicators

Actuals Operating Expense Ratio	14.99 %
Cap Rate Derived - Actuals	5.95 %
EGIM Derived - Actuals	14.29

Comments

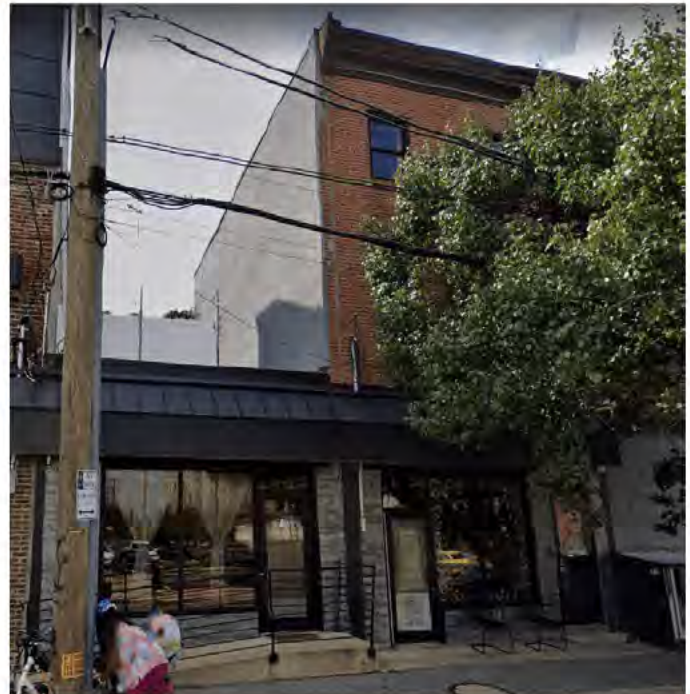
Sale of 17-unit apartment building in Francisville/Fairmount neighborhood. Property had 12 underground parking spaces. Property had maintained consistently high occupancy rates over the last few years, but the current owners had not made much effort to raise rents despite the rapid growth within the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

Retail Lease Summary



Location & Property Info

Property Name	622 North Front Street
Property Type	Retail
Sub Type	Urban Retail
Major Market	PA - Philadelphia - Greater
Sub Market	Philadelphia - Greater
Address	622 North Front Street, Philadelphia, PA 19123
County	Philadelphia
Country	USA
Location	Northern Liberties - Philadelphia County
Latitude	39.96111500
Longitude	-75.13891700
MSA	Philadelphia-Camden-Wilmington
Legal/Tax/Parcel ID	883448900
Market Orientation	Urban
Verification Type	Confirmed-Other
Verification Source	BrightMLS/CoStar/Philadelphia County Public Record
Event ID	356071



Site Details

Source Of Land Info	Public Records
Usable/Gross Ratio	1.00
Zoning Designation	CMX-2
Zoning Description	Neighborhood Commercial Mixed Use
Flood Map	4207570184H
Flood Map Date	11/18/2015
Potential Bldg To Land Ratio FAR	0.92
Potential Units	1
Site Shape	Generally Rectangular
Site Topography	Generally Level
Flood Zone Designation	X
Vegetation	None
Traffic Control At Entry	None
Traffic Flow	Low
Utilities	<ul style="list-style-type: none"> • Electricity • Gas • Sewer • Water
Frontage Street Name	Front Street

Frontage Feet	16
Corner Lot	No
Accessibility Rating	Above Average
Visibility Rating	Good

Land Parcels

IMPORTED GROUP 1

ROW NUMBER	ASSOCIATED APN(S)	CLASSIFICATION	LAND AREA (SF)	LAND AREA (ACRES)
1	883448900	Usable Land Area	1,440	0.0331
		Total Gross Land Area	1,440	0.0331
		Total Gross Land Area	1,440	0.0331
		Total Usable Land Area	1,440	0.0331

Lease Availability Information

Survey Date	12/1/2019
Occupancy At Survey	100.00 %

Improvement Details

Rentable Area SF	1,400
Gross Building Area	1,400
Number Of Demised Units	1
Average Unit Size (SF)	1,400
Construction Status	Completed
Construction Purpose	Speculative
Year Built	2008
Investment Class	Class B
Construction Class	Class C
Condition	Excellent
Construction Type	Masonry
Construction Quality	Good
Number Of Buildings	1
Exterior Walls	Brick
Number Of Stories/Floors	3.00
Roof Description	Flat Roof
Land To Building Ratio	1.03

Lease Summary

START DATE	TERM	SPACE TYPE	LESSEE	LESSEE TYPE	LEASE SF	ALTERNATE SF	EFF. RATE	RENT MEASURE	BASE ESC. TYPE	REMB. METHOD	TI \$/SF
9/10/2021	180	Retail	Winebow		1,200		\$24.00	\$/SF/Yr	None	Triple Net	

Specific Lease Details: Winebow

Description of Premises

Rentable Area	1,200
Full Building Lease	Yes
Space Type	Retail

Lease Details

Lease Status	Signed Lease
--------------	--------------

Lease Signed Date	9/3/2021
Lease Start/Available Date	9/10/2021
Lease Expiration Date	9/9/2024
Term Of Lease (Months)	180
Lessor	Atlas Real Estate, LLC
Lessee	Winebow

Rates & Measures

Measure	\$/SF/Yr
Face Rental Rate	\$24.00
Effective Rental Rate	\$24.00
Base Rent Escalation Type	None
Lease Reimbursement Method	Triple Net
Tenant Improvement Type	New Tenant

Retail Lease Summary



Location & Property Info

Property Name	The Piazza
Property Type	Retail
Sub Type	Other
Major Market	PA - Philadelphia - Greater
Sub Market	Philadelphia - Greater
Address	1001 N. 2nd Street, Philadelphia, PA 19123
County	Philadelphia
Country	USA
Latitude	39.96677100
Longitude	-75.13983800
MSA	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area 881006630
Legal/Tax/Parcel ID	
Market Orientation	Urban
Verification Type	Confirmed-Other
Verification Source	Cindy Schoenly
Event ID	583516



Site Details

Source Of Land Info

Public Records

Land Parcels

ROW NUMBER	ASSOCIATED APN(S)	CLASSIFICATION	LAND AREA (SF)	LAND AREA (ACRES)
1	881006630	Gross Land Area	36,570	0.8395
Total Gross Land Area			36,570	0.8395
Total Gross Land Area			36,570	0.8395

Lease Availability Information

Survey Date 4/3/2021

Improvement Details

Rentable Area SF	94,715
Gross Building Area	134,400
Demised Unit Of Comparison	Apt. Units
Number Of Demised Units	104
Average Unit Size (SF)	911
Construction Status	TBD
Construction Purpose	TBD
Year Built	2005

Investment Class	Class A
Condition	Excellent
Construction Quality	Good
Construction Description	Steel
Number Of Buildings	2
Number Of Stories/Floors	6.00
Land To Building Ratio	0.27
Property Amenities	<ul style="list-style-type: none"> • Piazza Courtyard • Patios/Balcony • Dishwasher • Range-Refrig. • Disposal • Washer/Dryer In Unit • Central AC • Carpets/Drapes/Blinds

Unit Mix

UNIT DESCRIPTION	BR	BA	UNITS	UNIT SF	TOTAL SF	% OF UNITS	VACANT UNITS	BASE RENT	TOTAL RENT	BASE RENT PER SF	COMMENTS
Total/Average			0.00		0.00		0.00		\$0.00		

Lease Summary

START DATE	TERM	SPACE TYPE	LESSEE	LESSEE TYPE	LEASE SF	ALTERNATE SF	EFF. RATE	RENT MEASURE	BASE ESC. TYPE	REIMB. METHOD	TI \$/SF
6/1/2021	128		Bagels & Co.		1,138		\$36.91	\$/SF/Yr		Triple Net	

Specific Lease Details: Bagels & Co.

Description of Premises

Rentable Area 1,138

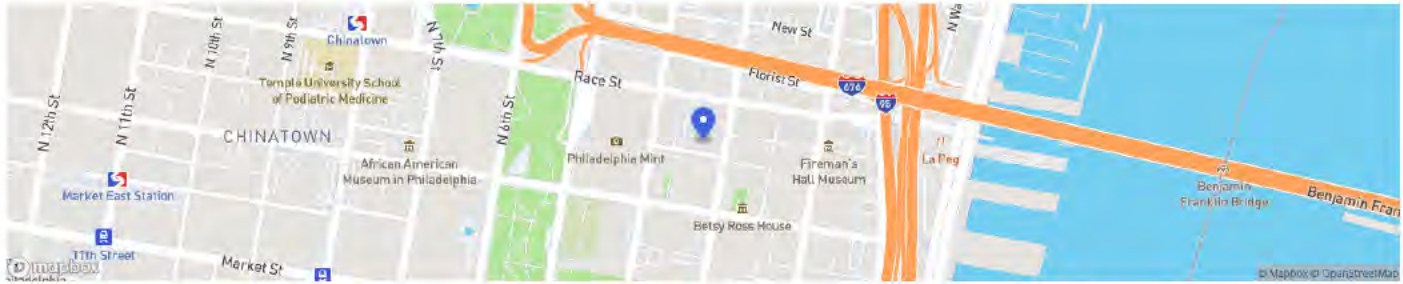
Lease Details

Lease Status Signed Lease
 Lease Start/Available Date 6/1/2021
 Term Of Lease (Months) 128
 Lessee Bagels & Co.

Rates & Measures

Measure \$/SF/Yr
 Face Rental Rate \$36.91
 Effective Rental Rate \$36.91
 Lease Reimbursement Method Triple Net

Multifamily Lease Summary



Location & Property Info

Property Name	Cherry St Mixed Use
Property Type	Multifamily
Sub Type	Loft
Major Market	PA - Philadelphia - Greater
Sub Market	Philadelphia - Greater
Address	305 Cherry Street, Philadelphia, PA 19106
County	Philadelphia
Country	USA
Location	Old City neighborhood
Latitude	39.95335900
Longitude	-75.14550400
MSA	Philadelphia-Camden-Wilmington MSA
Legal/Tax/Parcel ID	87-1508280
Market Orientation	CBD
Verification Type	Secondary Verification
Event ID	709562



Site Details

Source Of Land Info	City record
Usable/Gross Ratio	1.00
Zoning Designation	CMX-3
Utilities	<ul style="list-style-type: none"> • Electricity • Gas • Sewer • Water

Land Parcels

ROW NUMBER	ASSOCIATED APN(S)	CLASSIFICATION	LAND AREA (SF)	LAND AREA (ACRES)
1	87-1508280	Usable Land Area	1,565	0.0359
Total Gross Land Area			1,565	0.0359
Total Gross Land Area			1,565	0.0359
Total Usable Land Area			1,565	0.0359

Lease Availability Information

Survey Date	4/1/2021
Occupancy At Survey	100.00 %
Company	MLS #PAPH2012348

Improvement Details

Rentable Area SF	3,973
Gross Building Area	3,973
Construction Status	Completed

Year Built	1900
Number Of Buildings	1
Number Of Stories/Floors	3.00
Land To Building Ratio	0.39

Lease Summary

START DATE	TERM	SPACE TYPE	LESSEE	LESSEE TYPE	LEASE SF	ALTERNATE SF	EFF. RATE	RENT MEASURE	BASE ESC. TYPE	REIMB. METHOD	TI \$/SF
4/1/2021	24	Street Retail	Zoomo Electric Bikes		1,450		\$20.69	\$/SF/Yr	None	Triple Net	

Specific Lease Details: Zoomo Electric Bikes

Description of Premises

Rentable Area	1,450
Full Building Lease	No
Space Type	Street Retail

Lease Details

Lease Status	Signed Lease
Lease Start/Available Date	4/1/2021
Lease Expiration Date	3/31/2023
Term Of Lease (Months)	24
Lessor	305 Cherry LLC
Lessee	Zoomo Electric Bikes

Rates & Measures

Measure	\$/SF/Yr
Face Rental Rate	\$20.69
Effective Rental Rate	\$20.69
Base Rent Escalation Type	None
Lease Reimbursement Method	Triple Net

Lease Notes

First floor retail showroom with 14' ceilings, hardwood floors, exposed beams, small office area, full access to rear entrance and a basement area.

Utilities • Electricity
 • Gas
 • Sewer
 • Water
 Frontage Feet 18
 Corner Lot No
 Accessibility Rating Above Average
 Visibility Rating Good

Land Parcels

IMPORTED GROUP 1

ROW NUMBER	ASSOCIATED APN(S)	CLASSIFICATION	LAND AREA (SF)	LAND AREA (ACRES)
1	871058700	Gross Land Area	918	0.0211
		Total Gross Land Area	918	0.0211
Total Gross Land Area			918	0.0211

Lease Availability Information

Survey Date 10/29/2021

Improvement Details

Rentable Area SF 3,206
 Construction Status Completed
 Year Built 1800
 Investment Class Class B
 Construction Class C
 Condition Good
 Number Of Buildings 1
 Number Of Stories/Floors 4.00

Lease Summary

START DATE	TERM	SPACE TYPE	LESSEE	LESSEE TYPE	LEASE SF	ALTERNATE SF	EFF. RATE	RENT MEASURE	BASE ESC. TYPE	REIMB. METHOD	TI \$/SF
11/1/2021	60	Restaurant	Olea BYOB LLC	Local	900		\$29.05	\$/SF/Yr		Triple Net	

Specific Lease Details: Olea BYOB LLC

Description of Premises

Rentable Area 900
 Full Building Lease No
 Space Type Restaurant

Lease Details

Lease Status Signed Lease
 Lease Signed Date 10/29/2021
 Lease Start/Available Date 11/1/2021
 Lease Expiration Date 10/31/2026
 Term Of Lease (Months) 60
 Lessee Olea BYOB LLC
 Lessee Type Local

Rates & Measures

Measure	\$/SF/Yr
Face Rental Rate	\$29.05
Effective Rental Rate	\$29.05
Lease Reimbursement Method	Triple Net

ADDENDA

Addendum H

Appraiser Qualifications and Licenses



[REDACTED] is a Senior Managing Director at [REDACTED] and Market Co-Leader for Pennsylvania, West Virginia and southern New Jersey.

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

He joined Newmark from Integra Realty Resources in 2017.

Quotes from Publications

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

Professional Affiliations

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

YEARS OF
EXPERIENCE

29+

AREAS OF
SPECIALTY

Valuation & Advisory



MAI, CRE, MRICS

Licenses and Designations

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

Education

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



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

Commonwealth of Pennsylvania
Department of State

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

License Type
Certified General Appraiser



License Status
Active



Initial License Date
09/04/1996

License Number



Expiration Date
06/30/2025

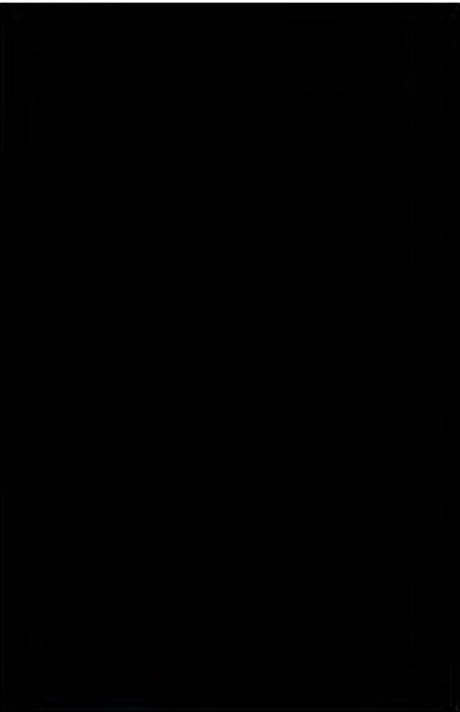
Arion R. Claggett

Acting Commissioner Arion R. Claggett

Signature



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



██████████ serves as a Vice President for ██████████ in the firm's Philadelphia office which covers Pennsylvania, West Virginia and the southern half of New Jersey.

A highly experienced appraiser, ██████████ has prepared and performed valuations and market analyses on a broad range of properties that include manufacturing, warehouse and flex industrial facilities, small multifamily properties, mixed-use structures, single tenant and multi-tenant retail and office buildings, special purpose buildings, as well as vacant land. Additionally, she has performed specialized real estate valuation on auto dealerships, restaurants, and medical offices.

██████████ has completed valuations and market studies on proposed, partially completed, renovated and existing properties. In addition to preparing valuations ██████████ has extensive experience as a review appraiser of every property type from a previous role at regional banks. She has carried out valuations for mortgage financing, assessment appeals, investment counseling, potential sales and purchases, leasehold and rental analysis. Clients have included commercial banks, developers, corporations, individual property owners, public agencies, insurance companies and legal firms.

Prior to joining Newmark in 2022, ██████████ worked for over 5 years at WSFS Bank (formerly Bryn Mawr Trust) as an AVP / Review Appraiser. Prior to Bryn Mawr Trust, she worked as a fee appraiser.

Licenses and Designations

– Certified General Real Estate Appraiser, Commonwealth of Pennsylvania

Education

██████████ attended West Virginia University in Morgantown, WV towards an undergraduate degree in Speech Pathology and Audiology. Additionally, she has successfully completed numerous real estate and valuation courses and seminars sponsored by the Appraisal Institute, Temple School of Real Estate, and others.

YEARS OF EXPERIENCE

20+

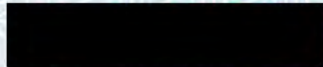
AREAS OF SPECIALTY

- Valuation & Advisory
- Industrial
- Retail
- Multifamily
- Mixed-Use Assets
- Property Tax Appeals
- Appraisal Review Services

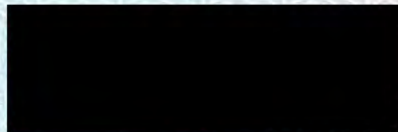


DISPLAY THIS CERTIFICATE PROMINENTLY • NOTIFY AGENCY WITHIN 10 DAYS OF ANY CHANGE

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



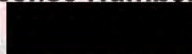
License Type
Certified General Appraiser



License Status
Active

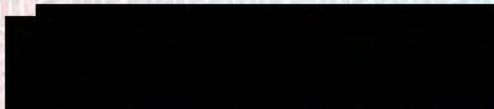
Initial License Date
01/03/2008

License Number



Expiration Date
06/30/2023

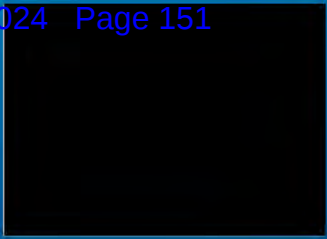
Commissioner of Professional and Occupational Affairs



Signature

Exhibit B

*Pennsylvania Certified Residential Appraisal
Dated November 30, 2023*



OLD CITY APARTMENTS

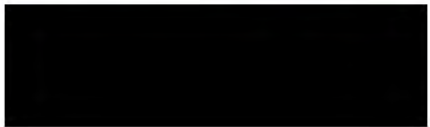
135-137 N. 3rd Street
Philadelphia, Pennsylvania 19106

APPRAISAL REPORT

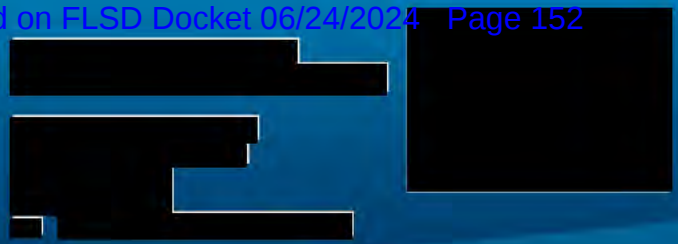
Date of Report: November 30, 2023



PREPARED FOR
Ryan K. Stumphauzer, Esq. the Court-Appointed
Receiver of 135-137 North 3rd Street LLC (the
'Receiver')
c/o Timothy Hazel, Esq.
Pietragallo Gordon Alfano Bosick & Raspani, LLP
One Oxford Centre
38th Floor



LETTER OF TRANSMITTAL



November 30, 2023

Ryan K. Stumphauzer, Esq. the Court-Appointed Receiver of 135-137 North 3rd Street LLC (the 'Receiver')
c/o Timothy Hazel, Esq.
Pietragallo Gordon Alfano Bosick & Raspanti, LLP
One Oxford Centre
38th Floor
Pittsburgh, PA 15219

RE: Old City Apartments
135-137 N. 3rd Street
Philadelphia, Pennsylvania 19106

File #: [Redacted]

Mr. Stumphauzer:

Pursuant with our engagement, the above captioned property was appraised utilizing best practice appraisal principles for this property type. This appraisal report satisfies the scope of work and requirements agreed upon by Pietragallo Gordon Alfano Bosick & Raspanti, LLP and [Redacted]

The date of this report is November 30, 2023. At the request of the client, this appraisal is presented in an Appraisal Report format as defined by USPAP Standards Rule 2-2(a). Our appraisal format provides a detailed description of the appraisal process, subject and market data and valuation analyses.

The purpose of this appraisal is to develop an opinion of the As-Is Market Value of the subject property's leased fee interest. The following table conveys the final opinion of market value of the subject property that is developed within this appraisal report:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Market Value As-Is	Leased Fee	November 20, 2023	\$6,000,000

The subject is a Mixed-Use (Mid/High-Rise Housing) property totaling 16 units and two ground floor retail spaces located on a 0.11-acre site at 135-137 N. 3rd Street in Philadelphia, Pennsylvania. The improvements were built in 1900, were fully renovated in 2015, and are in good condition with 25 years remaining.

The subject has a current occupancy of 93.8%, which is below the stabilized occupancy estimate of 95.0% that was developed in this appraisal, however is expected to be leased in the near-term. Of the 16 units, only 1 is vacant. The apartment interiors are equipped with new energy efficient appliances and modern finishes. Within the Old City submarket, the subject is competitive and is well positioned for the future and should perform well as market conditions warrant.

The analyses, opinions and conclusions communicated within this appraisal report were developed based upon the requirements and guidelines of the current Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. The report is intended to conform to the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) standards and the appraisal guidelines of Pietragallo Gordon Alfano Bosick & Raspanti, LLP.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. *USPAP* defines an Extraordinary Assumption 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". *USPAP* defines a Hypothetical Condition as, "that 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 Extraordinary Assumptions and/or Hypothetical Conditions that were made during the appraisal process to arrive at our opinion of value are fully discussed below. We advise the client to consider these issues carefully given the intended use of this appraisal, as their use might have affected the assignment results.

EXTRAORDINARY ASSUMPTIONS

No Extraordinary Assumptions are made for this analysis.

HYPOTHETICAL CONDITIONS

No Hypothetical Conditions were made for this assignment.

RELIANCE LANGUAGE

The Appraisal is for the sole use of the Client; however, Client may provide only complete, final copies of the Appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with loan underwriting or securitization efforts. [REDACTED] is not required to explain or testify as to appraisal results other than to respond to the Client for routine and customary questions. Please note that our consent to allow the Appraisal prepared by [REDACTED] or portions of such Appraisal, to become part of or be referenced in any public offering, the granting of such consent will be at our sole and absolute discretion and, if given, will be on condition that [REDACTED] will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to [REDACTED] by a party satisfactory to [REDACTED]. [REDACTED] does consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide [REDACTED] with an Indemnification Agreement and/or Non-Reliance letter.

[REDACTED] hereby expressly grants to Client the right to copy the Appraisal and distribute it to other parties in the transaction for which the Appraisal has been prepared, including employees of Client, other lenders in the transaction, and the borrower, if any.

Our opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

The signatures below indicate our assurance to the client that the development process and extent of analysis for this assignment adhere to the scope requirements and intended use of the appraisal. If you have any specific questions or concerns regarding the attached appraisal report, or if [REDACTED] [REDACTED] can be of additional assistance, please contact the individuals listed below.

Sincerely,

[REDACTED]

[REDACTED]

[REDACTED]

LETTER OF TRANSMITTAL

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CERTIFICATION

ASSUMPTIONS & LIMITING CONDITIONS

ADDENDA

Insurable Replacement Cost

Engagement Letter

Deed

Income & Expense Statements

Rent Roll

Leases

Valuation Glossary

Qualifications of Appraisers

Qualifications of [REDACTED]

GENERAL INFORMATION

Property Name	Old City Apartments
Property Type	Mixed-Use - Mid/High-Rise Housing
Address	135-137 N. 3rd Street
City	Philadelphia
State	Pennsylvania
Zip Code	19106
County	Philadelphia
Core Based Statistical Area (CBSA)	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
Market	Philadelphia-Camden-Wilmington
Submarket	Center City Philadelphia
Longitude	-75.144930
Latitude	39.953188
Number Of Parcels	1
Assessor Parcel	881007212
Total Taxable Value	\$4,090,000

SITE INFORMATION

Land Area	Acres	Square Feet
Usable	0.11	4,867
Unusable	0.00	0
Excess	0.00	0
Surplus	0.00	0
Total	0.11	4,867
Topography	Level at street grade	
Shape	Rectangular	
Access	Good	
Exposure	Good	
Appeal	Good	
Current Zoning	Community Commercial Mixed-Use (CMX-3)	
Flood Zone	Zone X (Unshaded)	
Seismic Zone	Medium Risk	

IMPROVEMENT INFORMATION

Number Of Units	16
Average Unit Size	900 SF
Retail Space Total	3,700 SF
Net Rentable Area SF (NRA)	18,100 SF
Gross Building Area SF (GBA)	22,485 SF
Development Density	143.2 Units/Acre (16 Units / 0.11 Acres)
Number Of Apartment Buildings	1
Number Of Non-Residential Buildings	<u>0</u>
Total Number Of Buildings	1
Number Of Stories	5
Year Built	1900
Year Renovated	2015
Quality	Good
Condition	Good
Marketability	Good
Type Of Construction	Wood frame
Parking Type	None
Property Amenities	The subject's common amenities include: elevators, exterior lighting, pet policy.

HIGHEST & BEST USE

As Vacant	Development of a mixed-use/residential property as market conditions warrant
As Improved	Continued use as a mixed-use/residential property

EXPOSURE TIME & MARKETING PERIOD

Exposure Time	12 Months or Less
Marketing Period	12 Months or Less

VALUATION SUMMARY

Current Occupancy	93.8%
Stabilized Occupancy	95.0%
Current Average Rent/Unit	\$2,230/Unit
Concluded Average Rent/Unit	\$2,250/Unit
Potential Gross Income	\$553,198
Vacancy, Concessions & Credit Loss	5.0%
Effective Gross Income	\$525,763
Total Expenses	\$134,056
Net Operating Income	\$391,707
Capitalization Rate (OAR)	6.50%

VALUATION SUMMARY

VALUATION INDICES	MARKET VALUE AS-IS
INTEREST APPRAISED	LEASED FEE
DATE OF VALUE	NOVEMBER 20, 2023

INCOME CAPITALIZATION APPROACH

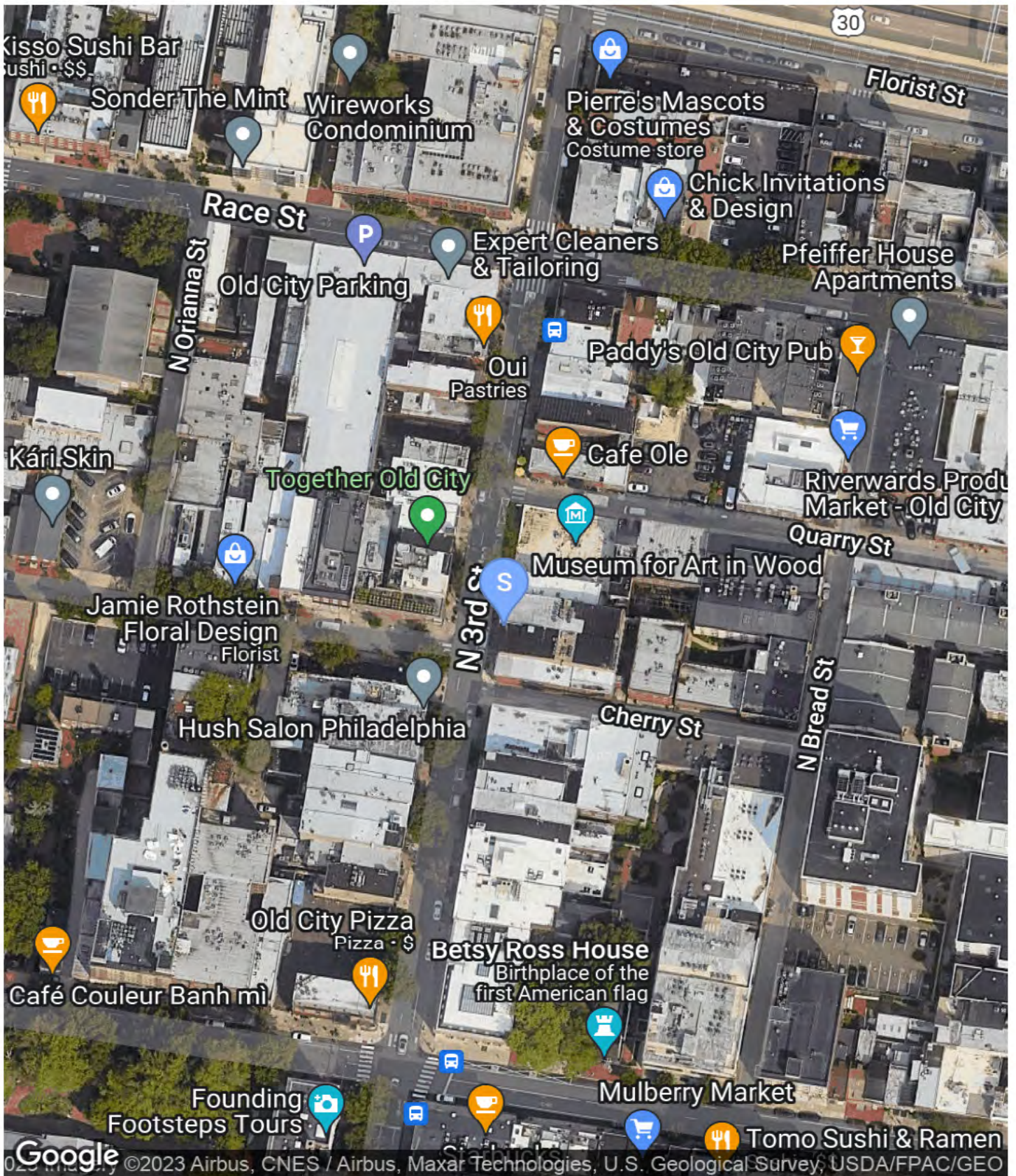
Direct Capitalization	\$6,000,000
Direct Capitalization \$/Unit	\$375,000/Unit
Direct Capitalization \$/SF (NRA)	\$331.49/SF
Net Operating Income	\$391,707
NOI \$/Unit	\$24,482/Unit
NOI \$/SF (NRA)	\$21.64/SF
Capitalization Rate	6.50%
INCOME CONCLUSION	\$6,000,000
Income Conclusion \$/Unit	\$375,000/Unit
Income Conclusion \$/SF (NRA)	\$331.49/SF

SALES COMPARISON APPROACH

SALES CONCLUSION	\$6,000,000
Sales Conclusion \$/Unit	\$375,000/Unit
Sales Conclusion \$/SF	\$331.49/SF

FINAL VALUE CONCLUSION

FINAL VALUE	\$6,000,000
Final \$/Unit	\$375,000/Unit
Final \$/SF (NRA)	\$331.49/SF
Implied Capitalization Rate	6.53%





FRONT BUILDING VIEW

Appraiser Original Photo – November 20, 2023



FRONT BUILDING VIEW

Appraiser Original Photo – November 20, 2023



EXTERIOR VIEW

Appraiser Original Photo – November 20, 2023



EXTERIOR VIEW

Appraiser Original Photo – November 20, 2023



REAR BUILDING VIEW

Appraiser Original Photo – November 20, 2023



FRONT BUILDING VIEW

Appraiser Original Photo – November 20, 2023



TYPICAL LIVING AREA

Appraiser Original Photo – November 20, 2023



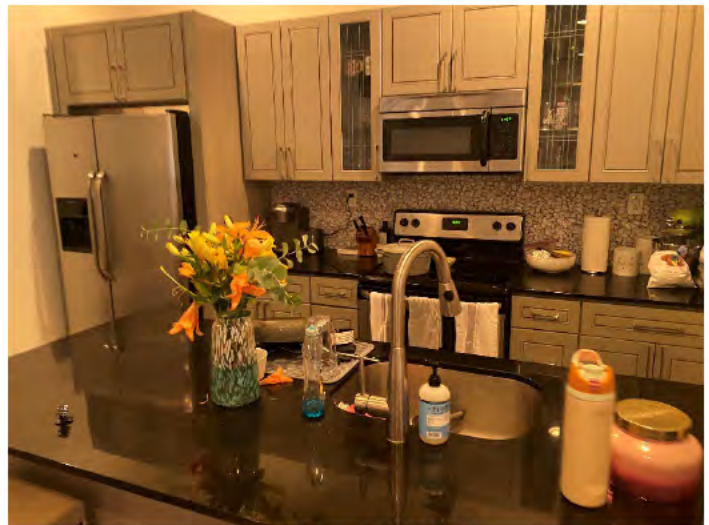
TYPICAL LIVING AREA

Appraiser Original Photo – November 20, 2023



TYPICAL BATHROOM

Appraiser Original Photo – November 20, 2023



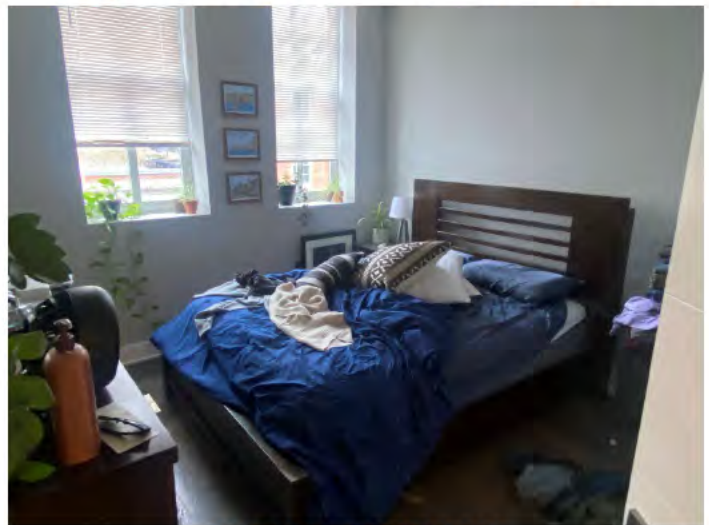
TYPICAL KITCHEN

Appraiser Original Photo – November 20, 2023



TYPICAL BEDROOM

Appraiser Original Photo – November 20, 2023



TYPICAL BEDROOM

Appraiser Original Photo – November 20, 2023



RETAIL SPACE

Appraiser Original Photo – November 20, 2023



RETAIL SPACE

Appraiser Original Photo – November 20, 2023



ELECTRICAL METERS

Appraiser Original Photo – November 20, 2023



STORAGE UNITS

Appraiser Original Photo – November 20, 2023



VIEW SOUTH ALONG 3RD STREET

Appraiser Original Photo – November 20, 2023



VIEW NORTH ALONG 3RD STREET

Appraiser Original Photo – November 20, 2023

PROPERTY IDENTIFICATION

The subject is a Mixed-Use (Mid/High-Rise Housing) property totaling 16 units and two commercial spaces. It is located on a 0.11-acre site at 135-137 N. 3rd Street in Philadelphia, Philadelphia County, Pennsylvania. The assessor's parcel number is: 881007212.

The legal description of the subject property is presented in the Addenda.

CLIENT IDENTIFICATION

The client of this specific assignment is Pietragallo Gordon Alfano Bosick & Raspanti, LLP.

PURPOSE

The purpose of this appraisal is to develop an opinion of the As-Is Market Value of the subject property's leased fee interest.

INTENDED USE

The intended use of this appraisal is to assist the client in making internal business decisions related to this asset.

INTENDED USERS

Pietragallo Gordon Alfano Bosick & Raspanti, LLP is the only intended user of this report. Use of this report by third parties and other unintended users is not permitted. This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.

ASSIGNMENT DATES

Date of Report	November 30, 2023
Date of Inspection	November 20, 2023
Valuation Date - As-Is	November 20, 2023

PERSONAL INTANGIBLE PROPERTY

No personal property or intangible items are included in this valuation.

PROPERTY AND SALES HISTORY

Current Owner

The subject title is currently recorded in the name of 135-137 N. 3rd St, LLC who acquired title to the property on July 31, 2019, as improved for \$6,575,000, as recorded under Doc. No 53548800 of the Philadelphia County Deed Records.

Three-Year Sales History

The subject property previously sold for \$6,575,000 on July 19, 2019. Based on discussions with the current owner and/or broker and a review of public records and private data services, the prior sale appears to have been an arm's-length transaction and was not impacted by any concessions. At the time of sale, the subject traded with a reported in place cap rate of 5.47% or \$410,937 per unit. Given current market conditions and rapidly rising rates, overlaid with a softening rental market, the appraiser's concluded to an overall value estimate of \$6,050,000 or \$378,125 per unit. This is primarily driven by an increase in the subject's concluded capitalization rate of 6.50% which is supported by recent sales and market data.

Subject Sale Status

Research of the applicable public records, private data services and an interview of the current owner and/or broker revealed that the subject property is not under a current agreement of sale or option and is not currently offered for sale on the open market.

DEFINITIONS

This section summarizes the definitions of value, property rights appraised, and value scenarios that are applicable for this appraisal assignment. All other applicable definitions for this assignment are located in the Valuation Glossary section of the Addenda.

DEFINITIONS OF VALUE

Given the scope and intended use of this assignment, the following definition of value is applicable:

Market Value

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:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. 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.¹

PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the leased fee interest.

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.²

VALUE SCENARIOS

As-Is Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.³

¹ Interagency Appraisal and Evaluation Guidelines, December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472

² The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022

³ The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022

INTRODUCTION

The appraisal development and reporting processes requires gathering and analyzing information about those assignment elements necessary to properly identify the appraisal problem to be solved. The scope of work decision must include the research and analyses that are necessary to develop credible assignment results given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed. The scope of work for this appraisal assignment is outlined below:

- › The appraisers analyzed the regional and local area economic profiles including employment, population, household income, and real estate trends. The local area was further studied to assess the general quality and condition, and emerging development trends for the real estate market. The immediate market area was inspected and examined to consider external influences on the subject.
- › The appraisers confirmed and analyzed legal and physical features of the subject property including sizes of the site and improvements, flood plain data, seismic zone, zoning, easements and encumbrances, access and exposure of the site, and construction materials and condition of the improvements. This process also included estimating the remaining economic life of the improvements, analysis of the subject's site coverage and parking ratios compared to market standards, a process to identify deferred maintenance and a conclusion of the subject's overall functional utility.
- › The appraisers completed an apartment market analysis that included national, market and sub-market overviews. The Philadelphia-Camden-Wilmington market and Center City Philadelphia sub-market overviews analyzed supply/demand conditions using vacancy, absorption, supply change and rent change statistics. Conclusions were drawn regarding the subject property's competitive position given its physical and locational characteristics, the prevailing economic conditions and external influences.
- › The appraisers conducted a Highest and Best Use analysis, determining the highest and best use of the subject property As-Vacant and As-Improved. The analysis considered legal, locational, physical and financial feasibility characteristics of the subject property. Development of the Highest and Best Use As-Improved explored potential alternative treatments of the property including demolition, expansion, renovation, conversion, and continued use "as-is."
- › The appraisers confirmed and analyzed financial features of the subject property including historical and budgeted income/expense data, rent roll, and tax and assessment records. This information as well as trends established by confirmed market indicators was used to forecast performance of the subject property.
- › Selection of the valuation methods was based on the identifications required in USPAP relating to the intended use, intended users, definition and date of value, relevant property characteristics and assignment conditions. As a result, this appraisal developed the Income (Direct Capitalization) and Sales Comparison approaches to value. The resulting value indicators were reconciled within the Analysis of Value Conclusions section. The appraisal develops an opinion of the As-Is Market Value of the subject property's leased fee interest. The reasoning for including or excluding traditional approaches to value is developed within the Valuation Methodology section.
- › Reporting of this appraisal is in an Appraisal Report format as required in USPAP Standard 2. The appraiser's analysis and conclusions are fully described within this document.
- › We understand the Competency Rule of USPAP and the authors of this report meet the standards.
- › [REDACTED] (Pennsylvania State Registered Appraiser Assistant No. [REDACTED] – Pending Renewal) provided significant real property appraisal assistance to the appraisers signing the

certification. Assistance included gathering, analyzing and reporting regional, local area, zoning, and tax information, confirming some of the comparable data, and assisting with portions of the valuation analysis.

SOURCES OF INFORMATION

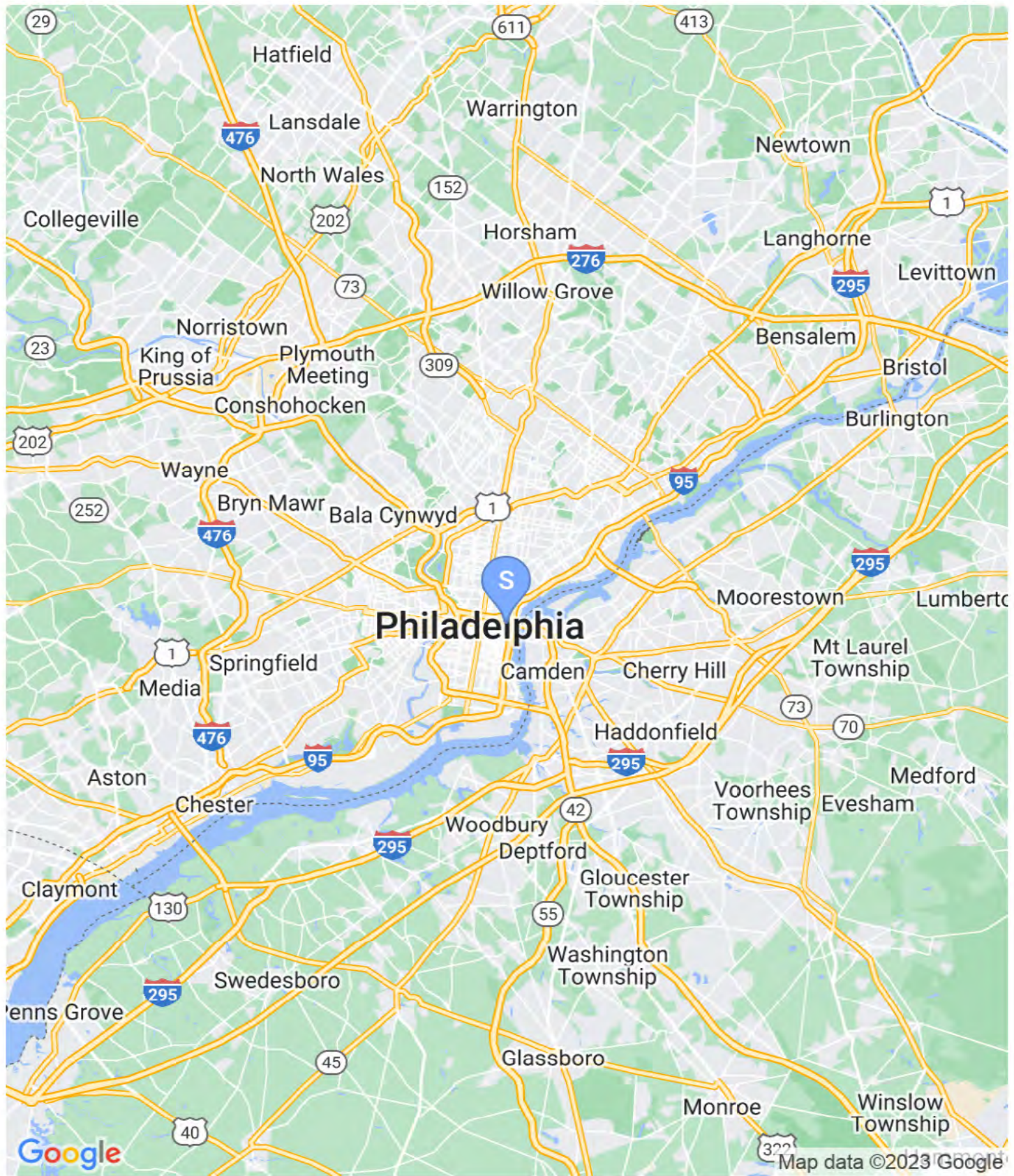
The following sources were contacted to obtain relevant information:

SOURCES OF INFORMATION	
ITEM	SOURCE
Tax Information	Philadelphia County Tax Assessor
Zoning Information	City of Philadelphia Zoning Code
Site Size Information	Philadelphia County Tax Assessor
Building Size Information	Philadelphia County Tax Assessor
New Construction	City of Philadelphia / Philadelphia County
Flood Map	InterFlood
Demographics	Pitney Bow es/Gadberry Group - GroundView®
Comparable Information	See Comparable Datasheets for details
Legal Description	Grant Deed from RealQuest
Other Property Data	Philadelphia County Property Records
Rent Roll (Dated August 18, 2023)	Property Contact
Income/Expense Statements	Property Contact

SUBJECT PROPERTY INSPECTION

The following table illustrates the [REDACTED] International professionals involved with this appraisal report and their status related to the property inspection.

SUBJECT PROPERTY INSPECTION			
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION
[REDACTED]	Yes	Interior/Exterior	November 20, 2023
[REDACTED] MAI	Yes	Exterior Only	November 20, 2023



INTRODUCTION

The Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA is often referred to as the Delaware Valley, being derived from the Delaware River which flows through the city and region. The MSA includes the five counties of Bucks, Chester, Delaware, Montgomery and Philadelphia in Pennsylvania; the four counties of Burlington, Camden, Gloucester, and Salem in New Jersey; New Castle County in Delaware and Cecil County in Maryland. The Philadelphia-Camden-Wilmington MSA is the largest MSA in Pennsylvania and the sixth largest MSA in the United States.



The Philadelphia MSA relies on educational, healthcare, and government-based jobs, which has led to its reputation for avoiding the boom and bust fate of metros with a single industry or a more volatile make up. The region’s economy has transitioned from manufacturing to professional services, with over 80% of the region’s workforce currently employed in service-providing sectors.

With its strong base of highly-skilled workers, top universities, and support infrastructure for a wide variety of high technology industries, Greater Philadelphia is home to a concentration of cutting-edge sectors as life sciences, chemicals, and higher education. Historically, the region has been transformed from a traditional industrial/ manufacturing center to a high-tech manufacturing hub, with next-generation electronics; defense systems, aerospace, and shipbuilding as just a few of the diverse, highly-specialized manufacturing segments throughout the region.

Population

According to Pitney Bowes/Gadberry Group - GroundView®, a Geographic Information System (GIS) Company, the Philadelphia-Camden-Wilmington metropolitan area had a 2022 total population of 6,251,543 and experienced an annual growth rate of 0.1%, which was higher than the Pennsylvania annual growth rate of 0.0%. The metropolitan area accounted for 48.1% of the total Pennsylvania population (12,985,337). Within the metropolitan area the population density was 1,309 people per square mile compared to the lower Pennsylvania population density of 287 people per square mile and the lower United States population density of 93 people per square mile.

POPULATION			
YEAR	US	PA	CBSA
2020 Total Population	331,501,080	12,989,625	6,241,983
2022 Total Population	334,017,687	12,985,337	6,251,543
2027 Total Population	344,637,383	13,091,771	6,366,247
2020 - 2022 CAGR	0.4%	(0.0%)	0.1%
2022 - 2027 CAGR	0.6%	0.2%	0.4%

Source: Pitney Bow es/Gadberry Group - GroundView®

POPULATION DENSITY			
YEAR	US	PA	CBSA
2022 Per Square Mile	93	287	1,309
2027 Per Square Mile	96	289	1,333

Source: Pitney Bow es/Gadberry Group - GroundView®

The 2022 median age for the metropolitan area was 39.02, which was 1.66% older than the United States median age of 38.38 for 2022. The median age in the metropolitan area is anticipated to grow by 0.42% annually, increasing the median age to 39.86 by 2027.

MEDIAN AGE			
YEAR	US	PA	CBSA
2022	38.38	40.94	39.02
2027	39.16	41.78	39.86
CAGR	0.40%	0.41%	0.42%

Source: Pitney Bowes/Gadberry Group - GroundView®

Education

There are numerous higher-level educational facilities in the MSA, the majority of them in Pennsylvania. Amongst the largest (by number of undergraduate students as of fall 2018) in Pennsylvania are Temple University (28,966), Drexel (15,500), West Chester (14,236), University of Pennsylvania (10,183) and Villanova (6,819). The largest universities in Delaware include Delaware State University (3,678), University of Delaware (18,221), Wesley College (1,345) and Wilmington University (7,788). In New Jersey, there are Stockton University (8,568), Rowan University (15,871), and Rutgers University: Camden Campus (5,618).

Household Trends

The 2022 number of households in the metropolitan area was 2,435,752. The number of households in the metropolitan area is projected to grow by 0.6% annually, increasing the number of households to 2,507,233 by 2027. The 2022 average household size for the metropolitan area was 2.5, which was -1.04% smaller than the United States average household size of 2.53 for 2022. The average household size in the metropolitan area is anticipated to retract by 0.20% annually, reducing the average household size to 2.48 by 2027.

NUMBER OF HOUSEHOLDS			
YEAR	US	PA	CBSA
2022	129,171,249	5,243,360	2,435,752
2027	134,179,366	5,337,044	2,507,233
CAGR	0.8%	0.4%	0.6%

Source: Pitney Bowes/Gadberry Group - GroundView®

AVERAGE HOUSEHOLD SIZE			
YEAR	US	PA	CBSA
2022	2.53	2.40	2.50
2027	2.51	2.38	2.48
CAGR	(0.11%)	(0.17%)	(0.20%)

Source: Pitney Bowes/Gadberry Group - GroundView®

The Philadelphia-Camden-Wilmington metropolitan area had 33.10% renter occupied units, compared to the lower 31.14% in Pennsylvania and the higher 35.54% in the United States.

HOUSING UNITS			
	US	PA	CBSA
Owner Occupied	64.46%	68.86%	66.90%
Renter Occupied	35.54%	31.14%	33.10%

Source: Pitney Bowes/Gadberry Group - GroundView®

The 2022 median household income for the metropolitan area was \$82,462, which was 15.6% higher than the United States median household income of \$71,362. The median household income for the metropolitan area is projected to grow by 4.4% annually, increasing the median household income to \$102,404 by 2027.

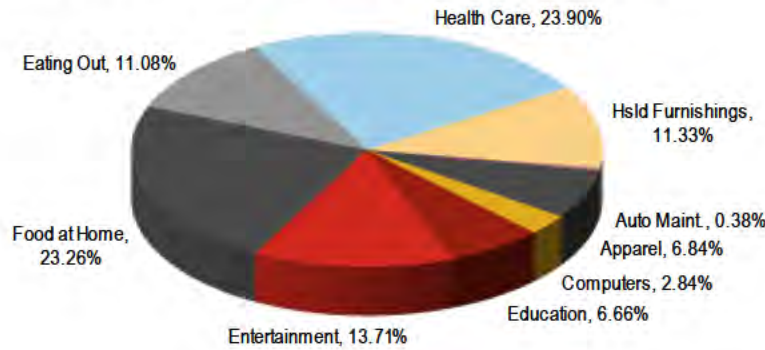
As is often the case when the median household income levels are higher than the national average, the cost of living index is also higher. According to the American Chamber of Commerce Researchers Association (ACCRA) Cost of Living Index, the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA's cost of living is 107.0

compared to the national average score of 100. The ACCRA Cost of Living Index compares groceries, housing, utilities, transportation, health care and miscellaneous goods and services for over 300 urban areas.

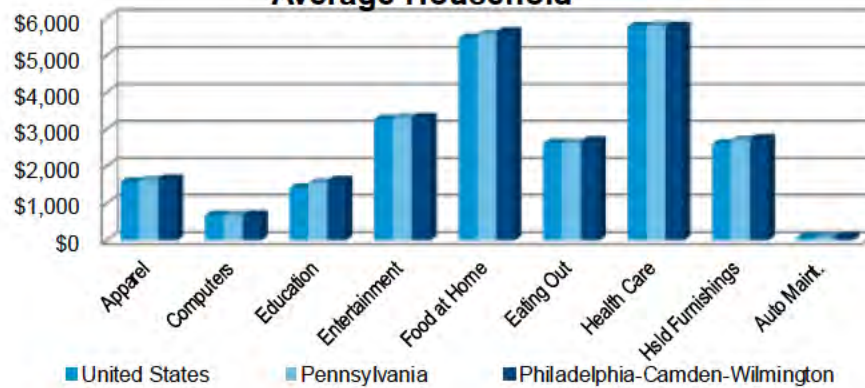
MEDIAN HOUSEHOLD INCOME			
YEAR	US	PA	CBSA
2022	\$71,362	\$69,371	\$82,462
2027	\$89,318	\$86,923	\$102,404
CAGR	4.6%	4.6%	4.4%

Source: Pitney Bowes/Gadberry Group - GroundView ©

Consumer Spending Philadelphia-Camden-Wilmington



Consumer Spending Comparison Average Household



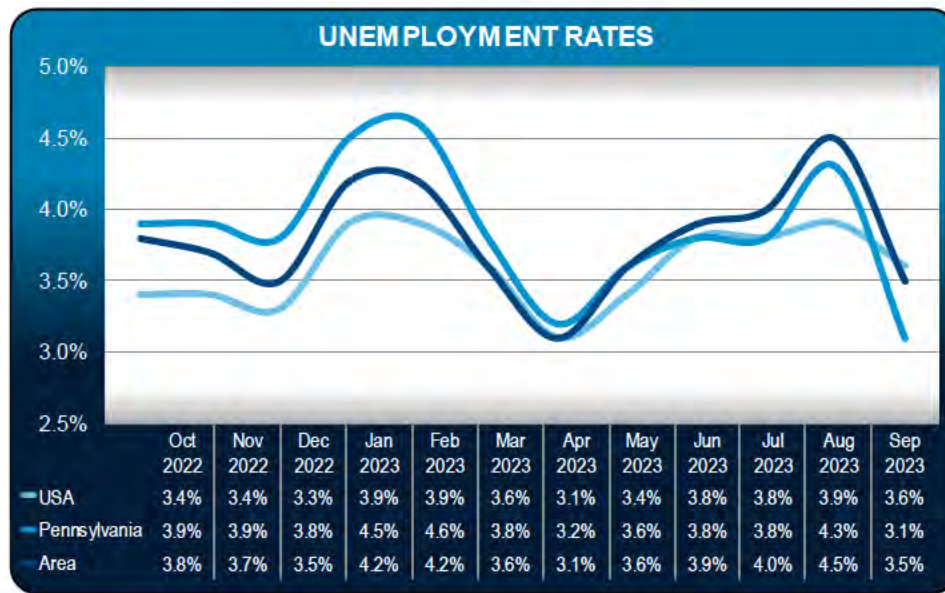
EMPLOYMENT

Total employment has increased annually over the past decade in the state of Pennsylvania by 0.4% and increased annually by 1.1% in the area. From 2021 to 2022 unemployment decreased in Pennsylvania by 1.6% and decreased by 2.0% in the area. In the state of Pennsylvania unemployment has decreased over the previous month by 1.2% and decreased by 1.0% in the area.

EMPLOYMENT & UNEMPLOYMENT STATISTICS 2013 - 2022

Year	TOTAL EMPLOYMENT				UNEMPLOYMENT RATE		
	Pennsylvania		Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area		United States*	Pennsylvania	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area
	Total	% Δ Yr Ago	Total	% Δ Yr Ago			
2013	5,962,130	0.1%	2,795,117	0.2%	7.4%	7.1%	7.6%
2014	6,010,075	0.8%	2,829,345	1.2%	6.2%	5.9%	6.3%
2015	6,076,402	1.1%	2,879,612	1.8%	5.3%	5.4%	5.5%
2016	6,114,644	0.6%	2,920,927	1.4%	4.9%	5.3%	5.0%
2017	6,161,913	0.8%	2,971,898	1.7%	4.4%	5.0%	4.8%
2018	6,222,004	1.0%	3,001,682	1.0%	3.9%	4.4%	4.3%
2019	6,287,804	1.1%	3,056,941	1.8%	3.7%	4.3%	4.0%
2020	5,933,182	(5.6%)	2,890,671	(5.4%)	8.1%	8.9%	9.0%
2021	6,058,976	2.1%	2,975,605	2.9%	5.3%	6.0%	6.1%
2022	6,196,385	2.3%	3,082,514	3.6%	3.6%	4.4%	4.1%
CAGR	0.4%	-	1.1%	-	-	-	-

Source: U.S. Bureau of Labor Statistics *Unadjusted Non-Seasonal Rate



The preceding chart depicts unemployment trends in the area, PA and the U.S. By the end of Sept 2023, unemployment in the region was 0.4% higher than Pennsylvania’s and 0.1% lower than the national average.

TOP EMPLOYERS

EMPLOYER NAME	EMPLOYEES	INDUSTRY
University of Pennsylvania & Health System	40,697	Healthcare/Social Assistance
Jefferson Health System, Inc.	30,000	Healthcare/Social Assistance
ACCU Staffing Services	28,020	Administrative Support/Services
Comcast Corporation	12,349	Information
Drexel University	12,124	Education
Tower Health	11,317	Healthcare/Social Assistance
Vanguard Group	11,300	Finance/Insurance
Main Line Health	11,000	Healthcare/Social Assistance
Temple University Health System	9,808	Healthcare/Social Assistance
CVS Health	9,700	Healthcare/Social Assistance

Source: <http://www.bizjournals.com>

The preceding table shows the top employers in the MSA. Companies in the healthcare, education and administrative support/services industries are amongst the biggest in the regional area. The University of Pennsylvania & Health System is a research and clinical care organization based in Philadelphia. Three hospitals, two regional medical centers and many clinical care providers constitute the Ivy League University's healthcare network in greater Philadelphia. Jefferson Health System Inc. is the second largest employer. The non-profit corporation with headquarters in Radnor, is the parent company of three membered health systems: The Magee Memorial Hospital, Main Line Health, Inc. and the Thomas Jefferson Hospital system. The third largest employer is ACCU Staffing Services, a full-service staffing company specializing in temporary and full-time job placements. The company provides service to approximately 30,000 people annually, with a staff of 28,020 employees.

AIRPORT STATISTICS

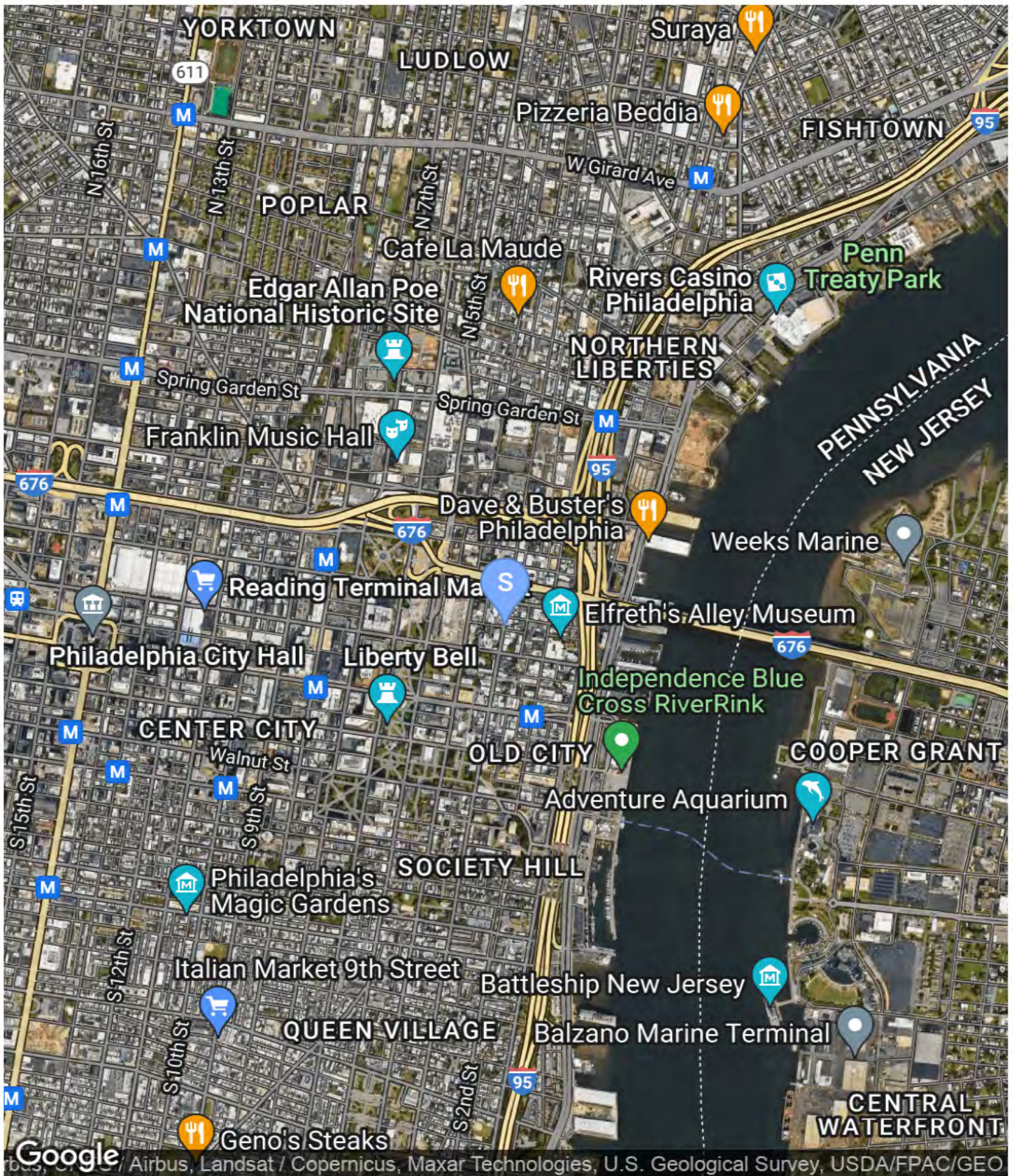
The following chart summarizes the local airport statistics.

PHILADELPHIA INTERNATIONAL AIRPORT (PHL)		
YEAR	ENPLANED PASSENGERS	% CHG
2011	14,883,180	-
2012	14,589,337	(2.0%)
2013	14,727,945	1.0%
2014	14,747,112	0.1%
2015	15,101,318	2.4%
2016	14,564,419	(3.6%)
2017	14,271,243	(2.0%)
2018	15,292,670	7.2%
2019	16,006,389	4.7%
2020	5,753,239	(64.1%)
2021	9,820,222	70.7%

Source: U.S. Department of Transportation

SUMMARY

With its strong base of highly skilled workers, top universities, and a wide variety of high technology industries, Greater Philadelphia is home to a concentration of cutting-edge sectors such as life sciences, chemical engineering, and higher education. The region has been transformed from a traditional industrial/manufacturing center to a high-tech manufacturing hub, with next-generation electronics, defense systems, aerospace, and shipbuilding in the highly specialized manufacturing segments thriving throughout the region. There is also an expanding alternative, clean energy industry in the region, a sector poised for high growth during the coming years.



INTRODUCTION

In this section of the report, we provide details about the local area and describe the influences that bear on the real estate market as well as the subject property. A map of the local area is presented on the prior page. Below are insights into the local area based on fieldwork, interviews, demographic data and experience working in this market.

LOCAL AREA PROFILE

The subject property is in Philadelphia, Pennsylvania, within Philadelphia County. Philadelphia is in northeastern United States, at the confluence of the Delaware and Schuylkill rivers. It is the largest city in the Commonwealth of Pennsylvania and the fifth most populous in the U.S. Philadelphia is the seat of its own county. The adjacent counties are Montgomery to the north, Burlington and the state of New Jersey to the east, Gloucester and the state of New Jersey to the south, and Delaware to the west.

Philadelphia is the economic and cultural center of the Delaware Valley. The estimated population in 2017 was 1,580,863. The area's many universities and colleges make Philadelphia a top international study destination. The Philadelphia skyline is growing, with several nationally prominent skyscrapers. The city is known for its arts, culture, and history, attracting approximately 41 million domestic tourists in 2015. The 67 National Historic Landmarks in the city significantly contributed to the \$10 billion generated by tourism.

The subject property is located in the historic Old City neighborhood of Center City Philadelphia. The area is bordered by Vine Street to the north, Delaware River to the east, South Street to the south, and Schuylkill River to the west. Interstate 676 passes through the northern portion of the neighborhood and Interstate 95 through the eastern portion. The area has a commercial characterization with densely populated residential areas. Center City Philadelphia is home to the tallest buildings of the city, including Philadelphia's City Hall, which is the second tallest masonry in the world. The neighborhood comprises other central neighborhoods, including Washington Square West, Queen Village, and Rittenhouse Square. The immediate area is surrounded by multiple modes of public transportation including SEPTA bus stations and the Market Street subway station serviced by SEPTA's Broad Street Line is located a few blocks north of the subject. The subject has a 98 Walk Score which is considered a Walker's Paradise and it is also rated a 99 Rider's Paradise Transit Score.

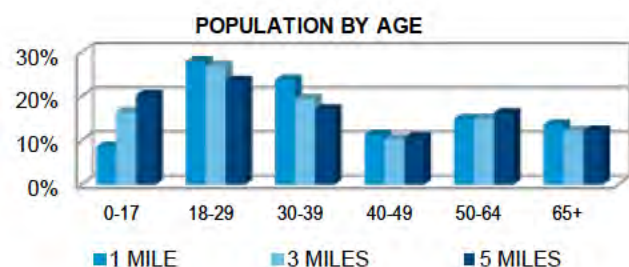
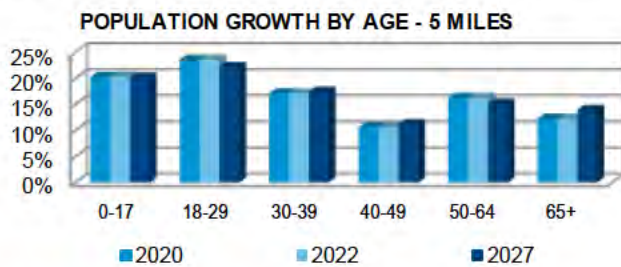
DEMOGRAPHIC PROFILE

Below is a demographic study of the area, sourced by *Pitney Bowes/Gadberry Group - GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of properties and geographical areas. Please note that our demographics provider sets forth income projections in constant dollars which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in current dollars, which do not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodology(ies), are subjective in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.

LOCAL AREA DEMOGRAPHICS

DESCRIPTION	1 MILE	3 MILES	5 MILES	DESCRIPTION	1 MILE	3 MILES	5 MILES
POPULATION				AVERAGE HOUSEHOLD INCOME			
2010 Population	36,152	432,690	864,829	2022	\$139,768	\$98,014	\$80,437
2020 Population	47,471	487,783	913,466	2027	\$169,305	\$121,933	\$100,774
2022 Population	47,543	498,916	920,498	Change 2022-2027	21.13%	24.40%	25.28%
2027 Population	51,586	524,501	948,633	MEDIAN HOUSEHOLD INCOME			
Change 2010-2020	31.31%	12.73%	5.62%	2022	\$95,847	\$63,601	\$49,869
Change 2020-2022	0.15%	2.28%	0.77%	2027	\$123,493	\$81,905	\$63,013
Change 2022-2027	8.50%	5.13%	3.06%	Change 2022-2027	28.84%	28.78%	26.36%
POPULATION 65+				PER CAPITA INCOME			
2020 Population	6,372	59,198	111,767	2022	\$81,536	\$46,398	\$35,688
2022 Population	6,455	60,533	112,337	2027	\$100,986	\$59,096	\$45,734
2027 Population	7,634	71,796	132,001	Change 2022-2027	23.85%	27.37%	28.15%
Change 2020-2022	1.30%	2.26%	0.51%	2022 HOUSEHOLDS BY INCOME			
Change 2022-2027	18.26%	18.61%	17.50%	<\$15,000	9.7%	16.9%	20.5%
NUMBER OF HOUSEHOLDS				\$15,000-\$24,999	3.7%	8.8%	10.2%
2010 Households	18,900	179,660	339,726	\$25,000-\$34,999	5.4%	7.1%	8.5%
2020 Households	25,762	215,425	382,070	\$35,000-\$49,999	6.1%	9.1%	10.8%
2022 Households	25,874	221,925	391,403	\$50,000-\$74,999	15.7%	14.9%	14.6%
2027 Households	28,902	239,901	413,460	\$75,000-\$99,999	11.2%	11.3%	10.6%
Change 2010-2020	36.31%	19.91%	12.46%	\$100,000-\$149,999	14.0%	12.6%	11.0%
Change 2020-2022	0.43%	3.02%	2.44%	\$150,000-\$199,999	12.8%	7.8%	5.7%
Change 2022-2027	11.70%	8.10%	5.64%	\$200,000 or greater	21.3%	11.7%	8.0%
HOUSING UNITS (2022)				MEDIAN HOME VALUE			
Owner Occupied	9,242	95,391	178,907	AVERAGE HOME VALUE	\$486,170	\$268,615	\$171,848
Renter Occupied	16,661	126,565	212,525	HOUSING UNITS BY UNITS IN STRUCTURE			
HOUSING UNITS BY YEAR BUILT				1, detached	705	9,278	30,564
Built 2010 or later	2,750	19,277	22,415	1, attached	5,383	109,153	209,054
Built 2000 to 2009	2,162	12,565	17,241	2	1,327	13,621	24,739
Built 1990 to 1999	922	9,647	15,301	3 or 4	1,914	17,188	26,952
Built 1980 to 1989	2,012	9,523	14,972	5 to 9	2,509	11,491	18,493
Built 1970 to 1979	2,469	15,401	24,272	10 to 19	1,639	6,630	9,910
Built 1960 to 1969	1,918	14,439	28,098	20 to 49	3,479	9,827	14,403
Built 1950 to 1959	1,218	17,147	40,019	50 or more	8,898	43,973	55,683
Built 1940 to 1949	738	13,474	35,922	Mobile home	29	724	1,508
Built 1939 or earlier	11,685	110,451	193,164	Boat, RV, van, etc.	21	72	127

Source: Pitney Bowes/Gadberry Group - GroundView®



TRANSPORTATION ROUTES

Public Transportation is available near the subject property. There are designated public bus stops along 4th and Race Street's as well as the 6th Street subway line along Market Street. The subject also fronts along the Benjamin Franklin Bridge providing transit to/from New Jersey.

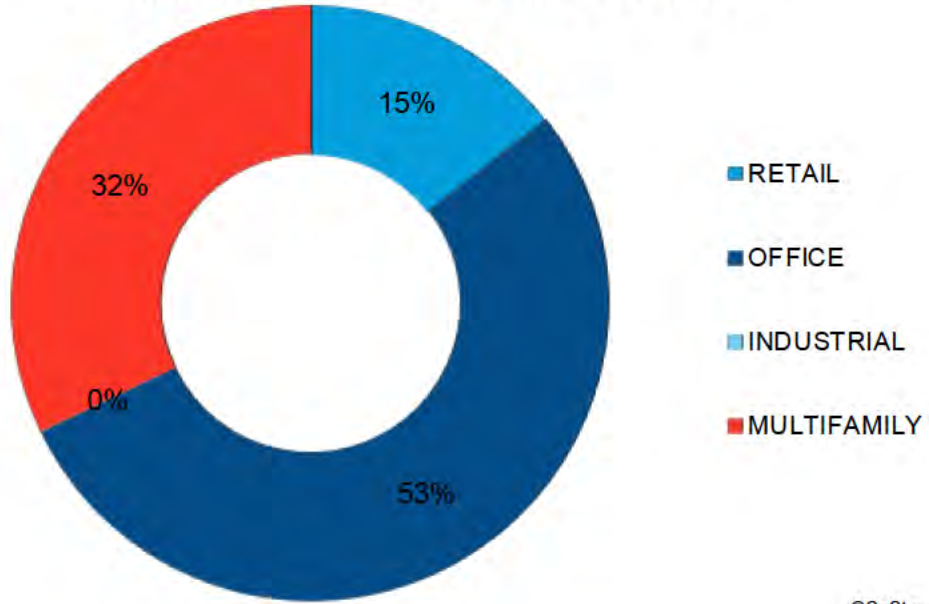
Community Services

Community services and facilities are readily available in the surrounding area. These include public services such as fire stations, hospitals, police stations, and schools (all ages).

IMMEDIATE AREA PROFILE

This section discusses uses and development trends in the immediate area that directly impact the performance and appeal of the subject property.

COMMERCIAL AREA COMPOSITION



©CoStar

Multi-Family Development

The following chart shows a summary of multi-family data by type in the immediate area from CoStar.

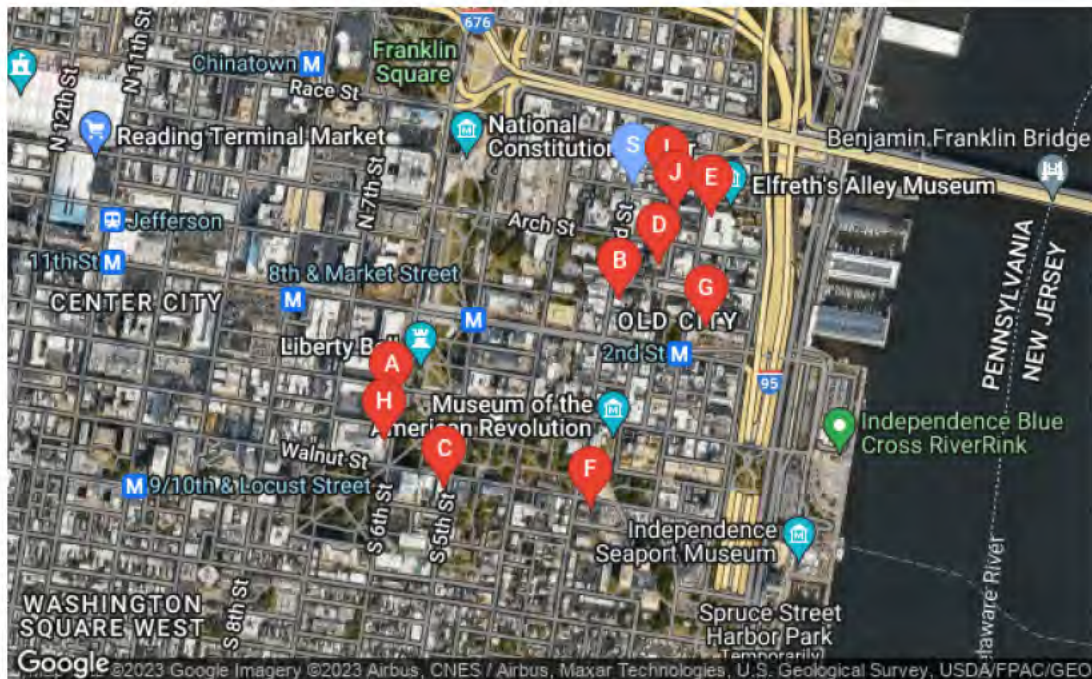
MULTIFAMILY SUMMARY			
CLASS	PROPERTIES	NRA (SF)	AVG YR BLT
A	8	1,190,203	2019
B	38	1,418,252	1918
C	57	1,242,182	1905
TOTAL	103	3,850,637	1919

Source: CoStar

The largest three multi-family properties are at 150 South Independence Mall West, 23 North 3rd Street and 500 Walnut Street with an NRA of 479,770 SF, 200,000 SF and 178,000 SF that were built in 2020, 1792 and 2017, respectively. The closest large multi-family property in proximity to the subject is at 130 North Bread Street with an NRA of 78,103 SF that was built in 1900. The majority of properties were constructed after 2000. The following chart and map show the subject property and its location relative to the 10 largest multi-family properties in the immediate area from CoStar.

LARGEST MULTIFAMILY PROPERTIES						
NAME	DISTANCE	MAP PIN	CLASS	NRA (SF)	STORIES	YEAR BUILT
The Ledger Residences	0.4 Miles	A	A	479,770	10	2020
Sugar Refinery	0.2 Miles	B	B	200,000	8	1792
500 Walnut	0.5 Miles	C	A	178,000	26	2017
218 Arch Street	0.1 Miles	D	A	175,573	5	2018
The National	0.1 Miles	E	A	169,860	6	2018
Multifamily Building	0.4 Miles	F	A	100,000	19	2025
Churchview Commons	0.2 Miles	G	B	92,650	5	1880
Lyndon At The Curtis	0.5 Miles	H	B	90,000	11	2017
The Castings	0.0 Miles	I	B	78,103	4	1900
Multifamily Building	0.1 Miles	J	C	77,110	10	2006

Source: CoStar



Retail Development

The following chart shows a summary of retail data by type in the immediate area from CoStar.

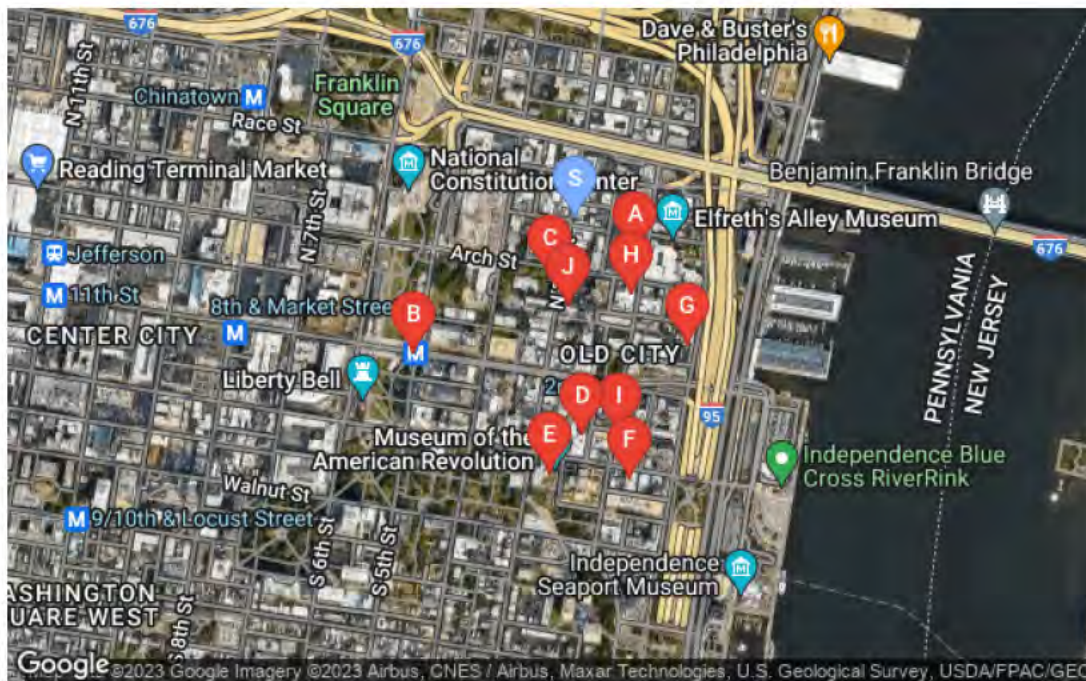
RETAIL SUMMARY					
TYPE	PROPERTIES	NRA (SF)	AVG YR BLT	OCCUPANCY	AVG RENT
General Retail	243	1,732,746	1909	96.7	\$30.37
TOTAL	243	1,732,746	1909	96.7	\$30.37

Source: CoStar

The largest three retail properties are at 112 North 2nd Street, 501-535 Market Street and 304 Arch Street with an NRA of 78,655 SF, 66,161 SF and 35,500 SF that were built in 2005, 1900 and 1964, respectively. The closest large retail property in proximity to the subject is at 304 Arch Street. The majority of properties were constructed before 2000. The following chart and map show the subject property and its location relative to the 10 largest retail properties in the immediate area from CoStar.

LARGEST SHOPPING CENTERS							
NAME	DISTANCE	MAP PIN	TYPE	NRA (SF)	% LEASED	YEAR BUILT	AVG RENT
The National at Old City	0.1 Miles	A	General Retail	78,655	96.5	2005	\$30.00
Independence Visitors Center	0.3 Miles	B	General Retail	66,161	100.0	1900	N/Av
St. Charles Court	0.1 Miles	C	General Retail	35,500	98.0	1964	\$35.00
Retail Building	0.3 Miles	D	General Retail	29,040	100.0	1900	N/Av
Independence Living History Cen	0.3 Miles	E	General Retail	27,232	-	1951	N/Av
Retail Building	0.4 Miles	F	General Retail	25,000	100.0	1857	N/Av
Retail Building	0.2 Miles	G	General Retail	24,000	100.0	1981	N/Av
Retail Building	0.1 Miles	H	General Retail	22,594	100.0	1946	N/Av
Retail Building	0.3 Miles	I	General Retail	22,000	100.0	1900	N/Av
Retail Building	0.1 Miles	J	General Retail	20,000	100.0 </td <td>1920</td> <td>N/Av</td>	1920	N/Av

Source: CoStar



Office Development

The following chart shows a summary of office data by class in the immediate area from CoStar.

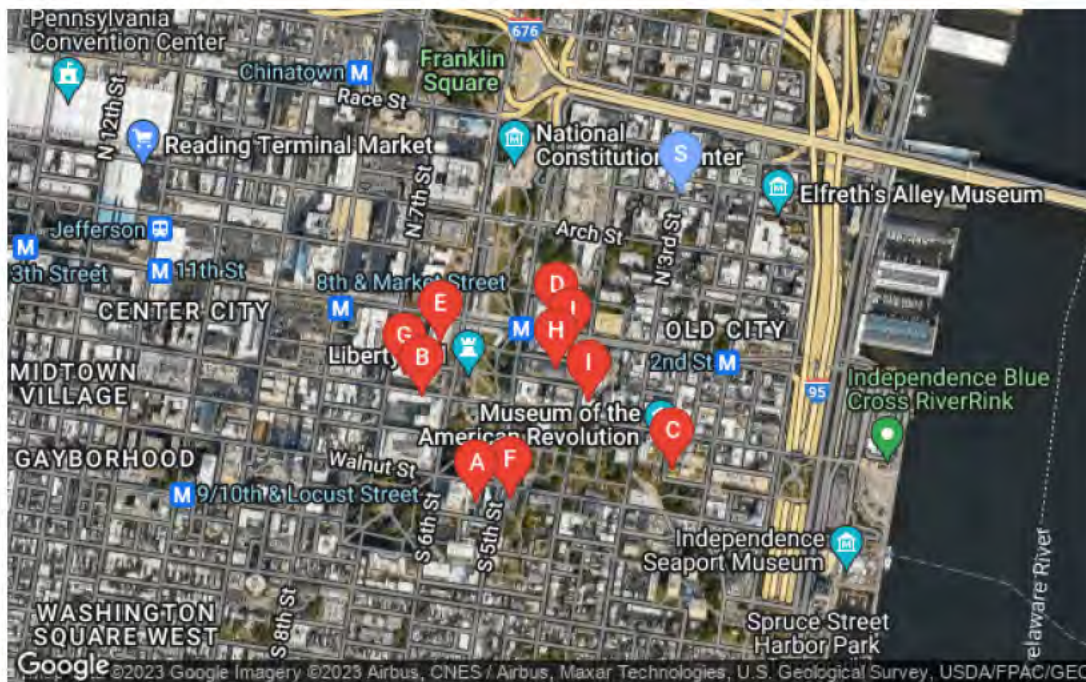
OFFICE SUMMARY						
CLASS	PROPERTIES	NRA (SF)	AVG YR BLT	OCCUPANCY	AVG RENT	
A	5	2,843,928	1940	91.1	\$25.56	
B	40	2,889,985	1917	84.0	\$25.32	
C	66	666,631	1902	97.8	\$32.29	
TOTAL	111	6,400,544	1909	92.6	\$29.48	

Source: CoStar

The largest three office properties are at 510-530 Walnut Street, 600 Chestnut Street and 200 Chestnut Street with an NRA of 986,960 SF, 660,794 SF and 570,183 SF that were built in 1918, 1927 and 1935, respectively. The closest large office property in proximity to the subject is at 401 Market Street with an NRA of 507,214 SF that was built in 1973. All of the properties were constructed before 2000. The following chart and map show the subject property and its location relative to the 10 largest office properties in the immediate area from CoStar.

LARGEST OFFICE BUILDINGS							
NAME	DISTANCE	MAP PIN	CLASS	NRA (SF)	% LEASED	YEAR BUILT	AVG RENT
The Washington	0.5 Miles	A	A	986,960	87.3	1918	\$23.62
Public Ledger Building	0.4 Miles	B	A	660,794	87.4	1927	\$27.50
US Custom House	0.4 Miles	C	A	570,183	100.0	1935	N/Av
401Market	0.2 Miles	D	B	507,214	100.0	1973	N/Av
100 Independence	0.4 Miles	E	A	419,175	100.0	1965	N/Av
Independence Building	0.5 Miles	F	B	408,430	100.0	1924	N/Av
Office Building	0.4 Miles	G	B	375,396	92.1	1980	\$28.50
The Bourse	0.3 Miles	H	B	300,193	53.6	1895	N/Av
Constitution Place	0.3 Miles	I	A	206,816	81.1	1956	N/Av
Office Building	0.3 Miles	J	B	181,587	55.7	1972	N/Av

Source: CoStar



SUBJECT PROPERTY ANALYSIS

The following discussion draws context and analysis on how the subject property is influenced by the local and immediate areas.

Subject Property Analysis

The uses adjacent to the property are noted below:

- › **North** - Benjamin Franklin Bridge, Multifamily, Mixed Use
- › **South** - Office, Multifamily, Retail
- › **East** - Delaware River, Columbus Blvd, Multifamily
- › **West** - Multifamily, Mixed Use

Access

The subject site has frontage on an arterial. Based on our field work, the subject's access is rated good compared to other properties with which it competes.

Visibility

The subject is clearly visible in both directions along the street. The visibility of the property is not hampered by adjacent properties, trees or other obstructions. In comparison to competitive properties, the subject property has good visibility.

Subject Conclusion

Trends in the local and immediate areas, adjacent uses and the property's specific location features indicate an overall positive external influence for the subject, which is concluded to have an above average position in context of competing properties.

SUMMARY

Trends in the local and immediate areas, adjacent uses and the property's specific location features indicate an overall positive external influence for the subject, which is concluded to have an above average position in context of competing properties. The local economy's employment sector has experienced its highest growth in recent years, particularly in high-technology and specialty manufacturing sectors. Philadelphia also has a lower cost of living when compared to other prominent northeast metropolitan areas. The area is a competitive commercial and residential location with access to a variety of commercial services and good transportation connections. The appeal of the local area is good for a variety of uses due to consistent demand trends in the market.

General Description The subject site consists of 1 parcel. As noted below, the subject site has 4,867 SF (0.11 AC) of land area. The area is estimated based on the assessor's parcel map, and may change if a professional survey determines more precise measurements. Going forward, our valuation analyses will utilize the usable site area. The following discussion summarizes the subject site size and characteristics.

Assessor Parcel 881007212

Number Of Parcels 1

Land Area	Acres	Square Feet
Primary Parcel	0.11	4,867
Unusable Land	0.00	0
Excess Land	0.00	0
<u>Surplus Land</u>	<u>0.00</u>	<u>0</u>
Total Land Area	0.11	4,867

Shape Rectangular - See Plat Map For Exact Shape

Topography Level at street grade

Adjacent Use North Benjamin Franklin Bridge, Multifamily, Mixed Use

Adjacent Use South Office, Multifamily, Retail

Adjacent Use East Delaware River, Columbus Blvd, Multifamily

Adjacent Use West Multifamily, Mixed Use

Zoning Community Commercial Mixed-Use (CMX-3)

Drainage Assumed Adequate

Utilities All available to the site

Street Improvements	Street	Direction	No. Lanes	Street Type	Curbs	Sidewalks	Street Lights	Center Lane	Gutters
3rd Street	Primary Street	one-way	two-lane	minor arterial	✓	✓	✓	✓	✓

Frontage The subject property has 49 feet of frontage along North 3rd Street in Old City Philadelphia.

Accessibility **Good** - The accessibility of the subject is rated as good. The subject is accessed from one street, with the main entrance and primary point of ingress/egress being 3rd Street. Major transportation arterials within proximity to the subject include Market Street and Interstate 95, providing linkage to the surrounding area.

Exposure **Good** - The subject has good exposure, as it is located along a minor arterial. The project's exposure rating takes into account its average visibility and its average traffic count.

Seismic The subject is in a medium risk zone.

Flood Zone

The subject site falls within the Zone X (Unshaded) flood zone. This is referenced by Community Number 420757, Panel Number 4207570184H, dated November 18, 2015. The flood zone is defined as follows:

Zone X (unshaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local stormwater drainage systems are not normally considered in a community's flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities, but is not required by regulation in these zones. Nearly 25-percent of all flood claims filed are for structures located within these zones. Minimal risk areas outside the 1-percent and .2-percent-annual-chance floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)

Easements

A preliminary title report was not available for review. During the on-site inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there is no negative value impact on the subject improvements. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised.

Soils

A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.

Hazardous Waste

We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.

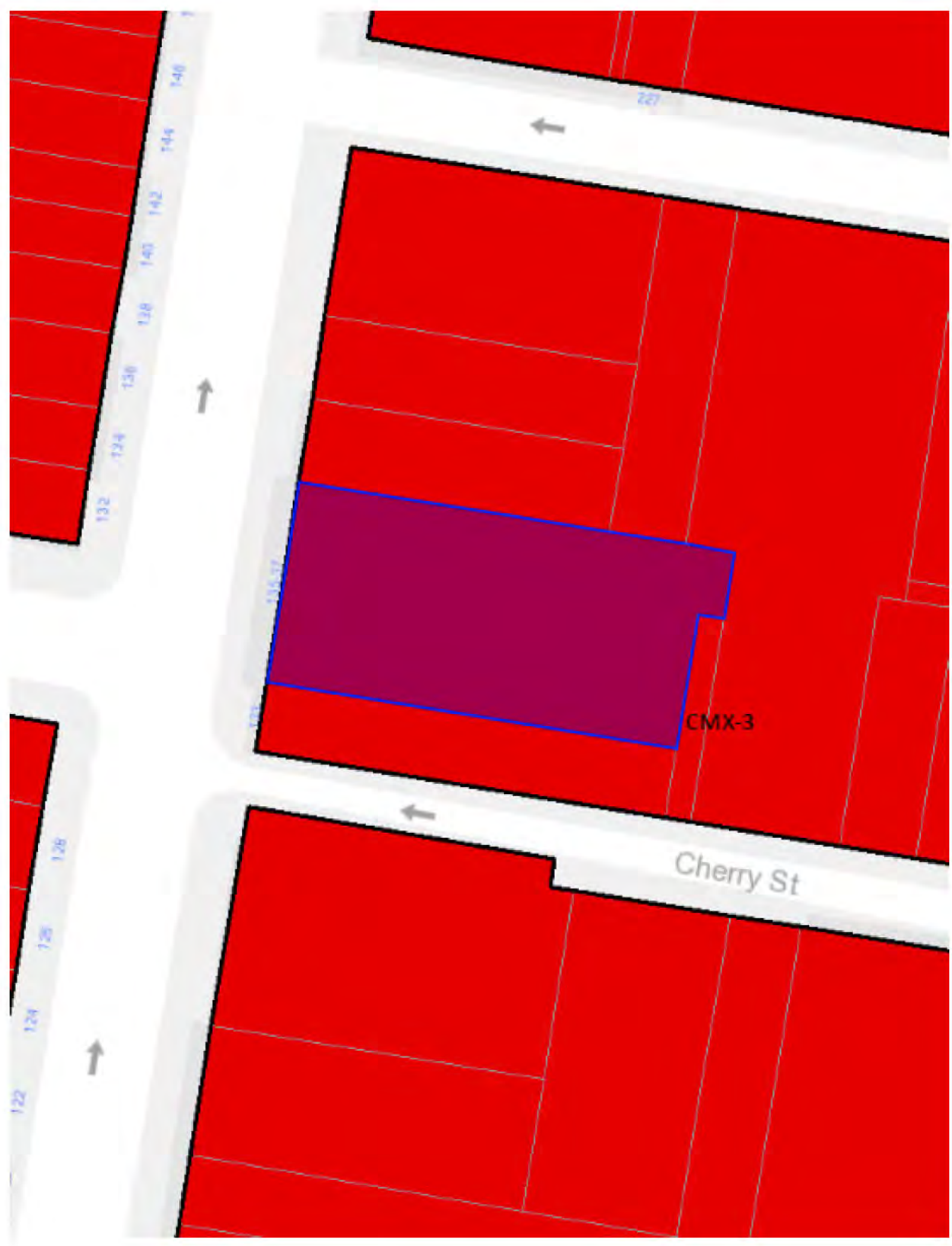
Conclusion

Overall, the subject's location is rated as good. This location rating considers the subject's general market area (Philadelphia-Camden-Wilmington), its submarket (Center City Philadelphia) and the surrounding uses and immediate neighborhood. It also takes into account the subject's exposure and access to employment centers, educational facilities, and shopping centers. All of these characteristics provide supporting uses for the subject site making it desirable for multifamily development. Overall, there are no known factors that would limit the site's development according to its highest and best use.

PLAT MAP



ZONING MAP

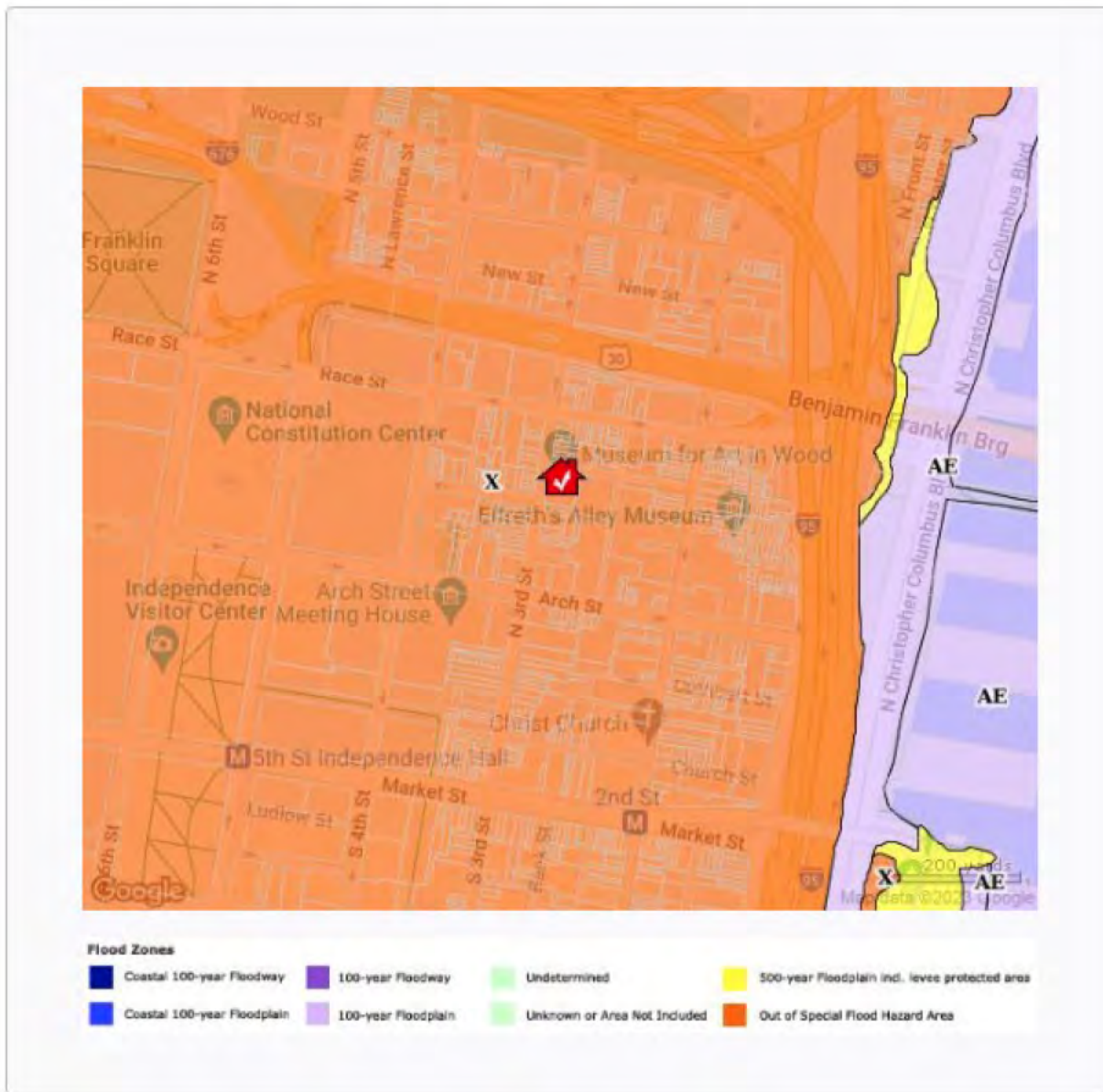


FLOOD MAP

Flood Zone Code	Flood Zone Panel	Panel Date
X	420757 - 4207570184H	11/18/2015
Special Flood Hazard Area (SFHA)	Within 250 ft. of multiple flood zones?	Community Name
Out	No	PHILADELPHIA

Flood Zone Description:

Zone X-An area that is determined to be outside the 100- and 500-year floodplains.



Introduction

The information presented below is a basic description of the existing improvements. This information is used in the valuation of the property. Reliance has been placed upon information provided by sources deemed dependable for this analysis. It is assumed that there are no hidden defects, and that all structural components are functional and operational, unless otherwise noted. If questions arise regarding the integrity of the improvements or their operational components, it may be necessary to consult additional professional resources.

Property Type	Mixed-Use - Mid/High-Rise Housing
Number of Units	16
Average Unit Size	900 SF
Retail Space Total	3,700 SF
Total Number of Buildings	1
Number of Stories	5
Development Density	143.2 Units/Acre (16 Units / 0.11 Acres)
Net Rentable Area (NRA)	18,100 SF
Gross Building Area (GBA)	22,485 SF
Parking Total	0 (None)
Parking Comment	Street parking is available at the subject site and is consistent with the other projects in the market
Year Built	1900
Year Renovated	2015
Age/Life Analysis	
Actual Age	123 Years
Effective Age	25 Years
Economic Life	50 Years
Remaining Life	25 Years
Quality	Good
Condition	Good
Marketability	Good

UNIT MIX				
UNIT TYPES	NO. UNITS	% OF TOTAL	UNIT SIZE (SF)	NRA (SF)
2 BD / 1 BA	16	100.0%	900	14,400
TOTAL/AVERAGE	16	100%	900	14,400
Retail Space				3,700
TOTAL NET RENTABLE AREA (NRA)				18,100
Common Area				4,385
TOTAL GROSS BUILDING AREA (GBA)				22,485

The unit sizes were provided by the subject's management and were verified by the appraiser during the on-site inspection.

Basic Construction	Wood frame
Foundation	Reinforced concrete slab
Framing	Wood post and beam
Exterior Walls	Brick & vinyl siding
Roof Type	Rubber Roof
Roof Cover	Sealed membrane
Insulation	Exact type unknown, assumed adequate (R-type) and to code for both walls and ceilings.
Plumbing	Each bathroom includes a toilet, sink, and a shower/tub kit with wall-mounted showerhead. Kitchens include a sink, dishwasher, and garbage disposal.
Air Conditioning	HVAC
Heating	Forced Air
Hot Water	Each unit includes a hot water heater with a capacity of 30 gallons.
Lighting	Fluorescent and Incandescent
Electrical	Each unit is separately metered
Interior Walls	Painted and medium textured finish on new drywall.
Ceilings	Painted and medium textured finish on new drywall.
Windows	Windows are double pane vinyl sliders with horizontal mini-blinds.
Doors	Exterior doors are glass in aluminum frame while interior doors are painted wood.
Flooring	Floor coverings for bath and kitchen areas are ceramic tile with vinyl flooring throughout living spaces.
Elevators	The building contains 2 passenger elevator.
Project Amenities	The subject's common amenities include: elevators, exterior lighting, pet policy.
Unit Amenities	Each unit features: air conditioning, dishwasher, premium appliances, washer/dryer in-unit.
Appliances	Each unit is equipped with an electric oven/range combination, garbage disposal, dishwasher, microwave, and refrigerator/freezer. The age and condition of appliances varies from unit to unit.
Laundry	In-unit full washer/dryers.
Countertops	The subject's units include granite countertops.
Cabinets	Typical painted wood cabinetry
Security	Each unit has a natural gas detector, fire/smoke detector, and dead bolt. There is also keyfob access at the subject property.
Fire Protection	The subject has a fire sprinkler system and smoke alarms.
Landscaping	The subject has minimal amount of landscaping which is typical for City properties.

Deferred Maintenance	Deferred maintenance is measured as the cost of repairing or restoring the item to new or reasonably new condition. Based on our interview with the property manager and the onsite inspection by the field appraiser, no observable deferred maintenance exists.
Hazardous Materials	This appraisal assumes that the improvements are constructed free of all hazardous waste and toxic materials, including (but not limited to) asbestos. Please refer to the Assumptions and Limiting Conditions section regarding this issue.
ADA Compliance	This analysis assumes that the subject complies with all ADA requirements. Please refer to the Assumptions and Limiting Conditions section regarding this issue.
Conclusion	The subject improvements are in good condition for their age and for the surrounding neighborhood. The interiors have Class B+ standard finish, superior to most other properties in the immediate area. The roofs are reportedly in good condition with no roof leaks reported. A few appliances and furnaces have been replaced as needed but are generally in good condition. The property has an attractive design and good curb appeal.

INTRODUCTION

Assessment of real property is established by an assessor that is an appointed or elected official charged with determining the value of each property. The assessment is used to determine the necessary rate of taxation required to support the municipal budget. A property tax is a levy on the value of property that the owner is required to pay to the municipality in which it is situated. Multiple jurisdictions may tax the same property.

The subject property is located within Philadelphia County. The assessed value and property tax for the current year are summarized in the following table.

ASSESSMENT & TAXES						
Tax Year	2023			Tax Rate	1.39987%	
Tax Rate Area	City of Philadelphia			Taxes Current	Yes	
APN	LAND	IMPV	TOTAL	EXEMPTIONS	TAXABLE	BASE TAX
881007212	\$409,000	\$3,681,000	\$4,090,000	\$0	\$4,090,000	\$57,255
Totals	\$409,000	\$3,681,000	\$4,090,000	\$0	\$4,090,000	\$57,255
Total/Unit	\$25,563	\$230,063	\$255,625	\$0	\$255,625	\$3,578
Total Base Tax						\$57,255
Total Base Tax Per Unit						\$3,578

Source: Philadelphia County Assessment & Taxation

SUBJECT PROPERTY ANALYSIS

The total taxable value for the subject property is \$4,090,000 or \$255,625/Unit. There are no exemptions in place. Total taxes for the property are \$57,255 or \$3,578/Unit.

In addition to scheduled reassessments, properties in the City of Philadelphia are reassessed upon conversion, renovation, or demolition. The sale of the property could trigger a reassessment within this county, but the reassessment would likely be delayed by a couple of years beyond the sale due to limited assessor’s office resources.

According to the staff representative at the City of Philadelphia Assessor’s Office, real estate taxes for the subject property are current as of the date of this report.

TAX COMPARABLES

To determine if the assessment and taxes on the subject property are reasonable, we considered historical information, as well as information from similar properties in the market. They are illustrated in the table below.

TAX COMPARABLES									
	SUBJECT	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	LOW	HIGH	AVG
Property Name	Old City Apartments	240 N. 2nd Street Apartments	The Broderick	320 Walnut Street	Shirt Corner Apts	Market Street A	-	-	-
Address	135-137 N. 3rd Street	240 N. 2nd Street	400-14 Walnut Street	320 Walnut Street	224 Church Street	726 Market Street	-	-	-
City, State	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	-	-	-
Year Built	1900	1900/2016	1906	1926	2015	1900/2013	1906	2015	1949
Units	16	10	69	77	63	48			
Taxable \$	\$4,090,000	\$2,571,500	\$18,135,000	\$20,500,000	\$16,478,300	\$14,465,300	\$2,571,500	\$20,500,000	\$14,430,020
Taxable \$/Unit	\$255,625	\$257,150	\$262,826	\$266,234	\$261,560	\$301,360	\$257,150	\$301,360	\$269,826
Total Taxes	\$57,255	\$35,998	\$253,866	\$286,973	\$230,675	\$202,495	\$35,998	\$286,973	\$202,002
Taxes Per Unit	\$3,578	\$3,600	\$3,679	\$3,727	\$3,662	\$4,219	\$3,600	\$4,219	\$3,777

The comparable properties reflect taxes ranging from \$3,600 to \$4,219/Unit with an average of \$3,777/Unit. The taxes for the subject property are within this range.

CONCLUSION

The subject property is assessed in line with comparable properties. Therefore, it is our opinion that the subject's real estate assessment and taxes are at market levels.

INTRODUCTION

Zoning requirements typically establish permitted and prohibited uses, building height, lot coverage, setbacks, parking and other factors that control the size and location of improvements on a site. The zoning characteristics for the subject property are summarized below:

ZONING SUMMARY	
Municipality Governing Zoning	City of Philadelphia Planning & Zoning Department
Current Zoning	Commercial Mixed Use (CMX-3)
Permitted Uses	Restaurant; Household Living; Group Living; Consumer Goods; Personal Care Home; Single-Room Residence; Passive Recreation; Active Recreation; Family Day Care; Group Day Care; Day Care Center; Educational Facilities; Fraternal Organization; Hospital; Libraries and Cultural Exhibits; Religious Assembly; Safety Services; Transit Station; Utilities and Services, Basic; Wireless Service Facility; Wireless Freestanding Tower; Building or Tower-Mounted Antenna; Business and Professional Office; Medical, Dental, Health Sole or Group Practitioner;
Prohibited Uses	None noted
Current Use	Multi-Family Apartments
Is Current Use Legally Permitted?	Yes
Zoning Change	Not Likely

ZONING REQUIREMENTS	
Conforming Use	The subject's current use is a permitted, conforming use within this zone.
Maximum Site Coverage	Buildings ≤ 5 stories with 1 or more dwelling units: 90%; Others: 100%
Minimum Yard Setbacks	
Front (Feet)	N/A
Rear (Feet)	N/A
Side (Feet)	If used: Buildings <= 4 stories with three or fewer dwelling units = 5; Others = 8
Subject Density (Units/Acre)	131.2
Maximum Floor Area Ratio (FAR)	500% Base FAR. Additional FAR bonuses may also be available up to an additional 250% FAR over the base 500%

Source: City of Philadelphia Planning & Zoning Department

ZONING CONCLUSIONS

Based on the interpretation of the zoning ordinance, the subject property is an outright permitted use that could be rebuilt if unintentionally destroyed.

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our analysis correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence. Please note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

INTRODUCTION

The market analysis section provides a comprehensive study of supply/demand conditions, examines transaction trends, and interprets ground level information conveyed by market participants. Based on these findings and an analysis of the subject property, conclusions are drawn with regard to the subject’s competitive position within the marketplace. Below is a list of the various sections covered in the following apartment market analysis:

- › Philadelphia-Camden-Wilmington Apartment Market
- › Center City Philadelphia Apartment Submarket
- › Broker / Market Participant Interviews
- › Transaction Trends
- › Subject Property Analysis

PHILADELPHIA-CAMDEN-WILMINGTON METRO APARTMENT MARKET ANALYSIS

The following is an analysis of supply/demand trends in the Philadelphia-Camden-Wilmington Apartment Market using information provided by MPF Research, widely recognized as a market leader in Apartment data and statistics. Through their coverage of the MPF-100, a collection of the 100 largest primary and secondary markets in the US, data is primarily sourced at the floor-plan, transaction level. This is made possible through MPF’s sister company relationship with RealPage, the developers of YieldStar and OneSite revenue and property management software suites, resulting in access to access individual lease transactions for roughly 3.7 million units.

We will first analyze the metro market, followed by the submarket. The following map highlights MPF’s coverage of the Philadelphia-Camden-Wilmington Metro Market and the individual submarkets tracked. The subject is located within the Center City Philadelphia submarket denoted as (5) below.



Current Market Snapshot

The table below presents a current quarter snapshot of key indicators for the Philadelphia-Camden-Wilmington Metro Market.

PHILADELPHIA-CAMDEN-WILMINGTON MARKET AT A GLANCE									2023 Q2
	TOTAL UNITS	OCCUPANCY (%)	ABSORP. (UNITS)	NEW INV. (UNITS)	REMOVALS (UNITS)	INVENTORY UNITS Δ	INVENTORY % Δ	UNDER CONST.	NEAR-TERM DELIVERIES ¹
INVENTORY	407,419	95.7%	1,339	1,915	110	1,805	0.4%	23,050	14,716
CATEGORY	BY VINTAGE					BY STYLE			TOTAL
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	
Occupancy	94.9%	96.3%	96.4%	96.0%	95.8%	96.3%	95.0%	94.1%	95.7%
Quarterly Occ. Δ	0.1%	-0.3%	0.5%	-0.1%	-0.4%	0.0%	-0.1%	-0.3%	-0.1%
Annual Occ. Δ	-1.7%	-1.5%	-1.2%	-2.2%	-2.4%	-1.9%	-2.1%	-2.4%	-2.1%
Rent (\$/mo.)	\$2,212	\$1,835	\$1,831	\$1,599	\$1,572	\$1,630	\$1,997	\$2,155	\$1,780
Rent (\$/sf)	\$2.27	\$1.84	\$1.99	\$1.82	\$1.89	\$1.83	\$2.14	\$2.45	\$1.99
Annual Revenue Δ ²	1.7%	4.2%	2.8%	1.0%	0.4%	1.9%	2.2%	-1.7%	1.2%
% Offering Concessions	14.3%	3.2%	2.8%	9.5%	10.1%	8.8%	11.3%	15.4%	10.3%
Avg. Concession	6.9%	8.2%	6.4%	3.9%	4.7%	3.7%	6.9%	7.6%	5.5%
Qtr. Same-Property Rent Δ	1.4%	3.1%	2.6%	1.7%	0.8%	1.6%	1.4%	1.0%	1.4%
Ann. Same-Property Rent Δ	3.4%	5.7%	4.0%	3.1%	2.8%	3.8%	4.3%	0.7%	3.3%

Source: MFF Research® ¹ Delivering within next four quarters. ² Annual Revenue Change = Annual Occ. Change + Annual Rent Change

Occupancy

As presented, the Philadelphia-Camden-Wilmington market maintains a current inventory of 407,419 units, up approximately 0.40% (1,805 units) from the previous quarter. The current market-wide occupancy rate of 95.7% is indicated through a range extending from 94.1% to 96.4% across all property styles and vintages. When compared to the previous quarter, the market-wide average occupancy rate has decreased 0.1%. On a current-quarter annualized basis, occupancy rates have decreased 2.1%.

Rental Rates / Revenue

On a per unit basis, rental rates by vintage range from a low of \$1,572 per month to a high of \$2,212 per month. When analyzed on the basis of style, rental rates range from \$1,630 (low-rise) to \$2,155 (high-rise). In total, the market-wide inventory-weighted average rental rate is \$1,780 per unit per month. On a per square foot basis, rental rates range from a low of \$1.82 to a high of \$2.27 when analyzing property vintage and \$1.83 to \$2.45 when analyzed by property style. In aggregate, the market-wide average rental rate is \$1.99 per square foot. Annual revenue change, defined as annual occupancy change plus annual rent change represents an increase of 1.2% versus the previous same-quarter annual period.

Concessions

Analyzed by vintage, the percentage of properties currently offering concessions range from 2.8% (1980s) to 14.3% (2000+). When singularly analyzing property style, this range shifts to a low of 8.8% (low-rise) to a high of 15.4% (high-rise). An aggregate, market-wide average of 10.3% is indicated.

The average concession given ranges from 3.9% to 8.2% (vintage) and 3.7% to 7.6% (style) of potential gross income. An inventory-weighted average across all vintages and styles of 5.5% of potential gross income is indicated.

Trailing Metro Performance

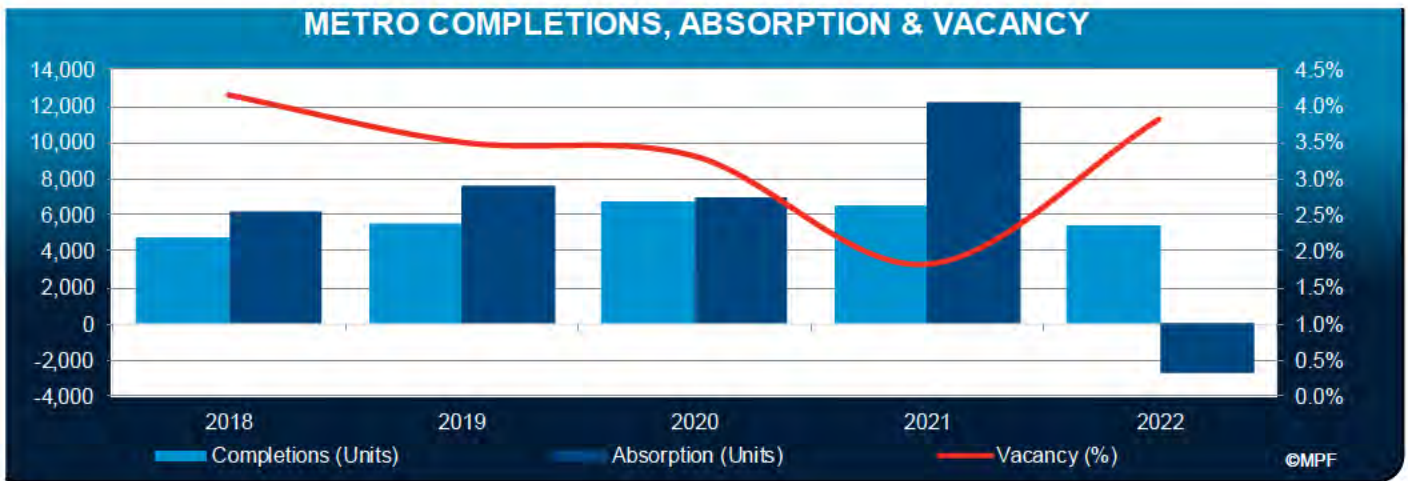
Key supply/demand, occupancy, rental rate, and concession statistics for available trailing annual and quarterly periods are summarized below.

Historical Supply/Demand

The following table highlights the trailing annual and quarterly supply, construction, and absorption metrics.

HISTORICAL SUPPLY/DEMAND ANALYSIS				PHILADELPHIA-CAMDEN-WILMINGTON MARKET						
PERIOD	TOTAL UNITS	OCCUPANCY (%)	ABSORP. (UNITS)	NEW INV. (UNITS)	REMOVALS (UNITS)	INVENTORY UNITS Δ	INVENTORY % Δ	UNDER CONST.	NEAR-TERM DELIVERIES ¹	
2018	380,215	95.8%	6,142	4,795	347	4,448	1.2%	11,894	5,080	
2019	385,627	96.5%	7,673	5,517	105	5,412	1.4%	13,216	6,699	
2020	392,072	96.7%	6,992	6,699	254	6,445	1.7%	12,959	6,412	
2021	398,628	98.2%	12,263	6,556	0	6,556	1.7%	16,892	5,447	
2022	404,075	96.2%	-2,750	5,447	0	5,447	1.4%	23,332	12,209	
2022 Q3	402,347	96.9%	-1,906	1,776	0	1,776	0.4%	22,766	8,875	
2022 Q4	404,075	96.2%	-1,128	1,728	0	1,728	0.4%	23,332	12,209	
2023 Q1	405,614	95.8%	-46	1,539	0	1,539	0.4%	24,096	13,290	
2023 Q2	407,419	95.7%	1,339	1,915	110	1,805	0.4%	23,050	14,716	

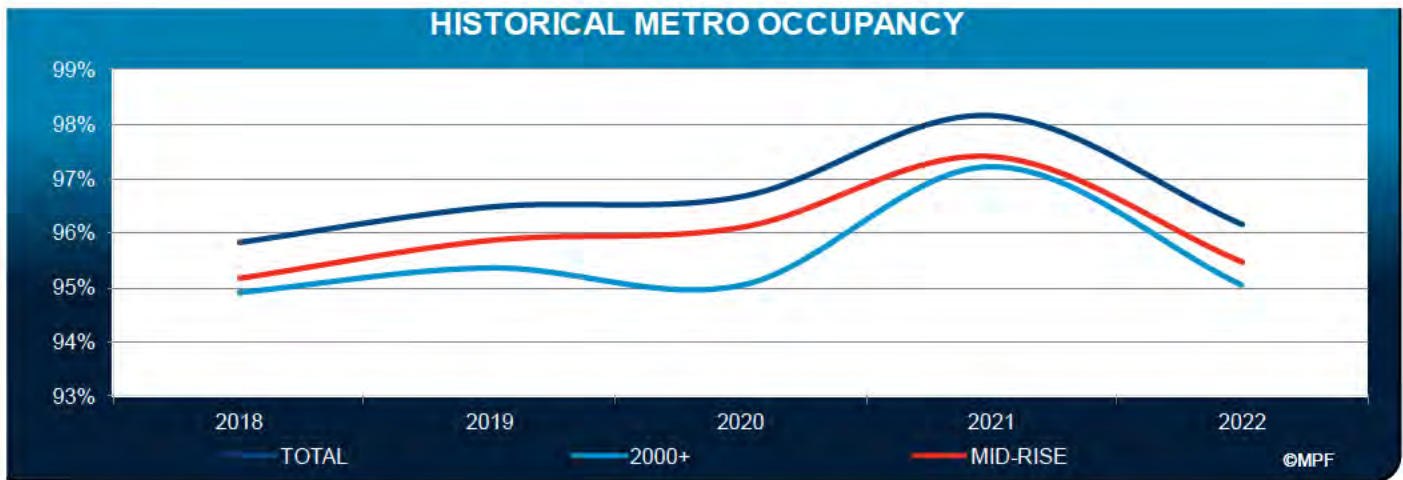
Source: MPF Research® ¹ Delivering within next four quarters.



Metro Occupancy Trends

OCCUPANCY		PHILADELPHIA-CAMDEN-WILMINGTON METRO							
PERIOD	BY VINTAGE					BY STYLE			TOTAL
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	
2018	94.9%	96.6%	95.6%	96.3%	95.9%	96.3%	95.2%	94.4%	95.8%
2019	95.4%	96.4%	96.4%	96.8%	96.8%	96.8%	95.9%	95.6%	96.5%
2020	95.0%	96.2%	96.4%	97.5%	97.0%	97.4%	96.1%	93.8%	96.7%
2021	97.2%	98.6%	98.1%	98.6%	98.3%	98.6%	97.4%	97.2%	98.2%
2022	95.0%	97.1%	96.3%	96.6%	96.6%	96.8%	95.5%	94.4%	96.2%
2022 Q3	95.8%	97.6%	96.7%	97.1%	97.4%	97.4%	96.0%	95.5%	96.9%
2022 Q4	95.0%	97.1%	96.3%	96.6%	96.6%	96.8%	95.5%	94.4%	96.2%
2023 Q1	94.8%	96.6%	95.9%	96.1%	96.3%	96.3%	95.1%	94.4%	95.8%
2023 Q2	94.9%	96.3%	96.4%	96.0%	95.8%	96.3%	95.0%	94.1%	95.7%

Source: MPF Research®

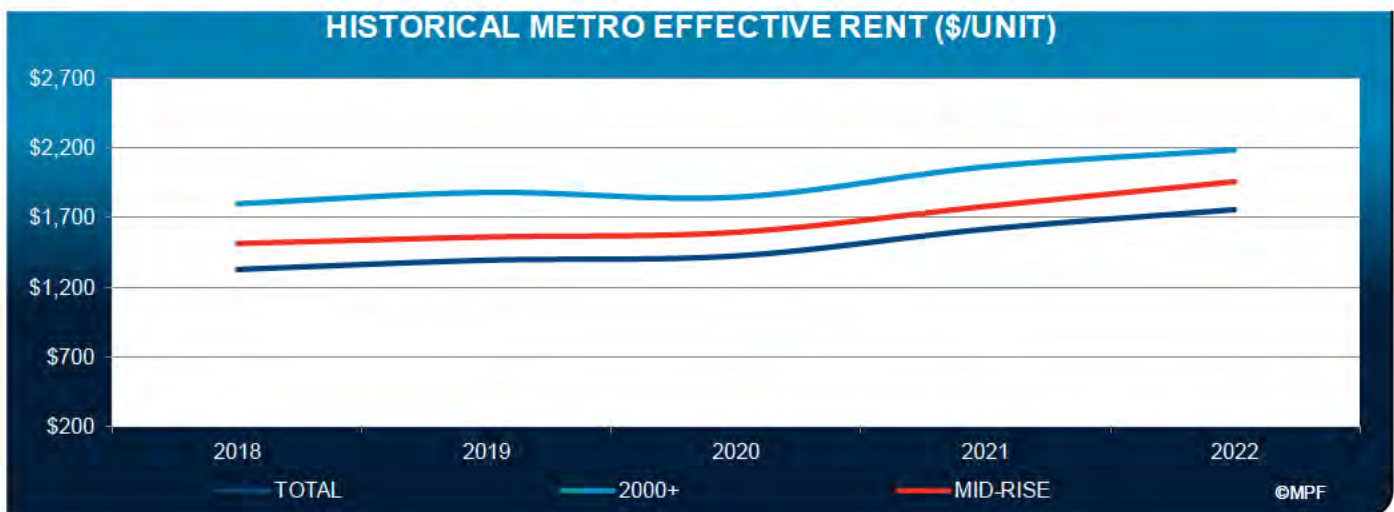


Metro Rental Rate Trends

The following tables and supporting graphs represent the current and historical rental rates on both a \$/Unit (Table 1) and \$/SF (Table 2) basis. Rental rates are reported as effective rates (net of concessions).

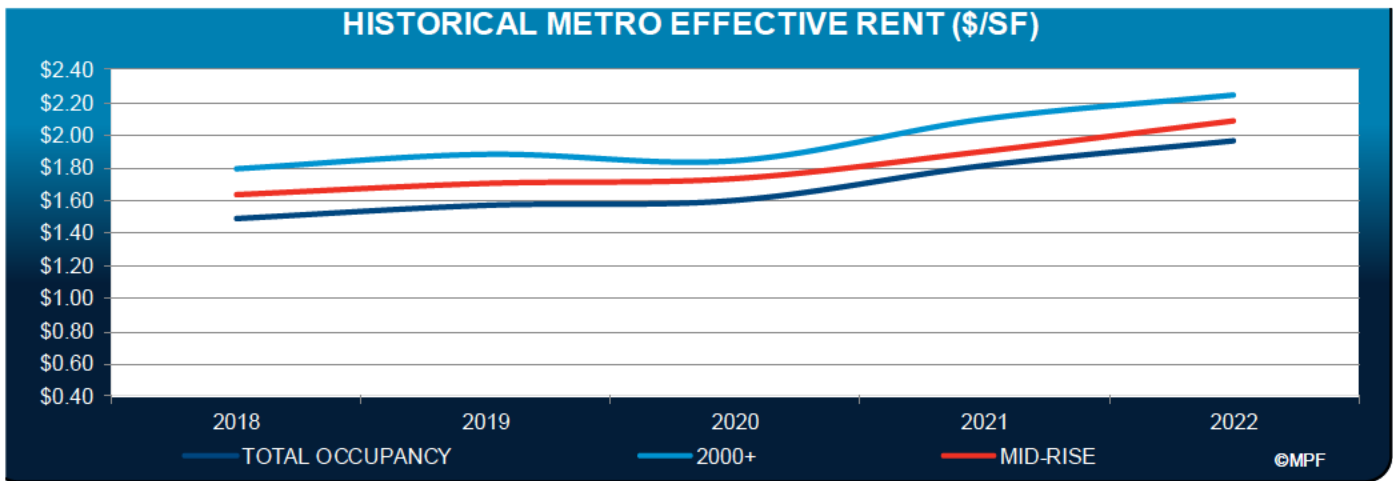
EFFECTIVE RENT (\$/UNIT)		PHILADELPHIA-CAMDEN-WILMINGTON METRO							
PERIOD	BY VINTAGE					BY STYLE			TOTAL
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	
2018	\$1,800	\$1,373	\$1,345	\$1,149	\$1,232	\$1,187	\$1,513	\$1,843	\$1,323
2019	\$1,880	\$1,431	\$1,449	\$1,212	\$1,276	\$1,248	\$1,560	\$1,946	\$1,389
2020	\$1,847	\$1,488	\$1,468	\$1,275	\$1,299	\$1,306	\$1,594	\$1,813	\$1,420
2021	\$2,064	\$1,628	\$1,665	\$1,446	\$1,440	\$1,472	\$1,780	\$2,065	\$1,611
2022	\$2,186	\$1,767	\$1,808	\$1,573	\$1,552	\$1,598	\$1,958	\$2,176	\$1,752
2022 Q3	\$2,200	\$1,753	\$1,811	\$1,582	\$1,546	\$1,594	\$1,953	\$2,224	\$1,752
2022 Q4	\$2,186	\$1,767	\$1,808	\$1,573	\$1,552	\$1,598	\$1,958	\$2,176	\$1,752
2023 Q1	\$2,182	\$1,777	\$1,786	\$1,567	\$1,550	\$1,596	\$1,967	\$2,148	\$1,748
2023 Q2	\$2,212	\$1,835	\$1,831	\$1,599	\$1,572	\$1,630	\$1,997	\$2,155	\$1,780

Source: MPF Research®



EFFECTIVE RENT (\$/SF)									
PHILADELPHIA-CAMDEN-WILMINGTON METRO									
PERIOD	BY VINTAGE					BY STYLE			TOTAL
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	
2018	\$1.79	\$1.41	\$1.43	\$1.33	\$1.50	\$1.35	\$1.63	\$2.11	\$1.49
2019	\$1.88	\$1.44	\$1.58	\$1.40	\$1.56	\$1.42	\$1.70	\$2.23	\$1.57
2020	\$1.84	\$1.51	\$1.61	\$1.47	\$1.57	\$1.48	\$1.73	\$2.03	\$1.60
2021	\$2.10	\$1.65	\$1.80	\$1.66	\$1.74	\$1.66	\$1.90	\$2.37	\$1.81
2022	\$2.25	\$1.77	\$1.96	\$1.80	\$1.87	\$1.80	\$2.09	\$2.47	\$1.96
2022 Q3	\$2.25	\$1.76	\$1.97	\$1.81	\$1.86	\$1.80	\$2.07	\$2.52	\$1.96
2022 Q4	\$2.25	\$1.77	\$1.96	\$1.80	\$1.87	\$1.80	\$2.09	\$2.47	\$1.96
2023 Q1	\$2.24	\$1.78	\$1.94	\$1.79	\$1.86	\$1.80	\$2.10	\$2.43	\$1.95
2023 Q2	\$2.27	\$1.84	\$1.99	\$1.82	\$1.89	\$1.83	\$2.14	\$2.45	\$1.99

Source: MPF Research®



Metro Concession Trends

The following tables represent the percentage of properties offering concessions (Table 1) and the concessions granted as a percentage of potential gross income (Table 2).

PERCENT OF PROPERTIES OFFERING CONCESSIONS									
PHILADELPHIA-CAMDEN-WILMINGTON METRO									
PERIOD	BY VINTAGE					BY STYLE			TOTAL
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	
2018	18.5%	15.1%	13.1%	15.5%	15.6%	15.2%	17.2%	18.5%	15.9%
2019	17.2%	16.0%	14.6%	19.0%	8.2%	13.5%	22.1%	11.7%	14.4%
2020	24.3%	21.4%	19.6%	8.4%	10.2%	10.7%	21.1%	20.1%	13.5%
2021	17.3%	4.8%	7.2%	4.6%	3.3%	4.3%	15.1%	12.9%	7.3%
2022	16.5%	4.4%	6.8%	9.7%	7.5%	8.3%	13.0%	16.7%	10.4%
2022 Q3	12.5%	3.8%	3.8%	2.8%	4.8%	4.1%	9.6%	10.8%	6.1%
2022 Q4	16.5%	4.4%	6.8%	9.7%	7.5%	8.3%	13.0%	16.7%	10.4%
2023 Q1	16.8%	7.4%	9.7%	13.8%	11.5%	12.6%	12.4%	17.7%	13.4%
2023 Q2	14.3%	3.2%	2.8%	9.5%	10.1%	8.8%	11.3%	15.4%	10.3%

Source: MPF Research®

CONCESSIONS AS PERCENT OF PGI						PHILADELPHIA-CAMDEN-WILMINGTON METRO			
PERIOD	BY VINTAGE					BY STYLE			TOTAL
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	
2018	5.6%	2.0%	3.7%	3.6%	3.6%	3.3%	5.7%	5.0%	4.1%
2019	6.7%	2.9%	2.5%	3.3%	4.0%	3.5%	5.6%	6.4%	4.4%
2020	8.0%	2.6%	4.6%	3.6%	4.7%	3.3%	7.3%	9.2%	5.8%
2021	9.2%	2.0%	5.7%	1.2%	4.6%	2.8%	8.5%	9.8%	6.8%
2022	7.0%	1.4%	2.8%	2.2%	3.7%	2.2%	5.9%	8.1%	4.8%
2022 Q3	8.7%	0.6%	4.1%	1.1%	4.5%	3.1%	7.5%	9.6%	6.4%
2022 Q4	7.0%	1.4%	2.8%	2.2%	3.7%	2.2%	5.9%	8.1%	4.8%
2023 Q1	6.9%	3.1%	4.0%	3.9%	3.6%	3.2%	6.8%	7.9%	5.0%
2023 Q2	6.9%	8.2%	6.4%	3.9%	4.7%	3.7%	6.9%	7.6%	5.5%

Source: MPF Research®

Metro Construction Activity

CONSTRUCTION ACTIVITY SUMMARY PHILADELPHIA-CAMDEN-WILMINGTON METRO		
CATEGORY	UNITS UNDER CONSTRUCTION	UNITS COMPLETED ¹
Conventional (Market)	24,338	6,787
TOTAL	24,338	6,787

Source: MPF Research® ¹ Properties completed in the last 4 quarters

Within the Philadelphia-Camden-Wilmington Metro area, there are a total of 24,338 conventional units currently under construction highlighted by activity in the Center City Philadelphia, Northeast Philadelphia and Southwest Philadelphia submarkets. There are currently 9,701 units under construction within the subject’s submarket and 2,853 units have delivered within the past four quarters.

CONVENTIONAL CONSTRUCTION PHILADELPHIA-CAMDEN-WILMINGTON METRO		
CATEGORY	UNITS UNDER CONSTRUCTION	UNITS COMPLETED ¹
Center City Philadelphia	9,701	2,853
Southw est Philadelphia	1,965	636
Northw est Philadelphia	1,892	104
Northeast Philadelphia	4,342	445
Delaw are County	473	200
Chester County	1,103	108
Norristow n/Upper Merion/Low er Merion	479	784
North Montgomery County	901	490
Bucks County	1,003	98
Burlington County	1,121	272
Central Wilmington	496	491
New ark	48	306
Camden/Cherry Hill	370	0
Low er Camden County	444	0
TOTAL	24,338	6,787

Source: MPF Research® ¹ Properties completed in the last 4 quarters

CENTER CITY PHILADELPHIA APARTMENT SUBMARKET OVERVIEW

The table below presents a current quarter snapshot of the key indicators within the submarket.

CENTER CITY PHILADELPHIA SUBMARKET AT A GLANCE									2023 Q2
	TOTAL UNITS	OCCUPANCY (%)	ABSORP. (UNITS)	NEW INV. (UNITS)	REMOVALS (UNITS)	INVENTORY Δ (UNITS)	INVENTORY Δ (%)	UNDER CONST.	NEAR-TERM DELIVERIES ¹
INVENTORY	45,662	94.7%	772	582	0	582	1.3%	9,569	4,768
CATEGORY	BY VINTAGE					BY STYLE			TOTAL
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	
Occupancy	94.7%	98.7%	94.2%	92.2%	95.6%	95.3%	94.1%	94.8%	94.7%
Quarterly Occ. Δ	1.0%	0.0%	1.3%	-0.3%	-0.7%	0.0%	0.5%	0.5%	0.5%
Annual Occ. Δ	-0.5%	-1.3%	0.0%	-1.4%	-1.8%	-4.7%	-0.7%	-0.8%	-0.8%
Rent (\$/mo.)	\$2,461	\$2,381	\$2,294	\$2,248	\$2,629	\$1,983	\$2,205	\$2,509	\$2,470
Rent (\$/sf)	\$2.93	\$3.26	\$2.71	\$2.78	\$2.92	\$1.65	\$2.48	\$2.97	\$2.91
Annual Revenue Δ ²	0.1%	-2.3%	1.5%	2.1%	-0.4%	-4.9%	1.6%	0.0%	0.2%
% Offering Concessions	24.2%	5.3%	8.1%	68.4%	8.1%	1.6%	37.7%	19.9%	22.0%
Avg. Concession	8.2%	6.7%	6.7%	9.4%	6.7%	14.3%	9.7%	8.0%	8.3%
Qtr. Same-Property Rent Δ	0.9%	8.0%	3.7%	3.2%	1.0%	0.2%	1.6%	1.3%	1.3%
Ann. Same-Property Rent Δ	0.5%	-0.9%	1.5%	3.5%	1.5%	-0.3%	2.3%	0.9%	1.0%

Source: MPF Research® ¹ Delivering within next four quarters. ² Annual Revenue Change = Annual Occ. Change + Annual Rent Change

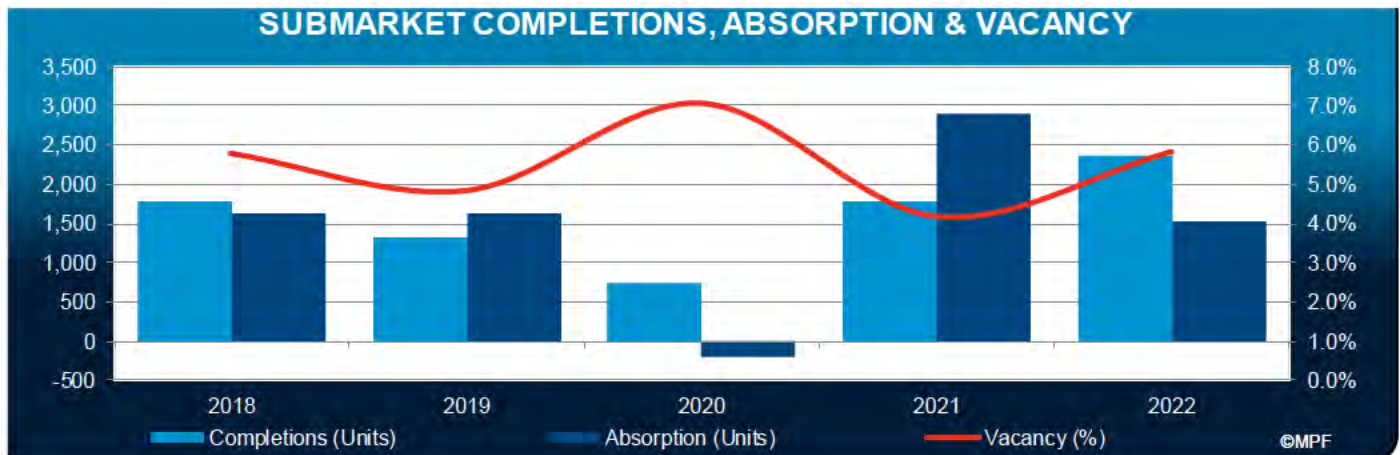
Trailing Submarket Performance

Key supply/demand, occupancy, rental rate, and concession statistics for available trailing annual and quarterly periods are summarized below.

Historical Supply/Demand

HISTORICAL SUPPLY/DEMAND ANALYSIS						CENTER CITY PHILADELPHIA SUBMARKET			
PERIOD	TOTAL UNITS	OCCUPANCY (%)	ABSORP. (UNITS)	NEW INV. (UNITS)	REMOVALS (UNITS)	INVENTORY UNITS Δ	INVENTORY % Δ	UNDER CONST.	NEAR-TERM DELIVERIES ¹
2018	38,587	94.2%	1,639	1,769	0	1,769	4.8%	2,930	1,317
2019	39,904	95.2%	1,617	1,317	0	1,317	3.4%	3,188	736
2020	40,640	92.9%	-206	736	0	736	1.8%	4,276	1,645
2021	42,429	95.8%	2,891	1,789	0	1,789	4.4%	6,602	2,363
2022	44,792	94.2%	1,525	2,363	0	2,363	5.6%	9,304	3,449
2022 Q3	43,949	94.8%	497	887	0	887	2.1%	9,704	2,514
2022 Q4	44,792	94.2%	533	843	0	843	1.9%	9,304	3,449
2023 Q1	45,080	94.2%	309	288	0	288	0.6%	9,618	3,994
2023 Q2	45,662	94.7%	772	582	0	582	1.3%	9,569	4,768

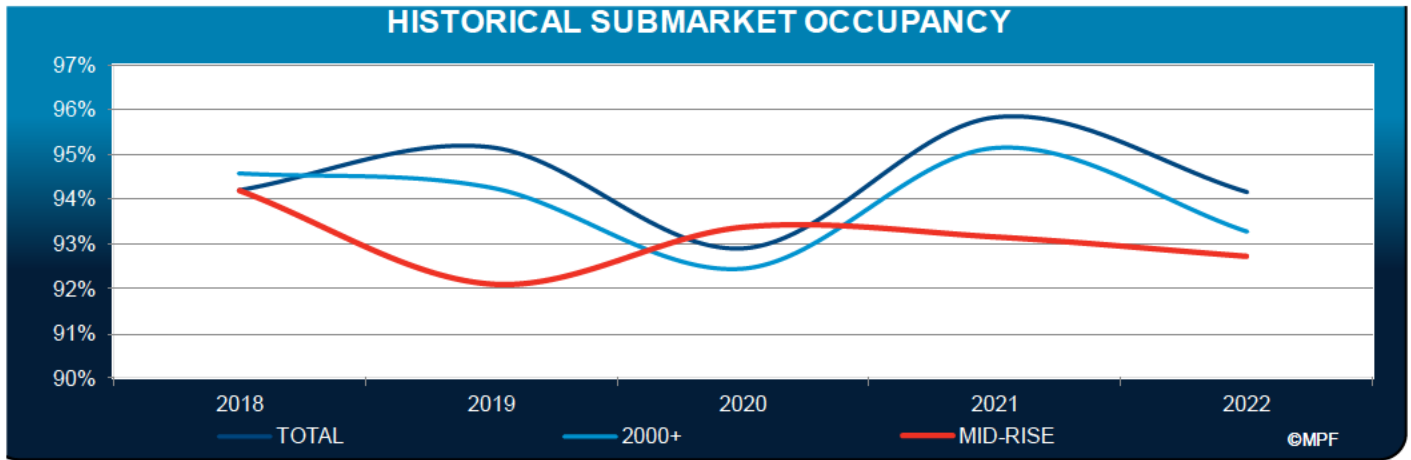
Source: MPF Research® ¹ Delivering within next four quarters



Submarket Occupancy Trends

OCCUPANCY ANALYSIS						CENTER CITY PHILADELPHIA SUBMARKET					
PERIOD	BY VINTAGE					BY STYLE			SUBMARKET TOTAL	METRO TOTAL	VERSUS METRO
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE			
2018	94.6%	96.9%	94.4%	94.7%	93.3%	97.5%	94.2%	94.1%	94.2%	95.8%	●
2019	94.3%	95.6%	96.9%	93.9%	96.3%	95.6%	92.1%	95.5%	95.2%	96.5%	●
2020	92.4%	96.6%	89.7%	91.0%	94.8%	96.1%	93.4%	92.8%	92.9%	96.7%	●
2021	95.2%	98.6%	95.7%	96.3%	97.0%	99.1%	93.2%	96.2%	95.8%	98.2%	●
2022	93.3%	98.7%	92.9%	93.8%	96.8%	95.3%	92.7%	94.3%	94.2%	96.2%	●
2022 Q3	94.1%	99.6%	93.6%	93.4%	97.0%	95.3%	93.6%	94.9%	94.8%	96.9%	●
2022 Q4	93.3%	98.7%	92.9%	93.8%	96.8%	95.3%	92.7%	94.3%	94.2%	96.2%	●
2023 Q1	93.7%	98.7%	93.0%	92.5%	96.3%	95.3%	93.6%	94.3%	94.2%	95.8%	●
2023 Q2	94.7%	98.7%	94.2%	92.2%	95.6%	95.3%	94.1%	94.8%	94.7%	95.7%	●

Source: MPF Research® Legend: ● Outperforming ● Underperforming ● Similar

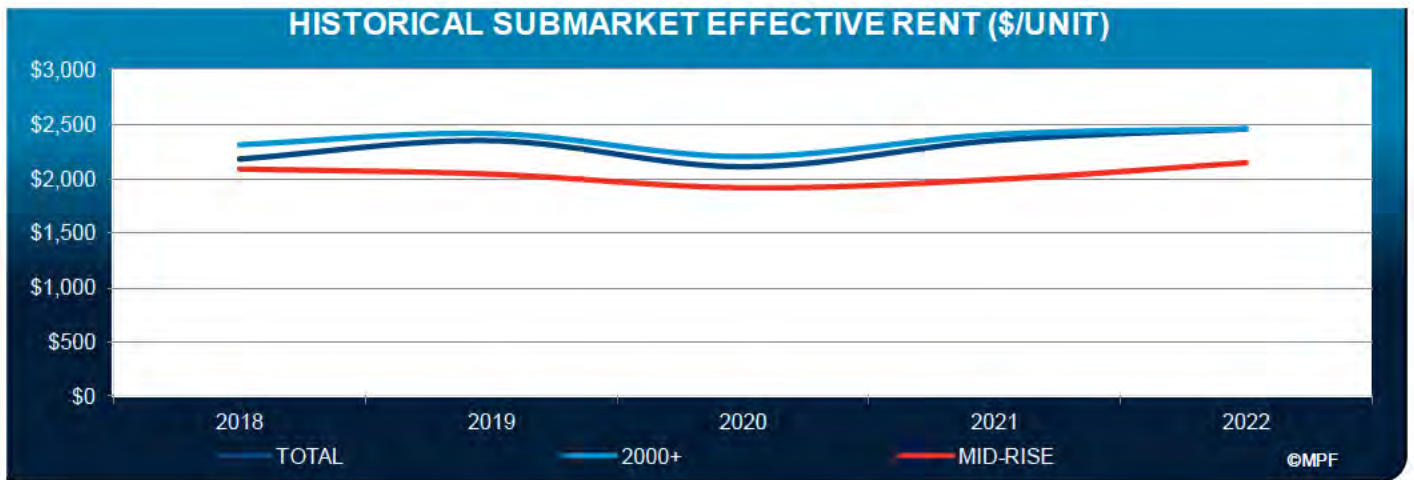


Submarket Rental Rate Trends

The following tables represent the current and historical submarket rental rates on both a \$/Unit (Table 1) and \$/SF (Table 2) basis. Rental rates are reported as effective rates (net of concessions).

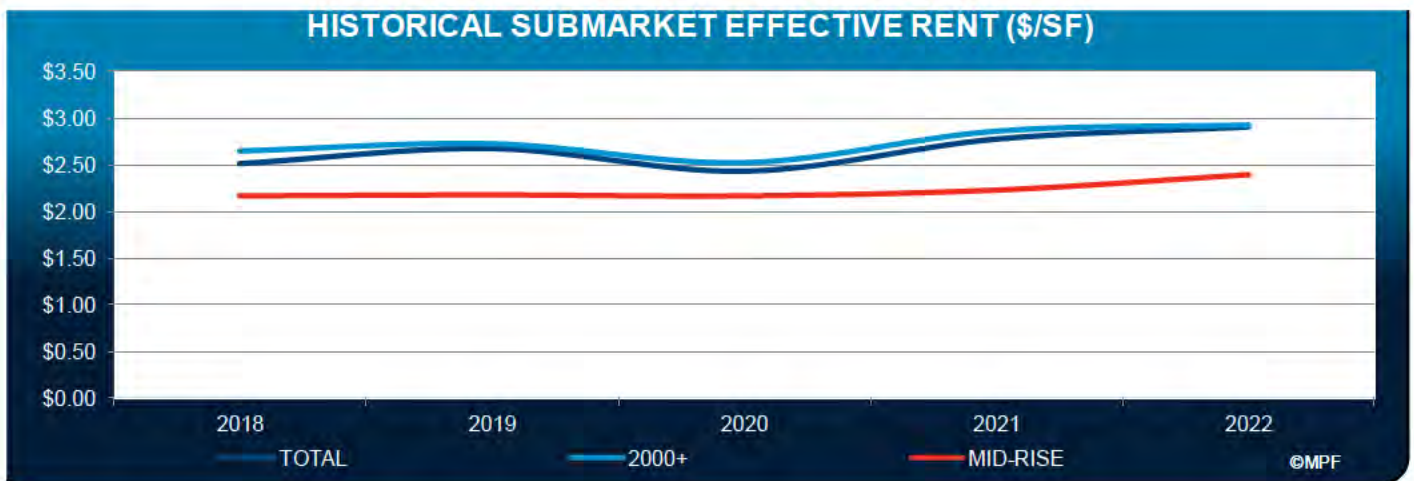
EFFECTIVE RENT (\$/UNIT)						CENTER CITY PHILADELPHIA SUBMARKET					
PERIOD	BY VINTAGE					BY STYLE			SUBMARKET TOTAL	METRO TOTAL	VERSUS METRO
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE			
2018	\$2,310	\$1,595	\$1,670	\$2,177	\$2,079	\$1,518	\$2,095	\$2,202	\$2,175	\$1,323	●
2019	\$2,411	\$1,708	\$2,113	\$2,200	\$2,372	\$1,665	\$2,047	\$2,397	\$2,346	\$1,389	●
2020	\$2,202	\$1,601	\$1,823	\$1,980	\$2,073	\$1,488	\$1,922	\$2,138	\$2,103	\$1,420	●
2021	\$2,402	\$1,803	\$2,150	\$2,143	\$2,378	\$1,243	\$1,998	\$2,408	\$2,348	\$1,611	●
2022	\$2,453	\$2,195	\$2,336	\$2,360	\$2,551	\$1,978	\$2,152	\$2,498	\$2,456	\$1,752	●
2022 Q3	\$2,488	\$2,306	\$2,340	\$2,296	\$2,622	\$1,978	\$2,191	\$2,532	\$2,491	\$1,752	●
2022 Q4	\$2,453	\$2,195	\$2,336	\$2,360	\$2,551	\$1,978	\$2,152	\$2,498	\$2,456	\$1,752	●
2023 Q1	\$2,440	\$2,205	\$2,212	\$2,178	\$2,570	\$1,980	\$2,131	\$2,476	\$2,431	\$1,748	●
2023 Q2	\$2,461	\$2,381	\$2,294	\$2,248	\$2,629	\$1,983	\$2,205	\$2,509	\$2,470	\$1,780	●

Source: MPF Research® Legend: ● Outperforming ● Underperforming ● Similar



PERIOD	BY VINTAGE					BY STYLE			SUBMARKET TOTAL	METRO TOTAL	VERSUS METRO
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE			
2018	\$2.65	\$2.12	\$1.83	\$2.56	\$2.40	\$1.39	\$2.17	\$2.60	\$2.51	\$1.49	●
2019	\$2.73	\$2.21	\$2.50	\$2.59	\$2.68	\$1.43	\$2.18	\$2.78	\$2.67	\$1.57	●
2020	\$2.52	\$2.07	\$2.15	\$2.33	\$2.38	\$1.49	\$2.17	\$2.48	\$2.43	\$1.60	●
2021	\$2.87	\$2.34	\$2.54	\$2.65	\$2.68	\$1.17	\$2.23	\$2.87	\$2.77	\$1.81	●
2022	\$2.94	\$3.01	\$2.76	\$2.92	\$2.84	\$1.65	\$2.39	\$2.98	\$2.90	\$1.96	●
2022 Q3	\$2.98	\$3.16	\$2.76	\$2.84	\$2.91	\$1.65	\$2.43	\$3.02	\$2.94	\$1.96	●
2022 Q4	\$2.94	\$3.01	\$2.76	\$2.92	\$2.84	\$1.65	\$2.39	\$2.98	\$2.90	\$1.96	●
2023 Q1	\$2.91	\$3.02	\$2.61	\$2.69	\$2.86	\$1.65	\$2.40	\$2.94	\$2.86	\$1.95	●
2023 Q2	\$2.93	\$3.26	\$2.71	\$2.78	\$2.92	\$1.65	\$2.48	\$2.97	\$2.91	\$1.99	●

Source: MPF Research® Legend: ● Outperforming ● Underperforming ● Similar



Submarket Concession Trends

The following tables represent the percentage of properties offering concessions (Table 1) and the concessions granted as a percentage of potential gross income (Table 2).

PERCENT OF PROPERTIES OFFERING CONCESSIONS						CENTER CITY PHILADELPHIA SUBMARKET					
PERIOD	BY VINTAGE					BY STYLE			SUBMARKET TOTAL	METRO TOTAL	VERSUS METRO
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE			
2018	27.3%	20.9%	42.9%	0.0%	28.6%	0.0%	33.7%	26.5%	26.9%	15.9%	●
2019	22.3%	28.8%	5.4%	0.0%	4.7%	0.0%	42.4%	11.1%	14.5%	14.4%	●
2020	38.8%	8.5%	80.1%	6.8%	9.5%	0.0%	45.6%	30.2%	31.6%	13.5%	●
2021	27.3%	4.1%	6.5%	4.5%	9.9%	0.0%	32.4%	17.6%	19.3%	7.3%	●
2022	23.5%	23.6%	3.3%	46.1%	7.1%	1.6%	31.3%	18.2%	19.6%	10.4%	●
2022 Q3	19.9%	0.0%	3.3%	0.0%	8.3%	1.6%	27.2%	12.8%	14.4%	6.1%	●
2022 Q4	23.5%	23.6%	3.3%	46.1%	7.1%	1.6%	31.3%	18.2%	19.6%	10.4%	●
2023 Q1	22.5%	23.6%	11.5%	51.9%	30.9%	1.6%	37.4%	24.1%	25.6%	13.4%	●
2023 Q2	24.2%	5.3%	8.1%	68.4%	8.1%	1.6%	37.7%	19.9%	22.0%	10.3%	●

Source: MPF Research® Legend: ● Outperforming ● Underperforming ● Similar

CONCESSIONS AS PERCENT OF PGI						CENTER CITY PHILADELPHIA SUBMARKET					
PERIOD	BY VINTAGE					BY STYLE			SUBMARKET TOTAL	METRO TOTAL	VERSUS METRO
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE			
2018	7.1%	8.3%	6.4%	n.a.	5.2%	n.a.	10.1%	5.7%	6.4%	4.1%	●
2019	8.3%	5.6%	6.0%	n.a.	7.3%	n.a.	10.1%	7.1%	8.0%	4.4%	●
2020	9.1%	7.7%	6.8%	6.7%	8.5%	n.a.	7.3%	8.8%	8.5%	5.8%	●
2021	11.7%	0.8%	11.2%	19.9%	9.9%	n.a.	13.0%	11.1%	11.5%	6.8%	●
2022	10.5%	2.3%	10.2%	6.3%	7.6%	14.3%	10.2%	9.1%	9.3%	4.8%	●
2022 Q3	11.7%	n.a.	10.2%	n.a.	7.1%	14.3%	10.6%	11.1%	11.0%	6.4%	●
2022 Q4	10.5%	2.3%	10.2%	6.3%	7.6%	14.3%	10.2%	9.1%	9.3%	4.8%	●
2023 Q1	10.8%	6.7%	6.4%	16.7%	3.5%	14.3%	10.9%	8.8%	9.1%	5.0%	●
2023 Q2	8.2%	6.7%	6.7%	9.4%	6.7%	14.3%	9.7%	8.0%	8.3%	5.5%	●

Source: MPF Research® Legend: ● Outperforming ● Underperforming ● Similar

Submarket Construction Activity

The following projects are listed as being currently under construction within the submarket.

CONSTRUCTION ACTIVITY		CENTER CITY PHILADELPHIA SUBMARKET				
PROPERTY NAME	PROPERTY TYPE	NO. OF UNITS	NO. OF STORIES	PROJECT STATUS	START DATE	FINISH DATE
1420 Point Breeze Avenue	Conventional	42	5	Completion	2/1/21	9/1/22
1909 Rittenhouse	Conventional	184	48	Completion	5/1/19	3/1/23
2201 Washington Avenue	Conventional	110	5	Completion	8/1/19	9/1/22
Fairmount North	Conventional	108	4	Completion	7/1/20	9/1/22
Herringbone Lofts	Conventional	54	5	Completion	8/1/20	6/1/23
LVL North	Conventional	410	7	Completion	9/1/20	9/1/22
One Cathedral Square	Conventional	271	23	Completion	1/1/21	12/1/22
Riverwalk South	Conventional	380	32	Completion	8/1/18	12/1/22
The Carson	Conventional	373	12	Completion	8/1/21	6/1/23
The Crown on Leland	Conventional	50	6	Completion	7/1/21	12/1/22
The Marquee	Conventional	36	6	Completion	11/1/20	12/1/22
The Maven	Conventional	28	5	Completion	4/1/21	9/1/22
The Piazza - Alta I	Conventional	695	12	Completion	2/1/20	4/1/23
Veranda I	Conventional	112	6	Completion	11/1/19	8/1/22
1000 Spring Garden Street	Conventional	21	8	Under Construction	5/1/22	7/1/24
1100-1102 Ridge Avenue	Conventional	30	7	Under Construction	3/1/22	4/1/24
1118 North Front Street	Conventional	47	7	Under Construction	10/1/22	5/1/24
1131-1139 North Front Street	Conventional	47	6	Under Construction	4/1/22	12/1/23
1148 Frankford Avenue	Conventional	59	5	Under Construction	3/1/22	11/1/23
1201 Spring Garden Street	Conventional	46	6	Under Construction	6/1/22	4/1/24
1201 West Girard Avenue	Conventional	166	4	Under Construction	10/1/21	12/1/23
12 + Sansom	Conventional	399	20	Under Construction	9/1/21	1/1/24
1309-1325 Cambridge Street	Conventional	46	6	Under Construction	12/1/21	12/1/23
141-143 North 4th Street	Conventional	36	6	Under Construction	9/1/22	6/1/24
1429-1431 Federal Street	Conventional	42	4	Under Construction	1/1/22	1/1/24
1501-1505 Fairmount Avenue	Conventional	20	4	Under Construction	3/1/23	10/1/24
1701 Fairmount Avenue	Conventional	24	4	Under Construction	11/1/22	3/1/24
200 Race Street	Conventional	49	6	Under Construction	6/1/22	5/1/24
200 Spring Garden Street	Conventional	355	13	Under Construction	6/1/22	11/1/24
207-211 Vine Street	Conventional	46	6	Under Construction	3/1/22	4/1/24
210 South 12th Street	Conventional	378	32	Under Construction	4/1/22	6/1/24
214 Vine Street	Conventional	29	6	Under Construction	6/1/21	11/1/23
2301 John F Kennedy Boulevard	Conventional	287	23	Under Construction	2/1/23	2/1/25
2630-2638 West Girard Avenue	Conventional	160	5	Under Construction	6/1/22	5/1/24
300 Christian Street	Conventional	30	3	Under Construction	3/1/22	3/1/24
342-354 West Girard Avenue	Conventional	50	6	Under Construction	7/1/21	11/1/23
36-38 South 2nd Street	Conventional	61	7	Under Construction	2/1/22	12/1/23
412 North 2nd Street	Conventional	397	23	Under Construction	5/1/23	8/1/25
5th & Spring Garden	Conventional	329	12	Under Construction	9/1/22	2/1/25
650 Fairmount Avenue	Conventional	404	6	Under Construction	5/1/22	3/1/25
689-695 North Broad Street	Conventional	20	5	Under Construction	3/1/23	9/1/24
711-719 North 7th Street	Conventional	21	4	Under Construction	4/1/23	11/1/24
711-735 North Front Street	Conventional	279	7	Under Construction	7/1/22	11/1/24
741 Spring Garden Street	Conventional	146	7	Under Construction	1/1/22	10/1/23
800-808 Callow hill Street	Conventional	40	4	Under Construction	5/1/21	1/1/24
813 North Broad Street	Conventional	63	4	Under Construction	1/1/23	7/1/24
814-826 North 2nd Street	Conventional	52	5	Under Construction	2/1/22	8/1/24
817-821 North 3rd Street	Conventional	48	6	Under Construction	5/1/22	11/1/23
828-840 North 2nd Street	Conventional	55	5	Under Construction	2/1/23	8/1/24
836 North Broad Street	Conventional	32	5	Under Construction	8/1/21	12/1/23
841-851 South 2nd Street	Conventional	42	4	Under Construction	3/1/22	4/1/24
909-917 North 26th Street	Conventional	40	5	Under Construction	5/1/22	8/1/24
922-938 North Broad Street	Conventional	160	7	Under Construction	11/1/22	10/1/24
943-949 Washington Avenue	Conventional	24	5	Under Construction	7/1/21	12/1/23
Broad & Noble	Conventional	344	19	Under Construction	7/1/21	1/1/24
Broad & Washington I	Conventional	600	15	Under Construction	12/1/21	8/1/24
Cameron Square	Conventional	115	5	Under Construction	4/1/23	1/1/25
Edgewater II	Conventional	180	7	Under Construction	10/1/21	8/1/23
Former Frankford Chocolate Factory	Conventional	247	6	Under Construction	7/1/22	10/1/24
Innovator Village III & IV	Conventional	52	5	Under Construction	5/1/22	1/1/24
Italian Market	Conventional	157	6	Under Construction	2/1/23	11/1/24
Mily on Green	Conventional	108	9	Under Construction	5/1/21	7/1/23
PMC Property Group Development	Conventional	115	4	Under Construction	11/1/21	4/1/24
Residences 46	Conventional	32	5	Under Construction	7/1/22	2/1/24
RiverMark Northern Liberties	Conventional	470	6	Under Construction	4/1/22	12/1/24
Somi 1620	Conventional	254	27	Under Construction	4/1/21	10/1/24
The Baldwin	Conventional	57	6	Under Construction	3/1/21	7/1/23
The Beverly	Conventional	51	6	Under Construction	5/1/21	11/1/23
The Darien	Conventional	212	5	Under Construction	11/1/22	12/1/24
The Hannah	Conventional	181	7	Under Construction	2/1/21	9/1/23
The Keystone	Conventional	220	7	Under Construction	9/1/22	12/1/24
The Piazza - Alta II	Conventional	438	12	Under Construction	2/1/20	12/1/23
The Ryland	Conventional	267	31	Under Construction	8/1/21	12/1/23
Veranda II	Conventional	115	6	Under Construction	9/1/22	9/1/24
Vine Street	Conventional	120	8	Under Construction	8/1/21	1/1/24
Vine Street	Conventional	360	26	Under Construction	9/1/22	6/1/25
Wellshaus	Conventional	426	7	Under Construction	5/1/22	1/1/25
TOTAL UNITS:		12,564				

Source: MFF Research, Inc.

As stated previously, the subject is expected to be a Class B+ mid-rise apartment property located within a highly desirable neighborhood of Old City. The most likely buyer is a regional investor. The following summarizes the major property strengths and weaknesses.

Subject Strengths

- › Good access to employment centers, educational institutions, and healthcare facilities.
- › Situated within Philadelphia CBD.
- › New renovations with high-end finishes and interiors.
- › Location in a market with relatively low vacancies and rent growth.
- › High salaried and wage demographics

Subject Negatives

- › High ranking submarket in terms of construction activity. Increased competition in near term.
- › Does not offer on-site parking.

BROKER / MARKET PARTICIPANT INTERVIEWS

Interviews with brokers and other market participants were conducted to put previously discussed trends and data into better context of what is really occurring in the marketplace.

SALES PERSPECTIVE INTERVIEW	
Name	Investment Broker
Company	CBRE
Location	Philadelphia, PA
Survey Date	4Q 23
Survey Property Profile	Mid-Rise Apartment Building

According to Investment Broker, sale transactions have been minimal over the past six months for the subject property type, with most activity being seen from regional buyers. The market participant reported that standard investment opportunities are currently in greatest demand. This property type is considered to have general availability, with numerous listings offered within the marketplace. Based on these factors, conditions favor buyers in regard to negotiating sale terms. Marketing periods are ranging from 3 to 12 months, with an average approximately 9 months. Pricing for this property type generally falls within a moderate range from \$325,000 to \$450,000 per unit. Currently capitalization rates for stabilized assets range from 6.00% to 7.00%, with an average of 6.50%. Finally, the most typical sales commission for this property type is 3% of the sale price.

Riley Raposa of JLL reported that Center City Philadelphia has remained relatively stable in terms of transaction pricing. In his opinion, rents in Center City have experienced a decrease in rental rate growth over the past year. Philadelphia rents experienced substantial increases overall in 2021-2022, often in the 10-20% range, as compared to what was experienced in Suburban Philadelphia where typical increases were in the 3%-5% range on average. Center City is now seeing similar smaller annual increases, similar to the Suburban submarket. General concessions in the City have been minimal with most properties offering a month or two of free rent with a 12 month+ lease. Mr. Raposa also indicated that while transaction activity is still slow in the overall market area with investors being cautious due to the effects of the changing interest rate environment, but that knowledgeable buyers are still in actively pursuing quality investment opportunities. Exposure and marketing times were still generally in the 3-month range or less for quality investments, with discount rates 125-150bps higher than the going rates, and terminal rates around 25-50 bps higher. Overall, it was reported that over the long term, investments purchased now are likely being purchased at prices more reflective of a stable market meaning that values should experience less market volatility moving forward.

TRANSACTION TRENDS

Sales Volume

The volume of sale transactions for similar assets has been Very Low over the past six months within the marketplace. This assertion is supported by the comparable sales that were selected for the Sales Comparison Approach. These sales are somewhat recent transactions, which provides support for the reported market sales activity. Sales volume is directly impacted by the activity levels of sellers and buyers of this property type.

Seller Activity

Based on research completed on various listing sources including CoStar and Loopnet, properties similar to the subject in terms of pricing and overall investment appeal have general availability, with numerous listings offered within the marketplace. This trend was confirmed with Investment Broker during the market participant interview process, and represents the general sentiment of market participants interviewed for this and other assignments.

Most Probable Buyer Profile/Activity

In the open market, the subject property type would command most interest from regional buyers that are actively pursuing similar standard investment properties. There is currently moderate buyer demand for substitute properties of the subject based on the volume of sale transactions and reports by buyers, sellers and other market participants during confirmation of market transactions. The most probable buyer is a regional investor.

Transaction Trends Conclusion

Based on the preceding analysis, there is an established sales market for the subject property. As previously discussed, the velocity of sale transactions has been very low over the past six months. Currently there is moderate buyer demand, while there is general availability for this property type on the supply side. Based on these factors, conditions favor buyers in regard to negotiating sale terms. One of the greatest observed strengths of this asset type is its strong investment appeal to a broad pool of potential buyers.

SUBJECT PROPERTY ANALYSIS

This market analysis has examined historical and current supply/demand trends for the subject property type on market and submarket levels. Further, the subject's competitive dataset was profiled and analyzed to gain perspective of supply/demand conditions for properties in direct competition with the subject. Market participant interviews were conducted to provide ground level support of what is really occurring in the marketplace. Next, transaction trends were researched and analyzed. The final step will be to draw conclusions from the market data and analyses based on their perceived influence on the subject property.

The subject is a Multifamily (Mid/High-Rise Housing) asset with a total of 16 units and two retail spaces. The market generally classifies the subject as a quality investment property. The subject consists of 2-bedroom units and ground floor retail units. The most notable physical strength of the subject is its appealing market location within the Old City submarket of Center City Philadelphia. Investors would be most attracted to the subject due to its location and quality as a recently renovated asset.

Given the subject's appeal to potential renters and current market and submarket conditions, which are in-line relative to recent historical trends and the directly competitive subset of properties, the subject is considered marketable and maintains a good competitive position within its direct competitive set due to the quality of units and its recent age. As a result, the subject should continue to experience a corresponding level of demand in the near future.

Rent Levels

Rent growth has reportedly shown signs of stabilizing as supply and demand metrics settle down following the turmoil of 2021 and 2022, transitioning to more moderate and sustainable rent growth mid/long-term. The subject and its competitive set serve a stable high-income tenant-base and have maintained high collections. Based on

conversation with property managers, new leases are not receiving noticeable growth while renewals receive slight increases.

Concessions

The level of rental concessions being offered in a market area provides another indication of the level of demand for apartment units. Current concessions among the competitive set range from reduced rent or one-month free. According to our [REDACTED] survey, the majority of the complexes in the subject's market area are currently offering similar concessions.

Tenant Appeal Conclusion

Based on our analysis of the subject property and investigation of comparable properties in the marketplace, the subject is considered to have above average overall tenant appeal with a relatively strong competitive position for attracting and retaining tenants.

Buyer Appeal Conclusion

Based on our analysis of the subject property and investigation of substitute properties in the marketplace, the subject is considered to have above average overall buyer appeal with an above average competitive position if the asset was exposed to the open market.

General Vacancy Conclusion

As summarized in the table below this market analysis relied on various published data sources and field research for assessing how supply/demand conditions influence the long-term vacancy estimate of the subject property.

GENERAL VACANCY CONCLUSION			
MPF	2023 Q2	LAST YR	AVG LAST 5
Philadelphia-Camden-Wilmington	4.3%	3.8%	3.3%
Center City Philadelphia	5.3%	5.8%	5.6%
Subject	6.3%	-	-
GENERAL VACANCY RATE CONCLUSIONS			5.0%

Based on the subject's size, location and appeal, the market and submarket analyses findings warrant primary consideration. The market level analysis indicated a MPF vacancy rate of 4.3% and an average vacancy rate of 3.3% over the past five years. The submarket level analysis indicated a MPF vacancy rate of 5.3% and an average vacancy rate of 5.6% over the past five years. As of the effective date of this appraisal, the subject property has a current vacancy rate of 6.3%. Based on our analysis of supply/demand trends and considering the subject's actual performance, a general vacancy rate of 5.0% is concluded. We have also applied a 5.0% to the commercial space as well.

SUMMARY OF MARKET ANALYSIS

Overall, based on interviews with property managers, brokers, and [REDACTED] market survey, there is sufficient demand for the improvements. The depth of demand for the subject property is anticipated to be sufficient based on long-term economic and population growth in the subject's area. Rent levels are anticipated to continue to remain stable trend upward in the coming year. Long-term demand is expected to remain strong in the subject's immediate market area based upon the general neighborhood appeal.

EXPOSURE TIME & MARKETING PERIOD

Exposure time is defined as "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." (The Dictionary of Real Estate Appraisal, Appraisal Institute, 2022). Reasonable exposure time is impacted by the aggressiveness and effectiveness of a property's

exposure to market participants, availability and cost of financing, and demand for similar investments. Exposure time is best established based on the recent history of marketing periods for comparable sales, discussions with market participants and information from published surveys.

The following information was taken into consideration to develop estimates of exposure time and marketing period for the subject property:

EXPOSURE TIME & MARKETING PERIOD						
SOURCE	QUARTER	RANGE		AVG	LAST Q	LAST YR
PriceWaterhouse Coopers						
National Apartment Market	3Q 23	2.0	to 12.0	6.0	5.8	4.3
Mid-Atlantic Region Apartment	3Q 23	1.0	to 9.0	4.1	3.9	4.1
Market Participant	4Q 23	3.0	to 12.0	9.0	-	-
AVERAGE		2.0	to 11.0	6.4	4.9	4.2

The availability of acquisition financing factors into exposure time. In recent quarters, financing has been available for well-positioned commercial real estate, particularly for stabilized assets within core MSAs and owner/user deals. For second tier or marginal properties, financing has been available but subject to more stringent requirements. Based on review of the local capital market, we conclude that adequate financing options would have been available to consummate a sale of the property on the date of value.

Exposure Time Conclusion

The preceding information generally supports an exposure time range from 3 to 12 months for Mixed-Use (Mid/High-Rise Housing) properties historically. The subject property is of good quality and is in good condition. Based on its overall physical and locational characteristics, the subject has Good overall appeal to investors. Considering these factors, a reasonable estimate of exposure time for the subject property is 12 months or less.

Marketing Period Conclusion

Marketing period is very similar to exposure time, but reflects a projected time period to sell the property, rather than a retrospective estimate. We have reviewed open listings and discussed the market with local participants, and given the nature of the subject property, we feel that a time period of 12 months or less is supported for the subject's marketing period.

INTRODUCTION

The highest and best use of an improved property is defined as that reasonable and most probable use that will support its highest present value. The highest and best use, or most probable use, must be legally permissible, physically possible, financially feasible, and maximally productive. This section develops the highest and best use of the subject property As-Vacant and As-Improved.

AS-VACANT ANALYSIS

Legal Factors

The legal factors that possibly influence the highest and best use of the subject site are discussed in this section. Private restrictions, zoning, building codes, historic district controls, and environmental regulations are considered, if applicable to the subject site. Permitted uses of the subject's CMX-3 (Community Commercial Mixed-Use) zoning were listed in the Zoning Analysis section and include commercial development. The potential use that meets the requirements of the legal permissibility test is multi-family development.

Physical & Locational Factors

Regarding physical characteristics, the subject site is rectangular in shape and has level topography with good access and good exposure. The subject is surrounded by a mixed-use development, multifamily development and commercial development. Given the subject's location and surrounding uses, the subject site is desirable for multifamily development. Of the outright permitted uses, physical and locational features best support development of a mixed-use/residential property as market conditions warrant for the site's highest and best use as-vacant.

Feasibility Factors

The financial feasibility of those uses that meet the legal and physical tests discussed is analyzed further in this section. Supply and demand conditions affect the financial feasibility of possible uses. Indicators of feasibility, which typically indicate favorable or non-favorable supply and demand conditions, include construction financing and proposed projects. In recent quarters there has been new multifamily development throughout the subject's market area. This is evidence that new multifamily construction is feasible at this time. Financial feasibility factors generally support immediate development of subject site.

As-Vacant Conclusion

Based on the previous discussion, the subject's highest and best use as-vacant is concluded to be development of a mixed-use/residential property as market conditions warrant.

AS-IMPROVED ANALYSIS

Legal Factors

The subject property, as-improved, is a mixed-use mid/high-rise housing project that is zoned CMX-3 (Community Commercial Mixed-Use). The subject's current use is a permitted, conforming use within this zone. The legal factors influencing the highest and best use of the property support the subject's use as-improved.

Physical & Locational Factors

The physical and location characteristics of the subject improvements have been previously discussed in this report. In summary, the subject's improvements were constructed in 1900, were renovated in 2015, and have a remaining economic life of 25 years based on our estimate. The project is of good quality construction and in good condition, with some amenities. The subject improvements as-improved are sufficiently supported by site features including its rectangular, level topography, good access and good exposure. Further, the subject's location supports the subject improvements as-improved with similar and homogeneous developments present in the subject's immediate market area. Physical and location factors influencing the highest and best use of the property support the subject's use as-improved.

Alternative Uses & Feasibility Factors

In addition to legal and physical considerations, analysis of the subject property as-improved requires the treatment of two important issues: 1) consideration of alternative uses for the property; and 2) the marketability of the most probable use. The five possible alternative treatments of the property are demolition, expansion, renovation, conversion, and the subject's use as-improved.

- › **Demolition** The subject improvements contribute significant value above the current land value. Therefore, demolition is not applicable in this case.
- › **Expansion** The subject property comprises approximately 0.11 acres (4,867 SF) and is improved with a mid/high-rise housing mixed-use development. The subject site does not contain additional site area for expansion. Therefore, expansion of the subject is not considered a viable option.
- › **Renovation** The subject property is in good condition and recently renovated in 2015. Further renovation, in the form of capital expenditures, would not increase the rent levels or value appreciably. For this reason, renovation is not appropriate.
- › **Conversion** Conversion is neither appropriate nor applicable to this property.
- › **Continued Use "As-Is"** The final option is the continued use of the property "As-Is." This is legal, physically possible, and financially feasible. Therefore, continued use, a mixed-use (mid/high-rise housing) development is considered appropriate.

Among the five alternative uses, the subject's use as-improved is supported to be its Highest and Best Use.

Marketability Factors

As previously indicated in the Market Analysis, the subject property has good marketability. The condition of the property reflects good maintenance and appeal. In general apartment supply/demand conditions and immediate market area trends support viable short and long-term operations of the subject's use as-improved. Based on our analysis of the subject property and investigation of comparable properties in the marketplace, the subject is considered to have above average overall tenant appeal with a relatively strong competitive position for attracting and retaining tenants. Based on our analysis of the subject property and investigation of substitute properties in the marketplace, the subject is considered to have above average overall buyer appeal with an above average competitive position if the asset was exposed to the open market.

As-Improved Conclusion

Legal, physical, and market considerations have been analyzed to evaluate the highest and best use of the property. This analysis is presented to evaluate the type of use that will generate the greatest level of future benefits possible from the property. Based on the previous discussion, the highest and best use of the subject property as-improved is concluded to be continued use as a mixed-use/residential property.

INTRODUCTION

The following presentation of the appraisal process deals directly with the valuation of the subject property. The following paragraphs describe the standard approaches to value that were considered for this analysis.

INCOME APPROACH

The Income Approach is based on the premise that properties are purchased for their income producing potential. It considers both the annual return on the invested principal and the return of the invested principal. This valuation technique entails careful consideration of contract rents currently in place, projected market rents, other income sources, vacancy allowances, and projected expenses associated with the efficient operation and management of the property. The relationship of these income estimates to property value, either as a single stream or a series of projected streams, is the essence of the income approach. The two fundamental methods of this valuation technique include Direct Capitalization and Effective Gross Income Multiplier.

- **Direct Capitalization**

This method analyzes the relationship of one year's stabilized net operating income to total property value. The stabilized net operating income is capitalized at a rate that implicitly considers expected growth in cash flow and growth in property value over a buyer's investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

- **Effective Gross Income Multiplier**

Also known as the EGIM, this method is appropriate within the Income Approach because it is recognized that purchasers are concerned with the income-producing ability of the property. The EGIM is derived by dividing the effective gross annual income of each comparable into the sales price. The EGIM has the advantages of simplicity and easy calculation. It is based on the premise that rents and sales prices move in the same direction and, essentially, in the same proportion as do net income and sales prices. The EGIM is typically used without adjustments. The final selection of an effective income multiplier is based upon the applicability of each comparable and a range is established.

Development of the Income Approach is a specific scope requirement of this assignment. Characteristics specific to the subject property warrant that this valuation technique is developed. The subject is an investment property; therefore, the Income Approach represents the decision making process of knowledgeable buyers and sellers of this property type. The Direct Capitalization method is used in this analysis. Discounted Cash Flow analysis does not contribute substantially to estimating value beyond the direct capitalization method and is not used in this analysis.

SALES COMPARISON APPROACH

The Sales Comparison Approach is based on the principle of substitution, which asserts that no one would pay more for a property than the value of similar properties in the market. This approach analyzes comparable sales by applying transactional and property adjustments in order to bracket the subject property on an appropriate unit value comparison. The sales comparison approach is applicable when sufficient data on recent market transactions is available. Alternatively, this approach may offer limited reliability because many properties have unique characteristics that cannot be accounted for in the adjustment process.

Development of the Sales Comparison Approach is a specific scope requirement of this assignment. Characteristics specific to the subject property warrant that this valuation technique to be developed. Sufficient sales data is available to provide a credible value estimate by the Sales Comparison Approach. Based on this reasoning, the Sales Comparison Approach is presented within this appraisal.

LAND VALUATION

Development land in the subject marketplace is most often valued utilizing the Sales Comparison Approach. Development of the subject site value is not a specific scope requirement of this assignment. Characteristics specific to the subject property do not warrant that a site value is developed. Therefore, this appraisal does not provide valuation of the subject site.

COST APPROACH

The Cost Approach is a set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property interest being appraised. For investment properties, this valuation technique is most often relied upon as a test of financial feasibility for proposed construction.

Development of the Cost Approach is not a specific scope requirement of this assignment. Characteristics specific to the subject property do not warrant that this valuation technique is developed. Based on the preceding information, the Cost Approach will not be presented.

RECONCILIATION OF VALUE CONCLUSIONS

The Income (Direct Capitalization) and Sales Comparison approaches are used to value the subject property, which will be reconciled into the final opinion of market value in the Analysis of Value Conclusions section.

INTRODUCTION

The Income Approach is based on the premise that properties are purchased for their income producing potential. It considers both the annual return on the invested principal and the return of the invested principal. This valuation technique entails careful consideration of contract rents currently in place, projected market rents, other income sources, vacancy allowances, and projected expenses associated with the efficient operation and management of the property. The relationship of these income estimates to property value, either as a single stream or a series of projected streams, is the essence of the income approach. The two fundamental methods of this valuation technique include Direct Capitalization and Effective Gross Income Multiplier.

Direct Capitalization

This method analyzes the relationship of one year's stabilized net operating income to total property value. The stabilized net operating income is capitalized at a rate that implicitly considers expected growth in cash flow and growth in property value over a buyer's investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

Effective Gross Income Multiplier

Also known as the EGIM, this method is appropriate within the Income Approach because it is recognized that purchasers are concerned with the income-producing ability of the property. The EGIM is derived by dividing the effective gross annual income of each comparable into the sales price. The EGIM has the advantages of simplicity and easy calculation. It is based on the premise that rents and sales prices move in the same direction and, essentially, in the same proportion as do net income and sales prices. The EGIM is typically used without adjustments. The final selection of an effective income multiplier is based upon the applicability of each comparable and a range is established.

Given the appraisal problem and defined scope of work, the following table summarizes the value scenarios and Income Approach methods developed within this appraisal report:

INCOME APPROACH VALUE SCENARIOS			
VALUE SCENARIO	METHODS USED		
	DIRECT CAP	DCF	EGIM
As-Is Market Value	✓		

As previously discussed within the Valuation Methods section, the Direct Capitalization method is used in this analysis, and Discounted Cash Flow analysis is not developed.

Income Approach Framework

The following identifies the primary sections and order in which the Income Approach is developed.

- › Subject Information
- › Apartment Rent Analysis
- › Income & Expense Analysis
- › Investment Market Analysis
- › Direct Capitalization
- › Adjustments to Value
- › Income Approach Reconciliation

SUBJECT INFORMATION

Management & Leases - The subject property's ownership and management company are inter-related parties. Based on our interview with the subject's management, new residents sign 12-month leases.

Rent Increases & Concessions - The subject's management reported that rent levels at the property are increasing on an annual basis, however, are expected to remain flat throughout 2024.

Occupancy Information - The subject is currently operating with an occupancy level of 93.8%, which is moderately strong for the submarket. The subject's management noted that the project's historical occupancy has ranged from 92% to 95%. Because the subject's current occupancy is similar to the stabilized occupancy conclusion (95.0%), which is discussed later in this section, a lease-up analysis will not be needed.

Subject's Operations and Policies - The subject is a pet-friendly community.

Rent Roll Data - A rent roll dated August 18, 2023 was provided for our analysis. A copy of the rent roll is located in the addenda of this report. The following table displays the unit statistics of each floor plan based on our analysis of the rent roll.

SUBJECT LEASING INFORMATION																		
UNIT TYPE	UNIT SUMMARY			UNITS	MIN	MAX	AVG	UNIT %		ASKING RENT			ACTUAL RENT			RECENT LEASES		
	OCC	VAC	TOT	PERCENT	UNIT	UNIT	UNIT	NRA	OCC-	PER	TOTAL	AVG	PER UNIT	TOTAL	AVG	PER UNIT	NUM	AVG
				OF TOTAL	SF	SF	SF	SF	UPIED	UNIT	\$/MO	\$/SF	AVERAGE	\$/MO	\$/SF	AVERAGE	LEASES	\$/SF
2 BD / 1 BA	15	1	16	100.0%	800	1,000	900	14,400	94%	\$2,300	\$36,800	\$2.56	\$2,230	\$33,450	\$2.48	\$2,150	1	\$2.39
TOTAL/AVG	15	1	16	100%			900	14,400	93.8%	\$2,300	\$36,800	\$2.56	\$2,230	\$33,450	\$2.48	\$2,150	1	\$2.39

RECENT LEASES AS OF AUGUST 1, 2023 THROUGH NOVEMBER 20, 2023

The subject's current in-place rental rates are near market levels. It should be noted that the above figures represent rent alone and do not include pet rent or other miscellaneous fees.

Subject Utility Structure

- › **Hot Water** - Not included in the rent
- › **Cold Water** - Included in the rent
- › **Sewer** - Included in the rent
- › **Trash Removal** - Included in the rent
- › **Electricity** - Not included in the rent
- › **Telephone** - Not included in the rent
- › **Cable** - Not included in the rent
- › **Internet** - Not included in the rent
- › The subject does not use a RUBS billing system for utilities.

ANALYSIS OF RENT COMPARABLES

Unit of Comparison

The analysis is conducted on a rent per month basis, reflecting market behavior. This unit of comparison is predominantly used in this market.

Selection of Comparables

A complete search of the area was conducted in order to find the most comparable complexes in terms of age, appeal, condition, number of units, and amenities. The rent comparables are located in the subject's local area and range from 0.1 to 0.5 miles from the subject site, with an average distance of 0.3 miles. The subject is in good condition with good appeal for the market area considering its vintage. The comparables selected in this analysis are similar properties to the subject property.

Concessions

Some of the comparables were offering concessions at the time of survey. Please see the data sheets for full details.

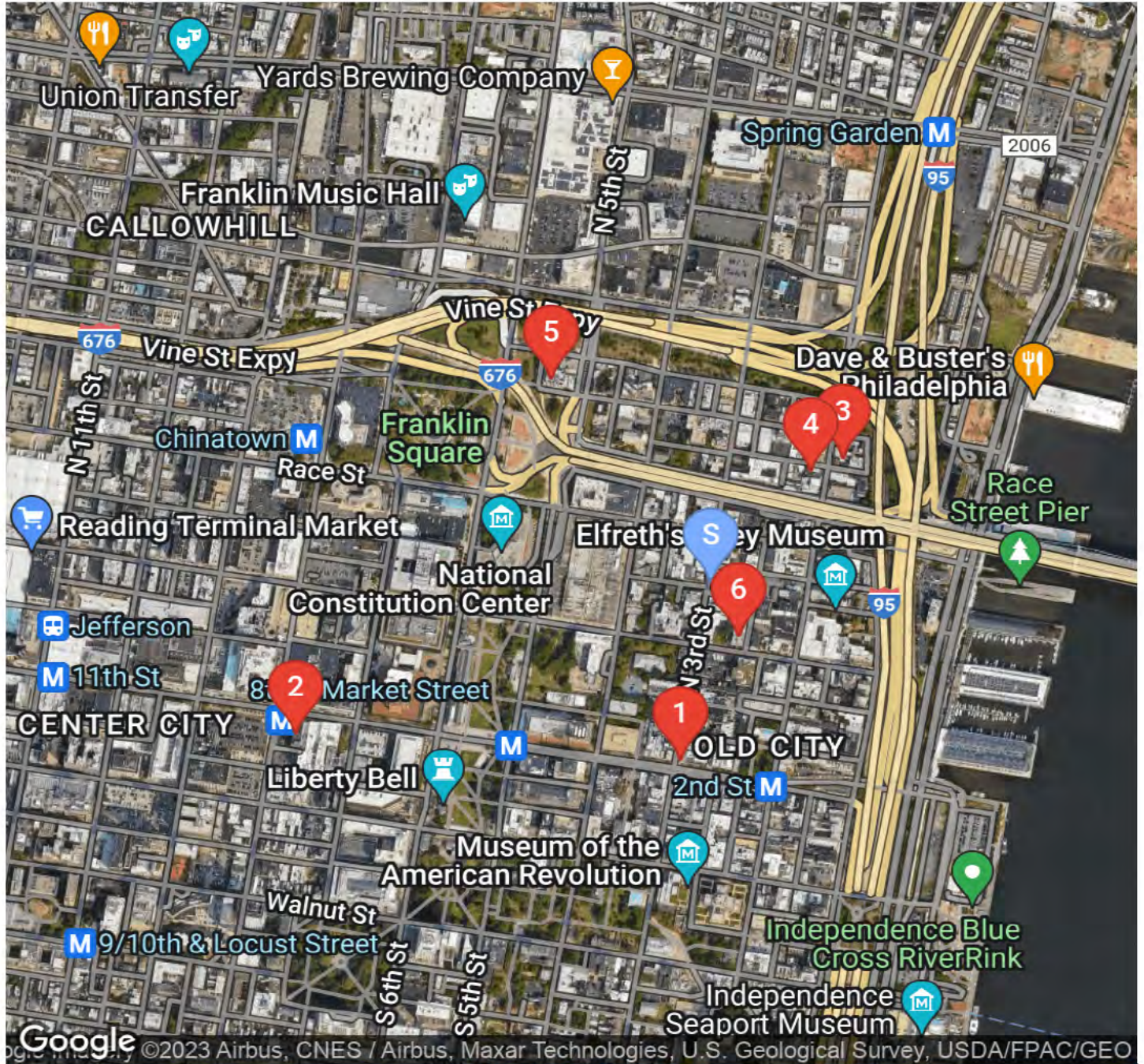
Presentation

The following presentation summarizes the comparables most similar to the subject property. A Rent Comparable Summation Table, Rent Comparable Location Map, Data Sheets, and analysis of the rent comparables is presented on the following pages.

RENT SUMMATION TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	Old City Apartments	Shirt Corner Apartments	Market Street Apartments	Papermill Lofts	240-242 North 2nd Street Apartments	The Lofts at 509 Vine	The Berger
Address	135-137 N. 3rd Street	259 Market Street	726 Market Street	253 N 2nd Street	240-242 North 2nd Street	509 Vine Street	229-237 Arch Street
City	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia
State	PA	PA	PA	PA	PA	PA	PA
Zip	19106	19106	19106	19106	19106	19106	19106
PHYSICAL INFORMATION							
Project Design	Mid-Rise	Mid-Rise	Mid-Rise	Mid-Rise	Mid-Rise	Mid-Rise	Mid-Rise
Number of Units	16	59	48	65	10	44	43
NRA	18,100	45,044	49,407	50,803	11,369	66,416	33,705
Year Built	1900	2014	1900	2014	1900	1929	1900
Year Renovated	2015	-	2013	-	2016	2003	2014
Average SF/Unit	900	738	1,014	782	967	1,068	784
Location	Good	Good/Exc.	Good	Good	Good/Exc.	Good	Good
Appeal	Good	Good	Good	Good	Good	Good	Good
Quality	Good	Good	Good	Good	Good	Good	Good
Condition	Good	Good	Good	Good	Good	Good	Good
RENT INFORMATION							
Occupancy	93.8%	92.0%	95.0%	93.0%	93.0%	95.0%	98.0%
Rent Type	-	Market Rent	Market Rent	Market Rent	Market Rent	Market Rent	Market Rent
\$/Unit Average	\$2,230	\$2,019	\$2,411	\$1,565	\$2,698	\$1,895	\$1,730
\$/SF Average	\$2.48	\$2.74	\$2.38	\$2.00	\$2.79	\$1.77	\$2.21
2 BD \$/Unit Avg	\$2,230	\$2,800	\$2,438	\$1,921	\$3,500	\$2,178	\$2,100

RENT COMPARABLE LOCATION MAP



COMPARABLE KEY

COMP	DISTANCE	NAME	ADDRESS	OCC %	AVG SF/UNIT	UNITS	BUILT
SUBJECT	-	Old City Apartments	135-137 N. 3rd Street, Philadelphia, PA	93.8%	900	16	1900
No. 1	0.2 Miles	Shirt Corner Apartments	259 Market Street, Philadelphia, PA	92.0%	738	59	2014
No. 2	0.5 Miles	Market Street Apartments	726 Market Street, Philadelphia, PA	95.0%	1,014	48	1900
No. 3	0.2 Miles	Papermill Lofts	253 N 2nd Street, Philadelphia, PA	93.0%	782	65	2014
No. 4	0.2 Miles	240-242 North 2nd Street A	240-242 North 2nd Street, Philadelphia, PA	93.0%	967	10	1900
No. 5	0.3 Miles	The Lofts at 509 Vine	509 Vine Street, Philadelphia, PA	95.0%	1,068	44	1929
No. 6	0.1 Miles	The Berger	229-237 Arch Street, Philadelphia, PA	98.0%	784	43	1900

COMPARABLE 1

LOCATION INFORMATION

Name	Shirt Corner Apartments
Address	259 Market Street
City, State, Zip Code	Philadelphia, PA, 19106
MSA	Philadelphia-Camden-Wilmington, PA-NJ-DE-M

PHYSICAL INFORMATION

Project Design	Mid-Rise
Number of Units	59
Year Built	2014
Net Rentable Area (NRA)	45,044
Average Unit Size (SF)	738
Rent Type	Market Rent
Location	Good/Exc.
Quality	Good
Condition	Good
Project Amenities	Fitness Center, Storage Units, Elevators, Exterior Lighting, Pet Policy

Unit Amenities	Balcony/Patio, Premium Appliances, Premium Countertops, Premium Flooring, Air Conditioning, Dishwasher, Washer/Dryer In-Unit
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Parking

UTILITIES	INCL. IN RENT	NOT INCL. IN RENT
Electricity		✓
Water	✓	
Hot Water		✓
Sewer	✓	
Garbage	✓	
Telephone		✓
Gas		✓
Cable/Satellite		✓
High-Speed Internet		✓

UNIT MIX

DESCRIPTION	UNITS	SIZE	LOW	HIGH	AVG RENT
STUDIO / 1 BA	15	495	\$1,695	\$1,950	\$1,823
1 BD / 1 BA	38	761	\$1,895	\$2,050	\$1,973
2 BD / 2 BA	6	1,201	\$2,600	\$3,000	\$2,800



SHIRT CORNER APARTMENTS

OCCUPANCY / ABSORPTION

Vacant Units	5
Occupancy Rate	92%
Fees & Deposits	N/Av
Concessions	N/Av

CONFIRMATION

Name	Property Website
Source	Counter Management
Date	11/28/2023
Phone Number	Confidential

REMARKS

The Shirt Corner Apartments are a 59 unit mixed use apartment complex with 1st floor retail in Old City. This comparable only includes 1,300 SF of retail space as the CVS on the first floor went through the condominium process and was separately sold off. The building offers studios, 1-Bedroom, and 2-Bedroom units. Each unit is fit out with premium appliances, counter tops, and flooring as well as in unit washer/dryer.

COMPARABLE 2

LOCATION INFORMATION

Name	Market Street Apartments
Address	726 Market Street
City, State, Zip Code	Philadelphia, PA, 19106
MSA	Philadelphia-Camden-Wilmington, PA-NJ-DE-M

PHYSICAL INFORMATION

Project Design	Mid-Rise
Number of Units	48
Year Built	1900
Net Rentable Area (NRA)	49,407
Average Unit Size (SF)	1,014
Rent Type	Market Rent
Location	Good
Quality	Good
Condition	Good
Project Amenities	Clubhouse, Concierge/Doorman, Elevators, Fitness Center, On-site Manager

Unit Amenities	Air Conditioning, Complete Appliance Package, Dishwasher, Garbage Disposal, Microwave, Premium Appliances, Washer/Dryer In-Unit
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Parking

UTILITIES	INCL. IN RENT	NOT INCL. IN RENT
Electricity		✓
Water	✓	
Hot Water		✓
Sewer	✓	
Garbage	✓	
Telephone		✓
Gas		✓
Cable/Satellite		✓
High-Speed Internet		✓

UNIT MIX

DESCRIPTION	UNITS	SIZE	LOW	HIGH	AVG RENT
1 BD / 1 BA	16	725	\$1,900	\$2,150	\$2,025
2 BD / 2 BA	27	1,069	\$2,300	\$2,575	\$2,438
3 BD / 2 BA	5	1,643			\$3,500



MARKET STREET APARTMENTS

OCCUPANCY / ABSORPTION

Vacant Units	2
Occupancy Rate	95%
Fees & Deposits	N/Av
Concessions	N/Av

CONFIRMATION

Name	Apartments.com
Source	Confidential
Date	11/28/2023
Phone Number	Confidential

REMARKS

COMPARABLE 3

LOCATION INFORMATION

Name	Papermill Lofts
Address	253 N 2nd Street
City, State, Zip Code	Philadelphia, PA, 19106
MSA	Philadelphia-Camden-Wilmington, PA-NJ-DE-M

PHYSICAL INFORMATION

Project Design	Mid-Rise
Number of Units	65
Year Built	2014
Net Rentable Area (NRA)	50,803
Average Unit Size (SF)	782
Rent Type	Market Rent
Location	Good
Quality	Good
Condition	Good
Project Amenities	Elevators, Exterior Lighting, Fitness Center, Pet Policy

Unit Amenities	Dishwasher, Garbage Disposal, Premium Appliances, Premium Countertops, Premium Flooring, Washer/Dryer In-Unit, Air Conditioning
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Parking

UTILITIES	INCL. IN RENT	NOT INCL. IN RENT
Electricity		✓
Water		✓
Hot Water		✓
Sewer	✓	
Garbage	✓	
Telephone		✓
Gas		✓
Cable/Satellite		✓
High-Speed Internet		✓

UNIT MIX

DESCRIPTION	UNITS	SIZE	LOW	HIGH	AVG RENT
STUDIO / 1 BA	30	615	\$1,350	\$1,350	\$1,350
1 BD / 1 BA	27	889	\$1,456	\$1,900	\$1,678
2 BD / 1 BA	4	1,000	\$1,700	\$2,050	\$1,875
2 BD / 2 BA	3	1,050	\$1,913	\$2,050	\$1,982
3 BD / 1 BA	1	1,200	\$2,350	\$2,650	\$2,500



PAPERMILL LOFTS

OCCUPANCY / ABSORPTION

Vacant Units	5
Occupancy Rate	93%
Fees & Deposits	N/Av
Concessions	N/Av

CONFIRMATION

Name	Reception
Source	Leasing Office
Date	11/28/2023
Phone Number	Confidential

REMARKS

COMPARABLE 4

LOCATION INFORMATION

Name	240-242 North 2nd Street Apartments
Address	240-242 North 2nd Street
City, State, Zip Code	Philadelphia, PA, 19106
MSA	Philadelphia-Camden-Wilmington, PA-NJ-DE-M

PHYSICAL INFORMATION

Project Design	Mid-Rise
Number of Units	10
Year Built	1900
Net Rentable Area (NRA)	11,369
Average Unit Size (SF)	967
Rent Type	Market Rent
Location	Good/Exc.
Quality	Good
Condition	Good
Project Amenities	Rooftop Area, Elevators, Pet Policy



240-242 NORTH 2ND STREET APARTMENTS

OCCUPANCY / ABSORPTION

Vacant Units	1
Occupancy Rate	93%
Fees & Deposits	N/Av
Concessions	N/Av

Unit Amenities	Dishwasher, Garbage Disposal, Microwave, Premium Appliances, Premium Countertops, Washer/Dryer In-Unit, Balcony/Patio, Premium Flooring, Range/Stove, Refrigerator, Walk-in Closets
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CONFIRMATION

Name	Rent Roll
Source	Owner
Date	11/28/2023
Phone Number	Confidential

Parking

UTILITIES

	INCL. IN RENT	NOT INCL. IN RENT
Electricity		✓
Water	✓	
Hot Water		✓
Sewer	✓	
Garbage	✓	
Telephone		✓
Gas		✓
Cable/Satellite		✓
High-Speed Internet		✓

REMARKS

240-242 North 2nd Street Apartments are a luxury apartment complex with first floor retail located in the Old City neighborhood. The units include premium appliances, flooring, and counter-tops along with built in surround sound system. A single elevator services the building that allows direct access to the units minimizing common areas.

UNIT MIX

DESCRIPTION	UNITS	SIZE	LOW	HIGH	AVG RENT
1 BD / 1 BA	4	878	\$2,295	\$2,300	\$2,298
1 BD / 1.5 BA	4	958	\$2,500	\$2,700	\$2,696
2 BD / 2 BA	2	1,162	\$3,400	\$3,600	\$3,500

COMPARABLE 5

LOCATION INFORMATION

Name The Lofts at 509 Vine
 Address 509 Vine Street
 City, State, Zip Code Philadelphia, PA, 19106

PHYSICAL INFORMATION

Project Design Mid-Rise
 Number of Units 44
 Year Built 1929
 Net Rentable Area (NRA) 66,416
 Average Unit Size (SF) 1,068
 Rent Type Market Rent
 Location Good
 Quality Good
 Condition Good
 Appeal Good
 Project Amenities Business Center, Elevators, Fitness Center, Storage Units



THE LOFTS AT 509 VINE

OCCUPANCY / ABSORPTION

Vacant Units 2
 Occupancy Rate 95%
 Fees & Deposits N/Av
 Concessions N/Av

CONFIRMATION

Name Reception
 Source Leasing Office
 Date 11/28/2023
 Phone Number Confidential

REMARKS

Unit Amenities Air Conditioning, Parking Open, Premium Countertops, Washer/Dryer In-Unit, Dishwasher, Garbage Disposal

Parking Parking Open

UTILITIES

	INCL. IN RENT	NOT INCL. IN RENT
Electricity		✓
Water	✓	
Hot Water		✓
Sewer	✓	
Garbage	✓	
Telephone		✓
Gas		✓
Cable/Satellite		✓
High-Speed Internet		✓

UNIT MIX

DESCRIPTION	UNITS	SIZE	LOW	HIGH	AVG RENT
1 BD / 1 BA	30	1,024	\$1,675	\$1,850	\$1,763
2 BD / 2 BA	14	1,162	\$2,125	\$2,230	\$2,178

COMPARABLE 6

LOCATION INFORMATION

Name The Berger
 Address 229-237 Arch Street
 City, State, Zip Code Philadelphia, PA, 19106
 MSA Philadelphia-Camden-Wilmington, PA-NJ-DE-M

PHYSICAL INFORMATION

Project Design Mid-Rise
 Number of Units 43
 Year Built 1900
 Net Rentable Area (NRA) 33,705
 Average Unit Size (SF) 784
 Rent Type Market Rent
 Location Good
 Quality Good
 Condition Good
 Project Amenities Clubhouse, Common Laundry, Courtyard, Game Room

Unit Amenities Air Conditioning, Premium Countertops, Storage, Washer/Dryer In-Unit, Premium Appliances, Premium Flooring

Parking

UTILITIES	INCL. IN RENT	NOT INCL. IN RENT
Electricity		✓
Water		✓
Hot Water	✓	
Sewer		✓
Garbage	✓	
Telephone		✓
Gas		✓
Cable/Satellite		✓
High-Speed Internet		✓

UNIT MIX

DESCRIPTION	UNITS	SIZE	LOW	HIGH	AVG RENT
STUDIO / 1 BA	10	450	\$1,300	\$1,500	\$1,400
1 BD / 1 BA	22	790	\$1,500	\$1,890	\$1,695
2 BD / 1 BA	11	1,075	\$1,999	\$2,200	\$2,100



THE BERGER

OCCUPANCY / ABSORPTION

Vacant Units 1
 Occupancy Rate 98%
 Fees & Deposits N/Av
 Concessions N/Av

CONFIRMATION

Name Reception
 Source Leasing Office
 Date 11/28/2023
 Phone Number Confidential

REMARKS

The Berger Apartments are located in Old City in Historic Philadelphia where commercial and retail facilities are within walking distance. Property sits in close proximity to Penn's Landing and the Delaware Waterfront.

DISCUSSION OF RENTAL ADJUSTMENTS

Adjustments for differences between the subject property and the comparables can be made quantitatively or qualitatively. Adjustments for some differences can be derived from the market and are addressed below. Other items for which dollar adjustments are more difficult to derive are addressed in the Qualitative Adjustments paragraph.

Adjustments

The subject property and the comparables vary to some degree in terms of physical characteristics, project amenities, unit amenities, parking, laundry, and utilities. The following grid illustrates the quantitative adjustments applied to the comparables (when necessary) in order to make the comparables similar to the subject in terms of these features.

RENT COMPARABLE ADJUSTMENT TABLE														
	\$ ADJ.	SUBJECT	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	COMP 6						
PHYSICAL PROJECT FEATURES														
Age	\$50	123	9	\$0	10	\$0	9	\$0	7	\$0	20	\$0	9	\$0
Number of Units	\$10	16	59	\$0	48	\$0	65	\$0	10	\$0	44	\$0	43	\$0
Location	\$100	Good	Good/Exc.	(\$100)	Good	\$0	Good	\$0	Good/Exc.	(\$100)	Good	\$0	Good	\$0
Appeal	\$100	Good	Good	\$0	Good	\$0	Good	\$0	Good	\$0	Good	\$0	Good	\$0
Condition	\$100	Good	Good	\$0	Good	\$0	Good	\$0	Good	\$0	Good	\$0	Good	\$0
Physical Subtotal Adjustment				(\$100)	\$0	\$0	\$0	\$0		(\$100)	\$0	\$0	\$0	\$0
PROJECT AMENITIES														
Swimming Pool	\$5	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Fitness Center	\$5	No	Yes	(\$5)	Yes	(\$5)	Yes	(\$5)	No	\$0	Yes	(\$5)	No	\$0
Concierge/Doorman	\$10	No	No	\$0	Yes	(\$10)	No	\$0	No	\$0	No	\$0	No	\$0
Elevator	\$10	Yes	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	No	\$10
Pet Policy	\$10	Yes	Yes	\$0	No	\$10	Yes	\$0	Yes	\$0	No	\$10	No	\$10
Rooftop Area	\$10	No	No	\$0	No	\$0	No	\$0	Yes	(\$10)	No	\$0	No	\$0
Project Amenities Subtotal Adjustment				(\$5)	(\$5)	(\$5)	(\$5)	(\$10)			\$5		\$20	
UNIT AMENITIES														
Air Conditioning	\$10	Yes	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0
Dishwasher	\$10	Yes	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	No	\$10
Balcony/Patio	\$10	No	Yes	(\$10)	No	\$0	No	\$0	Yes	(\$10)	No	\$0	No	\$0
Unit Amenities Subtotal Adjustment				(\$10)	\$0	\$0	\$0	(\$10)			\$0		\$10	
LAUNDRY														
Common Laundry	\$5	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0	Yes	(\$5)
Washer/Dryer Hookups	\$5	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Washer/Dryer In-Unit	\$40	Yes	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0
Laundry Subtotal Adjustment				\$0	\$0	\$0	\$0	\$0		\$0	\$0			(\$5)
PARKING INCLUDED IN RENT														
Parking Open	\$5	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Parking Covered	\$15	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Parking Driveway	\$15	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Parking Garage	\$50	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Parking Subtotal Adjustment				\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0	
UTILITIES INCLUDED IN RENT														
Electricity	\$30	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Water	\$10	Yes	Yes	\$0	Yes	\$0	No	\$10	Yes	\$0	Yes	\$0	No	\$10
Hot Water	\$10	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0	Yes	(\$10)
Sewer	\$10	Yes	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	No	\$10
Garbage	\$10	Yes	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0
Cable	\$20	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Internet	\$25	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Utilities Subtotal Adjustment				\$0	\$0	\$10	\$0	\$0		\$0	\$0		\$10	
TOTAL ADJUSTMENTS				(\$115)	(\$5)	\$5		(\$120)		\$5			\$35	

RENT COMPARABLE ADJUSTMENT GRID

The following tables adjust the comparables to the subject property quantitatively.

RENT COMPARABLE ADJUSTMENT SUMMARY												
COMPARABLE 1	NO.	AVG	EFF. RENT	ADJUSTMENTS						TOTAL	ADJUSTED	
	UNITS	SIZE	\$/UNIT	PHYSICAL	PROJECT	UNIT	LAUNDRY	PARKING	UTILITIES	ADJ	\$/UNIT	\$/SF
STUDIO / 1 BA	15	495	\$1,823	(\$100)	(\$5)	(\$10)	\$0	\$0	\$0	(\$115)	\$1,708	\$3.45
1 BD / 1 BA	38	761	\$1,973	(\$100)	(\$5)	(\$10)	\$0	\$0	\$0	(\$115)	\$1,858	\$2.44
2 BD / 2 BA	6	1,201	\$2,800	(\$100)	(\$5)	(\$10)	\$0	\$0	\$0	(\$115)	\$2,685	\$2.24
COMPARABLE 2												
1 BD / 1 BA	16	725	\$2,025	\$0	(\$5)	\$0	\$0	\$0	\$0	(\$5)	\$2,020	\$2.79
2 BD / 2 BA	27	1,069	\$2,438	\$0	(\$5)	\$0	\$0	\$0	\$0	(\$5)	\$2,433	\$2.28
3 BD / 2 BA	5	1,643	\$3,500	\$0	(\$5)	\$0	\$0	\$0	\$0	(\$5)	\$3,495	\$2.13
COMPARABLE 3												
STUDIO / 1 BA	30	615	\$1,350	\$0	(\$5)	\$0	\$0	\$0	\$10	\$5	\$1,355	\$2.20
1 BD / 1 BA	27	889	\$1,678	\$0	(\$5)	\$0	\$0	\$0	\$10	\$5	\$1,683	\$1.89
2 BD / 1 BA	4	1,000	\$1,875	\$0	(\$5)	\$0	\$0	\$0	\$10	\$5	\$1,880	\$1.88
2 BD / 2 BA	3	1,050	\$1,982	\$0	(\$5)	\$0	\$0	\$0	\$10	\$5	\$1,987	\$1.89
3 BD / 1 BA	1	1,200	\$2,500	\$0	(\$5)	\$0	\$0	\$0	\$10	\$5	\$2,505	\$2.09
COMPARABLE 4												
1 BD / 1 BA	4	878	\$2,298	(\$100)	(\$10)	(\$10)	\$0	\$0	\$0	(\$120)	\$2,178	\$2.48
1 BD / 1.5 BA	4	958	\$2,696	(\$100)	(\$10)	(\$10)	\$0	\$0	\$0	(\$120)	\$2,576	\$2.69
2 BD / 2 BA	2	1,162	\$3,500	(\$100)	(\$10)	(\$10)	\$0	\$0	\$0	(\$120)	\$3,380	\$2.91
COMPARABLE 5												
1 BD / 1 BA	30	1,024	\$1,763	\$0	\$5	\$0	\$0	\$0	\$0	\$5	\$1,768	\$1.73
2 BD / 2 BA	14	1,162	\$2,178	\$0	\$5	\$0	\$0	\$0	\$0	\$5	\$2,183	\$1.88
COMPARABLE 6												
STUDIO / 1 BA	10	450	\$1,400	\$0	\$20	\$10	(\$5)	\$0	\$10	\$35	\$1,435	\$3.19
1 BD / 1 BA	22	790	\$1,695	\$0	\$20	\$10	(\$5)	\$0	\$10	\$35	\$1,730	\$2.19
2 BD / 1 BA	11	1,075	\$2,100	\$0	\$20	\$10	(\$5)	\$0	\$10	\$35	\$2,135	\$1.99

Investor Income Expectation Comment

Based on discussions with numerous brokers throughout the subject's region, investors are placing heavy emphasis on actual, "in place" rents, as well as recent leases at this time. Thus, this rental rate analysis will compare the subject's actual, asking, and recent lease rents to market comparables.

MARKET RENT ANALYSIS

The following tables summarize the various indicators of market rent, and provide the market rent analysis and conclusions for the subject property.

2 BEDROOM UNIT CONCLUSION							
COMP	UNIT TYPE	UNIT SIZE	RENT/MONTH		ADJUSTED RENT/MONT		NET ADJ %
			\$/UNIT	\$/SF	\$/UNIT	\$/SF	
3	2 BD / 1 BA	1,000	\$1,875	\$1.88	\$1,880	\$1.88	0.3%
6	2 BD / 1 BA	1,075	\$2,100	\$1.95	\$2,135	\$1.99	1.7%
3	2 BD / 2 BA	1,050	\$1,982	\$1.89	\$1,987	\$1.89	0.3%
5	2 BD / 2 BA	1,162	\$2,178	\$1.87	\$2,183	\$1.88	0.2%
2	2 BD / 2 BA	1,069	\$2,438	\$2.28	\$2,433	\$2.28	-0.2%
1	2 BD / 2 BA	1,201	\$2,800	\$2.33	\$2,685	\$2.24	-4.1%
4	2 BD / 2 BA	1,162	\$3,500	\$3.01	\$3,380	\$2.91	-3.4%
LOW		1,000	\$1,875	\$1.87	\$1,880	\$1.88	-4.1%
HIGH		1,201	\$3,500	\$3.01	\$3,380	\$2.91	1.7%
AVERAGE		1,103	\$2,410	\$2.17	\$2,383	\$2.15	-0.8%
MEDIAN		1,075	\$2,178	\$1.95	\$2,183	\$1.99	0.2%

SUBJECT ANALYSIS & CONCLUSIONS

UNITS	VAC	UNIT TYPE	SIZE	ASKING RENT		ACTUAL RENT		RECENTLY LEASED		CONCLUDED RENT		
				\$/UNIT	\$/SF	\$/UNIT	\$/SF	UNITS	\$/UNIT	\$/SF	\$/UNIT	\$/SF
16	1	2 BD / 1 BA	900	\$2,300	\$2.56	\$2,230	\$2.48	1	\$2,150	\$2.39	\$2,250	\$2.50

Analysis and Conclusions

The rent comparables range in size from 1,000 SF to 1,201 SF, with an average unit size of 1,103 SF. The rent comparables' unadjusted rent per month ranges from \$1,875 to \$3,500, with an average rent of \$2,410. After applying adjustments to the comparables for differences in amenities, laundry, parking and utilities, the rent comparables' rent per month ranges from \$1,880 to \$3,380, with an average rent of \$2,383.

- There are (16) 2 BD / 1 BA subject units of 900 SF. This floor plan has one vacant unit and is 93.8% occupied. These units currently have an asking rent of \$2,300. This is above the actual rent for the existing tenants for this unit type of \$2,230. There has been one recently leased unit of this floor plan, which has a current rent of \$2,150. Primary emphasis is placed on the subject's actual rent, with secondary weight placed on the rent comparable range. Therefore, a market rent of \$2,250 is estimated for this 900 SF floor plan.

POTENTIAL RENTAL INCOME

The gross rental income equals the total gross income based the rent conclusions presented previously and is summarized in the following table.

APARTMENT POTENTIAL GROSS INCOME													
UNIT TYPE	UNITS	VAC	SF	ASKING RENT			CONTRACT RENT (BLENDED)*			CONCLUDED MARKET RENT			CONTRACT V. MARKET
				\$/UNIT (MO.)	MONTHLY	ANNUALLY	\$/UNIT (MO.)	MONTHLY	ANNUALLY	\$/UNIT (MO.)	MONTHLY	ANNUALLY	
2 BD / 1 BA	16	1	900	\$2,300	\$36,800	\$441,600	\$2,231	\$35,700	\$428,400	\$2,250	\$36,000	\$432,000	99.2%
TOTAL	16			\$2,300	\$36,800	\$441,600	\$2,231	\$35,700	\$428,400	\$2,250	\$36,000	\$432,000	99.2%

* Contract + Market (Vacant Units Projected At Market Level)

Rent Roll Analysis

The rent roll analysis serves as a crosscheck to the estimate of market rent for the subject. The collections shown on the rent roll include rent premiums and/or discounts.

RENT ROLL ANALYSIS				
INCOME COMPONENT			MONTHLY	TOTAL ANNUAL
15	Occupied Units	@ Contract Rent	\$33,450	\$401,400
1	Vacant Units	@ Market Rates	\$2,250	\$27,000
16	Total Units	@ Contract Rent (Blended)	\$35,700	\$428,400
16	Total Units	@ Market Rent	\$36,000	\$432,000
% Difference (In-Place versus Market)				0.8%

The variation between the total annual rent reflected in the rent roll analysis and the market rent conclusion owes to slightly older leases that reflect lower rents however this is a relatively nominal difference.

COMMERCIAL INCOME

This section provides an analysis of the subject's potential commercial income. The subject's commercial space consists of two spaces with a total NRA of 3,700 SF. Of the two space, one is currently leased through September 2028, while the other recently vacated the space after a long-term lease. The in-place lease, similar to the prior lease, have a modified gross lease structure whereby the tenants pay only a base rent and their own utilities. Other expense items such as real estate taxes, insurance, CAM, or management fees are included within the rent and are not reimbursed to the landlord. To offset these expense items, the base rate is higher than typical triple net lease rates. This is reflected in our retail conclusions further in the section.

Commercial Rent Roll

The following Rent Roll Summary reflects a breakdown of the individual tenant spaces and a snapshot of in-place contract rents including lease term, expense structure, base rent, expense recovery and total income.

RENT ROLL SUMMARY								AS OF NOVEMBER 2023		
SUITE TENANT	TOTAL NRA (SF)	% OF NRA	TENANT GROUP	LEASE TERMS			EXPENSE STRUCTURE	CURRENT BASE RENT		
				START	END	YEARS		ANNUAL	PSF (YR.)	PSF (MO.)
2 Allure	1,850	50.0%	Retail	10/16	9/28	12.0	Modified Gross	\$51,948	\$28.08	\$2.34
OCCUPIED SUBTOTALS	1,850	50.0%		-	-	-	-	\$51,948	\$28.08	\$2.34
2 Vacant	1,850	50.0%	Retail							
VACANT SUBTOTALS	1,850	50.0%								
Total NRA	3,700	100.0%						\$51,948	\$14.04	\$1.17

As indicated in the preceding table the subject property contains 3,700 SF of NRA of which 50% is currently leased.

COMMERCIAL MARKET RENT ANALYSIS

Within the Commercial Rent Roll section, the subject tenant spaces were segregated into tenant categories defined by correlating Market Leasing Assumptions (MLAs). For each MLA, we provide a specific analysis, described below, as a rent module. In each rent module, we derive an opinion of market rent and correlating lease terms for each MLA included in our analysis.

- › **Retail Analysis** - Comparable Retail leases are used to derive market rent for the Retail MLA category.

Adjustment Process

Quantitative adjustments are made to the comparable leases. The following adjustments or general market trends were considered for the basis of market rent analysis.

Transactional Adjustments If warranted, the comparable leases were adjusted for varying lease structures, atypical concessions and market conditions. The adjustment for rent concession equivalency quantifies the differences between market standard free rent and tenant improvement allowances compared to those of the lease transaction, which were divided by the comparable’s lease term, and applied to the beginning “face” rent of the comparable lease. The market conditions adjustment is explained at the end of this section.

Concession Adjustment The adjustment for rent concessions is a basis for creating a comparable market standard free rent and a tenant improvement allowance. The differences between free rent and tenant improvements (+/-) is divided by the comparable’s lease term, and applied to the beginning base rent of the comparable lease. This methodology does not take into account amortization of rental increases over the lease term. The rent concession adjustment calculation is outlined below:

CONCESSION ADJUSTMENT SUMMARY	
FREE RENT ADJUSTMENT	TI ADJUSTMENT
Comparable Free Rent	Comparable TI
Less: Market Standard	Less: Market Standard
Equals: Free Rent Adjustment	Equals: TI Adjustment
Divided by Comparable Monthly Lease Term	Divided by Comparable Lease Term
Times: Beginning Base Rent	Equals: Adjustment
Equals: Adjustment	

Property Adjustments Quantitative percentage adjustments were made for location and physical characteristics such as size, age, condition, exposure and parking ratio. Where possible the adjustments applied are based on paired data or other statistical analysis. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject site.

Tenant Space Adjustments The lease comparables were further adjusted to the subject to account for tenant space specific characteristics such as size and space functionality.

Transactional market conditions adjustment was based on a review of historical sale data, market participant interviews and review of current versus historical pricing. Based on our research, the following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT		
Per Year As Of	November 2023	(As-Is)
		1%

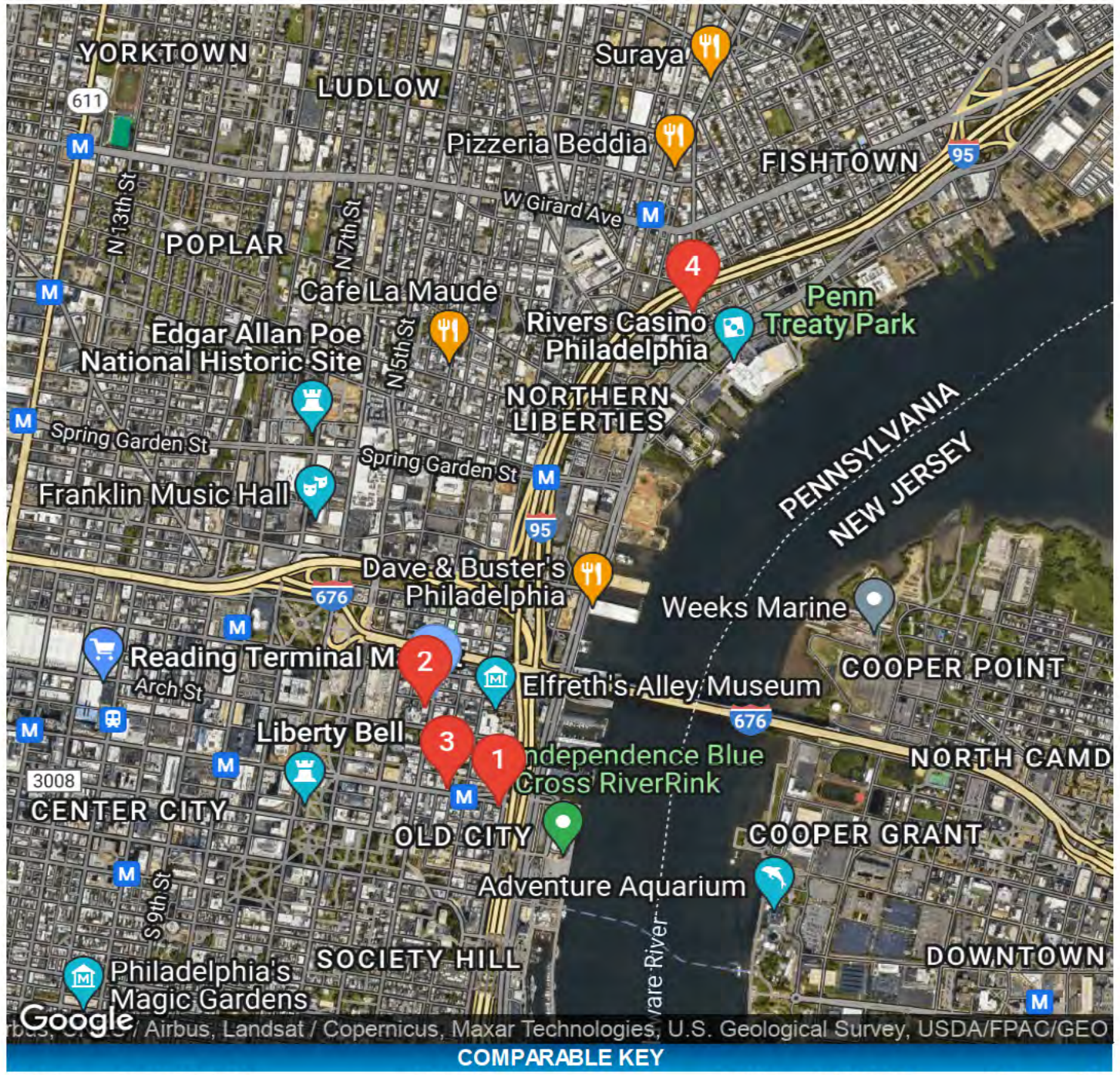
The analysis applies an upward market conditions adjustment of 1% annually reflecting the conditions between the oldest comparable sale date up through the date of valuation.

ANALYSIS OF COMPARABLE RETAIL LEASES

The Retail lease analysis is used to derive an opinion of market rent and correlating leasing assumptions for the Retail MLA category. The following table includes a summary of the comparables selected for this analysis, including relevant listings and actual leases at competing properties. Following the table is an adjustment grid, analysis and our conclusion.

RETAIL LEASE SUMMATION TABLE					
COMPARABLE	SUBJECT	LEASE 1	LEASE 2	LEASE 3	LEASE 4
Address	135-137 N. 3rd Street	100 Market Street	120 N 3rd Street	219-221 Market Street, Ste 1	965-977 Frankford Ave
City	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia
State	PA	PA	PA	PA	PA
Zip	19106	19106	19106	19106	19125
PHYSICAL INFORMATION					
Property Type	Mixed-Use	Retail	Retail	Retail	Retail
Location	Good	Good/Excellent	Good	Good/Excellent	Good/Excellent
Quality	Good	Good	Good	Good	Good
Condition	Good	Good	Good	Good	Good
Exposure	Good	Good	Good	Good	Good
Access	Good	Good	Good	Good	Good
Appeal	Good	Average/Good	Average/Good	Good	Good
Year Built	1900	1900	1900	1880	2020
LEASE INFORMATION					
Tenant Name		Cuor Di Caffè	Confidential	TriState Commercial	The Bar Philadelphia
Commencement Date		2/1/2023	5/4/2022	2/3/2022	1/9/2021
Lease Type		New	New	New	New
Lease Status		Signed	Signed	Signed	Signed
Rate Type		+UTIL	FSG	FSG	NNN
Size (SF)		900	1,400	1,350	1,189
Rent (\$/SF/Yr.)		\$40.00	\$35.14	\$40.00	\$35.00

COMPARABLE RETAIL LEASE MAP



COMPARABLE KEY

COMP	DISTANCE	NAME	ADDRESS	TENANT	LEASE DATE	SF	\$/SF
SUBJECT	-	Old City Apartments	135-137 N. 3rd Street, Philadelphia, PA	-	-	-	\$35.00
No. 1	0.3 Miles	100 Market Street	100 Market Street, Philadelphia, PA	Cuor Di Caffè	2/1/2023	900	\$40.00
No. 2	0.0 Miles	120 N 3rd Street	120 N 3rd Street, Philadelphia, PA	Confidential	5/4/2022	1,400	\$35.14
No. 3	0.2 Miles	219-221 Market Street	219-221 Market Street, Ste 1, Philadelphia	TriState Comm	2/3/2022	1,350	\$40.00
No. 4	1.0 Miles	Common Frankford	965-977 Frankford Ave, Philadelphia, PA	The Bar Philax	1/9/2021	1,189	\$35.00

RETAIL LEASE ADJUSTMENT TABLE					
COMPARABLE	SUBJECT	LEASE 1	LEASE 2	LEASE 3	LEASE 4
Address	135-137 N. 3rd Street	100 Market Street	120 N 3rd Street	219-221 Market Street, Ste 1	965-977 Frankford Ave
City	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia
LEASE INFORMATION					
Tenant Name		Cuor Di Caffè	Confidential	TriState Commercial	The Bar Philadelphia
Commencement Date		2/1/2023	5/4/2022	2/3/2022	1/9/2021
Lease Type		New	New	New	New
Lease Status		Signed	Signed	Signed	Signed
Rate Type		+UTIL	FSG	FSG	NNN
Size (SF)		900	1,400	1,350	1,189
TRANSACTIONAL ADJUSTMENTS					
Lease Type		\$0.00	\$0.00	\$0.00	\$3.50
Concessions		\$0.00	\$0.00	\$0.00	\$0.00
Market Conditions¹		1%	2%	2%	3%
Subtotal Eff Rent		\$40.40	\$35.84	\$40.80	\$39.66
PROPERTY ADJUSTMENTS					
Location	Good	Good/Excellent	Good	Good/Excellent	Good/Excellent
<i>Adjustment</i>		-5%	0%	-5%	-5%
Size (Avg)	1,850	900	1,400	1,350	1,189
<i>Adjustment</i>		-5%	0%	0%	0%
Quality	Good	Good	Good	Good	Good
<i>Adjustment</i>		0%	0%	0%	0%
Condition	Good	Good	Good	Good	Good
<i>Adjustment</i>		0%	0%	0%	0%
Exposure	Good	Good	Good	Good	Good
<i>Adjustment</i>		0%	0%	0%	0%
Access	Good	Good	Good	Good	Good
<i>Adjustment</i>		0%	0%	0%	0%
Subtotal Property Adj		-10%	0%	-5%	-5%
TOTAL ADJUSTED RENT		\$36.36	\$35.84	\$38.76	\$37.68
STATISTICS	UNADJUSTED	ADJUSTED			
LOW	\$35.00	\$35.84			
HIGH	\$40.00	\$38.76			
MEDIAN	\$37.57	\$37.02			
AVERAGE	\$37.54	\$37.16			

¹ Market Conditions Adjustment - Compound annual change in market conditions; 0%

Date of Value (for adjustment calculations): 11/20/23

Retail Lease Analysis

The lease comparables indicate an adjusted value range from \$35.84 to \$38.76/SF, with a median of \$37.02/SF and an average of \$37.16/SF. The range of total gross adjustment applied to the comparables was from 2% to 18%, with an average gross adjustment across all comparables of 10%. The level of total adjustment applied to the comparables is considered minimal, an indication that the dataset is applicable to the subject and increases the credibility of the analysis. The adjustment process for each comparable is discussed in the following paragraphs.

Comparable 1 (\$36.36/SF as adjusted) required a total upward transaction adjustment of \$0.40. Upward adjustment was made for improving market conditions. This comparable required a total downward adjustment of -10% for property characteristics. Downward adjustments warranted for superior location as well as smaller retail space based on the theory of economies of scale. The total gross adjustment applied to this comparable was 11%. The moderate level of gross adjustments required for this comparable indicates that it can be

adequately relied upon for valuation of the subject. This comparable is given primary consideration as a value indicator for the subject.

Comparable 2 (\$35.84/SF as adjusted) required a total upward transaction adjustment of \$0.70. Upward adjustment was made for improving market conditions. This comparable did not require any property characteristic adjustments. The total gross adjustment applied to this comparable was 2%. The moderate level of gross adjustments required for this comparable indicates that it can be adequately relied upon for valuation of the subject. This comparable is given primary consideration as a value indicator for the subject.

Comparable 3 (\$38.76/SF as adjusted) required a total upward transaction adjustment of \$0.80. Upward adjustment was made for improving market conditions. This comparable required a total downward adjustment of -5% for property characteristics. Downward adjustment warranted for superior location. The total gross adjustment applied to this comparable was 7%. The moderate level of gross adjustments required for this comparable indicates that it can be adequately relied upon for valuation of the subject. This comparable is given primary consideration as a value indicator for the subject.

Comparable 4 (\$37.68/SF as adjusted) required a total upward transaction adjustment of \$4.66. Upward adjustments were made for improving market conditions as well as lease structure. This comparable required a total downward adjustment of -5% for property characteristics. Downward adjustment warranted for superior location. The total gross adjustment applied to this comparable was 18%. The moderate level of gross adjustments required for this comparable indicates that it can be adequately relied upon for valuation of the subject. This comparable is given primary consideration as a value indicator for the subject.

RETAIL SPACE MARKET RENT CONCLUSION

The comparables indicate an adjusted value range from \$35.84 to \$38.76/SF, with a median of \$37.02/SF and an average of \$37.16/SF. Based on the results of the preceding analysis, Comparable 1 (\$36.36/SF adjusted), Comparable 2 (\$35.84/SF adjusted), Comparable 3 (\$38.76/SF adjusted), Comparable 4 (\$37.68/SF adjusted) are given primary consideration for the lease rate conclusion.

RETAIL LEASE CONCLUSION TABLE								
LEASE	LEASE RATE	ADJUSTMENT				NET ADJ %	GROSS ADJ %	OVERALL COMPARISON
		TRANSACTIONAL ¹	ADJUSTED	PROPERTY ²	FINAL			
1	\$40.00	\$0.40	\$40.40	-10%	\$36.36	-9%	11%	PRIMARY
2	\$35.14	\$0.70	\$35.84	0%	\$35.84	2%	2%	PRIMARY
3	\$40.00	\$0.80	\$40.80	-5%	\$38.76	-3%	7%	PRIMARY
4	\$35.00	\$4.66	\$39.66	-5%	\$37.68	8%	18%	PRIMARY
LOW	\$35.84					AVERAGE		\$37.16
HIGH	\$38.76					MEDIAN		\$37.02
ACHIEVABLE MRKT RANGE								CONCLUSION
Retail			\$35.84 - \$38.76					\$35.00

¹Cumulative ²Additive (Includes Tenant Adjustments)

INCOME & EXPENSE ANALYSIS

The preceding section addressed potential risks associated with the cash flow of the subject property. Having addressed potential risks, it is appropriate to analyze historical revenues and operating expenses. Operating expenses include those items necessary to maintain the subject property and generate income at the forecasted level. Expenses associated with debt financing, depreciation, or other accounting items are disregarded. The following section provides supporting information and discusses the individual expense conclusions for the subject property. It should be noted that historicals provided to the appraiser did not include several line items consistently such as real estate taxes, property insurance, and other expenses that may or may not impact total operating costs. The conclusions described herein are primarily based on expense comparables with some consideration given to the operating statements provided.

SUBJECT OPERATING HISTORICALS

YEAR	2022			YTD 2023			ANN. 6 MO.			FORECAST		
	TOTAL	\$/UNIT	%EGI	TOTAL	\$/UNIT	%EGI	TOTAL	\$/UNIT	%EGI	TOTAL	\$/UNIT	%EGI
INCOME ITEMS												
Potential Rental Income	\$512,411	\$32,026	100.0%	\$258,564	\$16,160	99.2%	\$517,129	\$32,321	99.2%	\$432,000	\$27,000	82.2%
Commercial Income	\$0	-	0.0%	\$0	-	0.0%	\$0	-	0.0%	\$116,698	\$7,294	22.2%
TOTAL RENTAL INCOME	\$512,411	\$32,026	100.0%	\$258,564	\$16,160	99.2%	\$517,129	\$32,321	99.2%	\$548,698	\$34,294	104.4%
OTHER INCOME												
Miscellaneous Income	\$0	-	0.0%	\$2,210	\$138	0.8%	\$4,420	\$276	0.8%	\$4,500	\$281	0.9%
TOTAL OTHER INCOME	\$0	-	0.0%	\$2,210	\$138	0.8%	\$4,420	\$276	0.8%	\$4,500	\$281	0.9%
POTENTIAL GROSS INCOME (PGI)	\$512,411	\$32,026	100.0%	\$260,774	\$16,298	100.0%	\$521,549	\$32,597	100.0%	\$553,198	\$34,575	105.2%
Vacancy	\$0	-	0.0%	\$0	-	0.0%	\$0	-	0.0%	(\$19,440)	(\$1,215)	(3.7%)
Credit Loss	\$0	-	0.0%	\$0	-	0.0%	\$0	-	0.0%	(\$2,160)	(\$135)	(0.4%)
Commercial Vacancy & Credit Loss	\$0	-	0.0%	\$0	-	0.0%	\$0	-	0.0%	(\$5,835)	(\$365)	(1.1%)
EFFECTIVE GROSS INCOME (EGI)	\$512,411	\$32,026	100.0%	\$260,774	\$16,298	100.0%	\$521,549	\$32,597	100.0%	\$525,763	\$32,860	100.0%
EXPENSE ITEMS												
Real Estate Taxes	(\$3,140)	(\$196)	(0.6%)	\$0	-	0.0%	\$0	-	0.0%	(\$57,255)	(\$3,578)	(10.9%)
Property Insurance	\$0	-	0.0%	\$0	-	0.0%	\$0	-	0.0%	(\$10,400)	(\$650)	(2.0%)
Utilities	(\$22,997)	(\$1,437)	(4.5%)	(\$11,685)	(\$730)	(4.5%)	(\$23,369)	(\$1,461)	(4.5%)	(\$23,200)	(\$1,450)	(4.4%)
Repairs & Maintenance	(\$37,885)	(\$2,368)	(7.4%)	(\$26,064)	(\$1,629)	(10.0%)	(\$52,128)	(\$3,258)	(10.0%)	(\$15,200)	(\$950)	(2.9%)
Management	(\$18,360)	(\$1,148)	(3.6%)	(\$9,095)	(\$568)	(3.5%)	(\$18,190)	(\$1,137)	(3.5%)	(\$18,402)	(\$1,150)	(3.5%)
General & Administrative	(\$2,433)	(\$152)	(0.5%)	(\$8,794)	(\$550)	(3.4%)	(\$17,587)	(\$1,099)	(3.4%)	(\$5,600)	(\$350)	(1.1%)
Reserves	\$0	-	0.0%	\$0	-	0.0%	\$0	-	0.0%	(\$4,000)	(\$250)	(0.8%)
TOTAL EXPENSES	(\$84,815)	(\$5,301)	(16.6%)	(\$55,637)	(\$3,477)	(21.3%)	(\$111,274)	(\$6,955)	(21.3%)	(\$134,056)	(\$8,379)	(25.5%)
NET OPERATING INCOME (NOI)	\$427,596	\$26,725	83.4%	\$205,137	\$12,821	78.7%	\$410,274	\$25,642	78.7%	\$391,707	\$24,482	74.5%

OTHER INCOME

In the following section, we analyzed and made conclusions for the other income items of the subject property.

OTHER INCOME ANALYSIS & CONCLUSIONS

MISCELLANEOUS INCOME				ANALYSIS
YEAR	SUBJECT			
	TOTAL	\$/UNIT	%EGI	
2022	\$0	-	0.0%	The concluded amount is inclusive of all income associated with miscellaneous income such as pet fees, damage fees, late fees, and admin fees. The concluded amount is based on similar comparables reflecting a miscellaneous income range of 0.5% to 2.5% of EGI as well as the subject's annualized historicals.
ANN. 6 MO.	\$4,420	\$276	0.8%	
CONCLUSION	\$4,500	\$281	0.9%	

Apartment Net Rental Income

Our analysis and conclusions of the subject's apartment income are detailed as follows:

APARTMENT RENTAL INCOME				
YEAR	TOTAL	\$/UNIT	%EGI	ANALYSIS
2022	\$512,411	\$32,026	100.0%	Total Apartment Income is based on current contract rents blended with market rents for all occupied and vacant units.
ANN. 6 MO.	\$517,129	\$32,321	99.2%	
CONCLUDED RENT	\$410,400	\$25,650	0.78058	

Vacancy and Credit Loss

This category was discussed in depth in the market analysis section of this report. Please reference that discussion for a full analysis. Our conclusions are summarized in the table below:

INCOME LOSS	
General Vacancy Rate	4.5%
Credit Loss Conclusion	0.5%
TOTAL	5.0%

Analysis of Operating Expenses

Expenses are estimated based on one or more of the following sources: (1) historical or projected operation of the subject; (2) comparable expense properties; (3) published operating sources; or (4) individual suppliers. The expense comparables reflect varying accounting methods with respect to individual line items and reserves for replacement expenses. On a line-item basis, due to the variances in accounting and classification, their applicability is diminished. The following section provides supporting information and discusses the individual expense conclusions for the subject property. The operating expenses for the subject property were presented previously. The following chart summarizes comparable expenses.

EXPENSE COMPARABLES

COMPARABLE	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	LOW	HIGH	AVG
City	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	-	-	-
State	PA	PA	PA	PA	PA	-	-	-
Expense Year	T-12 5/23	2023	T-12 (4/23)	T-12 (5/22)	2021	1900	1900	-
Actual/Budget	Actual	Proforma	Actual	Actual	Proforma	-	-	-
Units	27	28	29	145	32	27	145	52
Year Built	2019	2023	2019	2006	2021	2006	2021	2015
EGI (\$/UNIT)	\$37,138	\$42,085	\$19,629	\$17,653	\$34,277	\$17,653	\$42,085	\$30,156

EXPENSE ITEMS	\$/UNIT	%EGI	\$/UNIT	%EGI	\$/UNIT	%EGI	\$/UNIT	%EGI	\$/UNIT	%EGI	LOW	HIGH	AVG
Real Estate Taxes	\$2,672	7.2%	\$5,319	12.6%	\$2,315	11.8%	\$2,235	12.7%	\$2,656	7.7%	\$2,235	\$5,319	\$3,039
Property Insurance	\$1,550	4.2%	\$430	1.0%	\$525	2.7%	\$265	1.5%	\$475	1.4%	\$265	\$1,550	\$649
Utilities	\$1,080	2.9%	\$715	1.7%	\$595	3.0%	\$665	3.8%	\$700	2.0%	\$595	\$1,080	\$751
Repairs & Maintenance	\$1,550	4.2%	\$820	1.9%	\$565	2.9%	\$998	5.7%	\$650	1.9%	\$565	\$1,550	\$917
Management	\$1,420	3.8%	\$865	2.1%	\$687	3.5%	\$932	5.3%	\$1,371	4.0%	\$687	\$1,420	\$1,055
General & Administrative	\$1,150	3.1%	\$210	0.5%	\$200	1.0%	\$317	1.8%	\$225	0.7%	\$200	\$1,150	\$420
Reserves	\$250	0.7%	\$275	0.7%	\$200	1.0%	-	-	\$200	0.6%	\$200	\$275	\$231
TOTAL EXPENSES (\$/UNIT)	\$9,672	26.0%	\$8,634	20.5%	\$5,087	25.9%	\$5,412	30.7%	\$6,277	18.3%	\$5,087	\$9,672	\$7,016

Conclusion of Operating Expenses

In the following section we discuss the individual expense conclusions for the subject property.

EXPENSE ANALYSIS & CONCLUSIONS

REAL ESTATE TAXES

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI
2022	\$3,140	\$196	0.6%	1	\$2,672	7.2%
ANN. 6 MO.	\$0	0.0%	2	\$5,319	12.6%	
			3	\$2,315	11.8%	
			4	\$2,235	12.7%	
			5	\$2,656	7.7%	
			CONCLUSION	\$57,255	\$3,578	10.9%

ANALYSIS

The concluded expense is all inclusive of costs associated with real estate taxes. The concluded taxes are based on the current taxes of the subject. Please refer to the Assessments and Taxes section for additional details.

PROPERTY INSURANCE

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI
2022	\$0	\$0	0.0%	1	\$1,550	4.2%
ANN. 6 MO.	\$0	0.0%	2	\$430	1.0%	
			3	\$525	2.7%	
			4	\$265	1.5%	
			5	\$475	1.4%	
			CONCLUSION	\$10,400	\$650	2.0%

ANALYSIS

This expense includes all premiums and costs incurred for insurance covering structures, public liability, rental value, and equipment. The comparables provided for this category report a reasonable range of operating expenses and are reliable. The conclusion is based on the expense comparable information.

UTILITIES

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI
2022	\$22,997	\$1,437	4.5%	1	\$1,080	2.9%
ANN. 6 MO.	\$23,369	\$1,461	4.5%	2	\$715	1.7%
				3	\$595	3.0%
				4	\$665	3.8%
				5	\$700	2.0%
				CONCLUSION	\$23,200	\$1,450

ANALYSIS

Utilities include gas, electricity, water, sewer, and trash removal. The subject's most recent historical expenses have been fairly consistent, and are generally reliable. Excluding the outliers, the majority of the comparables provided for this category report a reasonable range of operating expenses. The conclusion is based on the ann. 6 mo. historical expense.

REPAIRS & MAINTENANCE

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI
2022	\$37,885	\$2,368	7.4%	1	\$1,550	4.2%
ANN. 6 MO.	\$52,128	\$3,258	10.0%	2	\$820	1.9%
				3	\$565	2.9%
				4	\$998	5.7%
				5	\$650	1.9%
CONCLUSION	\$15,200	\$950	2.9%	AVG	\$917	3.3%

ANALYSIS

This expense covers the cost of all routine maintenance and repairs. The subject's most recent historical expenses have been above market for this category. Typical market operations warrant a lower expense. The comparables provided for this category report a reasonable range of operating expenses and are reliable. The conclusion is based on the expense comparable information.

MANAGEMENT

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI
2022	\$18,360	\$1,148	3.6%	1	\$1,420	3.8%
ANN. 6 MO.	\$18,190	\$1,137	3.5%	2	\$865	2.1%
				3	\$687	3.5%
				4	\$932	5.3%
				5	\$1,371	4.0%
CONCLUSION	\$18,402	\$1,150	3.5%	AVG	\$1,055	3.7%

ANALYSIS

The concluded expense is all inclusive of costs associated with management. The subject's most recent historical expenses have been above market for this category. Typical market operations warrant a lower expense. The comparables provided for this category report a narrow range of operating expenses and are reliable. The conclusion is based on the expense comparable information.

GENERAL & ADMINISTRATIVE

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI
2022	\$2,433	\$152	0.5%	1	\$1,150	3.1%
ANN. 6 MO.	\$17,587	\$1,099	3.4%	2	\$210	0.5%
				3	\$200	1.0%
				4	\$317	1.8%
				5	\$225	0.7%
CONCLUSION	\$5,600	\$350	1.1%	AVG	\$420	1.4%

ANALYSIS

This expense includes office supplies, accounting, legal fees, other professional fees, and all other administrative costs. The subject's most recent historical expenses have fluctuated and have been inconsistent. The comparables provided for this category report a reasonable range of operating expenses and are reliable. The conclusion is based on the historical expenses and the expense comparable information.

RESERVES

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/UNIT	%EGI	COMP	\$/UNIT	%EGI
2022	\$0		0.0%	1	\$250	0.7%
ANN. 6 MO.	\$0		0.0%	2	\$275	0.7%
				3	\$200	1.0%
				4	-	-
				5	\$200	0.6%
CONCLUSION	\$4,000	\$250	0.8%	AVG	\$231	0.7%

ANALYSIS

Reserves for replacements are not typical cash expenditures, but rather the annualized cost of major expense in the future. The expense conclusion considers the subject's age and condition and typical standards. The comparables provided for this category report a narrow range of operating expenses and are reliable. The conclusion is based on the expense comparable information.

TOTAL EXPENSES	LOW	HIGH	CONCLUSION
SUBJECT HISTORICAL \$/UNIT	\$3,477	\$6,955	
EXPENSE COMPARABLES \$/UNIT	\$5,087	\$9,672	
SUBJECT HISTORICAL %EGI	16.6%	21.3%	
EXPENSE COMPARABLES %EGI	18.3%	30.7%	
TOTAL EXPENSES \$/UNIT	\$8,379		
TOTAL EXPENSES %EGI	25.5%		
TOTAL EXPENSES	\$134,056		

The subject's reconciled expenses are within the range of comparables on a per unit basis and are considered reasonable for this type of asset considering the subject is a newly renovated Class B complex.

INVESTMENT MARKET ANALYSIS

Development of Capitalization Rate

The going-in capitalization rate, also known as overall rate (OAR), can be determined using several sources and methods. In developing our opinion of OAR, the following techniques were used:

- › Comparable Sales (Sales Comparison Approach)
- › Supplemental Comparable Sales (Competitive Market)
- › Investor Surveys
- › Band of Investment Technique

Comparable Sales

The following table presents a summary of the comparable sales used ahead in the Sales Comparison Approach, and the capitalization rates from each of those sales.

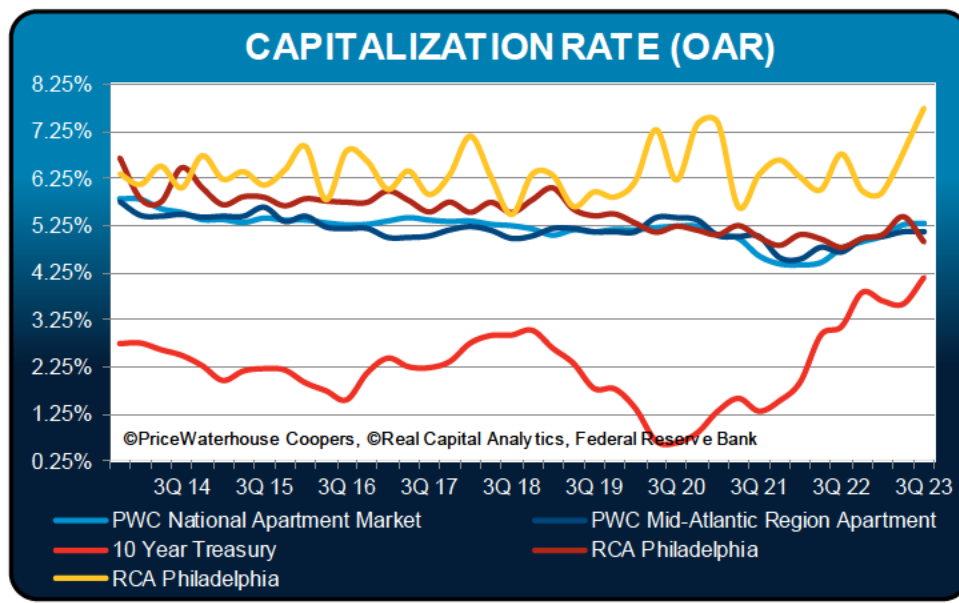
CAPITALIZATION RATE COMPARABLES (OAR)									
NAME	CITY	ST	SALE DATE	YR BLT	UNITS	AVG UNIT SF	\$/UNIT	SALE PRICE	CAP RATE
1 Stabelfish Lofts	Philadelphia	PA	September 14, 2023	2019	27	720	\$413,889	\$11,175,000	6.00%
2 The Sansom Apartments	Philadelphia	PA	December 19, 2022	2013	104	650	\$302,885	\$31,500,000	5.50%
3 Liberties Gateway	Philadelphia	PA	November 1, 2022	2014	14	936	\$492,857	\$6,900,000	6.00%
4 Avenue V	Philadelphia	PA	November 22, 2022	2022	82	810	\$308,537	\$25,300,000	6.25%
5 The Edison	Philadelphia	PA	August 2, 2022	2021	24	656	\$470,833	\$11,300,000	5.30%
6 Penn's View Apartments	Philadelphia	PA	July 28, 2022	1901	51	934	\$254,902	\$13,000,000	4.50%
ADDITIONAL COMPS									
SS1 1817 North 2nd Street	Philadelphia	PA	August 22, 2022	2019	28	450	\$285,536	\$7,995,000	6.15%
SS2 1321 North 5th Street	Philadelphia	PA	October 24, 2022	2009	32	1,054	\$197,656	\$6,325,000	6.50%
LOW			July 2022						4.50%
HIGH			September 2023						6.50%
AVERAGE			November 2022						5.78%
MEDIAN			October 2022						6.00%
INDICATED CAPITALIZATION RATE (OAR)									6.50%

As shown on the previous chart, multifamily capitalization rates extracted from comparable sales indicate a fairly tight market ranging from 4.50% to 6.50% for comparable properties, with an average of 5.78% and a median of 6.00%. Based on discussions with the investment brokers, buyers, or other parties involved in these transactions, cap rates reflect Year 1 net operating income figures, including capital reserves and Year 1 taxes, with any anticipated increases in real estate taxes built into the cap rate. Primary weight has been placed on the most recent comparable sales as well as the supplemental comparables which have transacted throughout 2022. Recognizing the faced-paced changes in the investment market (interest rates, liquidity), these Sales are considered most representative of current market conditions. Overall, the subject's risk profile is considered to fall towards the higher range of the comparable sales as interest rates continue to climb. All Sales were given primary weight in the sales approach due to a high-level similarity with the subject, and therefore have been given primary weight in this analysis as well. We do note that most of the sales include ground floor retail space consistent with the subject property.

Investor Surveys

The potential investor pool for the subject asset includes national, regional and local investors. While all of these groups place emphasis on local cap rates, regional and national investors would also strongly consider national cap rate trends from investor surveys due to the potential to invest in other regions that are offering competitive rates of return.

The following graph provides a historical illustration of capitalization rate statistics as surveyed by investors that we considered to be relevant to the subject property.



The following table provides the most recent survey results from investors and our independent market participant interview.

CAPITALIZATION RATE SURVEYS (OAR)						
SOURCE	QUARTER	RANGE	AVG	LAST Q	LAST YR	
PriceWaterhouse Coopers						
National Apartment Market	3Q 23	3.75% to 8.00%	5.28%	5.25%	4.75%	
Mid-Atlantic Region Apartment	3Q 23	4.25% to 6.50%	5.13%	5.13%	4.70%	
Real Capital Analytics						
Philadelphia	3Q 23		4.89%	5.43%	4.77%	
Philadelphia	3Q 23		7.74%	-	6.75%	
10 Year Treasury	3Q 23	-	4.15%	3.59%	3.11%	
Market Participant Interview						
Investment Broker	4Q 23	6.00% to 7.00%	6.50%	-	-	
AVERAGE		4.67% to 7.17%	5.64%	4.85%	4.82%	

As indicated on the previous chart, national investor surveys show current rates trending upward over the past quarter and are materially higher year over year. Most weight in this method has been given to the survey with local participants active in the market (discussed below).

Market Participants

I have interviewed investment sale brokers very active in marketing and transacting regional mid-rise apartment properties. The general consensus from the market participants was that based on the stability of the submarket and the strength of the region, counterbalanced against costly debt financing, cap rates for a Class B property like the subject would range from 6.00% to 7.00%, considering any risk of reassessment.

Band of Investment Technique

Because most properties are purchased with debt and equity capital, the overall capitalization rate must satisfy the market return requirements of both investment positions. Lenders must anticipate receiving a competitive interest rate commensurate with the perceived risk of the investment or they will not make funds available. Lenders also require that the principal amount of the loan be repaid through amortization payments. Similarly,

equity investors must anticipate receiving a competitive equity cash return commensurate with the perceived risk or they will invest their funds elsewhere.

To analyze the capitalization rate from a financial position, the Band of Investment Technique is used. In order to determine current loan term assumptions, we have surveyed lenders in the market for multifamily properties. The following are the reported loan components for conventional multifamily loans:

National Mortgage Broker: 7–10-year loan term, 65% to 80% LTV, 1.25 (80% LTV) to 1.35 (65% LTV) debt coverage ratio, 30-year amortization period, and rate spreads ranging from 160 to 200 basis points (rates from 5.75% to 7.00%).

National Investor: 10-year term, 70% to 80% LTV, 1.25-1.3+/- debt coverage ratio, 30 amortization, 5.50% to 7.00% interest rates (depending on other underwriting and proceed terms), 6% to 9% equity dividend rate:

Available financing information indicates the following terms for our analysis:

BAND OF INVESTMENT ASSUMPTIONS	
Loan Amortization Period	30 Years
Interest Rate	6.50%
Loan-to-Value (LTV) Ratio	70%
Mortgage Constant	7.58%

Equity dividend rates vary depending upon motivations of buyers and financing terms. The previous terms and an appropriate equity dividend rate are used in the Band of Investments calculations, which are presented on the following chart.

BAND OF INVESTMENT CALCULATION					
Mortgage Component	70%	x	7.58%	=	5.309%
Equity Component	30%	x	7.00%	=	2.100%
Indicated Capitalization Rate					7.409%
INDICATED CAPITALIZATION RATE					7.41%

Debt Coverage Ratio Technique

An alternate method to calculating capitalization rates based on financing metrics is the Debt Coverage Ratio method, which uses the relationship between the DCR, LTV, and mortgage constant to conclude to a rate value. Based on the assumptions previously discussed, we have concluded to a DCR of 1.30, an LTV of 70% and a mortgage constant of 7.58%. The following calculation indicates the cap rate conclusion by this method:

DEBT COVERAGE RATIO CALCULATION	
Debt Coverage Ratio	1.30
Loan-to-Value (LTV) Ratio	70%
Mortgage Constant	7.58%
INDICATED CAPITALIZATION RATE	6.90%

Capitalization Rate Conclusion

Taking all factors into consideration, the following table summarizes the various capitalization rate indicators and provides the final capitalization rate conclusion.

CAPITALIZATION RATE CONCLUSION (OAR)						
SOURCE	QUARTER	RANGE	AVG	LAST Q	LAST YR	
Comparable Sales		4.50% to 6.25%	5.59%	-	-	
Supplemental Comparable Sales		6.15% to 6.50%	6.33%	-	-	
Investor Surveys	3Q 23	4.67% to 7.17%	5.64%	4.85%	4.82%	
Investment Broker	4Q 23	6.00% to 7.00%	6.50%	-	-	
Band of Investment Technique			7.41%	-	-	
Debt Coverage Technique			6.90%			
AVERAGE		5.33% to 6.73%	6.39%	4.85%	4.82%	
CAPITALIZATION CONCLUSION			6.50%			

The subject property is a recently renovated 16 unit apartment complex with ground floor retail that is anticipated to perform well as market conditions warrant. Positive risk factors include strong investment appeal for the overall market with high levels of deployable cash and strong occupancy levels across Center City Philadelphia. Negative risk factors include uncertainty around US and global economies considering the rapid continual increase in interest rates and tightening credit markets. Considering all of these factors and placing particular weight on the comparable sales analysis and investment broker opinion, I have selected a cap rate of 6.50%. The selection of the cap rate reflects the quality of the investment that the subject offers and its location.

DIRECT CAPITALIZATION

This method analyzes the relationship of one year's net operating income to total property value. The net operating income is capitalized at a rate that implicitly considers expected growth in property value over a buyer's investment horizon. The following table summarizes our opinion of market value via direct capitalization for the subject property's As-Is Value as of November 20, 2023.

DIRECT CAPITALIZATION SUMMATION TABLE				
INCOME ITEMS	%PGI	%EGI	\$/UNIT	TOTAL
Potential Rental Income			\$27,000	\$432,000
Commercial Income			\$7,294	\$116,698
TOTAL RENTAL INCOME			\$34,294	\$548,698
OTHER INCOME				
Miscellaneous Income			\$281	\$4,500
TOTAL OTHER INCOME			\$281	\$4,500
POTENTIAL GROSS INCOME (PGI)			\$34,575	\$553,198
INCOME LOSS	%PGI		\$/UNIT	TOTAL
Vacancy	(4.5%)		(\$1,215)	(\$19,440)
Collection Loss	(0.5%)		(\$135)	(\$2,160)
Commercial Vacancy & Credit Loss	(5.0%)		(\$365)	(\$5,835)
TOTAL INCOME LOSS	(5.0%)		(\$1,715)	(\$27,435)
EFFECTIVE GROSS INCOME (EGI)			\$32,860	\$525,763
EXPENSE ITEMS	%PGI	%EGI	\$/UNIT	TOTAL
Real Estate Taxes	(10.3%)	(10.9%)	(\$3,578)	(\$57,255)
Property Insurance	(1.9%)	(2.0%)	(\$650)	(\$10,400)
Utilities	(4.2%)	(4.4%)	(\$1,450)	(\$23,200)
Repairs & Maintenance	(2.7%)	(2.9%)	(\$950)	(\$15,200)
Management	(3.3%)	(3.5%)	(\$1,150)	(\$18,402)
General & Administrative	(1.0%)	(1.1%)	(\$350)	(\$5,600)
Reserves	(0.7%)	(0.8%)	(\$250)	(\$4,000)
TOTAL EXPENSES	(24.2%)	(25.5%)	(\$8,379)	(\$134,056)
NET OPERATING INCOME (NOI)			\$24,482	\$391,707
Capitalization Rate				6.50%
Capitalized Value				\$6,026,257
Retail - Rent Loss & Lease Up Costs				(\$50,875)
AS-IS MARKET VALUE			\$375,000	\$6,000,000

Rounded to nearest \$50,000

ADJUSTMENTS TO VALUE

To reflect conditions in effect at the subject property as the date of value, adjustments to the capitalized value were necessary for the costs associated with the lease up and tenant improvements of the vacant retail space. As such, we have estimated a lease up period of six months equaling lost rent of \$5,395/month and another \$10/SF in tenant improvements totaling \$18,500 in order to arrive at the As Is Market Value.

INTRODUCTION

The Sales Comparison Approach is based on the principle of substitution, which asserts that a buyer would not pay more for a property than the value of similar properties in the market. This approach analyzes comparable sales by applying transactional and property adjustments to bracket the subject property within an appropriate unit value comparison.

UNIT OF COMPARISON

The most relevant unit of comparison is the price per unit. This indicator best reflects the analysis used by buyers and sellers in this market for improved properties with similar design and utility.

COMPARABLE SELECTION

We completed a thorough search for similar improved sales in terms of property type, location, physical characteristics, and date of sale. In selecting comparables, emphasis was placed on confirming recent improved sales of properties that match the highest and best use, and buyer/seller profile of the subject property. The sale comparables are located in the subject's region and range from 0.2 to 1.7 miles from the subject site, with an average distance of 0.9 miles. Overall, the sales selected represent the best comparables available for this analysis.

ADJUSTMENT PROCESS

Quantitative adjustments are made to the comparable sales. The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transactional adjustments in the sequence shown below:

Property Rights Transferred	The valuation of the subject site was completed on a leased fee basis. If warranted, leased fee, leasehold and/or partial interest sales were adjusted accordingly.
Financing Terms	The subject property was valued on a cash equivalent basis. Adjustments were made to the comparables involving financing terms atypical of the marketplace.
Conditions of Sale	This adjustment accounts for extraordinary motivation on the part of the buyer or seller often associated with distressed sales.
Expenditures After Purchase	Adjustments were applied if physical conditions warranted expenditures on the part of the buyer to bring the comparable up to functional standards. Most often this adjustment accounts for costs associated with deferred maintenance.
Market Conditions	Market conditions adjustments were based on a review of historical sale data, market participant interviews and review of current versus historical pricing. on our research, the following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT

Per Year As Of	November 2023	(As-Is)	1%
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The analysis applies an upward market conditions adjustment of 1% annually reflecting the conditions between the oldest comparable sale date up through the effective valuation date.

Location	The location adjustment considers 1) the strength of the property's submarket and 2) the surrounding uses of the comparable as compared to the subject
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property. We have used the MPF data to provide an indication of the submarket net operating incomes.

Property Adjustments

Quantitative percentage adjustments are also made for location and physical characteristics such as size, age, site and parking ratios, access, exposure, quality and condition, as well as other applicable elements of comparison. Where possible the adjustments applied are based on paired data or other statistical analysis. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject property.

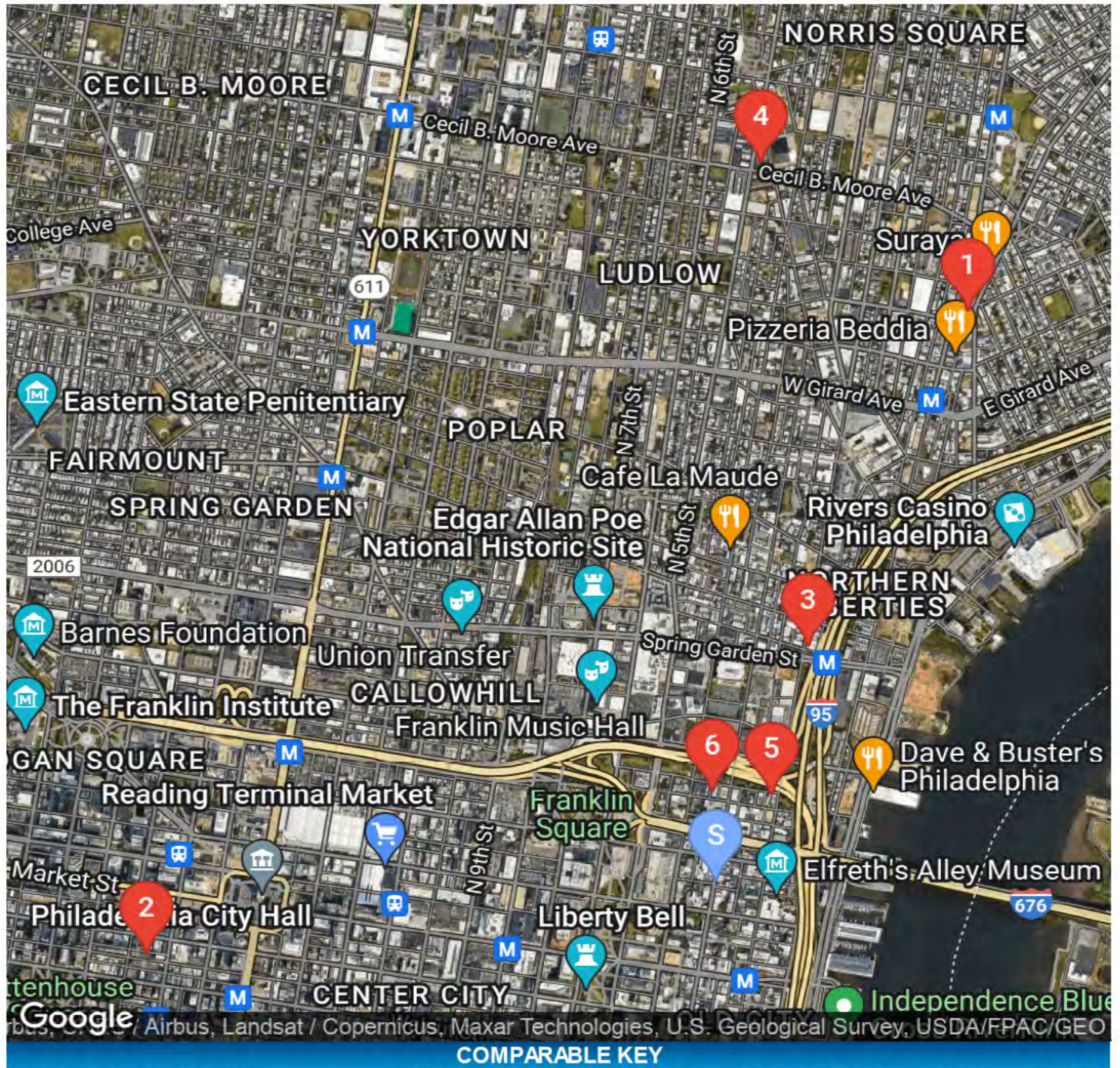
PRESENTATION

The following Sales Summation Table, Location Map and datasheets summarize the improved sales data. Following these items, the comparable sales are adjusted for applicable elements of comparison and the opinion of value by the Sales Comparison Approach is concluded.

IMPROVED SALES SUMMATION TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	Old City Apartments	Stabelfish Lofts	The Sansom Apartments	Liberties Gateway	Avenue V	The Edison	Penn's View Apartments
Address	135-137 N. 3rd Street	1412 Frankford Avenue	1605 Sansom Street	601 North 2nd Street	408 Cecil B. Moore Avenue	312 North 2nd Street	303 Vine Street
City	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia
State	PA	PA	PA	PA	PA	PA	PA
Zip	19106	19125	19103	19123	19122	19106	19106
County	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia
PHYSICAL INFORMATION							
Project Design	Mid/High-Rise Housing	Mid-Rise	Mid-Rise	Mid-Rise	Mid-Rise	Mid-Rise	Mid-Rise
NRA (SF)	18,100	19,443	67,696	13,112	66,460	15,744	47,646
Units	16	27	104	14	82	24	51
Average Unit SF	900	720	650	936	810	656	934
Density	143.2	95.4	366.2	58.8	85.2	282.4	171.7
Land Area (AC)	0.1	0.3	0.3	0.2	1.0	0.1	0.3
Land Area (SF)	4,867	12,309	12,350	10,354	41,906	3,682	12,923
Year Built	1900	2019	2013	2014	2022	2021	1901
Year Renovated	2015	-	-	-	-	-	-
Stories	5	4	8	3	4	6	5
Location	Good	Good	Good	Good	Good	Good	Good
Quality	Good	Good	Good	Good	Good	Good	Good
Condition	Good	Good	Good	Good	Good	Good	Good
Appeal	Good	Good	Good	Good	Good	Good	Good
UNIT MIX DETAILS							
Studio	0%	0%	13%	0%	0%	0%	0%
1 Bed	0%	78%	82%	71%	7%	58%	73%
2 Bed	100%	22%	5%	29%	89%	42%	27%
3+ Bed	0%	0%	0%	0%	4%	0%	0%
Average Unit (SF)	900	720	650	936	810	656	934
SALE INFORMATION							
Date		9/14/2023	12/19/2022	11/1/2022	11/22/2022	8/2/2022	7/28/2022
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Sale Conditions		Arms-Length	Arms-Length	Arms-Length	Arms-Length	Under Contract	Arms-Length
Rights Transferred		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Transaction Price		\$11,175,000	\$31,500,000	\$6,900,000	\$25,300,000	\$11,300,000	\$13,000,000
Transaction \$/Unit		\$413,889	\$302,885	\$492,857	\$308,537	\$470,833	\$254,902
Transaction \$/SF NRA		\$575	\$465	\$526	\$381	\$718	\$273
Analysis Price		\$11,175,000	\$31,500,000	\$6,900,000	\$25,300,000	\$11,300,000	\$13,000,000
NOI/Unit	\$24,482	\$24,833	\$16,659	\$29,571	\$19,284	\$24,954	\$11,471
NOI/SF NRA	\$21.64	\$34.49	\$25.59	\$31.57	\$23.79	\$38.04	\$12.28
Capitalization Rate		6.00%	5.50%	6.00%	6.25%	5.30%	4.50%

SALES LOCATION MAP



COMPARABLE KEY

COMP	DISTANCE	NAME	ADDRESS	OCC.	SALE DATE	OAR	\$/UNIT
SUBJECT	-	Old City Apartments	135-137 N. 3rd Street, Philadelphia, PA	93.8%	-	-	\$375,000
No. 1	1.4 Miles	Stabelfish Lofts	1412 Frankford Avenue, Philadelphia, PA	100.0%	9/14/2023	6.00%	\$413,889
No. 2	1.2 Miles	The Sansom Apartments	1605 Sansom Street, Philadelphia, PA	98.1%	12/19/2022	5.50%	\$302,885
No. 3	0.6 Miles	Liberties Gateway	601 North 2nd Street, Philadelphia, PA	96.0%	11/1/2022	6.00%	\$492,857
No. 4	1.7 Miles	Avenue V	408 Cecil B. Moore Avenue, Philadelphia, PA	-	11/22/2022	6.25%	\$308,537
No. 5	0.2 Miles	The Edison	312 North 2nd Street, Philadelphia, PA	82.0%	8/2/2022	5.30%	\$470,833
No. 6	0.2 Miles	Penn's View Apartments	303 Vine Street, Philadelphia, PA	98.0%	7/28/2022	4.50%	\$254,902

COMPARABLE 1

LOCATION INFORMATION

Name	Stabelfish Lofts
Address	1412 Frankford Avenue
City, State, Zip Code	Philadelphia, PA, 19125
County	Philadelphia

SALE INFORMATION

Buyer	JSC Real Estate, LLC
Seller	Stabelfish, LLC
Transaction Date	09/14/2023
Transaction Price	\$11,175,000
Analysis Price	\$11,175,000
Rights Transferred	Leased Fee
Conditions of Sale	Arms-Length

PHYSICAL INFORMATION

Project Type	Mid-Rise
Project Size NRA	19,443 SF
Units	27
No. of Buildings/Floors	3 Buildings / 4 Floors
Year Built	2019
Quality / Condition	Good / Good
Appeal	Good
Building Structure	Block/Siding
Site Size	0.3 Acres (12,309 SF)
Zoning	CMX2
Average Unit Size	720 SF
Density	95.4

Project Amenities	Courtyard, Electronic Gate, Elevators, Exterior Lighting, Pet Policy, Storage Units
Unit Amenities	Air Conditioning, Complete Appliance Package, Dishwasher, Garbage Disposal, Premium

UNIT MIX

<u>NO. UNITS</u>	<u>AVG SIZE</u>	<u>DESCRIPTION</u>
4	835	1 BD / 1 BA
17	595	1 BD / 1 BA
3	776	2 BD / 1.5 BA
3	1,220	2 BD / 2 BA



**STABELFISH LOFTS
OPERATING INCOME**

	<u>TOTAL</u>	<u>PER UNIT</u>	<u>PER SF</u>
Rent Income	\$0	\$0	\$0.00
Other Income	\$0	\$0	\$0.00
Gross Income	\$0	\$0	\$0.00
Vacancy @ 0.0%	\$0	\$0	\$0.00
Effective Gross Income	\$0	\$0	\$0.00
Expenses	\$0	\$0	\$0.00
Net Operating Income	\$670,500	\$24,833	\$34.49
Occupancy at Sale	100.0%		
Expense % of PGI / EGI	-		

ANALYSIS INFORMATION

Price/Unit	\$413,889
Adjusted Price/Unit	\$413,889
Capitalization Rate	6.00%
Equity Div. / PGIM / EGIM	-

CONFIRMATION

Name	Confidential
Company	Confidential
Source	Appraiser
Date / Phone Number	11/20/2023 Confidential

REMARKS

The complex offers (21) one bedroom, and (6) two-bedroom units across 4 floors with modern finishes and an inviting courtyard. There are also five tenants with frontage along the heavily traveled retail corridor of Frankford Avenue. The property sold to a local investor who plans to increase the retail rents and also convert dead office/working space into four additional units. The purchase price reflects these additional units. The property was under agreement early 2023 and sold on a proforma cap rate of 6.0%.

COMPARABLE 2

LOCATION INFORMATION

Name	The Sansom Apartments
Address	1605 Sansom Street
City, State, Zip Code	Philadelphia, PA, 19103
County	Philadelphia
MSA	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
APN	88-1547010

SALE INFORMATION

Buyer	1605 Sansom Associates, LLC.
Seller	G2S2 Associates, L.P.
Transaction Date	12/19/2022
Transaction Status	Recorded
Transaction Price	\$31,500,000
Analysis Price	\$31,500,000
Recording Number	54132126
Rights Transferred	Leased Fee
Financing	Conventional
Conditions of Sale	Arms-Length

PHYSICAL INFORMATION

Project Type	Mid-Rise
Project Size NRA	67,696 SF
Units	104
No. of Buildings/Floors	1 Buildings / 8 Floors
Year Built	2013
Quality / Condition	Good / Good
Appeal	Good
Building Structure	Concrete
Site Size	0.3 Acres (12,350 SF)
Zoning	CMX5
Average Unit Size	650 SF
Density	366.2

Project Amenities	Common Laundry, Elevators, Fitness Center, Rooftop Area
Unit Amenities	Air Conditioning, Alarm System, Balcony/Patio, Dishwasher, Fireplace, Garbage Disposal,

UNIT MIX

<u>NO. UNITS</u>	<u>AVG SIZE</u>	<u>DESCRIPTION</u>
14	444	STUDIO / 1 BA
85	660	1 BD / 1 BA
5	1,076	2 BD / 2 BA



THE SANSOM APARTMENTS

OPERATING INCOME

	<u>TOTAL</u>	<u>PER UNIT</u>	<u>PER SF</u>
Rent Income	\$0	\$0	\$0.00
Other Income	\$0	\$0	\$0.00
Gross Income	\$0	\$0	\$0.00
Vacancy @ 0.0%	\$0	\$0	\$0.00
Effective Gross Income	\$0	\$0	\$0.00
Expenses	\$0	\$0	\$0.00
Net Operating Income	\$1,732,500	\$16,659	\$25.59
Occupancy at Sale	98.1%		
Expense % of PGI / EGI	-	-	-

ANALYSIS INFORMATION

Price/Unit	\$302,885
Adjusted Price/Unit	\$290,618
Capitalization Rate	5.50%
Equity Div. / PGIM / EGIM	-

CONFIRMATION

Name	Confidential
Company	Confidential
Source	CoStar
Date / Phone Number	01/6/2023 Confidential

REMARKS

This comparable represents an apartment building located in Philadelphia, PA. This property was constructed in 2013. The building features an eight-story design that consists of 104 units. There are 14 studio units, 85 single-bedroom units, and 5 two-bedroom units. The sale transaction for this property took place on December 19th, 2022, when the property was sold for \$31,500,000. The asset traded with a T-12 cap rate of 4.8% which included a vacant retail space. Based on T-1 income, the property traded at a 5.50% cap rate with the commercial income included.

COMPARABLE 3

LOCATION INFORMATION

Name	Liberties Gateway
Address	601 North 2nd Street
City, State, Zip Code	Philadelphia, PA, 19123
County	Philadelphia
MSA	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
APN	88-1006250

SALE INFORMATION

Buyer	JM Real Estate Holdings, LP.
Seller	Jane Betz Living Trust
Transaction Date	11/1/2022
Transaction Status	Recorded
Transaction Price	\$6,900,000
Analysis Price	\$6,900,000
Recording Number	54115851
Rights Transferred	Leased Fee
Financing	Conventional
Conditions of Sale	Arms-Length

PHYSICAL INFORMATION

Project Type	Mid-Rise
Project Size NRA	13,112 SF
Units	14
No. of Buildings/Floors	1 Buildings / 3 Floors
Year Built	2014
Quality / Condition	Good / Good
Appeal	Good
Building Structure	Block/Siding
Site Size	0.2 Acres (10,354 SF)
Zoning	CMX25
Average Unit Size	936 SF
Density	58.8

Project Amenities	Elevators, On-site Manager
Unit Amenities	Air Conditioning, Balcony/Patio, Dishwasher, Microwave, Parking Garage, Premium

UNIT MIX

<u>NO. UNITS</u>	<u>AVG SIZE</u>	<u>DESCRIPTION</u>
10	800	1 BD / 1 BA
4	1,278	2 BD / 2 BA



LIBERTIES GATEWAY

OPERATING INCOME

	<u>TOTAL</u>	<u>PER UNIT</u>	<u>PER SF</u>
Rent Income	\$0	\$0	\$0.00
Other Income	\$0	\$0	\$0.00
Gross Income	\$0	\$0	\$0.00
Vacancy @ 0.0%	\$0	\$0	\$0.00
Effective Gross Income	\$0	\$0	\$0.00
Expenses	\$0	\$0	\$0.00
Net Operating Income	\$414,000	\$29,571	\$31.57
Occupancy at Sale	96.0%		
Expense % of PGI / EGI	-	-	-

ANALYSIS INFORMATION

Price/Unit	\$492,857
Adjusted Price/Unit	\$423,118
Capitalization Rate	6.00%
Equity Div. / PGIM / EGIM	-

CONFIRMATION

Name	SCOPE Commercial Real Estate Services, LLC.	
Company	Confidential	
Source	Appraisal Document	
Date / Phone Number	11/15/2022	Confidential

REMARKS

This comparable represents an apartment building located in Philadelphia, PA. This property was constructed in 2014. The building features a three-story design that consists of 14 residential units. Community amenities include high speed internet access, heating, and wheelchair access. The project also features a 5,824 SF commercial space along the ground floor which was fully leased to Penn Herb Company, a herbal remedy family business. The sale transaction for this property took place on November 1st, 2022, when the property was sold for \$6,900,000 with an actual cap rate of 6%.

COMPARABLE 4

LOCATION INFORMATION

Name Avenue V
 Address 408 Cecil B. Moore Avenue
 City, State, Zip Code Philadelphia, PA, 19122
 County Philadelphia

SALE INFORMATION

Buyer PP Ave V, LLC
 Seller L&M Turner Court, LLC
 Transaction Date 11/22/2022
 Transaction Status Recorded
 Transaction Price \$25,300,000
 Analysis Price \$25,300,000
 Rights Transferred Leased Fee
 Conditions of Sale Arms-Length

PHYSICAL INFORMATION

Project Type Mid-Rise
 Project Size NRA 66,460 SF
 Units 82
 No. of Buildings/Floors 1 Buildings / 4 Floors
 Year Built 2022
 Parking Spaces / Ratio 25 (0.3/Unit)
 Quality / Condition Good / Good
 Appeal Good
 Building Structure Brick/Block
 Site Size 1.0 Acres (41,906 SF)
 Zoning IRMX
 Average Unit Size 810 SF
 Density 85.2

Project Amenities Courtyard, Exterior Lighting, Fitness Center, Pet Policy, Rooftop Area
 Unit Amenities Air Conditioning, Alarm System, Dishwasher, Washer/Dryer In-Unit

UNIT MIX

NO. UNITS	AVG SIZE	DESCRIPTION
6	735	1 BD / 1 BA
62	775	2 BD / 2 BA
11	1,039	2 BD / 2 BA
3	857	3 BD / 2 BA



AVENUE V

OPERATING INCOME

	TOTAL	PER UNIT	PER SF
Rent Income	\$0	\$0	\$0.00
Other Income	\$0	\$0	\$0.00
Gross Income	\$0	\$0	\$0.00
Vacancy @ 0.0%	\$0	\$0	\$0.00
Effective Gross Income	\$0	\$0	\$0.00
Expenses	\$0	\$0	\$0.00
Net Operating Income	\$1,581,250	\$19,284	\$23.79
Occupancy at Sale	-	-	-
Expense % of PGI / EGI	-	-	-

ANALYSIS INFORMATION

Price/Unit	\$308,537
Adjusted Price/Unit	\$342,784
Capitalization Rate	6.25%
Equity Div. / PGIM / EGIM	-

CONFIRMATION

Name	Confidential
Company	Confidential
Source	Appraiser
Date / Phone Number	11/22/2022 Confidential

REMARKS

The Ave V is a newly developed mid-rise development in the Kensington neighborhood of Northeast Philadelphia. The property consists of a series of one, two, and three bedroom units with an average sf of 810 SF. There is no elevator service offered at the property, however, open parking is offered at \$250 per month. In November 2022, the 82 unit complex sold for \$22,300,000 or roughly \$308,000 per unit. At the time of sale, the project was partially occupied as it recently finished construction in early 2022. Based on proforma underwriting, the property traded with a cap rate of 6.25%.

COMPARABLE 5

LOCATION INFORMATION

Name	The Edison
Address	312 North 2nd Street
City, State, Zip Code	Philadelphia, PA, 19106
County	Philadelphia
MSA	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
APN	881006197

SALE INFORMATION

Seller	Teresa M. Eck
Transaction Date	08/2/2022
Transaction Status	In Contract
Transaction Price	\$11,300,000
Analysis Price	\$11,300,000
Rights Transferred	Leased Fee
Conditions of Sale	Under Contract
Marketing Time	7 Months

PHYSICAL INFORMATION

Project Type	Mid-Rise
Project Size NRA	15,744 SF
Units	24
Beds	34
Beds/Unit Ratio	1.42
No. of Buildings/Floors	1 Buildings / 6 Floors
Year Built	2021
Quality / Condition	Good / Good
Appeal	Good
Building Structure	Brick/Block
Site Size	0.1 Acres (3,682 SF)
Zoning	CMX3
Average Unit Size	656 SF
Density	282.4

Project Amenities	Concierge/Doorman, Elevators, Exterior Lighting, Fitness Center, Pet Policy, Rooftop
Unit Amenities	Premium Appliances, Premium Flooring, Air Conditioning, Complete Appliance Package,

UNIT MIX

NO. UNITS	AVG SIZE	DESCRIPTION
14	571	1 BD / 1 BA
10	775	2 BD / 1 BA



THE EDISON

OPERATING INCOME

	TOTAL	PER UNIT	PER SF
Rent Income	\$0	\$0	\$0.00
Other Income	\$0	\$0	\$0.00
Gross Income	\$0	\$0	\$0.00
Vacancy @ 0.0%	\$0	\$0	\$0.00
Effective Gross Income	\$0	\$0	\$0.00
Expenses	(\$69,990)	(\$2,916)	(\$4.45)
Net Operating Income	\$598,900	\$24,954	\$38.04
Occupancy at Sale	82.0%		
Expense % of PGI / EGI	-	-	-

ANALYSIS INFORMATION

Price/Unit	\$470,833
Adjusted Price/Unit	\$451,765
Capitalization Rate	5.30%
Equity Div. / PGIM / EGIM	-

CONFIRMATION

Name	Confidential
Company	Confidential
Source	Seller's Broker
Date / Phone Number	09/13/2022 Confidential

REMARKS

This comparable represents an apartment building located in Philadelphia, PA. This property was constructed in 2021. The building features a six-story design that consists of 24 units. There are 14 single-bedroom units and 10 two-bedroom units. This property is currently under contract for \$11,300,000, with an actual cap rate of 5.30%.

COMPARABLE 6

LOCATION INFORMATION

Name	Penn's View Apartments
Address	303 Vine Street
City, State, Zip Code	Philadelphia, PA, 19106
County	Philadelphia
MSA	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
APN	88-1006325

SALE INFORMATION

Buyer	PV 303 Vine, LLC.
Seller	Orianna Historic Trust
Transaction Date	07/28/2022
Transaction Status	Recorded
Transaction Price	\$13,000,000
Analysis Price	\$13,000,000
Recording Number	54077239
Rights Transferred	Leased Fee
Financing	Loan from Bank
Conditions of Sale	Arms-Length

PHYSICAL INFORMATION

Project Type	Mid-Rise
Project Size NRA	47,646 SF
Units	51
No. of Buildings/Floors	1 Buildings / 5 Floors
Year Built	1901
Quality / Condition	Good / Good
Appeal	Good
Building Structure	Masonry
Site Size	0.3 Acres (12,923 SF)
Zoning	CMX3
Average Unit Size	934 SF
Density	171.7

Project Amenities	Electronic Gate, Elevators
Unit Amenities	Air Conditioning, Cable/Satellite, Dishwasher, Garbage Disposal, Microwave, Parking

UNIT MIX

<u>NO. UNITS</u>	<u>AVG SIZE</u>	<u>DESCRIPTION</u>
37	828	1 BD / 1 BA
14	1,215	2 BD / 1 BA



PENN'S VIEW APARTMENTS

OPERATING INCOME

	<u>TOTAL</u>	<u>PER UNIT</u>	<u>PER SF</u>
Rent Income	\$0	\$0	\$0.00
Other Income	\$0	\$0	\$0.00
Gross Income	\$0	\$0	\$0.00
Vacancy @ 0.0%	\$0	\$0	\$0.00
Effective Gross Income	\$0	\$0	\$0.00
Expenses	\$0	\$0	\$0.00
Net Operating Income	\$585,000	\$11,471	\$12.28
Occupancy at Sale	98.0%		
Expense % of PGI / EGI	-		-

ANALYSIS INFORMATION

Price/Unit	\$254,902
Adjusted Price/Unit	\$308,941
Capitalization Rate	4.50%
Equity Div. / PGIM / EGIM	58519.02% -

CONFIRMATION

Name	Confidential
Company	Confidential
Source	CoStar
Date / Phone Number	11/3/2022 Confidential

REMARKS

This comparable represents an apartment building located in Philadelphia, PA. This property was constructed in 1901. The building features a five-story design that consists of 51 units. There are 37 single-bedroom units and 14 two-bedroom units. Community amenities include heating and shower. The sale transaction for this property took place on July 28th, 2022, when the property was sold for \$13,000,000 with an actual cap rate of 4.50%.

IMPROVED SALES ADJUSTMENT TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	Old City Apartments	Stabelfish Lofts	The Sansom Apartments	Liberties Gateway	Avenue V	The Edison	Penn's View Apartments
Address	135-137 N. 3rd Street	1412 Frankford Avenue	1605 Sansom Street	601 North 2nd Street	408 Cecil B. Moore Avenue	312 North 2nd Street	303 Vine Street
City, State	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA	Philadelphia, PA
NRA	18,100	19,443	67,696	13,112	66,460	15,744	47,646
Units	16	27	104	14	82	24	51
Average Unit SF	900	720	650	936	810	656	934
Density	143.2	95.4	366.2	58.8	85.2	282.4	171.7
Land Area (AC)	0.1	0.3	0.3	0.2	1.0	0.1	0.3
Land Area (SF)	4,867	12,309	12,350	10,354	41,906	3,682	12,923
Year Built	1900	2019	2013	2014	2022	2021	1901
Year Renovated	2015	-	-	-	-	-	-
Location	Good	Good	Good	Good	Good	Good	Good
Quality	Good	Good	Good	Good	Good	Good	Good
Condition	Good	Good	Good	Good	Good	Good	Good
Appeal	Good	Good	Good	Good	Good	Good	Good
SALE INFORMATION							
Date		9/14/2023	12/19/2022	11/1/2022	11/22/2022	8/2/2022	7/28/2022
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Capitalization Rate		6.0%	5.5%	6.0%	6.3%	5.3%	4.5%
NOI/Unit		\$24,833	\$16,659	\$29,571	\$19,284	\$24,954	\$11,471
NOI/SF NRA		\$34.49	\$25.59	\$31.57	\$23.79	\$38.04	\$12.28
\$/Unit		\$413,889	\$302,885	\$492,857	\$308,537	\$470,833	\$254,902
\$/SF NRA		\$574.76	\$465.32	\$526.24	\$380.68	\$717.73	\$272.85
Transaction Price		\$11,175,000	\$31,500,000	\$6,900,000	\$25,300,000	\$11,300,000	\$13,000,000
TRANSACTIONAL 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%
Expenditures After the Sale		0%	0%	0%	0%	0%	0%
Market Conditions¹		0%	1%	1%	1%	1%	1%
Subtotal Transactional Adj Price		\$413,889	\$305,913	\$497,786	\$311,622	\$475,542	\$257,451
PROPERTY ADJUSTMENTS							
Location		-5%	-5%	0%	5%	0%	0%
Quality		0%	0%	-10%	0%	-5%	5%
Condition		0%	-5%	-5%	0%	-5%	10%
Appeal		0%	0%	0%	0%	0%	0%
Unit Mix/Unit Size		5%	5%	0%	0%	0%	0%
Age		0%	0%	0%	0%	0%	0%
Retail Components		0%	0%	0%	5%	5%	5%
Subtotal Property Adjustment		0%	-5%	-15%	10%	-5%	20%
TOTAL ADJUSTED PRICE		\$413,889	\$290,618	\$423,118	\$342,784	\$451,765	\$308,941
STATISTICS	UNADJUSTED	ADJUSTED					
LOW	\$254,902	\$290,618					
HIGH	\$492,857	\$451,765					
MEDIAN	\$361,213	\$378,337					
AVERAGE	\$373,984	\$371,852					

¹ Market Conditions Adjustment - Compound annual change in market conditions: 1%

Date of Value (for adjustment calculations): 11/20/23

SALES COMPARABLE ANALYSIS

Introduction

The comparable sales indicate an adjusted value range from \$290,618 to \$451,765/Unit, with a median of \$378,337/Unit and an average of \$371,852/Unit. The range of total gross adjustment applied to the comparables was from 10% to 21%, with an average gross adjustment across all comparables of 15%. The level of total adjustment applied to the comparables is considered minimal, an indication that the dataset is applicable to the subject and increases the credibility of the analysis. The adjustment process for each comparable sale is discussed in the following paragraphs.

Discussion of Adjustments

Comparable 1 (\$413,889/Unit as adjusted) did not require any transaction adjustments. This comparable required adjustments for property characteristics, however these resulted in a net adjustment of 0%. Stabelfish Lofts is a mid-rise complex that includes 27 multi-family units on 0.283 acres. It has a slightly superior location in Philadelphia, approximately 1.4 miles from the subject. Additionally, this comparable has an average unit size of 720 SF, which is similar to the average of the subject's units at 900 SF. Overall, adjustments to this sale are applied for differences in location and unit mix/unit size. The total gross adjustment applied to this comparable was 10%. The minimal amount of gross adjustments required for this comparable suggests it is similar to the subject, increasing its applicability for this analysis. Overall this comparable warrants primary consideration as a value indicator for the subject.

Comparable 2 (\$290,618/Unit as adjusted) required a total upward transaction adjustment of 1%. This considers the transaction date of this sale approximately 11 months ago in December 2022. This comparable required a total downward adjustment of -5% for property characteristics. This mid-rise development is known as The Sansom Apartments. It includes 104 apartment units on 0.284 acres. It has a slightly superior location in Philadelphia, approximately 1.2 miles from the subject. Additionally, this comparable has an average unit size of 650 SF, which is slightly smaller than the average of the subject's units at 900 SF. Overall, we have applied adjustments to this sale for differences in location, condition, unit mix/unit size and number of units. The total gross adjustment applied to this comparable was 16%. The minimal amount of gross adjustments required for this comparable suggests it is similar to the subject, increasing its applicability for this analysis. Overall this comparable warrants primary consideration as a value indicator for the subject.

Comparable 3 (\$423,118/Unit as adjusted) required a total upward transaction adjustment of 1%. This considers the transaction date of this sale approximately 13 months ago in November 2022. This comparable required a total downward adjustment of -15% for property characteristics. Liberties Gateway is a mid-rise apartment complex that includes 14 dwelling units on 0.238 acres. It has a similar location in Philadelphia, approximately 1.4 miles from the subject. Additionally, this comparable has an average unit size of 936 SF, which is similar to the average of the subject's units at 900 SF. Overall, adjustments to this sale are applied for differences in quality and condition. The total gross adjustment applied to this comparable was 16%. The substantial level of gross adjustments required for this comparable was justified due to the comparable's varying attributes. Considering these factors, this comparable is given primary consideration as a value indicator for the subject.

Comparable 4 (\$342,784/Unit as adjusted) required a total upward transaction adjustment of 1%. This considers the transaction date of this sale approximately 12 months ago in November 2022. This comparable required a total upward adjustment of 10% for property characteristics. This mid-rise development is known as Avenue V. It includes 82 apartment units on 0.962 acres. It has a slightly inferior location in Philadelphia, approximately 1.7 miles from the subject. Additionally, this comparable has an average unit size of 810 SF, which is similar to the average of the subject's units at 900 SF. Overall, adjustments to this sale are applied for differences in location and retail components. The total gross adjustment applied to this comparable was 11%. The moderate level of

gross adjustments required for this comparable indicates that it can be adequately relied upon for valuation of the subject. This comparable is given primary consideration as a value indicator for the subject.

Comparable 5 (\$451,765/Unit as adjusted) required a total upward transaction adjustment of 1%. This considers the transaction date of this sale approximately 16 months ago in August 2022. This comparable required a total downward adjustment of -5% for property characteristics. The Edison is a mid-rise complex that includes 24 multi-family units on 0.085 acres. It has a similar location in Philadelphia, approximately 0.2 miles from the subject. Additionally, this comparable has an average unit size of 656 SF, which is similar to the average of the subject's units at 900 SF. Overall, this sale required adjustments for quality, condition and retail components. The total gross adjustment applied to this comparable was 16%. The minimal amount of gross adjustments required for this comparable suggests it is similar to the subject, increasing its applicability for this analysis. Overall this comparable warrants primary consideration as a value indicator for the subject.

Comparable 6 (\$308,941/Unit as adjusted) required a total upward transaction adjustment of 1%. This considers the transaction date of this sale approximately 16 months ago in July 2022. This comparable required a total upward adjustment of 20% for property characteristics. This mid-rise complex is known as Penn's View Apartments. It includes 51 dwelling units on 0.297 acres. It has a similar location in Philadelphia, approximately 0.2 miles from the subject. Additionally, this comparable has an average unit size of 934 SF, which is similar to the average of the subject's units at 900 SF. Overall, this sale required adjustments for quality, condition and retail components. The total gross adjustment applied to this comparable was 21%. The substantial level of gross adjustments required for this comparable was justified due to the comparable's varying attributes. Considering these factors, this comparable is given secondary consideration as a value indicator for the subject.

SALES COMPARISON APPROACH CONCLUSION

The comparable sales indicate an adjusted value range from \$290,618 to \$451,765/Unit, with a median of \$378,337/Unit and an average of \$371,852/Unit. Based on the results of the preceding analysis, Comparable 1 (\$413,889/Unit adjusted), Comparable 2 (\$290,618/Unit adjusted), Comparable 3 (\$423,118/Unit adjusted), Comparable 4 (\$342,784/Unit adjusted) and Comparable 5 (\$451,765/Unit adjusted) are given primary consideration for the subject's opinion of value.

The following table summarizes the analysis of the comparables, reports the reconciled price per unit value conclusion, and presents the concluded value of the subject property.

SALES COMPARISON APPROACH CONCLUSION (UNIT)								
COMP	TRANSACTION PRICE	ADJUSTMENT			NET FINAL	GROSS ADJ %	WEIGHT GIVEN	
		TRANSACTIONAL ¹	ADJUSTED	PROPERTY ²				
1	\$413,889	0%	\$413,889	0%	\$413,889	0%	10%	PRIMARY
2	\$302,885	1%	\$305,913	-5%	\$290,618	-4%	16%	PRIMARY
3	\$492,857	1%	\$497,786	-15%	\$423,118	-14%	16%	PRIMARY
4	\$308,537	1%	\$311,622	10%	\$342,784	11%	11%	PRIMARY
5	\$470,833	1%	\$475,542	-5%	\$451,765	-4%	16%	PRIMARY
6	\$254,902	1%	\$257,451	20%	\$308,941	21%	21%	SECONDARY
LOW	\$290,618					AVERAGE	\$371,852	
HIGH	\$451,765					MEDIAN	\$378,337	
		SUBJECT UNITS		\$/UNIT CONCLUSION		VALUE		
AS-IS MARKET VALUE		16	x	\$375,000	=	\$6,000,000		

¹Cumulative ²Additive

Rounded to nearest \$50,000

INTRODUCTION

The Reconciliation of Value Conclusions is the final step in the appraisal process and involves the weighing of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property. Understanding the profiles of potential buyers and their typical reliance on each approach to value strongly influences the weighting process.

In the open market, the subject property type would command most interest from regional buyers that are actively pursuing similar standard investment properties. There is currently moderate buyer demand for substitute properties of the subject based on the volume of sale transactions and reports by buyers, sellers and other market participants during confirmation of market transactions. The most probable buyer is a regional investor.

Based on the overall quality of the data and analyses, and decision-making process of the typical buyer profile of the subject asset, the Income approach warranted primary emphasis and the Sales Comparison approach warranted secondary emphasis in developing our final opinion of market.

PRESENTATION OF VALUE CONCLUSIONS

Our opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

The following table summarizes our final opinion of the As-Is Market Value of the subject property's leased fee interest.

ANALYSIS OF VALUE CONCLUSIONS	
VALUATION INDICES	MARKET VALUE AS-IS
INTEREST APPRAISED	LEASED FEE
DATE OF VALUE	NOVEMBER 20, 2023
Sales Comparison Approach	\$6,000,000
Income Approach	\$6,000,000
FINAL VALUE CONCLUSION	\$6,000,000
\$/Unit	\$375,000/Unit
\$/SF (NRA)	\$331.49/SF
Implied Capitalization Rate	6.53%
Exposure Time	12 Months or Less
Marketing Period	12 Months or Less

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

- › The statements of fact contained in this report are true and correct.
- › The reported analyses, opinions, and conclusions of the signers are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- › The signers of this report has 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.
- › [REDACTED] [REDACTED] has performed no 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 acceptance of this assignment.
- › The signers are not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- › The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- › The 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.
- › The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute.
- › [REDACTED] inspected the property that is the subject of this report. [REDACTED] [REDACTED] inspected the property that is the subject of this report.
- › [REDACTED] (Pennsylvania State Registered Appraiser Assistant No. [REDACTED] – Pending Renewal) provided significant real property appraisal assistance to the appraisers signing the certification Assistance included gathering, analyzing and reporting regional, local area, zoning, and tax information, confirming some of the comparable data, and assisting with portions of the valuation analysis.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report [REDACTED] [REDACTED] completed the continuing education program for Designated Members of the Appraisal Institute. As of the date of this report [REDACTED] has completed the Standards and Ethics Education Requirement for (Candidates or Practicing Affiliates) of the Appraisal Institute.

[REDACTED]

November 30, 2023

Date

[REDACTED]

This appraisal is subject to the following assumptions and limiting conditions:

- › The appraisers may or may not have been provided with a survey of the subject property. If further verification is required, a survey by a registered surveyor is advised.
- › We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- › The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.
- › Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
- › The appraisers assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.
- › Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- › This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- › The appraisers may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made therefore.
- › The statements of value and all conclusions shall apply as of the dates shown herein.
- › There is no present or contemplated future interest in the property by the appraisers which is not specifically disclosed in this report.
- › Without the written consent or approval of the authors neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraisers and the firm with which the appraisers are connected.
- › This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.
- › The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- › The liability of [REDACTED] its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraisers are in no way responsible for any costs incurred to discover or correct any deficiency in the property.
- › The appraisers are not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. [REDACTED] and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value,

property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.

- › The appraisers assume no responsibility for determining if the subject property complies with the *Americans with Disabilities Act (ADA)*. [REDACTED] its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with *ADA* standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- › An on-site inspection of the subject property was conducted. No evidence of asbestos materials on-site was noted. A Phase 1 Environmental Assessment was not provided for this analysis. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- › A detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.
- › This analysis assumes that the financial information provided for this appraisal, including rent rolls and historical income and expense statements; accurately reflect the current and historical operations of the subject property.

Professional Service Agreement

November 7, 2023

[REDACTED]

**Ryan K. Stumphauzer, Esq. the Court-Appointed Receiver
of 135-137 North 3rd St LLC (the "Receiver")**
 c/o Timothy M. Hazel, Esquire
Pietragallo Gordon Alfano Bosick & Raspanti, LLP
 One Oxford Centre,
 38th Floor
 Pittsburgh, PA 15219
 414 263 1831
 TMH@Pietragallo.com

RE: Appraisal of 135-137 North 3rd MF – Philadelphia, PA

Dear Timothy M. Hazel, Esquire:

Thank you for considering [REDACTED] for the assignment identified in the below stated Professional Service Agreement. Please sign one copy of the agreement and return it to me, thereby indicating your authorization for us to proceed with this assignment and your acceptance of the attached Terms and Conditions.

PROFESSIONAL SERVICE AGREEMENT
("Agreement")

Project / Location	135-137 N 3rd Street, Philadelphia, PA 19106 APN#: 881007212 ("Property")
Project Description	Mixed use (MF with Ground level retail).
Parties	[REDACTED] and Pietragallo Gordon Alfano Bosick & Raspanti, LLP (herein at times referred to as "Client")
Intended User	The appraisal will be prepared for the Receiver. Intended users include the Client. No other users are intended.
Intended Use	The report to be performed under this Agreement ("Appraisal") is intended only for use in Internal Decision Making – Property in receivership. The report is not intended for any other use.
Purpose	Market Value
Type of Appraisal	[REDACTED] will produce an Appraisal Report in which the appraiser's analysis and conclusions will be summarized within this document.
Rights Appraised	Leased Fee
Date of Value	Date of inspection (or other date defined by appraiser)

Continued

Scope of Work	<p>██████████ and/or its designated affiliate will provide the Appraisal in accordance with USPAP, FIRREA, and the Code of Ethics and Certifications Standards of the Appraisal Institute and State Licensing Laws. CIVAS will research relevant market data and perform analysis to the extent necessary to produce credible appraisal results.</p> <p>Based on our discussions with the Client, the Client has requested the following valuation scenarios:</p> <ul style="list-style-type: none">› As Is <p>██████████ anticipates developing the following valuation approaches:</p> <ul style="list-style-type: none">› Sales Comparison Approach› Income Capitalization Approach (including Direct Capitalization) <p>An observation of the subject property will be performed.</p> <p>Please note if it's a requirement per the client's underwriting guidelines to analyze and report all approaches to value, this will be performed although some approaches may be limited in application.</p> <p>The scope of work will be included in the Appraisal. A copy of the Assumptions and Limiting Conditions, which appear in the Appraisal, is available upon request.</p>
Delivery	<p>Draft Appraisal: Delivered ten (10) business days from the date of authorization and receipt of property specific information.</p> <p>Final Appraisal: Delivered three (3) days after completion of client review and authorization to deliver final report(s).</p>
Professional Fee	\$4,500
Expenses	Fee includes all associated expenses.
No. of Reports	One (1) Electronic Draft Appraisal and One (1) Electronic Final Appraisal. No printed copies will be delivered to the client.
Retainer	No retainer is required.
Payment Terms	<p>██████████ will invoice Client for the Appraisal in its entirety at the delivery of the draft report.</p> <p>Final payment is due and payable within thirty (30) business days upon delivery of the electronic copy of the final report. If a draft report is requested, the fee is considered earned upon delivery of the draft report. If for any reason the client cancels the work before work was completed or for reasons beyond ██████████ control, then the client would pay for an agreed amount for work completed.</p>
Acceptance Date	These specifications are subject to modification if this Agreement is not accepted within three (3) business days from the date of this letter.

Continued

Terms and Conditions

The attached Terms and Conditions and Specific Property Data Request are deemed a part of this Agreement as though set forth in full herein. The following is a list of information needed to begin and complete our analysis. The Client signing this Agreement or the party sending the specific property data certifies that all the information provided is accurate and complete as of the date of this request, and that any updates, revisions or additional relevant information that comes into control or possession of the Client prior to the date on which the Appraisal is delivered shall be provided to [REDACTED] immediately. Please forward with the Agreement or as soon as possible.

- › Survey with Legal Description & Site Size
- › Title Report
- › Wetland Delineation Map (if applicable)
- › Engineering studies, soil tests or environmental assessments
- › Ground lease (if applicable)
- › Existing Building or Improvement Plans
- › Individual Floor or Unit Plans
- › Current County Property Tax Bill
- › Details on any Sale, Contract, or listing of the property in the past 3 years
- › Construction Cost/Budget (within past 3 years)
- › Detailed list of personal property items
- › Property Condition Report
- › Details regarding the historical and future replacement schedule (i.e., carpets, appliances, cabinetry, laundry facilities, HVAC, etc.)
- › Capital improvements history (2 years) & budget
- › Three year & YTD Income & Expenses
- › Current Budget
- › Detailed occupancy report for the past 3 years and YTD
- › Detailed current certified rent roll indicating any vacant units and in-place rents
- › Details regarding any pending changes to the rent roll including any negotiated side deals to delay or forgive rent payments
- › Aged Accounts/Delinquency Report
- › Details regarding any concessions currently being offered for new and existing tenants
- › Marketing plan and/or local competitive study, if available
- › Copy of recent Appraisals or Market Studies
- › Name and telephone number of property contact for physical inspection and additional information needed during the appraisal process
- › Property Contact _____

In addition to the items requested above, please forward any additional materials you would consider relevant in the analysis of the subject property.

Reliance Language

The Appraisal is for the sole use of the Client; however, Client may provide only complete, final copies of the Appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with the stated Intended Use. [REDACTED] is not required to explain or testify as to appraisal results other than to respond to the Client for routine and customary questions. Please note that our consent to allow the Appraisal prepared by [REDACTED] or portions of such Appraisal, to become part of or be referenced in any public offering, the granting of such consent will be at our sole and absolute discretion and, if given, will be on condition that [REDACTED] will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to [REDACTED] by a party satisfactory to [REDACTED] hereby expressly grants to client the right to copy the Appraisal and distribute it to employees of client and to your accountants/auditors in its entirety (but not component parts) without the need to provide [REDACTED] with an Indemnification Agreement and/or Non-Reliance letter.

If you have questions regarding the enclosed, please feel free to contact me. [REDACTED] appreciates this opportunity to be of service to you on this assignment and looks forward to serving you. If you have additional questions, please contact us.

The Receiver agrees to the above stated terms and authorize [REDACTED] to prepare the above referenced appraisal.

Timothy M. Hazel _____ Date: 11/7/23

Timothy M. Hazel, Esquire
Authorized Agent of Receiver, Ryan K. Stumphauer
Pietragallo Gordon Alfano Bosick & Raspanti, LLP

Respectfully,

[REDACTED]

Continued

Terms and Conditions

"T&C"

- 1) The Appraisal will be subject to [REDACTED] Assumptions and Limiting Conditions that are incorporated into each appraisal, and any Extraordinary Assumptions and Hypothetical Conditions that may be incorporated into each appraisal.
- 2) Any capitalized, non-defined words shall have the same meaning as defined in the Agreement to which these T&Cs are attached.
- 3) Client is defined as the party signing the Agreement and shall be responsible for payment of the fees stipulated in the Agreement. Payment of the fee for the Appraisal is not contingent on the appraised value(s) or the outcome of the report(s). Additional fees will be charged on an hourly basis for any work that may exceed the scope of this proposal, including performing additional valuation scenarios, additional research, and conference calls, meetings, deposition preparation, deposition, trial testimony or travel that may exceed the time allotted by [REDACTED] for an assignment of this nature. If [REDACTED] is requested to cease working on the Appraisal for any reason prior to the completion of the appraisal(s), [REDACTED] will be entitled to bill the Client for the time spent to date at [REDACTED] hourly rates for the personnel involved. The Client will be billed a minimum \$500 or at a rate of \$250 per hour for associate time, \$300 per hour for valuation services director, \$400 per hour for managing director, and \$450 per hour for executive managing director. If the Client delays completion of the assignment beyond ninety (90) days, the fee may be renegotiated. This may result in the total fee exceeding the original agreed fee agreed upon cost.
- 4) Client agrees to pay all fees and expenses, including attorney's fees, incurred by [REDACTED] in connection with the collection or attempted collection of the fees and expenses. In the event Client fails to make payments when due and payable, the amount due shall bear interest at 1.5% per month or the maximum rate permitted in the state in which the [REDACTED] office executing the Agreement is located, whichever is lesser.
- 5) The fee is due upon delivery of the final report or within thirty (30) days of your receipt of the draft report, whichever is sooner. If a draft is requested, the fee is considered earned upon delivery of our draft report.
- 6) In the event that either party commences any legal action relating to the provisions of the Agreement, including collection, the prevailing party shall be entitled to its actual attorneys' fees and costs. The Agreement shall be governed by and construed in accordance with the laws of the state where the [REDACTED] office executing the Agreement is located. The venue of any action arising out of the Agreement shall be the county where the [REDACTED] office executing the Agreement is located. Client will have up to thirty (30) days from receipt of the Draft Appraisal to review and communicate its review to [REDACTED] reserves the right to bill Client for additional appraisal efforts that may arise from the Client not responding within this time period.
- 7) [REDACTED] does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to [REDACTED] by Client. In the event that any such information is inaccurate, misleading or incomplete, [REDACTED] shall have no responsibility or liability for any matters relating thereto (whether to the Client or to any third party).
- 8) [REDACTED] shall have no responsibility for legal matters, questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The Appraisal will not constitute a survey of the Property analyzed.
- 9) Client shall provide [REDACTED] with such materials with respect to the Appraisal as requested by [REDACTED] and which are in the possession or under the control of Client. Client shall provide [REDACTED] with sufficient access to the Property to be analyzed and hereby grants permission for entry, unless discussed in advance to the contrary.
- 10) The data gathered in the course of the Appraisal (except data furnished by Client) and the Appraisal prepared pursuant to the Agreement are, and will remain, the property of [REDACTED]. With respect to data provided by Client, such data shall be confidential, and [REDACTED] shall not disclose any information identified as confidential furnished to [REDACTED]. Notwithstanding the foregoing, [REDACTED] is authorized by Client to disclose all or any portion of the Appraisal and the related data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable [REDACTED] to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.
- 11) Unless specifically noted, [REDACTED] does not assume any duty to analyze or examine the Property or adjacent property for the possible presence of toxic and/or hazardous substances or materials (including but not exclusive to asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (hazardous material), or the cost of encapsulation or removal thereof) and accepts no liability regarding the issue. If such materials exist, [REDACTED] defers to the expertise of professionals specifically trained in analyzing the cost to remediate, which will not be a part of the appraisal fee proposal. The Appraisal will contain a comprehensive disclaimer to this effect.
- 12) [REDACTED] understands that there is no major or significant deferred maintenance in the Property which would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, and are not a part of the fee contemplated in the Agreement.
- 13) Client acknowledges that [REDACTED] is being retained hereunder as an independent contractor to perform the services described herein and nothing in the Agreement shall be deemed to create any other relationship between Client and [REDACTED]. The Agreement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Appraisal discussed herein.
- 14) Client agrees that its only remedy for losses or damages relating to the Agreement shall be limited to the amount of the appraisal fee paid by the Client and in no circumstances shall [REDACTED] be liable for any losses or damages in excess of this amount. Should the Client, or any other entitled party, make a claim against [REDACTED] its directors, officers, employees and other affiliates and shareholders, relating to this engagement or the appraisal(s), the maximum damages recoverable from [REDACTED] its directors, officers, employees and other affiliates and shareholders, shall be the amount of funds actually collected by [REDACTED] under the Agreement, and no claim shall be made for any consequential or punitive damages.

Continued

- 15) If [REDACTED] or any of its employees receives a subpoena or other judicial notification to produce documents or provide testimony involving the Appraisal in connection with a lawsuit or related proceeding, [REDACTED] will notify the Client of receipt of the subpoena or notification. However, if [REDACTED] is not part of the lawsuit or proceedings, Client agrees to compensate [REDACTED] for the professional time required and to reimburse [REDACTED] for the expenses incurred in responding to any such subpoena or judicial notification, including any attorneys' fees, as they are incurred. [REDACTED] is to be compensated at the prevailing hourly rates of the personnel responding to the subpoena or command for testimony.
- 16) If expert witness testimony is required in connection with the Appraisal, the following hourly rates will apply. The Client will be billed at the rate of \$250 per hour for associate time, \$350 per hour for valuation services director, \$400 per hour for managing director, and \$450 per hour for executive managing director. The hourly billings pertain to court preparation, waiting and travel time, document review and preparation (excludes appraisal report) and all meetings related to court testimony.
- 17) Client shall indemnify and hold [REDACTED] its parent, subsidiaries, affiliates, its officers, directors, employees and agents ("Indemnities"), fully harmless against all losses, damages, claims, and expenses of any kind whatsoever (including costs and reasonable attorneys' fees), sustained or incurred by a third party as a result of the negligence or intentional acts or omissions of Client (including any failure to perform any duty imposed by law), any misrepresentation, distortion or if Client fails to provide complete and accurate information to [REDACTED] for which recovery is sought against the [REDACTED] Indemnities; however, such obligation to defend and indemnify shall not apply to the extent caused by the negligent act or willful misconduct of [REDACTED]. Client shall indemnify and hold [REDACTED] Indemnities harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the Appraisal to any third party. LIMITATION OF LIABILITY. EXCEPT FOR THE INDEMNIFICATION PROVISION ABOVE, ANYTHING IN THE AGREEMENT TO THE CONTRARY NOTWITHSTANDING, UNDER NO CIRCUMSTANCES WHATSOEVER SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, OR INCIDENTAL DAMAGES OF ANY KIND WHATSOEVER.
- 18) [REDACTED] agrees to maintain Professional Liability Insurance in the amount of \$1,000,000 and General Liability Insurance in the amount of \$2,000,000, as well as Workers Compensation per local regulatory requirements. [REDACTED] will endeavor to provide Client with written notice regarding any cancellation of any such insurance. [REDACTED] will provide Client with certificates of insurance naming Client as an additional insured on the General Liability policy upon request.
- 19) The Appraisal and the name [REDACTED] may not be used in any marketing or investment material or offering memoranda without CIVAS' prior written consent. [REDACTED] its employees and appraisers have no liability to any recipients of any prepared material and disclaim all liability to any party other than the Client.
- 20) Unless [REDACTED] consents in writing, the Appraisal cannot be used by any party or for any purpose other than the Client for the purposes specified in the Agreement. Should the Client provide a copy of this Appraisal to any person or entity not authorized by [REDACTED] in writing, Client hereby agrees to hold [REDACTED] its directors, officers, employees and other affiliates and shareholders, harmless from all damages, expenses, claims and costs, including any attorney's fees. The Client acknowledges that any opinions and conclusions expressed by the professionals of [REDACTED] pursuant to the Agreement are made as employees and not as individuals. [REDACTED] responsibility is limited to the Client, and the use of the Appraisal or related product by third parties shall be solely at the risk of the Client and/or third parties.
- 21) The use of this appraisal shall be used only for the purpose as set forth in the Intended Use section of the Agreement. In the event that the client wishes to use this report or portions of this report for any other purpose such as, to become part of or be referenced in, any offering or other material intended for the review of others, or to be submitted to others, will be at the Client's sole and absolute discretion and, if given, will be on condition that [REDACTED] will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to [REDACTED] and the Client, by a party satisfactory to [REDACTED] and the Client. [REDACTED] does consent to Client submission of the complete Appraisal to rating agencies, loan participants or your accountants/auditors without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.

Cash Flow - 12 Month

OCF Realty LLC

Properties: 135-37 N 3rd St Philadelphia, PA 19106

Period Range: Jan 2022 to Dec 2022

Accounting Basis: Cash

Level of Detail: Detail View

Include Zero Balance GL Accounts: No

Account Name	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Total
Operating Income & Expense													
Income													
Rent Income	42,220.09	42,370.09	42,435.09	42,435.09	42,565.09	42,556.76	42,408.80	42,975.09	41,135.09	45,000.09	43,155.09	43,155.09	512,411.46
CAM (Common Area Maintenance)	0.00	75.00	0.00	50.00	25.00	25.00	25.00	0.00	50.00	0.00	50.00	0.00	300.00
Total Operating Income	42,220.09	42,445.09	42,435.09	42,485.09	42,590.09	42,581.76	42,433.80	42,975.09	41,185.09	45,000.09	43,205.09	43,155.09	512,711.46
Expense													
Turnover Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	813.85	0.00	0.00	0.00	0.00	0.00	813.85
Maintenance Materials	610.62	18.90	0.00	0.00	0.00	5.00	40.00	18.00	0.00	0.00	0.00	40.00	732.52
Common Area Cleaning	634.00	561.60	675.00	674.00	540.00	540.00	675.00	510.00	625.00	500.00	550.00	750.00	7,234.60
Painting	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,630.00	0.00	1,630.00
Cleaning Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	378.00	0.00	300.00	245.00	145.00	1,068.00
Pest Control	270.00	0.00	135.00	0.00	0.00	0.00	135.00	151.20	0.00	135.00	135.00	135.00	1,096.20
Snow Removal	0.00	0.00	0.00	970.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	970.00
Trash Removal	443.00	443.00	886.00	0.00	1,329.00	0.00	886.00	0.00	0.00	886.00	0.00	886.00	5,759.00
Management Fees	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00	18,360.00
OCF Leasing Commission	0.00	0.00	0.00	0.00	0.00	0.00	2,045.00	4,245.00	0.00	0.00	0.00	0.00	6,290.00
Fire Protection	0.00	0.00	800.00	0.00	420.00	280.00	0.00	0.00	0.00	686.75	0.00	0.00	2,186.75
Property Tax	0.00	0.00	0.00	0.00	0.00	0.00	3,140.27	0.00	0.00	0.00	0.00	0.00	3,140.27
U&O Tax	-223.00	-436.99	232.01	491.54	259.53	-446.00	965.06	482.53	-669.00	-223.00	36.53	-223.00	246.21
Electricity	0.00	0.00	0.00	0.00	0.00	0.00	507.87	0.00	0.00	0.00	0.00	0.00	507.87
Common Area Electricity	210.03	223.34	218.65	220.18	224.53	0.00	0.00	276.66	274.46	296.02	0.00	249.85	2,193.72
Vacant	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17.52	0.00	0.00	0.00	0.00	17.52

Cash Flow - 12 Month

Account Name	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Total
Apartment Electric													
Internet	0.00	0.00	932.41	310.27	300.27	0.00	300.27	0.00	1,240.99	0.00	0.00	315.90	3,400.11
Water	20.98	36.33	456.52	-530.00	44.00	48.00	17.26	5.64	-26.42	533.09	-530.00	-0.01	75.39
Plumbing	0.00	0.00	0.00	0.00	250.00	475.00	1,048.97	1,770.89	890.00	2,600.00	0.00	1,961.23	8,996.09
Maintenance Labor	0.00	135.00	0.00	125.00	0.00	0.00	-240.00	1,841.00	0.00	0.00	3,800.00	530.00	6,191.00
Repairs & Maintenance	1,456.37	826.73	1,126.27	2,212.70	1,003.75	511.25	555.00	1,104.90	2,062.60	775.00	125.00	960.00	12,719.57
Appliances	0.00	0.00	0.00	170.00	0.00	318.60	0.00	1,053.00	880.18	0.00	0.00	0.00	2,421.78
Roof Repairs and Maintenance	0.00	0.00	0.00	0.00	495.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	495.00
Inspections & Tests	1,575.00	0.00	0.00	0.00	0.00	325.00	0.00	0.00	0.00	0.00	0.00	0.00	1,900.00
Elevator Expense	0.00	0.00	526.60	526.60	263.30	0.00	273.30	547.40	263.30	0.00	0.00	279.10	2,679.60
Total Operating Expense	6,527.00	3,337.91	7,518.46	6,700.29	6,659.38	3,586.85	12,692.85	13,931.74	7,071.11	8,018.86	7,521.53	7,559.07	91,125.05
NOI - Net Operating Income	35,693.09	39,107.18	34,916.63	35,784.80	35,930.71	38,994.91	29,740.95	29,043.35	34,113.98	36,981.23	35,683.56	35,596.02	421,586.41
Total Income	42,220.09	42,445.09	42,435.09	42,485.09	42,590.09	42,581.76	42,433.80	42,975.09	41,185.09	45,000.09	43,205.09	43,155.09	512,711.46
Total Expense	6,527.00	3,337.91	7,518.46	6,700.29	6,659.38	3,586.85	12,692.85	13,931.74	7,071.11	8,018.86	7,521.53	7,559.07	91,125.05
Net Income	35,693.09	39,107.18	34,916.63	35,784.80	35,930.71	38,994.91	29,740.95	29,043.35	34,113.98	36,981.23	35,683.56	35,596.02	421,586.41
Other Items													
Owner Distribution	-34,000.00	-35,000.00	-40,000.00	-35,000.00	-32,000.00	-36,000.00	-37,000.00	-29,000.00	-31,000.00	-38,000.00	-36,000.00	-35,000.00	-418,000.00
Prepaid Rent	455.10	-5,691.68	1,461.50	-1,319.50	1,225.17	1,733.44	-5,393.61	1,995.00	45.00	85.00	-2,008.00	975.00	-6,437.58
Net Other Items	-33,544.90	-40,691.68	-38,538.50	-36,319.50	-30,774.83	-34,266.56	-42,393.61	-27,005.00	-30,955.00	-37,915.00	-38,008.00	-34,025.00	-424,437.58
Cash Flow	2,148.19	-1,584.50	-3,621.87	-534.70	5,155.88	4,728.35	-12,652.66	2,038.35	3,158.98	-933.77	-2,324.44	1,571.02	-2,851.17

Cash Flow - 12 Month

Account Name	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Total
Beginning Cash	9,292.14	11,440.33	11,705.83	6,233.96	5,699.26	10,855.14	15,583.49	2,930.83	4,969.18	8,128.16	7,194.39	4,869.95	9,292.14
Beginning Cash + Cash Flow	11,440.33	9,855.83	8,083.96	5,699.26	10,855.14	15,583.49	2,930.83	4,969.18	8,128.16	7,194.39	4,869.95	6,440.97	6,440.97
Actual Ending Cash	11,440.33	11,705.83	6,233.96	5,699.26	10,855.14	15,583.49	2,930.83	4,969.18	8,128.16	7,194.39	4,869.95	6,440.97	6,440.97

Cash Flow - 12 Month

OCF Realty LLC

Properties: 135-37 N 3rd St Philadelphia, PA 19106

Period Range: Jan 2023 to Dec 2023

Accounting Basis: Cash

Level of Detail: Detail View

Include Zero Balance GL Accounts: No

Account Name	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Total
Operating Income & Expense													
Income													
Rent Income	43,200.09	44,115.09	42,818.80	44,803.09	41,744.09	41,883.09	0.00	0.00	0.00	0.00	0.00	0.00	258,564.25
Tenant Reimbursement for Repairs	0.00	0.00	0.00	280.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	280.00
Application Fee Income	360.00	-360.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Break Lease Penalty	0.00	0.00	250.00	1,930.00	-250.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,930.00
CAM (Common Area Maintenance)	0.00	0.00	0.00	0.00	0.00	175.00	0.00	0.00	0.00	0.00	0.00	0.00	175.00
Total Operating Income	43,560.09	43,755.09	43,068.80	47,013.09	41,494.09	42,058.09	0.00	0.00	0.00	0.00	0.00	0.00	260,949.25
Expense													
Turnover Maintenance	0.00	750.00	341.00	425.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,516.00
Keys	0.00	2.16	0.00	0.00	18.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.94
Maintenance Materials	0.00	0.00	61.00	0.00	60.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	121.00
Paint	0.00	0.00	0.00	0.00	0.00	75.98	0.00	0.00	0.00	0.00	0.00	0.00	75.98
Common Area Cleaning	600.00	600.00	804.00	600.00	600.00	450.00	0.00	0.00	0.00	0.00	0.00	0.00	3,654.00
Turnover Cleaning	0.00	0.00	0.00	189.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	189.00
Painting	0.00	0.00	275.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	275.00
Cleaning Expense	0.00	0.00	85.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	85.00
Pest Control	0.00	0.00	135.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	135.00
Snow Removal	0.00	95.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	95.00
Trash Removal	265.00	0.00	886.00	886.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,037.00

Cash Flow - 12 Month

Account Name	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Total
Management Fees	1,530.00	1,445.00	1,530.00	1,530.00	1,530.00	1,530.00	0.00	0.00	0.00	0.00	0.00	0.00	9,095.00
OCF Leasing Commission	0.00	0.00	1,930.00	1,950.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,880.00
Fire Protection	0.00	212.40	0.00	0.00	724.20	1,536.00	0.00	0.00	0.00	0.00	0.00	0.00	2,472.60
U&O Tax	-223.00	-223.00	-223.00	-223.00	-223.00	7,436.14	0.00	0.00	0.00	0.00	0.00	0.00	6,321.14
Common Area Electricity	570.82	274.42	255.77	823.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,924.34
Vacant Apartment Electric	0.00	0.00	0.00	0.00	20.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.33
Internet	311.61	319.06	319.06	0.00	1,592.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,542.19
Water	59.99	103.55	-103.14	47.54	134.43	13.47	0.00	0.00	0.00	0.00	0.00	0.00	255.84
Plumbing	1,300.00	2,400.00	975.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,675.00
Flooring	0.00	4,554.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,554.50
Maintenance Labor	0.00	4,650.00	325.00	0.00	375.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,350.00
Repairs & Maintenance	1,132.50	2,556.36	1,095.33	156.51	881.25	181.09	0.00	0.00	0.00	0.00	0.00	0.00	6,003.04
Appliances	0.00	0.00	250.00	1,070.62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,320.62
Roof Repairs and Maintenance	650.00	0.00	595.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,245.00
Elevator Expense	537.40	279.10	279.10	0.00	279.10	279.10	0.00	0.00	0.00	0.00	0.00	0.00	1,653.80
Total Operating Expense	6,734.32	18,018.55	9,815.12	7,455.00	5,992.55	11,501.78	0.00	0.00	0.00	0.00	0.00	0.00	59,517.32
NOI - Net Operating Income	36,825.77	25,736.54	33,253.68	39,558.09	35,501.54	30,556.31	0.00	0.00	0.00	0.00	0.00	0.00	201,431.93
Total Income	43,560.09	43,755.09	43,068.80	47,013.09	41,494.09	42,058.09	0.00	0.00	0.00	0.00	0.00	0.00	260,949.25
Total Expense	6,734.32	18,018.55	9,815.12	7,455.00	5,992.55	11,501.78	0.00	0.00	0.00	0.00	0.00	0.00	59,517.32
Net Income	36,825.77	25,736.54	33,253.68	39,558.09	35,501.54	30,556.31	0.00	0.00	0.00	0.00	0.00	0.00	201,431.93
Other Items													
Owner	-32,000.00	-33,000.00	-36,000.00	-36,000.00	-35,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-172,000.00

Cash Flow - 12 Month

Account Name	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Total
Distribution													
Prepaid Rent	-1,232.00	-757.50	1,012.50	1,208.50	1,129.00	-13,050.00	0.00	0.00	0.00	0.00	0.00	0.00	-11,689.50
Net Other Items	-33,232.00	-33,757.50	-34,987.50	-34,791.50	-33,871.00	-13,050.00	0.00	0.00	0.00	0.00	0.00	0.00	-183,689.50
Cash Flow	3,593.77	-8,020.96	-1,733.82	4,766.59	1,630.54	17,506.31	0.00	0.00	0.00	0.00	0.00	0.00	17,742.43
Beginning Cash	6,440.97	10,034.74	5,763.78	4,029.96	5,162.55	6,793.09	24,299.40	24,299.40	24,299.40	24,299.40	24,299.40	24,299.40	6,440.97
Beginning Cash + Cash Flow	10,034.74	2,013.78	4,029.96	8,796.55	6,793.09	24,299.40	24,299.40	24,299.40	24,299.40	24,299.40	24,299.40	24,299.40	24,183.40
Actual Ending Cash	10,034.74	5,763.78	4,029.96	5,162.55	6,793.09	24,299.40	24,299.40	24,299.40	24,299.40	24,299.40	24,299.40	24,299.40	24,299.40

Rent Roll

Exported On: 2023-08-18 13:25:48 -0400

Properties: 135-37 N 3rd St Philadelphia, PA 19106

Units: Active

As of: 08/18/2023

Include Non-Revenue Units: No

Unit	Tags	BD/BA	Tenant	Status	Sqft	Market Rent	Rent	Deposit	Lease From	Lease To	Move-in	Move-out	Past Due	NSF Count	Late Count
135-37 N 3rd St Philadelphia, PA 19106															
Commercial 1		--/--	Rennes	Current		4,861.00	0.00	9,166.00	02/01/2017	07/31/2023	02/01/2017		-3,078.00	0	0
Commercial 2		--/--	Allure	Current		4,329.09	4,329.09	2,203.00	10/14/2016	09/30/2028	10/14/2016		0.00	0	0
Unit 3B		2/1.00	Anthony C. Delrusso	Current		2,150.00	2,150.00	4,300.00	07/17/2023	07/26/2024	07/17/2023		0.00	0	0
2A		2/1.00	Judith Kreger	Current		2,275.00	2,555.00	4,400.00	06/19/2016	06/25/2024	06/19/2016		0.00	0	0
2B		2/1.00	Kelsey Germano	Current		2,200.00	2,265.00	2,200.00	06/01/2019	05/26/2024	06/01/2019		0.00	0	0
2C		2/1.00	Jacob Coll	Current		1,905.00	2,010.00	3,900.00	11/01/2021	10/26/2023	11/01/2021		0.00	1	0
2D		2/1.00	Katherine Giberan	Current		1,930.00	1,930.00	3,860.00	02/25/2023	02/25/2024	02/25/2023		0.00	0	0
3A		2/1.00	Marc Helfrich	Current		2,110.00	2,230.00	4,200.00	03/01/2021	02/25/2024	03/01/2021		0.00	0	0
3C		2/1.00	Giulian Vito Carcioppolo	Current		1,850.00	1,960.00	1,850.00	12/01/2020	05/26/2024	12/01/2020		0.00	0	0
3D		2/1.00	Marissa I. Ephron	Current		2,150.00	2,150.00	4,300.00	08/05/2023	07/26/2024	08/05/2023		-40.00	0	0
4A		2/1.00	Mari Pugal	Current		2,150.00	2,210.00	4,290.00	08/01/2022	07/26/2024	08/01/2022		0.00	0	0
4B		2/1.00	William Dooley	Current		2,000.00	2,045.00	4,090.00	07/01/2022	06/25/2024	07/01/2022		0.00	0	0
4C		2/1.00	Anna Rainbow	Current		1,850.00	1,905.00	1,850.00	11/10/2020	04/25/2024	11/10/2020		0.00	4	0
4D	Break Lease	2/1.00	Robert W. Bonjione	Current		1,950.00	1,950.00	3,900.00	04/28/2023	04/25/2024	04/28/2023		0.00	0	0
5A		2/1.00		Vacant-Unrented		2,200.00		0.00							
5B		2/1.00	Emma Sutherland	Current		2,060.00	2,165.00	4,200.00	08/01/2022	07/26/2024	08/01/2022		0.00	0	0
5C		2/1.00	Caralynn Arena	Current		2,150.00	2,415.00	2,150.00	09/15/2018	03/26/2024	09/15/2018		0.00	24	0
5D		2/1.00	Andrew Rajtik	Current		2,345.00	2,290.00	2,150.00	05/15/2018	08/26/2024	05/15/2018		0.00	0	0
18 Units				94.4% Occupied	0	42,465.09	36,559.09	63,009.00					-3,118.00	29	0
Total 18 Units				94.4% Occupied	0	42,465.09	36,559.09	63,009.00					-3,118.00	29	0

Valuation Glossary 2022

Unless specified otherwise, these definitions were extracted from the following sources or publications:

The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022 (Dictionary).

Uniform Standards of Professional Appraisal Practice, 2020-2022 Edition (USPAP).

The Appraisal of Real Estate, Fifteenth Edition, Appraisal Institute, Chicago, Illinois, 2020 (15th Edition).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (Dictionary)

Ad Valorem Tax

A real estate tax based on the assessed value of the property, which is not necessarily equivalent to its market value. (15th Edition)

Arm's-length Transaction

A transaction between unrelated parties who are each acting in his or her own best interest. (Dictionary)

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. (Dictionary)

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. (Dictionary)

Average Daily Room Rate (ADR)

In the lodging industry, the net rooms revenue derived from the sale of guest rooms divided by the number of paid occupied rooms. (Dictionary)

Band of Investment

A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment. (Dictionary)

Cash-Equivalent Price

The sale price of a property that is equivalent to what a cash buyer would pay. (Dictionary)

Common Area

The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. (Dictionary)

Contract Rent

The actual rental income specified in a lease. (15th Edition)

Cost Approach

A set of procedures through which a value indication is derived for the fee simple estate by estimating the cost new as of the effective date of the appraisal to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. The contributory value of any site improvements that have not already been considered in the total cost can be added on a depreciated-cost basis. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property rights being appraised. (Dictionary)

Curable Functional Obsolescence

An element of depreciation; a curable defect caused by a flaw involving the structure, materials, or design, which can be practically and economically corrected. (Dictionary)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service, which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. (Dictionary)

Deferred Maintenance

Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of a property. (Dictionary)

Depreciation

In appraisal, a loss in the value of improvements from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the value of the improvement on the same date. (Dictionary)

Direct Costs

Expenditures for the labor and materials used in the construction of improvements; also called *hard costs*. (Dictionary)

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate. *(Dictionary)*

Discount Rate

A rate of return on capital used to convert future payments or receipts into present value. *(Dictionary)*

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 their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. 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. *(Dictionary)*

Easement

The right to use another's land for a stated purpose. Access or right-of-way easements may be acquired by private parties or public utilities. Governments may be the beneficiaries of easements placed on privately owned land that is dedicated to conservation, open space, or preservation. *(15th Edition)*

Economic Life

The period over which improvements to real estate contribute to property value. *(Dictionary)*

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. *(Dictionary)*

Effective Date

The date on which the appraisal or review opinion applies (SVP) *(Dictionary)*

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. *(Dictionary)*

Effective Gross Income Multiplier (EGIM)

The ratio between the sale price (or value) of a property and its effective gross income. *(Dictionary)*

Effective Rent

The total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions - e.g. free rent, excessive tenant improvements, moving allowances, lease buyouts, cash allowances, and other lease incentives. *(15th Edition)*

Eminent Domain

The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as the *takings clause*, guarantees payment of just compensation upon appropriation of private property. *(Dictionary)*

Entrepreneurial Incentive

The amount an entrepreneur expects or wants to receive as compensation for providing coordination and expertise and assuming the risks associated with the development of a project. Entrepreneurial incentive is the expectation of future reward as opposed to the profit actually earned on the project. *(Dictionary)*

Entrepreneurial Profit

A market-derived figure that represents the amount an entrepreneur received for his or her contribution to a past project to compensate for his or her time, effort, knowledge, and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses. *(Dictionary)*

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. *(Dictionary)*

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the lessor and may reflect superior management, a lease execution in an earlier, stronger rental market, or an agreement of the parties. Due to the higher risk inherent in the receipt of excess rent, it may be calculated separately and capitalized or discounted at a higher rate in the income capitalization approach. *(15th Edition)*

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. *(Dictionary)*

Exposure Time

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)*

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. 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 the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions. *(USPAP)*

External Obsolescence

A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent. There are two forms of external obsolescence: economic and locational. *(Dictionary)*

Fair Market Value

In nontechnical usage, a term that is equivalent to the contemporary usage of *market value*.

As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency or interpreted differently by court precedent. *(Dictionary)*

Feasibility Analysis

A study of the cost-benefit relationship of an economic endeavor. *(USPAP)*

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. *(Dictionary)*

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. *(Dictionary)*

Functional Obsolescence

The impairment of functional capacity of improvements according to market tastes and standards. *(Dictionary)*

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. *(Dictionary)*

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. *(Dictionary)*

Going-concern

An established and operating business having an indefinite future life. *(Dictionary)*

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*. *(Dictionary)*

Gross Building Area (GBA)

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. *(Dictionary)*

Gross Leasable Area (GLA)

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. *(Dictionary)*

Gross Living Area (GLA)

Total area of finished, above-grade residential space area; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. (Finished basements and attic areas are not generally included in total gross living area. Local practices, however, may differ.) *(Dictionary)*

Highest & Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid (IVS). *(Dictionary)*

Hypothetical Condition

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. 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)*

Income Capitalization Approach

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to this approach. Techniques and procedures from this approach are used to analyze comparable sales data and to measure obsolescence in the cost approach. *(15th Edition)*

Incurable Functional Obsolescence

An element of depreciation; a defect caused by a deficiency or superadequacy involving the structure, materials, or design that cannot be practically or economically corrected as of the effective date of the appraisal. *(Dictionary)*

Indirect Costs

Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs, professional fees, financing

costs and the interest paid on construction loans, taxes and the builder's or developer's all-risk insurance during construction, and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. Also called *soft costs*. *(Dictionary)*

Interim Use

The use contemplated by the market participants that the subject real estate can be put to while waiting for certain subsequent factors to occur. *(Dictionary)*

Investment Value

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. *(Dictionary)*

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 reversion right when the lease expires. *(Dictionary)*

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. *(Dictionary)*

Legal Nonconforming Use

A use that was lawfully established and maintained, but no longer conforms to the use regulations of its current zoning; sometimes known as a legally nonconforming use. *(Dictionary)*

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 U.S. 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. *(Dictionary)*

Market Area

The geographic region from which a majority of demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas, or the competitive market area may be distinguished from the general market area. *(Dictionary)*

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. *(Dictionary)*

Market Study

An analysis of the market conditions of supply, demand, and pricing for a specific property type in a specific area. *(Dictionary)*

Market Value (Most Common Non-FRT)

The most probable price, as of a specific date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue distress. *(Dictionary)*

Market Value (Interagency Guidelines)

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:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. 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. (Interagency Appraisal and Evaluation Guidelines, December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472)

Marketability Analysis

The study of how a specific property is expected to perform in a specific market. A marketability analysis expands on a market analysis by addressing a specific property. *(Dictionary)*

Neighborhood Analysis

The objective analysis of observable or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. *(Dictionary)*

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.* *(Dictionary)*

Net Operating Income (NOI)

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). *(15th Edition)*

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. *(Dictionary)*

Off-site Costs

Costs incurred in the development of a project excluding on-site costs such as grading and construction of the building and other improvements; also called *common costs* or *off-site improvement costs.* *(Dictionary)*

On-site Costs

Costs incurred for the actual construction of buildings and improvements on a particular site. *(Dictionary)*

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 breakeven sales volume. *(15th Edition)*

Overall Capitalization Rate (OAR)

The relationship between a single year's net operating income expectancy and the total property price or value. *(Dictionary)*

Parking Ratio

The ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios for various land uses are often stated in zoning ordinances. *(Dictionary)*

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. *(Dictionary)*

Potential Gross Income Multiplier (PGIM)

The ratio between the sale price (or value) of a property and its annual potential gross income. *(Dictionary)*

Present Value (PV)

The value of a future payment or series of future payments discounted to the current date or to time period zero. *(Dictionary)*

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 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 achieved sellout or a stabilized level of long-term occupancy. *(Dictionary)*

Qualitative Adjustment

An indication that one property is superior, inferior, or similar to another property. Note that the common usage of the term is a misnomer in that an adjustment to the sale price of a comparable property is not made. Rather, the indication of a property's superiority or inferiority to another is used in relative comparison analysis, bracketing, and other forms of qualitative analysis. *(Dictionary)*

Quantitative Adjustment

In the application of the sales comparison and income capitalization approaches, a numerical (dollar or percentage) adjustment to the sale price, rent, or expense amount of a comparable property to account for the effect on value of a difference between each comparable property and the subject property. *(Dictionary)*

Rentable Area

The amount of space on which the rent is based; calculated according to local practice. *(Dictionary)*

Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. *(Dictionary)*

Replacement Cost for Insurance Purposes

The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design and layout for insurance coverage purposes guaranteeing that damaged property is replaced with a new property (i.e., depreciation is not deducted). *(Dictionary)*

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same or similar materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building. *(Dictionary)*

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." *(Dictionary)*

Sales Comparison Approach

The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered vacant when an adequate supply of comparable sales is available. *(Dictionary)*

Scope of Work

The type and extent of research and analysis in an appraisal or appraisal review assignment. Scope of work includes, but is not limited to:

The extent to which the property is identified;

The extent to which tangible property is inspected;

The type and extent of data researched; and

The type and extent of analysis applied to arrive at opinions or conclusions. *(USPAP)*

Shopping Center Types

Neighborhood Shopping Center: The smallest type of shopping center, generally with a gross leasable area of between 30,000 and 100,000 square feet. Typical anchors include supermarkets. Neighborhood shopping centers offer convenience goods and personal services and usually depend on a market population support of 3,000 to 40,000 people.

Community Shopping Center: A shopping center of 100,000 to 400,000 square feet that usually contains one junior department store, a variety store, discount or department store. A community shopping center generally has between 20 and 70 retail tenants and a market population support of 40,000 to 150,000 people.

Regional Shopping Center: A shopping center of 300,000 to 900,000 square feet that is built around one or two full-line department stores of approximately 200,000 square feet each plus small tenant spaces. This type of center is typically supported by a minimum population of 150,000 people.

Super-Regional Center: A large center of 600,000 to 2.0 million square feet anchored by three or more full-line department stores. This type of center is typically supported by a population area of 300,000 people. *(15th Edition)*

Sum of the Retail Values

The sum of the separate and distinct market value opinions for each of the units in a condominium; subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as sold together in a single transaction; it is simply the total of the individual market value conclusions. An appraisal has an effective date, but summing the sales prices of multiple units over an extended period of time will not be the value on that one day unless the prices are discounted to make the value equivalent to what another developer or investor would pay for the bulk purchase of the units. Also called the *aggregate of the retail values* or *aggregate retail selling price*. *(Dictionary)*

Superadequacy

An excess in the capacity or quality of a structure or structural component; determined by market standards. *(Dictionary)*

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. *(Dictionary)*

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. *(Dictionary)*

Usable Area

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. *(Dictionary)*

Useful Life

The period of time over which a structure or a component of a property may reasonably be expected to perform the function for which it was designed. *(Dictionary)*

Vacancy and Collection Loss

A deduction from potential gross income (PGI) made to reflect income deductions due to vacancies, tenant turnover, and nonpayment of rent; also called *vacancy and credit loss* or *vacancy and contingency loss*. *(Dictionary)*

Yield Capitalization

A method used to convert future benefits into present value by (1) discounting each future benefit at an appropriate yield rate, or (2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate. *(Dictionary)*



Valuation Associate
Valuation & Advisory Services

[Redacted text]

Education or Qualifications

Johns Hopkins University
B.A.

State Certifications

Pennsylvania Trainee

[Redacted text]

Area of Expertise

[Redacted] joined [Redacted] in June 2018. He is a Practicing Affiliate of the Appraisal Institute. He has appraisal experience with a variety of property types including multi-family, industrial, retail, vacant land, multi-tenant office, multi-tenant retail, single-tenant/owner-occupied, office, school-educational, and daycare properties. The appraisals prepared have been used for lending purposes, internal business decisions, partnership divesting, as well as for litigation including tax appeal, encroachments, takings, or other court proceedings.

Mr. Finelli graduated from Johns Hopkins University and has a Bachelor Degree in International Studies with an emphasis in Economics & Foreign Affairs. He currently lives in Philadelphia.

Affiliations or Memberships

Practicing Affiliate, Appraisal Institute

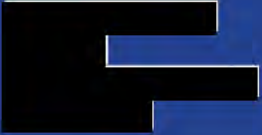
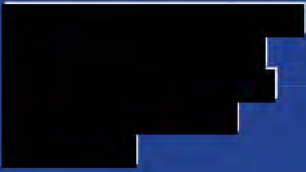
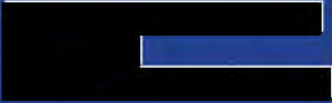


Professional Background

June 2018 – Present, Valuation Associate
[Redacted text]

Appraisal Institute Courses

- General Appraiser Income Approach Part 1
- General Appraiser Income Approach Part 2
- Appraiser Sales Comparison Approach
- 15-Hour National USPAP Course
- Real Estate Finance Statistics and Valuation Modeling
- Site Valuation and Cost Approach
- Supervisory Appraiser/Trainee Appraiser Course
- Basic Appraisal Procedures
- Basic Appraisal Principles



Area of Expertise

[REDACTED]
& Advisory Services in January 2014. He is currently a Member of the Appraisal Institute (MAI) and served as President of the Southern New Jersey Chapter in 2018.

[REDACTED] has appraisal experience in multiple states in the Mid-Atlantic region including New Jersey, Pennsylvania, Delaware, and Maryland. He has been involved in a variety of asset types within real estate valuation including: single asset valuation of retail, office, industrial, and multi-family, portfolio valuation, market rent studies, vacant land, and special purpose including religious institutions. The appraisals have been prepared and used for lending purposes, land preservation, easement acquisition, internal business decisions, as well as for litigation including tax appeal, right of way (eminent domain), or other court proceedings.

Born and raised in southern New Jersey, outside of Philadelphia, [REDACTED] attended Elon College in North Carolina, which is now Elon University, where he received a Bachelor of Arts Degree in Accounting.

Affiliations or Memberships

- Certified General Real Estate Appraiser
- Member, Appraisal Institute
- Southern New Jersey Chapter of the Appraisal Institute
- Leadership Development Advisory Council (LDAC) Attendee

Professional Background

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

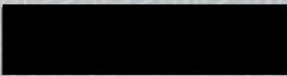
Education or Qualifications

- Bachelor of Arts
- Elon University
- Elon College, NC

State Certifications

- Delaware
- New Jersey
- Pennsylvania
- Maryland

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



License Type
Certified General Appraiser



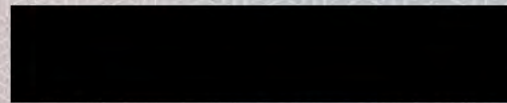
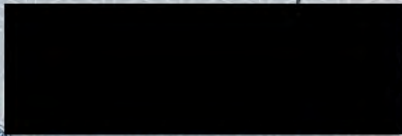
License Status
Active

Initial License Date
02/25/2014

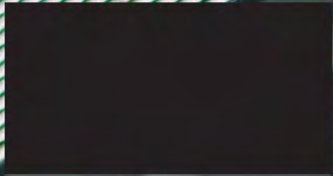
License Number



Expiration Date
06/30/2025



Signature



Valuation & Advisory Services



Valuation & Advisory Services

Real estate valuations play a pivotal role in today's business climate. An accurate and well supported opinion of property value can mean the difference between reaching a critical goal—securing a loan, closing a sale, reporting to investors, choosing the best asset—or failing to achieve it altogether.

██████████' reports are designed to deliver insight into a property's fundamentals, its competition and the overall market dynamics affecting value. A solid valuation report can be a strategic asset for investors, lenders and owners, provided that it addresses both a property's unique characteristics and the most current market conditions.

Commitment to high-end client service, coupled with ██████████ unparalleled market intelligence and resources, differentiates us as the firm of choice in the real estate industry.

Professional

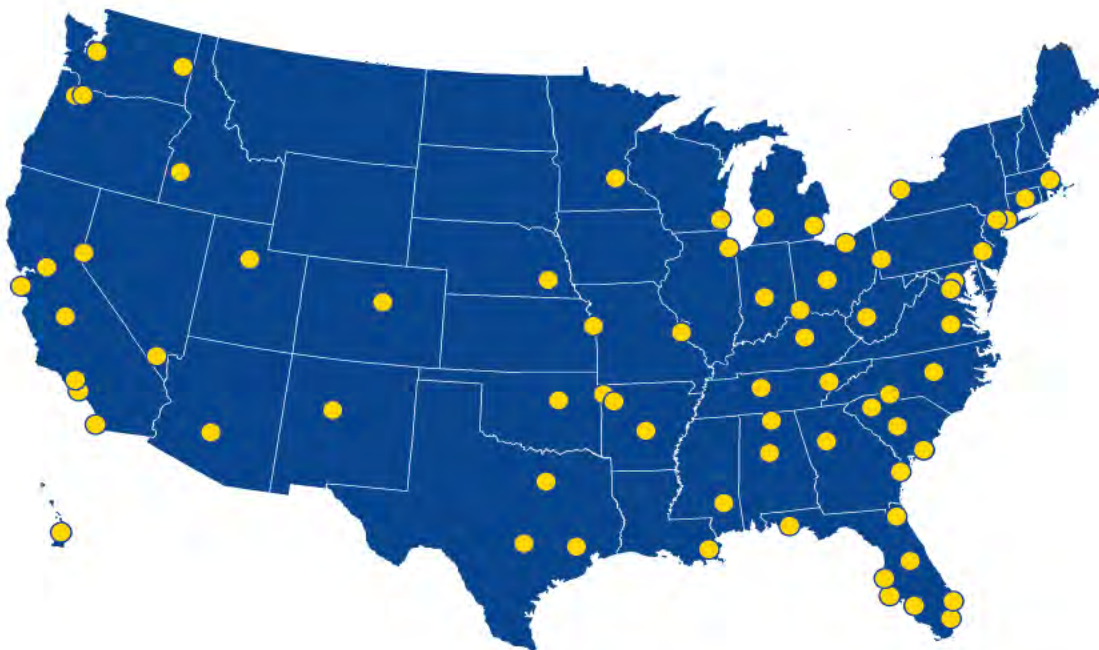
Our professionals share a commitment to deliver the highest level of service and consistent results. We go the extra mile for our clients, whether this means meeting a tight deadline or working with a complex and challenging property.

Technology

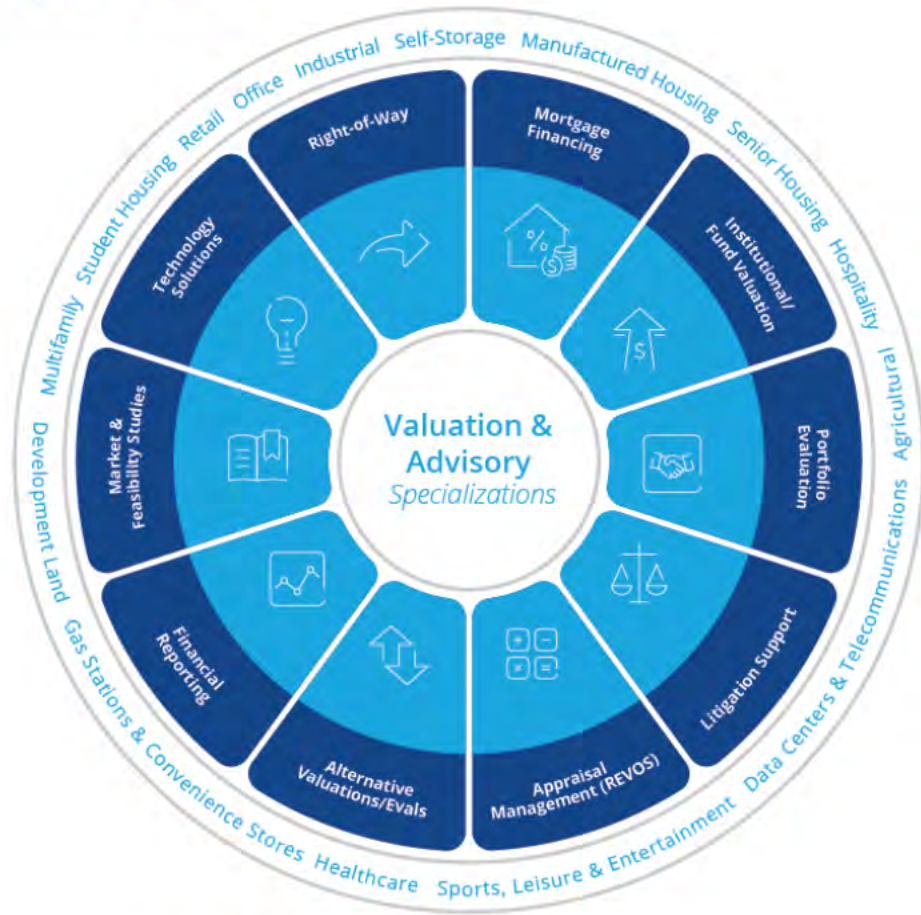
Our unmatched report creation technology speeds appraisals through the pipeline. This secure, centralized production system generates a wide range of reports and high volume portfolio orders without delays.

Information

Today's business climate places valuation in a more pivotal position than ever before. All our appraisals are evaluated and approved by an experienced review team to ensure our clients receive concise and timely appraisals. With clear, prompt reporting and a comprehensive, big picture approach, ██████████ valuation and advisory reports give our clients the information they need to make better business decisions.



What We Do



400+ licensed appraisers and staff



30,000+ assignments completed annually



69 Valuation & Advisory Services market locations across the country

Real estate advisors in 501 offices in 65 countries.



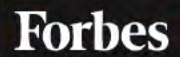
Founding member of the World Green Building Council



Recognized and ranked 17 consecutive years, more than any other real estate firm



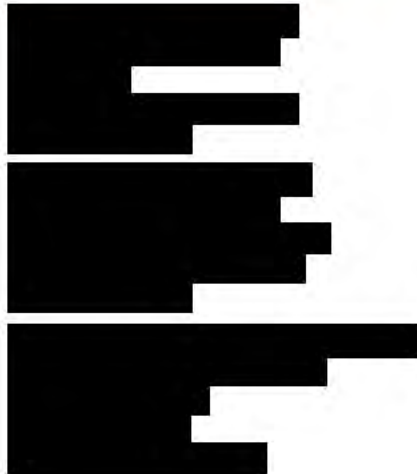
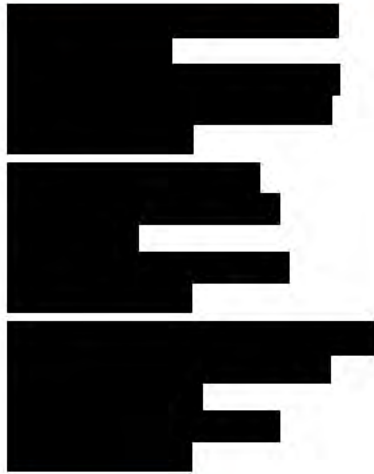
Ranked in the top 3 most recognized global commercial real estate brands by The Lipsey Company



Ranked in the world's top female-friendly companies.



Valuation & Advisory Services National Leadership



Our Experts

To learn more about our Regional and Market Valuation Experts, please click on or scan the QR code.



Why work with [REDACTED]



We act as an extension of your team.

Our approach is collaborative, nimble and informed by uncommon knowledge. By aligning with your core business needs, we develop and execute customized real estate solutions to support your growth strategy.



We are both results and process-driven.

From the first handshake to the last, we manage the valuation process to minimize disruption, mitigate risk and mediate competing perspectives so that you can focus on what you do best. You can count on us to stay focused on your priorities.



We are defined by our people.

We attract an exemplary roster of top valuation experts across the United States – specialists who save you time and money by cutting through the noise to deliver the most favorable outcome.

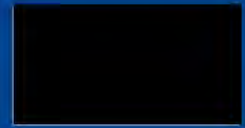


Exhibit C

*Purchase and Sale Agreement
Dated May 24, 2024*

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: cto@pietrigallo.com
& sj@pietrigallo.com
mailing address: c/o Stumphauzer Kolava Nadler & Sloman, PLLC, One Biscayne Tower, 2 South Biscayne Boulevard, Suite 1600, Miami, FL 33131

B. Buyer: [REDACTED]
[REDACTED] its principals who are [REDACTED]. The parties expressly acknowledge and agree that Buyer is entering into this Agreement for the benefit of a to-be-formed nominee (the "Nominee") that will be formed and disclosed to Seller prior to Closing. The Buyer named herein has no intent to obtain legal or equitable title to the Property in its own name. Upon formation of the Nominee, the Buyer shall have the right to assign this Agreement to the Nominee, and such assignment shall repudiate and terminate Buyer's duties and obligations hereunder and shall result in a novation on the part of the Nominee to the duties and obligations of Buyer hereunder. Following such assignment, all references herein to "Buyer" shall be deemed to be to the Nominee. Upon request of the Buyer and/or the Nominee, Seller shall agree to terminate this Agreement and enter into a new agreement with the Nominee on the same terms and conditions as are set forth herein, except that the time periods set forth in this Agreement shall be adjusted to take into consideration the period of time that elapsed between the date of this Agreement and the date of the new agreement with the Nominee. Until the assignment of this Agreement to a Nominee or the termination of this Agreement, the Buyer shall have the full legal right to enforce the terms of this Agreement.
phone No.: [REDACTED] email address: [REDACTED] and [REDACTED]
mailing-address: [REDACTED]

C. Purchase Price: \$5,600,000 (which equals Buyer's offer price of \$5,600,000 plus a Transaction Fee of \$0)

D. Earnest Money Deposit: \$100,000 (if blank, then 10% of the Purchase Price, but no less than \$50,000).

E. Property: Address: 135-137 N 3rd St., Philadelphia, PA 19106 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: July 8, 2024, (if blank, then (i) 30 calendar days after the Effective Date). If the Closing Date falls on a weekend or a state or federally recognized holiday, the Closing Date shall be the next business day.
- G. Closing Agent: [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 RLS 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 within ten (10) calendar days after such other party has received the notice.

9. BUYER'S REPRESENTATIONS AND WARRANTIES. Buyer represents and warrants to Seller as follows:

(a) Authority. Buyer has the necessary authority to enter into and perform its obligations under this Agreement. If Buyer is an entity, the natural person signing this Agreement on behalf of Buyer represents and warrants that (i) Buyer is duly formed and in good standing and (ii) the natural person signing on behalf of Buyer has the necessary authority to bind Buyer to this Agreement.

(b) Property Condition and Attributes. Prior to entering into this Agreement, Buyer had the opportunity to conduct Buyer's own due diligence and investigations. Except as expressly set forth in this Agreement, Buyer's obligations under this Agreement are not contingent on any further due diligence and/or investigation. Buyer acknowledges that the square footage of the Property (including the square footage of the lot and any improvements thereon) is deemed approximate and not guaranteed. Buyer acknowledges that except as otherwise expressly set forth in this Agreement or in written disclosures to Buyer signed by Seller, (i) Seller does not make, and expressly disclaims, any representation or warranty, express or implied, regarding the Property, and (ii) Buyer acknowledges and agrees that Seller is selling the Property "As Is, Where Is, With

All Faults and Limitations" and Seller shall have no liability for or any obligation to make any repairs or improvements of any kind to the Property.

(c) Disclosures. Prior to entering into this Agreement, Buyer has received (or, to the extent not received, Buyer irrevocably waives) all disclosure documents required to be provided by or on behalf of Seller or Seller's representatives. Reports furnished by or on behalf of Seller shall be for informational purposes only and are not made part of this Agreement unless required under applicable law.

(d) Sophisticated Buyer. Buyer (i) is a sophisticated purchaser, (ii) is capable of evaluating the merits and risks of purchasing the Property, (iii) understands and is able to bear the economic risks of purchasing the Property, including, without limitation, a total loss of investment and/or the risk that Buyer may be required to hold the Property indefinitely.

(e) No Related Parties. That none of the "Receivership Entities" defined in the action that was filed in the United States District Court for the Southern District of Florida, Case No. 20-CV-81205-RAR, nor any of the equity owners of any of the Receivership Entities, have a direct or indirect ownership interest in the Buyer (collectively, the "Disqualified Parties"). That Buyer is not acting directly or indirectly for or on behalf of any of the Disqualified Parties in connection with the purchase and sale of the Property. This paragraph shall survive the Closing for a period of four (4) years.

10. SELLER'S REPRESENTATIONS AND WARRANTIES. Seller represents and warrants to Buyer as follows:

(a) Authority. Subject to the approval of the United States District Court for the Southern District of Florida, Case No. 20-CV-81205-RAR (which approval shall be a Seller's condition of the Closing as set forth above in Section 5(a)(iii)), Seller has the necessary authority to enter into and perform its obligations under this Agreement.

(b) Leases. Except for the leases (including any amendments) listed in Exhibit C ("Leases"), Seller knows of no other agreement with respect to the occupancy of the Property that will be binding on Buyer after Closing, and to Seller's knowledge, the information on Exhibit C and copies of any Leases delivered by Seller to Buyer are true, correct and complete in all material respects.

(c) No Mechanics' Liens. Except as disclosed in writing to Buyer there are no unsatisfied mechanics' or materialmen's lien rights concerning the Property.

11. SELLER'S COVENANTS.

(a) Possession. At Closing, Seller shall relinquish possession of the Property to Buyer (subject to the Leases) and promptly provide Buyer with all keys, codes and other means of Property access in Seller's possession.

(b) Utilities. Seller shall reasonably cooperate with Buyer prior to Closing to allow Buyer to obtain responsibility for and maintain access to applicable utilities following Closing.

(c) Operation and Maintenance of Property. Prior to Closing, Seller shall maintain, and to the extent within Seller's reasonably control, operate, the Property consistent with past practice.

(d) Leases and Contracts. Prior to Closing, Seller shall not enter into, terminate or amend any Lease or other material agreement with respect to the Property which would encumber or be binding upon the Property from and after Closing, without Buyer's prior written consent, which consent may not be unreasonably withheld, conditioned or delayed.

(e) No Violations. Prior to Closing, Seller shall comply in all material respects with the terms of the Leases and any other material document or agreement affecting the Property consistent with past practice.

12. MISCELLANEOUS.

(a) Survival of Representations and Warranties. Except as otherwise set forth in this Agreement, (i) all representations and warranties of Seller and Buyer in this Agreement shall survive Closing for a period of six months, and (ii) no claim for breach of any representation or warranty in this Agreement may be made more than six (6) months after Closing.

(b) No Assignment or Recording. Buyer may not assign or record all or any part of this Agreement without the express prior written consent of Seller. Despite the foregoing, Buyer may assign this Agreement to any entity wholly owned, directly or indirectly, by Buyer; provided, however, that, in such event, the undersigned Buyer shall remain liable for the obligation of Buyer under this Agreement, and shall pay all transfer taxes that may be imposed as the result of any such assignment(s).

(c) Casualty and Condemnation. If any material portion of the Property is damaged or taken by eminent domain (or is the subject of a pending taking) prior to Closing, Seller shall notify Buyer promptly after Seller obtains knowledge thereof. Within ten (10) business days after Buyer receives such written notice (if necessary, the Closing Date shall be extended until one (1) business day after the expiration of such period), Buyer may, at its options, either (i) terminate this Agreement, or (ii) proceed to Closing in accordance with this Agreement. Buyer shall be deemed to have waived its right to terminate this Agreement if Buyer does not notify Seller in writing of its election to terminate this Agreement within such period. Buyer shall not be entitled to any insurance proceeds or obtain any rights with respect to any claims Seller may have with regard to insurance maintained by Seller with respect to the Property. In the event of a taking by eminent domain, Seller shall assign to Buyer at Closing all of Seller's right, title and interest in and to all awards, if any, for such taking.

(d) Common Interest Development. If the Property is in a common interest development, unless otherwise required by law, Buyer acknowledges that Buyer was provided for review (or, to the extent not provided, Buyer waives any right to review) the declaration of covenants, conditions, restrictions and/or bylaws and other documentation regarding such common interest development and Buyer acknowledges that Buyer has reviewed such documentation to the fullest extent Buyer deems necessary and, by signing this Agreement, Buyer accepts the

declaration of covenants, conditions, restrictions and/or bylaws of the common interest community.

(e) Local Requirements. Some counties, cities, municipalities and other state subdivisions 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	
Decd 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%) Less \$25,000.00 reduction	X		
Additional Real Estate Broker/Agent Commissions Due Buyer's Broker (if any)		X	
Any Reports and Inspections Requested by Buyer		X	
Seller's Attorney Fees	X		
Buyer's Attorney Fees		X	
All Other Closing Costs		X	

SELLER'S INITIALS RS

BUYER'S INITIALS /

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

(REMAINDER OF PAGE INTENTIONALLY BLANK)

SELLER:

BUYER:

COURT APPOINTED RECEIVER

By: Ryan E. Stumphauer, Court Appointed Receiver
Name: Ryan Stumphauer
Title: Court Appointed Receiver

[Redacted]
By: _____
Name: _____
Title: Member

Date: 05/24/24 | 11:00 AM EDT, 2024

Date: May 23, 2024

LISTING BROKER (if any):

BUYER'S BROKER (if any):

Name: _____
License No.: _____
State: _____

Name: _____
License No.: _____
State: _____

(Brokers must be licensed in the state where the Property is located)

CLOSING AGENT ACKNOWLEDGEMENT

Closing Agent acknowledges receipt of a copy of this Agreement and the Earnest Money Deposit set forth in Section 1(D) and agrees to act as Closing Agent in accordance with this Agreement.

[NAME]

By: _____
Name: _____

EXHIBIT A

Legal Description of the Property

#81377833
158975985.1

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

SITUATE in the City of Philadelphia and described according to a Survey and Plan of Property (203P2011) made by Michael A. Labrum, Assistant Surveyor and Regulator of the Second Survey District, dated October 18, 2011 to wit:

BEGINNING at a point on the Easterly side of 3rd Street on City Plan 50 feet wide legally open at a distance of 16.375 feet from the Northerly side of Cherry Street on City Plan variable width legally open,

THENCE extending North 11 degrees 21 minutes 00 seconds East along the said Easterly side of 3rd Street the distance of 48.666 feet to a point,

THENCE extending South 78 degrees 51 minutes 23 seconds East the distance of 105.00 feet to a point,

THENCE extending South 11 degrees 21 minutes 00 seconds West the distance of 16.167 feet to a point on the head of a certain 5.0 feet wide alley for ingress and egress which extends Southwardly to the said Northerly side of Cherry Street,

THENCE extending North 78 degrees 51 minutes 23 seconds West along the head of the said 5.0 feet wide alley the distance of 5.00 feet to a point,

THENCE extending South 11 degrees 21 minutes 00 seconds West along the Westerly side of the said 5.0 feet wide alley the distance of 33.161 feet to a point,

THENCE extending North 78 degrees 28 minutes 40 seconds West the distance of 100.00 feet to a point on the said Easterly side of 3rd Street, said point being the first mentioned point and place of beginning.

TOGETHER with the free and common use, right, liberty and privilege of the aforesaid alley for ingress, egress and utilities at all times hereafter, forever.

BEING known as No. 135-137 North 3rd Street.

#8137783/3
158975985.1

EXHIBIT B

Assignment and Assumption of Leases and Contracts

Commercial 1	--/--		02/01/2017	07/31/2024
Commercial 2	--/--		10/14/2016	09/30/2028
Unit 3B	2/1.00		07/17/2023	07/26/2024
2A	2/1.00		06/19/2016	06/25/2024
2B	2/1.00		06/01/2019	05/26/2024
2C	2/1.00		11/01/2021	10/26/2024
2D	2/1.00		02/25/2023	02/25/2024
3A	2/1.00		03/01/2021	02/25/2025
3C	2/1.00		12/01/2020	05/26/2024
3D	2/1.00		08/05/2023	07/26/2024
4A	2/1.00		08/01/2022	07/26/2024
4B	2/1.00		07/01/2022	06/25/2024
4C	2/1.00		11/10/2020	04/25/2024
4D	2/1.00		04/28/2023	04/25/2024
5A	2/1.00		09/01/2023	08/26/2024
5B	2/1.00		08/01/2022	07/26/2024
5C	2/1.00		09/15/2018	03/26/2024
5D	2/1.00		05/15/2018	08/26/2024

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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 _____, a Pennsylvania limited liability company having an address of _____, PA 1____ ("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 135-137 N 3rd Street Street, 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 [OCF PROVIDE _____] and 00/100 Dollars (\$_____) 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 _____

ASSIGNOR:

_____, Court Appointed Receiver

ASSIGNEE:

_____ I LC, a Pennsylvania limited liability company

By: _____
Name:
Title:

EXHIBIT A

Leases

EXHIBIT C

Leases

#81377813
158955985,1

PENNSYLVANIA RIDER TO
PURCHASE AND SALE AGREEMENT

STATE-SPECIFIC PROVISIONS.

- A. Zoning Classification: CMX3
- B. Sewage Facilities. In accordance with the Pennsylvania Sewage Facilities Act of January 24, 1996, No. 537 P.L. 1536, as amended, the following statement regarding the availability of a community sewage system is included: the Property IS NOT X IS connected to or serviced by a Community Sewage System.
- C. Coal Notice. NOTICE -- THIS DOCUMENT MAY NOT SELL, CONVEY, TRANSFER, INCLUDE OR INSURE THE TITLE TO THE COAL AND RIGHTS OF SUPPORT UNDERNEATH THE SURFACE LAND DESCRIBED OR REFERRED TO HEREIN, AND THE OWNER OR OWNERS OF SUCH COAL MAY HAVE THE COMPLETE LEGAL RIGHTS TO REMOVE ALL SUCH COAL AND IN THAT CONNECTION, DAMAGE MAY RESULT TO THE SURFACE OF THE LAND AND ANY HOUSE, BUILDING OR OTHER STRUCTURE ON OR IN SUCH LAND. THE INCLUSION OF THIS NOTICE DOES NOT ENLARGE, RESTRICT OR MODIFY ANY LEGAL RIGHTS OR ESTATES OTHERWISE CREATED, TRANSFERRED, EXCEPTED OR RESERVED BY THIS INSTRUMENT. (This notice is set forth in the manner provided in Section 1 of the Act of July 17, 1957, P.L. 984, as amended, and is not intended as notice of unrecorded instruments, if any.

Buyer acknowledges that it may not be obtaining the right of protection against subsidence resulting from coal mining operations and that the Property may be protected from damage due to mine subsidence by a private contract with the owners of the economic interests in the coal. This acknowledgement is made for the purpose of complying with the provisions of Section 14 of the Bituminous Mine Subsidence and the Land Conservation Act of 1966, and Buyer agrees to sign the notice in the deed which will contain the aforesaid provision.
- D. Assignment. In the event this Agreement is assigned by Buyer pursuant to Section 13(b), Buyer shall be responsible for any and all transfer taxes and fees associated with such assignment.

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Exhibit 2

*Proposed Order Authorizing Receiver's Sale of Real Property Located at
135-137 N. 3rd Street, Philadelphia, PA 19123*

**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.

**ORDER AUTHORIZING RECEIVER'S SALE OF REAL PROPERTY
LOCATED AT 135-137 N. 3rd STREET, PHILADELPHIA, PA 19123**

THIS CAUSE comes before the Court upon the Receiver's Motion for Order Approving Receiver's Sale of Real Property Located at 135-137 N. 3rd Street, Philadelphia, PA 19123 [ECF No. ____] (the "Motion"), filed on June 24, 2024. 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 135-137 N. 3rd Street, Philadelphia, PA 19123. The Receiver has made a sufficient and proper showing in support of the relief requested in the Motion. Accordingly, for the reasons stated in the Motion, it is hereby

ORDERED AND ADJUDGED that the Motion is **GRANTED** as set forth herein. In accordance with its Order granting Receiver's Motion for Order Authorizing Receiver's Sale of All Real Property Within the Receivership Estate [ECF No. 1486], this Court has reviewed the Declaration [ECF No. ____-1], regarding his proposed sale of the real property located at and

commonly known as 135-137 N. 3rd Street, Philadelphia, PA 19123 (the “Property”), and orders as follows:

A. The terms of the Purchase and Sale Agreement, a copy of which is attached to the Declaration as Exhibit C (collectively, the “Contract”), by and between the Receiver and T _ S _ , LLC dated May 24, 2024¹ (collectively the “Buyer”) in connection with the Receiver’s proposed sale of the Property to Buyers are approved;

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

C. The Receiver is authorized to sell the Property to Buyer or Buyer’s designee, as contemplated in the Contract, in exchange for the aggregate sum of \$5,600,000, 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 (the "Estate"). Neither the Receiver nor his professionals shall have any personal liability for claims arising out of or relating to the performance of any actions necessary to complete the sale of the Property as provided for herein.

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

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

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

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

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

L. If requested by 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 _____, 2024.

RODOLFO A. RUIZ II
UNITED STATES DISTRICT JUDGE