

**QUARTERLY REPORT**

BRISTOL VALUE III, LP

SEPTEMBER 30, 2021



Prepared by

Bristol Group, Inc.  
San Francisco, California

## I. EXECUTIVE SUMMARY

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### COVID-19 IMPACTS

Pradera. During the third quarter, collections of rental amounts billed averaged 96%, an improvement of 1% over the prior quarter. In most cases, a payment plan has been established with residents who were unable to fulfill their full rental obligation. However, several residents have not established a payment plan and may ultimately be evicted.

Industrial Redevelopment (Commack, NY). Thus far, redevelopment activity at the project has been only minimally impacted by the pandemic. The team continues to navigate local municipal approval processes which have experienced periodic reduced staffing and intermittent closures as a result of the pandemic.

### EXISTING INVESTMENTS

As of this writing, the Fund owns four investments:

- **Pradera – Single Family Home Rental Community (San Antonio, Texas)**

All 250 homes in the project were completed and in inventory for lease in December 2020. At quarter-end, the project was 98% leased and as of this writing, the project is 96.4% leased.

The entity that owns the project is Pradera SFR LLC (Pradera). Pradera's members are Bristol Pradera LLC, which is owned by the Fund, and AHV Pradera Partners, which is an affiliate of American Housing Ventures LLC (AHV), our development "partner." Pradera was named as one of three defendants in a copyright infringement lawsuit filed in the US District Court for the Western District of Texas, San Antonio Division by an architecture firm used by AHV for other projects (Kipp Flores Architects LLC). The other two defendants are AHV and the architect engaged by Pradera for the project, KTG Y Group, Inc. (KTGY). Pradera has denied all liability to the plaintiff and is vigorously defending the case. In addition, AHV has sought indemnity from Pradera and Pradera has sought indemnity from both AHV and KTGY under their respective agreements. The case is in its early stages and Bristol is not in a position to express an opinion on the ultimate outcome.

- **Self-Storage Developments.**

- **Self-Storage Conversion/Development (Salinas, California).**

Construction commenced in August 2019. Despite the Covid-19 pandemic causing commercial construction moratoriums all throughout the Bay Area of California for several months during 2020, and significant rain events during first quarter of 2021, construction on the Salinas self-storage facility continued with only minor delays (due to social distancing guidelines, delays in construction material deliveries and subcontractor availabilities) throughout 2020 and in the first quarter of 2021. The temporary certificate of occupancy was obtained on June 16, 2021, and the facility opened for business on the

## I. EXECUTIVE SUMMARY

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same day. The permanent certificate of occupancy was obtained on September 15, 2021. As of November 23, 2021 (160 days after opening the facility for business), the project has already achieved physical occupancy of 26% based on the total net rentable square footage of the project, including the uncovered, surface boat and RV parking area.

### ➤ **Self-Storage Development (Santa Cruz, California)**

Construction commenced in December 2018. On May 11, 2020, vertical construction resumed on the project after being halted due to a combination of the CalOSHA red-tag following the rain-induced mudslide event in early December 2019 and the commercial construction moratorium imposed in Santa Cruz County as a result of the Covid-19 pandemic. Due to the aforementioned mudslide event, construction activities were delayed by approximately 5.5 months, but have progressed uninterrupted since May 11, 2020.

As of this writing, construction of the Santa Cruz self-storage facility is substantially complete. The only remaining work to be completed includes installation of the elevators, security system and computers and monitors in the leasing office. The temporary certificate of occupancy which is required to open the first floor of the facility for business was received on October 6, 2021. However, due to issues associated with activating the internet lines servicing the building, the first floor opening date was delayed to October 19, 2021. The permanent certificate of occupancy which allows the full facility to open is expected to be received by mid December 2021.

As previously reported, in connection with the mudslide event, an insurance claim was filed under the property's builder's risk policy. Bristol has submitted four partial claims associated with the loss totaling approximately \$1,283,000 after adjusting for potential insurance policy sub-limits. Thus far, the insurer has approved \$418,341 of costs from the first and second partial claims and, net of the \$100,000 deductible, Bristol has received payments totaling \$318,341. The insurer approved only a small percentage of the costs submitted in the second partial claim and has denied the costs submitted in the third and fourth partial claims. The first two claims totaling approximately \$655,000 accounted for the majority of the hard costs associated with the loss, and the third and fourth claims are primarily comprised of the soft costs associated with the mudslide event. Bristol has engaged legal counsel and a forensic accountant in connection with this loss. Multiple attempts to arrive at a claim resolution with the insurer through informal settlement negotiations were not successful and litigation is now being pursued. As of this writing, a complaint against in the insurance company was filed on November 3, 2021, and the case management conference is currently scheduled for March 3, 2022. It is anticipated that the case will be removed from state court and elevated to federal court, which Bristol's legal counsel has advised is neither an advantage nor a disadvantage as it pertains to maximizing recovery of losses sustained in the mudslide event.

## **I. EXECUTIVE SUMMARY**

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- **Industrial Redevelopment (Commack (Long Island), New York).**

On October 15, 2020, the Fund purchased 10.75 acres of land at 49 Mall Drive in Commack, New York, for \$9.75 million, or approximately \$20.92 per square foot of gross land area. The site is improved with a vacant single-story office and lab building which will be demolished and redeveloped into a modern Class A industrial building totaling approximately 178,000 square feet. The project is located in Suffolk County within the Hauppauge Industrial Park of Central Long Island, in close proximity to a major four-way interchange of the Long Island Expressway and Northern State Parkway. Since closing on the property, Bristol has been working on the approval processes with the Town of Smithtown and Suffolk County. As previously reported, approval was received from the Town of Smithtown Zoning Board and demolition permits were also secured. The process to demolish the building improvements commenced in June 2021 and is now complete. As of this writing, the project team is focused on completing preliminary site work in anticipation of vertical construction. All plans and documents have been submitted to the Town of Smithtown and Suffolk County Health Department, and final permits for the construction of the approved 178,134 square foot industrial building are anticipated to be received in early December 2021.

In addition, a construction loan financing package was submitted to Wells Fargo Bank in early November and a term sheet from the bank is expected to be received in mid-December.

Additional details regarding these transactions are provided in Section III.

## II. OVERVIEW

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**Initial Closing Date.** November 30, 2016.

**Second Closing Date.** February 21, 2017.

**Final Admission Date.** November 30, 2017.

**Number of Investors.** Six, including Bristol Investment Company V, LLC, the General Partner.

**Investment Period Expiration Date.** November 30, 2021.

**Term.** Ten years from the initial closing date subject to one five year extension period with the consent of the Advisory Committee. The initial term expires on November 30, 2026.

**Total Commitments.** \$85,850,000

### **Invested Capital.**

Total Commitment	\$85,850,000
Less: Invested Capital	(50,963,546)
Less: Return of capital (non-recallable)	0
Less: Capital Committed for Existing Investments	<u>(22,758,528)</u>
Uncommitted Fund Capital	<u><u>\$12,127,926</u></u>

As of quarter end, approximately \$56.9 million, or 66%, of the fund's total equity capital commitment is committed to the four existing investments once each is fully developed.

**Debt.** As of the end of the quarter, the Fund had three outstanding loans payable to various lenders totaling approximately \$51.1 million with a maximum principal balance of approximately \$56.6 million. Details are presented in the Schedule of Loans Payable in Section II.

## II. OVERVIEW

**Bristol Value III, L.P. - Real Estate Portfolio**  
**Schedule of Investments and Invested Capital**  
**For the Inception-to-Date Period From November 30, 2016, through September 30, 2021**

Investment	Status	State	Square Feet	Acquisition Date	Occ %	Fund Ownership %	Fund Net Invested Capital	Minority Net Invested Capital	Total at Investment Level					
									Total Invested Capital	Debt Balance	Total Capital	% Debt to Total Capital	Current Cost	Current Value
Pradera SFR	Operating	TX	386,971	4/13/2017	95%	97%	\$18,296,641	\$559,080	\$18,855,721	\$31,812,172	\$50,667,893	63%	\$48,861,265	\$57,836,926
Salinas Storage	Operating	CA	66,813	4/13/2018	na	100%	\$8,029,671	\$0	\$8,029,671	\$9,592,218	\$17,621,889	54%	\$16,677,243	\$16,677,243
Santa Cruz Storage	Development	CA	75,674	4/2/2018	na	100%	\$10,040,179	\$0	\$10,040,179	\$9,741,108	\$19,781,287	49%	\$19,406,729	\$19,406,729
49 Mall Drive	Development	NY	178,000	10/15/2020	na	100%	\$11,375,925	\$0	\$11,375,925	\$0	\$11,375,925	0%	\$11,250,646	\$11,250,646
Fund Level							\$3,221,130	\$0	\$3,221,130	\$0	\$3,221,130	0%	\$20,902	\$20,902
<b>Bristol Value III, L.P.</b>			707,458				\$50,963,546	\$559,080	\$51,522,626	\$51,145,498	\$102,668,124	50%	\$96,216,785	\$105,192,446

**Notes:**

- Investments shown are since the Fund's inception of November 30, 2016.
- Fund net invested capital reflects the net equity cash invested (contributed capital less returns of capital from financings, if any).
- Total invested capital reflects the net equity cash invested by the Fund and Minority Interests, if any.
- Current value is the fair market value as determined by Bristol Group internal estimate or by independent external appraisal when required. At this time, the three investments that are in development and are valued at cost.
- Fund Level invested capital reflects contributions into the Fund that have not yet been contributed into individual investments due to timing, differences in returns of capital from financings, as well as for dead deal costs and management fees where there has been insufficient cash flow to cover payment of fees.
- Current cost amount for Pradera SFR does not include \$2,037,545 of cost overrun that was funded by Bristol Pradera and is classified as a receivable due back from the venture's joint-venture partner.
- Square feet on 49 Mall Drive is an estimate based on current redevelopment plans.

## II. OVERVIEW

**Bristol Value III, L.P. - Real Estate Portfolio**  
**Schedule of Loans Payable**  
**At September 30, 2021**

Investment	Lender	Amortizing or Interest Only	Fixed or Variable	Interest Rate	Spread	Origination Date	Maturity Date	Original Term (years)	Term Remaining (years) at 9/30/21	Maximum Principal	Principal Balance 9/30/21
Pradera SFR	Wells Fargo Bank	Interest only	Variable	1 Month SOFR +	2.37%	10/1/2021	10/1/2024	3.0	3.0	\$32,100,000	\$31,812,172
Salinas Storage	BOK Financial	Interest only	Variable	1 Month Libor +	2.60%	9/10/2019	9/10/2023	4.0	1.9	\$11,300,000	\$9,592,218
Santa Cruz Storage	BOK Financial	Interest only	Variable	1 Month Libor +	2.60%	5/13/2019	5/13/2023	4.0	1.6	\$13,200,000	\$9,741,108
Fund Level	None										
<b>Bristol Value III, L.P.</b>										<b>\$56,600,000</b>	<b>\$51,145,498</b>

**Notes:**

1. Pradera SFR - The \$32.1 million loan with Arbor Realty was refinanced at maturity on 10/1/21 with a \$35.0 million principal loan with Wells Fargo for a three year term, interest-only at a variable rate of 1 Month SOFR Average plus 2.37% per annum. The loan has two 24-month extension options. SOFR refers to the secured overnight financing rate. SOFR Average is the compounded average of SOFR over a rolling calendar 30-day period.

The former loan with Arbor Realty had a maximum of \$32.1 million principal for a two year term, interest-only at a variable rate of 1-Month LIBOR (LIBOR floor of 2.25%) plus 4.50% per annum, and required an interest rate cap during the initial two year term at a LIBOR strike price equal to 3.50% per annum. The loan was repaid in full on October 1, 2021.

2. Salinas Storage - Maximum \$11,300,000 loan for a four year term, interest-only at a variable rate of 1-Month LIBOR plus 2.60%, reducing to 1-Month LIBOR plus 2.25% upon attaining DSCR of not less than 1.25x. Has two 12-month extension options.

3. Santa Cruz Storage - Maximum \$13,200,000 loan for a four year term, interest-only at a variable rate of 1-Month LIBOR plus 2.60%, reducing to 1-Month LIBOR plus 2.25% upon attaining DSCR of not less than 1.25x. Has two 12-month extension options.

## II. OVERVIEW

### Bristol Value III, L.P. - Real Estate Performance

#### Schedule of Performance Results: Time-Weighted Total Returns and Cash Returns; Leveraged, Gross and Net

For the Inception-to-Date Period From November 30, 2016, through September 30, 2021

Investment	IRR, Gross	IRR, Net	Equity Multiple, Gross	Equity Multiple, Net	QTD Total Return, Gross			YTD Total Return, Gross			4Q Total Return, Gross			ITD Total Return, Gross			ITD Cash Return
					Income	Apprc	Total	Income	Apprc	Total	Income	Apprc	Total	Income	Apprc	Total	Gross
Pradera SFR	12.7%		1.3		0.7%	0.0%	1.0%	2.6%	0.0%	2.6%	2.8%	45.9%	48.7%	1.8%	8.7%	10.5%	2.3%
<b>Bristol Value III, L.P.</b>	7.0%	4.5%	1.2	1.1	0.1%	0.0%	0.1%	0.9%	0.0%	1.0%	0.9%	20.4%	21.4%	-0.1%	4.0%	3.9%	1.6%

Notes:

1. Total returns are income and appreciation returns over time-weighted fair value equity (AIMR/GIPS).
2. Cash returns are based on actual cash distributions over time-weighted contributed capital.



### III. PORTFOLIO REVIEW – OWNED INVESTMENTS

#### Pradera – Single Family Home Rental Community 11631 Culebra Road, San Antonio, Texas



#### Project Description

On April 13, 2017, the Fund acquired approximately 43.5 gross acres of unimproved land in the San Antonio area for the development of a master planned single family home rental community for \$4,737,150. The project consists of 250 detached “build-to-rent” single family homes, including a community clubhouse, walking trails and a dog park. The project is a co-development with an experienced single family home rental community developer. The land was acquired at the attractive basis of \$2.50 per square foot and required no off-site improvements prior to commencing land and infrastructure development, which began in August 2017.

Development commenced in June 2018 and the amenity center was completed in June 2019. Overall, the project was approximately nine months delayed primarily due to inclement weather and changes made to the floor plans that improved the layout and efficiency of the homes. The estimated total development cost of each home is approximately \$200,000. Construction of all 250 homes was completed in the fourth quarter of 2020. As of this writing, the project is 96.4% leased. Leased percentage is calculated as all signed leases minus the number of existing leases for which a notice to vacate has been received.



### III. PORTFOLIO REVIEW – OWNED INVESTMENTS

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The initial project financing, a \$32.1 million construction loan with Arbor Realty Trust, closed in September 2019. The terms of the loan were follows: (i) 24-month term with two six-month extension options; (ii) interest-only at 1-month LIBOR plus 4.50% per annum with a LIBOR floor of 2.25%; (iii) a 1.25% origination fee, 0.25% extension fee, and 1.00% exit fee that would be waived if permanent financing is secured through Arbor.

Subsequent to the end of the quarter on October 1, 2021, a new \$35 million loan with Wells Fargo Bank was obtained. The terms of the loan are as follows: (i) 36-month term with two 24-month extension options; (ii) interest-only at 30-day compounded SOFR average plus 2.37% per annum with a SOFR floor of 0.00%; (iii) a 0.75% origination fee, 0.35% extension fee; (iv) open to prepayment without penalty throughout the loan term.

#### Operations

The project is fully stabilized and the focus of property operations is to retain tenants as their leases expire, increase rents, timely collect rental payments and manage expenses. Over the past year, demand for housing has accelerated and Bristol has aggressively increased rental rates upon lease renewal as well as for new leases. Rental rates for new leases across all unit types have been increased an average of 12% year-over-year between September 2020 and September 2021.

Project Aerial



### III. PORTFOLIO REVIEW – OWNED INVESTMENTS

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#### Amenity Center





### III. PORTFOLIO REVIEW – OWNED INVESTMENTS

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#### Amenity Center (cont'd)



*Amenity Center Interior*



*Amenity Center Interior*

### III. PORTFOLIO REVIEW – OWNED INVESTMENTS

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#### Amenity Center (cont'd)



*Fitness Center Interior*



*Fitness Center Interior*



### III. PORTFOLIO REVIEW – OWNED INVESTMENTS

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#### Completed Homes



### III. PORTFOLIO REVIEW – OWNED INVESTMENTS

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Model Home Interior



### III. PORTFOLIO REVIEW – OWNED INVESTMENTS

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#### **Self-Storage Development – 101 Martella Street, Salinas, California**

On April 13, 2018, the Fund purchased a 4.97-acre site for the partial conversion of a former Pepsi bottling facility and the development of new self-storage buildings. Demolition commenced in July 2019. The new facility will contain construct approximately 614 units over 66,813 net rentable square feet in six buildings with an average size unit of 109 square feet. The site was acquired for \$4,775,000. The facility will also include 107 RV and Boat parking spaces totaling 29,760 rentable square feet, a 2,500 square foot historic industrial building which will be leased to a single commercial tenant, and a historic single-family home which may be used for the site manager's residence or rented out as a single-family unit. Salinas is a relatively large coastal city located in Monterey County and is known as the "agriculture capital" of California.

**Total Projected Cost Basis:** \$19,830,000<sup>1</sup> or \$297 per rentable square foot (based on the self-storage facility rentable area of 66,813 square feet)

**Projected Return on Cost:** 8.2% - 9.2% stabilized unlevered return on cost

**Timeline:** Construction Commencement - August 2019  
Temporary Certificate of Occupancy – June 16, 2021  
Permanent Certificate of Occupancy – September 15, 2021  
Facility Opening Date – June 16, 2021  
Stabilization - 90% occupancy, 36-month lease-up period

**Financing:** Loan closed on September 10, 2019. The general terms are: (i) 65% loan-to-cost, (ii) interest-only at 1-month LIBOR plus 260 basis points, (iii) reducing to 1-month LIBOR plus 225 basis points upon achieving a minimum 1.25x debt service coverage ratio, (iv) the initial loan term will be 48 months, and (v) two, one-year extension options, provided the project achieves a minimum 1.25x debt service coverage ratio for the first extension option and a 1.40x debt service coverage ratio for the second extension option.

Additional details regarding this project are provided in the Self-Storage table on page 21.

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<sup>1</sup> Total Projected Cost Basis is comprised of land acquisition, hard and soft construction costs, construction loan interest and fees, preferred return carry costs, operating shortfall and loan interest until the facility generates positive cash flow.



### III. PORTFOLIO REVIEW – OWNED INVESTMENTS

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#### Project Aerial



### III. PORTFOLIO REVIEW – OWNED INVESTMENTS

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November 24, 2021

### III. PORTFOLIO REVIEW – OWNED INVESTMENTS

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#### **Self-Storage Development – 135 Dubois Street, Santa Cruz, California**

On April 2, 2018, the Fund purchased 1.40 acres of vacant land, and in December 2018, commenced construction on a four-story self-storage facility. The facility will be approximately 75,674 net rentable square feet and will include 820 storage units for an average unit size of 92 square feet. The land was acquired for \$3,625,000. Santa Cruz is a medium-sized coastal city, and the largest city in Santa Cruz County. The self-storage facility is located in an under-supplied market, as evidenced by the high occupancy levels observed at each of the eight competitor locations.

**Total Projected Cost Basis:** \$24,398,000<sup>2</sup> or \$322 per rentable square foot

**Projected Return on Cost:** 6.7% - 7.7% stabilized unlevered return on cost

**Timeline:** Construction Commencement - December 2018  
Temporary Certificate of Occupancy – October 6, 2021  
Est. Permanent Certificate of Occupancy – End of Nov. 2021  
Stabilization - 90% occupancy, 36-month lease-up period

**Financing:** Loan closed on May 13, 2019. The general terms are: (i) 65% loan-to-cost, (ii) interest-only at 1-month LIBOR plus 260 basis points, (iii) reducing to 1-month LIBOR plus 225 basis points upon achieving a minimum 1.25x debt service coverage ratio, (iv) the initial loan term will be 48 months, and (v) two, one-year extension options, provided the project achieves a minimum 1.25x debt service coverage ratio for the first extension option and a 1.40x debt service coverage ratio for the second extension option.

Additional details regarding this project are provided in the Self-Storage table on page 21.

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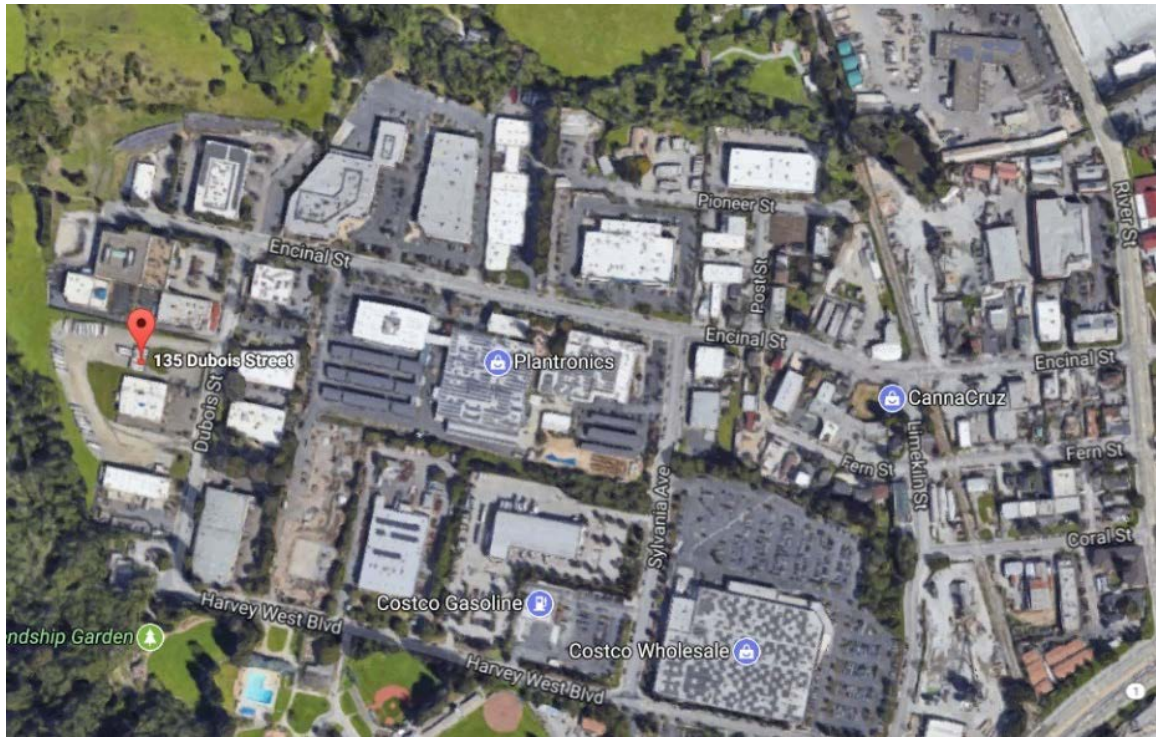
<sup>2</sup> Total Projected Cost Basis is comprised of land acquisition, hard and soft construction costs, construction loan interest and fees, preferred return carry costs, operating shortfall and loan interest until the facility generates positive cash flow.



### III. PORTFOLIO REVIEW – OWNED INVESTMENTS

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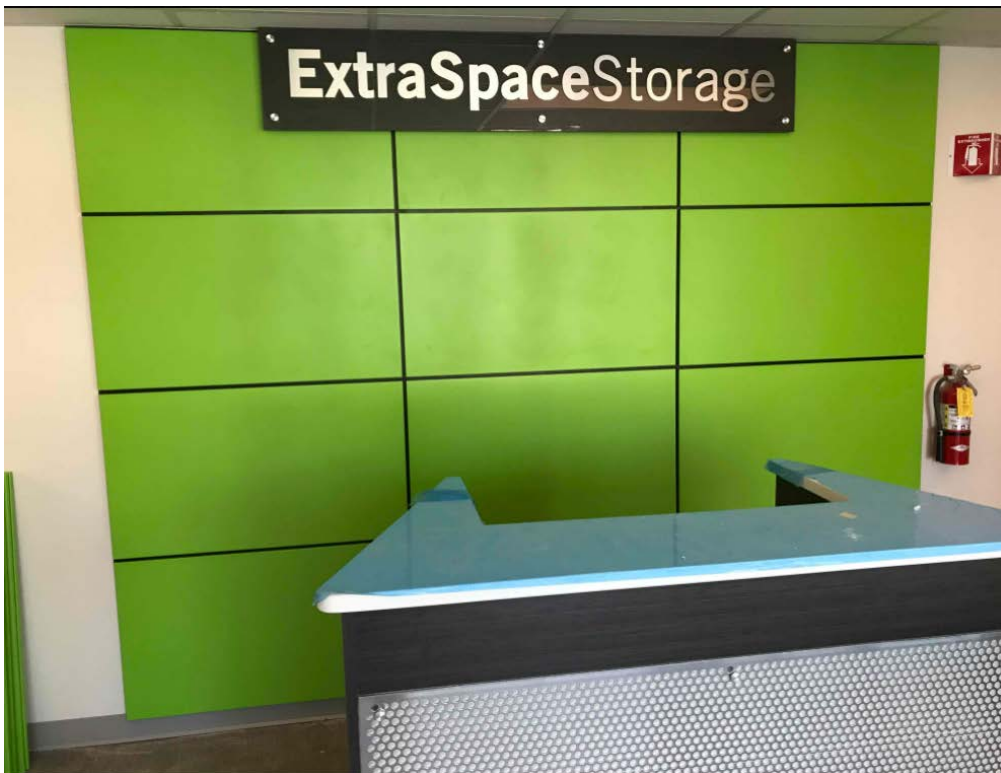
#### Project Aerial



August 29, 2021

### III. PORTFOLIO REVIEW – OWNED INVESTMENTS

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August 29, 2021

### III. PORTFOLIO REVIEW – OWNED INVESTMENTS

Additional details for each self-storage project are provided in the table below.

Net										Demographic Information				
Location	Square Feet	Number of Units	Acquisition Date	Purchase Price	Price \$ / NRSF	Commencement of Construction	Facility Opening Date	Months to Stabilization	Notes	Population	Median HH Income	Self-Storage Per Capita		
												Before	After	
Santa Cruz, CA	75,674	820	4/2/18	\$3,625,000	\$48	December 2018	October 19, 2021	36	4-story facility. 100% climate controlled.	75,654	\$73,375	3.0	4.0	
Salinas, CA	66,813	614	4/13/18	\$4,775,000	\$71 *	August 2019	June 16, 2021	36	6 building project. 70% climate controlled. Also includes 107 RV/Boat parking spaces.	127,761	\$57,040	4.1	4.7	
				<u>\$8,400,000</u>										
*NRSF does not take into account excess land for RV/Boat storage.														
NOTE: The 3-mile demographic information has been updated as of 9/30/2021.														

### III. PORTFOLIO REVIEW – OWNED INVESTMENTS

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#### **Industrial Redevelopment – 49 Mall Drive, Commack, New York (Long Island)**

On October 15, 2020, the Fund purchased 10.75 acres of land for \$9.75 million, or approximately \$20.92 per square foot of gross land area. At acquisition, the site was improved with a vacant single-story office and lab building. The existing building will be demolished, and the site will be redeveloped with a modern Class A industrial building totaling approximately 178,000 square feet. The project is located in Suffolk County within the Hauppauge Industrial Park of Central Long Island, in close proximity to a major four-way interchange of the Long Island Expressway and Northern State Parkway.

Since closing on the property, Bristol has been working on the approvals processes with the Town of Smithtown and Suffolk County. Zoning approval was previously received, and as of this writing, full approval has also been received from the Town of Smithtown Planning Department.

As previously reported, the three underground storage tanks were successfully removed, backfilled, and inspected in compliance with Suffolk County Health Department regulations. A general contractor was selected to complete the building demolition and initial site work. Pre-demolition work commenced in June 2021 and demolition permits and site work permits were received from the Town of Smithtown.

The overall process to demolish the building improvements commenced in June 2021 and is now complete. As of this writing, the project team is focused on completing preliminary site work in anticipation of beginning vertical construction.

Looking forward, all plans and documents have been submitted to the Town of Smithtown and Suffolk County Health Department, and final permits for the construction of the approved 178,134 square foot industrial building are anticipated to be received in early December 2021.

The Long Island-based team at Jones Lang LaSalle (JLL) has been engaged to market the building for lease. JLL finalized its marketing collateral to be shared with prospective tenants, and a broker “open house” event took place during the third quarter. In addition, preliminary discussions with respect to construction financing and permanent financing options have commenced with possible lenders.

**Total Projected Cost Basis:** \$30,415,000 or \$171 per rentable square foot

**Projected Return on Cost:** 7.0% - 7.3% stabilized unlevered return on cost

**Timeline:**

- Construction Commencement – Summer 2021
- Construction Complete – Est. First/Second Quarter 2022
- Stabilization - 90% occupancy – Est. Third Quarter 2022

**Financing:** TBD



### III. PORTFOLIO REVIEW – OWNED INVESTMENTS

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*View from 49 Mall Drive – Proposed Redevelopment Concept*



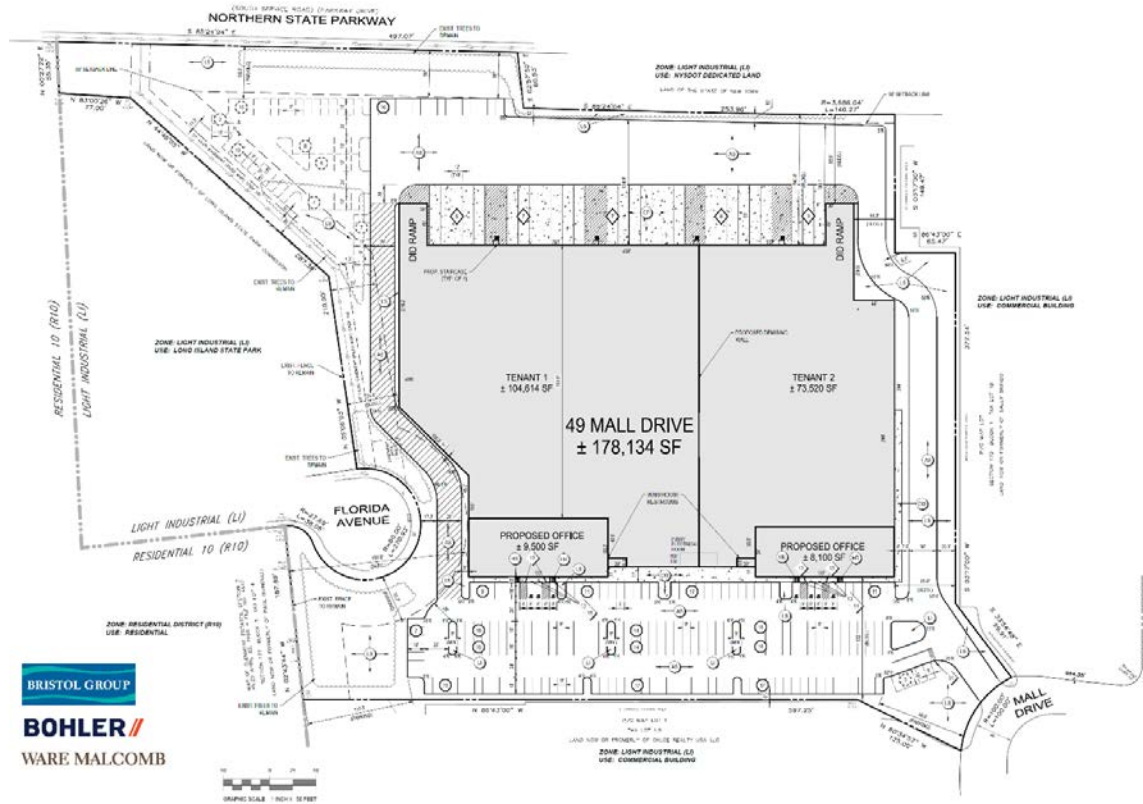
*View from 49 Mall Drive – Current Site Condition*





### III. PORTFOLIO REVIEW – OWNED INVESTMENTS

#### Site Plan – 49 Mall Drive Industrial Redevelopment



#### IV. TRANSACTION ACTIVITY

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Several investment opportunities were reviewed during the quarter. Following is a summary of the activity:

##### **Letter of Intent.**

- **Philadelphia, PA.** Potential leasehold acquisition on a ground lease with the Philadelphia International Airport Authority, to develop two Class A industrial cold storage buildings on a 16.8-acre unimproved land site located on the airport grounds. The development plan includes the construction of two buildings totaling approximately 250,000 square feet and discussions have commenced with a cold storage user, Southern Petroleum Resources, to pre-lease all or a majority of the project. As of this writing, a Letter of Intent has been executed and due diligence has commenced. The due diligence period is currently scheduled to end on January 3, 2022.
- **Baltimore, MD.** Opportunity to acquire 35 acres of industrial zoned land in Hunt Valley, MD, an affluent suburb of Baltimore. Of the 35 acre parcel, 19.9 acres are usable for development with the remainder of the site designated as an environmentally sensitive area. The site is situated in a mature, in-fill location with an inventory of highly obsolete industrial space, as there has been no new industrial development in the submarket in over 20 years. Bristol intended to construct an as-of-right two building, 330,120 square foot industrial business park. Subsequent to quarter end, Bristol was informed that the seller selected a Baltimore based developer as the prospective purchaser of the site.

**Reviewed.** During the quarter, underwriting was performed on the following opportunities presented below in chronological order:

- **Vacant Big Box Retail Space.** As big box retailers struggle to compete for market share, close down stores, and file for bankruptcy, Bristol continues to monitor the locations of these stores for self-storage conversion opportunities because retail sites are typically closer to a dense customer base and in prime locations.
- **Northglenn, CO.** Potential acquisition of an existing Class C self-storage facility consisting of 43,302 rentable square feet and situated on 3.02 acres. The 1980-vintage property was 95% physically occupied and presented a value-add opportunity to increase the number of storage units and increase the property's rental rates. Bristol passed on the opportunity due to competing bids that were significantly higher than Bristol's underwriting.
- **Tacoma, WA.** Potential acquisition of a 1999-vintage, Class B self-storage facility totaling 68,693 rentable square feet. The property was 84% physically occupied but possessed a value-add opportunity by increasing the property's rental rates, both on existing customers and new customers. However, Bristol ultimately passed on the opportunity due to the property's lack of compelling demographics and a high saturation level of competing properties.

#### IV. TRANSACTION ACTIVITY

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- **Riverside, CA.** Potential acquisition of an existing Class B self-storage facility totaling 85,385 rentable square feet. The 2019-vintage property was 98% physically occupied and possessed a value-add opportunity by increasing the property's rental rates. Bristol passed on the opportunity because of unrealistic pricing expectations.
- **Mesa, AZ.** Potential acquisition of a recently delivered Class A self-storage facility totaling 84,515 rentable square feet, completed in 2020 and situated on 3.15 acres. The property was 71% physically occupied. Bristol passed on the opportunity due to the property's lack of compelling demographics, a high saturation level of competing properties and a significant threat of new competition from an abundance of developable land in the trade area.
- **Totowa, NJ.** Potential acquisition of a 1960-vintage, Class C industrial building, with the opportunity to convert the building to 100,800 rentable square feet of self-storage across three stories. Bristol passed on the opportunity because of unrealistic pricing expectations and the complexity of receiving a conditional use permit.
- **Englewood, CO.** Potential acquisition of a 2016-vintage self-storage facility totaling 84,235 rentable square feet. The property was 87% leased and possessed value-add opportunity through increasing rental rates on both new and existing customers. Bristol passed on the opportunity because of unrealistic pricing expectations and a high saturation level of competing properties.
- **Palmdale, CA.** Potential acquisition of a 1985-vintage self-storage facility totaling 67,020 rentable square feet. The property was 97% leased and possessed value-add opportunity through increasing rental rates on both new and existing customers. Bristol passed on the opportunity due to the property's lack of compelling demographics and significant threat of new competition from an abundance of developable land in the trade area.

## **V. FINANCIAL STATEMENTS / SUPPLEMENTAL SCHEDULES**

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Financial statements of Bristol Value III, L.P. for the quarter ending period are attached.

Also attached are the following Supplemental Schedules:

- Calculation of Manager Fees

**BRISTOL VALUE III, L.P.**  
**BALANCE SHEET**

**September 30, 2021**

**ASSETS**

Current Assets

Cash & cash equivalents	1,676,404
Accounts receivable, net	1,967,930
Prepaid expenses	477,530
<b>Total Current Assets</b>	<b>4,121,863</b>

Investment in Real Estate

Investment in real estate, cost	96,216,785
Accumulated depreciation & amortization	-301
Unrealized appreciation	8,975,661
Net investment in real estate, fair value	105,192,145
Financing costs, net	535,718
<b>Total Assets</b>	<b>109,849,726</b>

**LIABILITIES & MEMBERS' EQUITY**

Current Liabilities

Accounts payable & accrued expenses	1,381,861
Prepaid rent	67,827
Security deposits	269,742
Accrued investment manager fees	0
<b>Total Current Liabilities</b>	<b>1,719,430</b>

Loans payable	51,145,498
Other Liabilities	200
Minority interest	650,853
<b>Total Liabilities</b>	<b>53,515,980</b>

Members' Equity

Contributed capital	50,963,546
Distributed capital	-1,179,000
Retained earnings	6,697,287
Current year net income	-148,088
Total Partner's Capital	56,333,746
<b>Total Liabilities &amp; Partners' Capital</b>	<b>109,849,726</b>

**BRISTOL VALUE III, L.P.**  
**STATEMENT OF OPERATIONS**

**Quarter Ended September 30, 2021**

	<u>Quarter</u>	<u>Year-to-Date</u>
<b>Revenue</b>		
Base rents	1,512,995	4,065,071
Expense reimbursements	84,726	223,077
Parking	5,324	5,324
Interest	162	59
Other	94,539	277,794
<b>Total Revenue</b>	<b>1,697,745</b>	<b>4,571,325</b>
<b>Expenses</b>		
Repairs & maintenance	121,570	282,254
Utilities	60,166	140,454
Security & life safety	6,038	13,713
General & administrative	195,719	406,901
Marketing & promotion	29,581	79,718
Legal & professional	16,856	51,254
Management fee	51,562	126,209
Real estate taxes	594,299	1,151,801
Insurance	18,523	52,594
Bad debt expense	6,177	78,853
Other	7,989	10,563
<b>Total Expenses</b>	<b>1,108,479</b>	<b>2,394,314</b>
<b>Net Operating Income</b>	<b>589,267</b>	<b>2,177,012</b>
Interest expense	548,760	1,628,341
Depreciation & amortization	301	301
Net Income - Before Minority Interest	40,205	548,370
Minority Interest in NOI	-4,585	-18,040
Net Income - Before Fees & Gain (Loss)	35,620	530,330
Investment management fees	233,182	688,379
Net Income - Before Gain (Loss)	-197,562	-158,049
Unrealized gain (loss)	0	26,283
Minority interest gain (loss) allocation	0	16,322
<b>Net Income</b>	<b>-197,562</b>	<b>-148,088</b>

**BRISTOL VALUE III, L.P.**  
**STATEMENT OF CASH FLOWS**

**Quarter Ended September 30, 2021**

	<u>Quarter</u>	<u>Year-to-Date</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<b>Net Income</b>	<b>-197,562</b>	<b>-148,088</b>
(Gain) loss on investment in real estate	0	-26,283
Amortization and depreciation	301	49,298
Accounts receivable	15,203	53,013
Prepaid expenses	-134,900	171,143
Accounts payable & accrued expenses	-15,420	-2,046,826
Accrued property taxes	594,141	691,305
Prepaid rent	24,576	24,860
Security deposits	16,481	55,202
Other liabilities	200	200
Accrued investment manager fees	0	-220,954
Minority Interest	-10,052	-16,340
<b>Net Cash Change from Operating Activities</b>	<b>292,969</b>	<b>-1,413,469</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Land, Building & Improvements	-2,719,644	-6,677,680
Furniture, Fixtures & Equipment	-243	-243
Other RE Related Assets	-114,614	-370,616
<b>Net Cash Change from Investing Activities</b>	<b>-2,834,501</b>	<b>-7,048,539</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from and payments on loans	3,080,427	6,314,895
Contributions	684,000	2,229,000
Distributions	-271,000	-1,179,000
<b>Net Cash Change from Financing Activities</b>	<b>3,493,427</b>	<b>7,364,895</b>
<b>Net Cash Flow</b>	<b>951,895</b>	<b>-1,097,113</b>
<b>Beginning Cash &amp; Cash Equivalents</b>	<b>724,510</b>	<b>2,773,516</b>
<b>Ending Cash &amp; Cash Equivalents</b>	<b>1,676,404</b>	<b>1,676,404</b>

**BRISTOL VALUE III, L.P.**  
**STATEMENT OF PARTNERS' CAPITAL**

**Quarter Ended September 30, 2021**

	Arapahoe Peak Real Estate Fund V LP	Spring 625	UPMC Basic Retirement Plan Master Trust	University of Wisconsin Foundation	West Virginia Investment Management Board	Total Limited Partners	Bristol Investment Company V, LLC	Total
Ownership % (Excluding Fees)	11.648%	17.472%	11.648%	23.296%	34.945%	99.010%	0.990%	100.00%
Ownership % (for Fees)	11.765%	17.647%	11.765%	23.529%	35.294%	100.000%	0.000%	100.00%

**Capital Commitment**

<b>Total Capital Commitment</b>	\$ 10,000,000	\$ 15,000,000	\$ 10,000,000	\$ 20,000,000	\$ 30,000,000	\$ 85,000,000	\$ 850,000	\$ 85,850,000
Funded Commitment	7,167,100	10,750,649	7,167,100	14,334,198	21,501,298	60,920,345	609,201	61,529,546
Returns of Capital - Recallable	1,230,751	1,846,127	1,230,751	2,461,503	3,692,254	10,461,386	104,614	10,566,000
<b>Unfunded Commitment</b>	<b>\$ 4,063,651</b>	<b>\$ 6,095,478</b>	<b>\$ 4,063,651</b>	<b>\$ 8,127,305</b>	<b>\$ 12,190,956</b>	<b>\$ 34,541,041</b>	<b>\$ 345,413</b>	<b>\$ 34,886,454</b>

**Invested Capital**

Funded Commitment	\$ 7,167,100	\$ 10,750,649	\$ 7,167,100	\$ 14,334,198	\$ 21,501,298	\$ 60,920,345	\$ 609,201	\$ 61,529,546
Returns of Capital - Recallable	1,230,751	1,846,127	1,230,751	2,461,503	3,692,254	10,461,386	104,614	10,566,000
Returns of Capital - Non-recallable	-	-	-	-	-	-	-	-
<b>Net Invested Capital</b>	<b>\$ 5,936,349</b>	<b>\$ 8,904,522</b>	<b>\$ 5,936,349</b>	<b>\$ 11,872,695</b>	<b>\$ 17,809,044</b>	<b>\$ 50,458,959</b>	<b>\$ 504,587</b>	<b>\$ 50,963,546</b>

**Third Quarter**

<b>Partner's Capital</b>	\$ -							
Beginning Capital	\$ 6,535,603	\$ 9,803,403	\$ 6,535,603	\$ 13,071,205	\$ 19,606,808	\$ 55,552,622	\$ 565,685	\$ 56,118,307
Contributions	79,675	119,511	79,675	159,347	239,022	677,230	6,770	684,000
Returns of Capital	-	-	-	-	-	-	-	-
Distributions	(31,567)	(47,350)	(31,567)	(63,133)	(94,700)	(268,317)	(2,683)	(271,000)
Retained Earnings	(23,240)	(34,860)	(23,240)	(46,479)	(69,719)	(197,538)	(24)	(197,562)
<b>Ending Partner's Capital</b>	<b>\$ 6,560,471</b>	<b>\$ 9,840,705</b>	<b>\$ 6,560,471</b>	<b>\$ 13,120,940</b>	<b>\$ 19,681,411</b>	<b>\$ 55,763,997</b>	<b>\$ 569,748</b>	<b>\$ 56,333,745</b>

**Year-to-Date**

<b>Partner's Capital</b>								
Beginning Capital	\$ 6,453,634	\$ 9,680,451	\$ 6,453,634	\$ 12,907,267	\$ 19,360,902	\$ 54,855,888	\$ 575,946	\$ 55,431,834
Contributions	259,640	389,458	259,640	519,278	778,917	2,206,933	22,067	2,229,000
Returns of Capital	-	-	-	-	-	-	-	-
Distributions	(137,333)	(205,999)	(137,333)	(274,665)	(411,998)	(1,167,328)	(11,672)	(1,179,000)
Retained Earnings	(15,470)	(23,205)	(15,470)	(30,940)	(46,410)	(131,496)	(16,592)	(148,088)
<b>Ending Partner's Capital</b>	<b>\$ 6,560,471</b>	<b>\$ 9,840,705</b>	<b>\$ 6,560,471</b>	<b>\$ 13,120,940</b>	<b>\$ 19,681,411</b>	<b>\$ 55,763,997</b>	<b>\$ 569,749</b>	<b>\$ 56,333,746</b>



**BRISTOL VALUE III, L.P.**  
**CONSOLIDATING BALANCE SHEET**

September 30, 2021

	Bristol Pradera	Bristol Salinas	Bristol Santa Cruz	Bristol Commack	Partnership	Bristol Value III, L.P.
<b>ASSETS</b>						
Current Assets						
Cash & cash equivalents	528,286	802,311	139,377	116,471	89,959	1,676,404
Accounts receivable, net	1,964,832	4,097	-1,000	0	1	1,967,930
Prepaid expenses	467,848	9,681	0	0	1	477,530
<b>Total Current Assets</b>	<b>2,960,967</b>	<b>816,090</b>	<b>138,377</b>	<b>116,471</b>	<b>89,958</b>	<b>4,121,863</b>
Investment in Real Estate						
Investment in real estate, cost	48,861,265	16,677,243	19,406,729	11,250,646	20,902	96,216,785
Accumulated depreciation & amortization	0	-301	0	0	0	-301
Unrealized appreciation	8,975,661	0	0	0	0	8,975,661
Net investment in real estate, fair value	57,836,926	16,676,942	19,406,729	11,250,646	20,902	105,192,145
Financing costs, net	336,250	78,624	120,843	0	1	535,718
<b>Total Assets</b>	<b>61,134,143</b>	<b>17,571,655</b>	<b>19,665,949</b>	<b>11,367,117</b>	<b>110,862</b>	<b>109,849,726</b>
<b>LIABILITIES &amp; PARTNERS' CAPITAL</b>						
Current Liabilities						
Accounts payable & accrued expenses	1,334,109	92,118	-44,365	0	-1	1,381,861
Prepaid rent	46,832	20,994	0	0	1	67,827
Security deposits	269,742	0	0	0	0	269,742
<b>Total Current Liabilities</b>	<b>1,650,683</b>	<b>113,112</b>	<b>-44,365</b>	<b>0</b>	<b>0</b>	<b>1,719,430</b>
Loans payable	31,812,172	9,592,218	9,741,108	0	0	51,145,498
Other Liabilities	200	0	0	0	0	200
Minority interest	650,853	0	0	0	0	650,853
<b>Total Liabilities</b>	<b>34,113,908</b>	<b>9,705,330</b>	<b>9,696,743</b>	<b>0</b>	<b>-1</b>	<b>53,515,980</b>
Partners' Capital						
Contributed capital	18,296,641	8,029,671	10,040,179	11,375,925	3,221,130	50,963,546
Distributed capital	-1,927,363	0	0	0	748,363	-1,179,000
Retained earnings	9,933,195	-38,974	-57,289	-1,417	-3,138,228	6,697,287
Current year net income	717,762	-124,371	-13,683	-7,391	-720,405	-148,088
Total Partner's Capital	27,020,235	7,866,326	9,969,206	11,367,117	110,862	56,333,746
<b>Total Liabilities &amp; Partners' Capital</b>	<b>61,134,143</b>	<b>17,571,655</b>	<b>19,665,949</b>	<b>11,367,117</b>	<b>110,862</b>	<b>109,849,726</b>

**BRISTOL VALUE III, L.P.**  
**CONSOLIDATING STATEMENT OF OPERATIONS**

Quarter Ended September 30, 2021

	Bristol Pradera	Bristol Salinas	Bristol Santa Cruz	Bristol Commack	Partnership	Bristol Value III, L.P.
<b>Revenue</b>						
Base rents	1,461,872	51,123	0	0	0	1,512,995
Expense reimbursements	84,726	0	0	0	0	84,726
Parking	0	5,324	0	0	0	5,324
Interest	66	1	86	0	9	162
Other	89,599	4,940	0	0	0	94,539
<b>Total Revenue</b>	<b>1,636,262</b>	<b>61,388</b>	<b>86</b>	<b>0</b>	<b>9</b>	<b>1,697,745</b>
<b>Expenses</b>						
Repairs & maintenance	101,551	20,019	0	0	0	121,570
Utilities	49,867	10,298	0	0	1	60,166
Security & life safety	4,990	1,047	0	0	1	6,038
General & administrative	121,188	43,681	2,363	788	27,699	195,719
Marketing & promotion	15,361	14,220	0	0	0	29,581
Legal & professional	14,854	667	667	667	1	16,856
Management fee	43,715	7,847	0	0	0	51,562
Real estate taxes	526,784	67,515	0	0	0	594,299
Insurance	10,104	8,419	0	0	0	18,523
Bad debt expense	5,165	1,012	0	0	0	6,177
Other	7,914	74	0	0	1	7,989
<b>Total Expenses</b>	<b>901,493</b>	<b>174,802</b>	<b>3,031</b>	<b>1,456</b>	<b>27,697</b>	<b>1,108,479</b>
<b>Net Operating Income</b>	<b>734,769</b>	<b>-113,414</b>	<b>-2,945</b>	<b>-1,456</b>	<b>-27,687</b>	<b>589,267</b>
Interest expense	548,760	0	0	0	0	548,760
Depreciation & amortization	0	301	0	0	0	301
Net Income - Before Minority Interest	186,009	-113,715	-2,945	-1,456	-27,688	40,205
Minority Interest in NOI	-4,585	0	0	0	0	-4,585
Net Income - Before Fees & Gain (Loss)	181,424	-113,715	-2,945	-1,456	-27,688	35,620
Investment management fees	0	0	0	0	233,182	233,182
Net Income - Before Gain (Loss)	181,424	-113,715	-2,945	-1,456	-260,870	-197,562
Minority interest gain (loss) allocation	0	0	0	0	0	0
<b>Net Income</b>	<b>181,424</b>	<b>-113,715</b>	<b>-2,945</b>	<b>-1,456</b>	<b>-260,870</b>	<b>-197,562</b>

**BRISTOL VALUE III, L.P.**  
**CONSOLIDATING STATEMENT OF OPERATIONS**

Quarter Ended September 30, 2021

	Bristol Pradera	Bristol Salinas	Bristol Santa Cruz	Bristol Commack	Partnership	Bristol Value III, L.P.
<b>Revenue</b>						
Base rents	4,013,948	51,123	0	0	0	4,065,071
Expense reimbursements	223,077	0	0	0	0	223,077
Parking	0	5,324	0	0	0	5,324
Interest	10	8	11	3	27	59
Other	272,784	4,940	0	70	0	277,794
<b>Total Revenue</b>	<b>4,509,819</b>	<b>61,395</b>	<b>11</b>	<b>73</b>	<b>27</b>	<b>4,571,325</b>
<b>Expenses</b>						
Repairs & maintenance	262,235	20,019	0	0	0	282,254
Utilities	130,155	10,298	0	0	1	140,454
Security & life safety	12,666	1,047	0	0	0	13,713
General & administrative	319,241	44,781	3,463	4,639	34,777	406,901
Marketing & promotion	65,498	14,220	0	0	0	79,718
Legal & professional	30,691	10,231	10,231	2,826	-2,725	51,254
Management fee	118,362	7,847	0	0	0	126,209
Real estate taxes	1,084,286	67,515	0	0	0	1,151,801
Insurance	44,174	8,419	0	0	1	52,594
Bad debt expense	77,841	1,012	0	0	0	78,853
Other	10,488	74	0	0	1	10,563
<b>Total Expenses</b>	<b>2,155,638</b>	<b>185,465</b>	<b>13,694</b>	<b>7,464</b>	<b>32,053</b>	<b>2,394,314</b>
<b>Net Operating Income</b>	<b>2,354,182</b>	<b>-124,070</b>	<b>-13,683</b>	<b>-7,391</b>	<b>-32,026</b>	<b>2,177,012</b>
Interest expense	1,628,341	0	0	0	0	1,628,341
Depreciation & amortization	0	301	0	0	0	301
Net Income - Before Minority Interest	725,841	-124,371	-13,683	-7,391	-32,026	548,370
Minority Interest in NOI	-18,040	0	0	0	0	-18,040
Net Income - Before Fees & Gain (Loss)	707,801	-124,371	-13,683	-7,391	-32,026	530,330
Investment management fees	0	0	0	0	688,379	688,379
Net Income - Before Gain (Loss)	707,801	-124,371	-13,683	-7,391	-720,405	-158,049
Unrealized gain (loss)	26,283	0	0	0	0	26,283
Minority interest gain (loss) allocation	16,322	0	0	0	0	16,322
<b>Net Income</b>	<b>717,762</b>	<b>-124,371</b>	<b>-13,683</b>	<b>-7,391</b>	<b>-720,405</b>	<b>-148,088</b>

**BRISTOL VALUE III, L.P.**

**CALCULATION OF MANAGER FEES**  
For the Quarter Ended September 30, 2021

MANAGEMENT FEE: <sup>(1)</sup>

	<u><b>3rd Quarter</b></u>
Unfunded Capital Commitment - Prior Quarter End	\$ 35,218,271
Less: Current Quarter Funded Commitment	<u>(677,230)</u>
<b>Unfunded Capital Commitment - Current Quarter End</b>	<b>34,541,041</b>
Weighted Balance	\$ 34,987,685
Fee %	<u>0.50%</u>
Annualized Fee	\$ 174,938
Number of days in the quarter	92
Number of days per year	<u>365</u>
<b>Manager Fees on Unfunded Capital Commitment</b>	<b><u>\$ 44,094</u></b>
 Funded Capital Commitment - Prior Quarter End	 \$ 49,781,729
Add: Current Quarter Funded Commitment	<u>677,230</u>
<b>Funded Capital Commitment - Current Quarter End</b>	<b>50,458,959</b>
Weighted Balance	\$ 50,012,315
Fee %	<u>1.50%</u>
Annualized Fee	750,185
Number of days in the quarter	92
Number of days per year	<u>365</u>
<b>Manager Fees on Funded Capital Commitment</b>	<b><u>\$ 189,088</u></b>
 <b>Total Manager Fees for the quarter</b>	 <b><u><u>\$ 233,182</u></u></b>
	 <b><u>Since Inception</u></b>
Since Inception Manager Fees on Unfunded Capital Commitment	\$ 1,369,143
Since Inception Manager Fees on Funded Capital Commitment	<u>2,057,978</u>
Since Inception Total Manager fees	<b><u><u>\$ 3,427,121</u></u></b>

(1) Calculation of Management Fee is Pursuant to Article 7.2 of the Limited Partnership Agreement of Bristol Value III, L.P.