

PARTNER

Valuation Advisors

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VALUATION REPORT

Summer Meadows

433 Hebron Road
Durham, NC, 27704

Report Date

March 8, 2024

Project Numbers

Partner: 24-438589.2

Prepared for:

Urban Standard Capital



March 8, 2024

Mr. Vishal Hotchandani
Consultant
Urban Standard Capital
233 Broadway, Suite 1470
New York, NY 10279

Subject: Appraisal Report
Summer Meadows
433 Hebron Road
Durham, NC 27704
Partner Project No. 24-438589.2

Dear Mr. Hotchandani,

Partner Valuation Advisors is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the Market Value As Is of the Fee Simple interest, Prospective Market Value Upon Completion of the Fee Simple interest and Prospective Market Value Upon Stabilization of the Fee Simple interest in the property. The client for the assignment is Urban Standard Capital, and the intended use is for loan underwriting purposes.

The subject property is a 83 unit garden/low-rise property, currently under construction and proposed to be completed in September of 2024. The property will consist of a mix of one-, two-, and three-bedroom units, with an average unit size of 1,085 SF. In addition to the residential units, the proposed subject property will contain 166 parking spaces. The site area is 7.15 acres or 311,454 square feet. Upon completion, the proposed improvements will be considered to be in good overall condition, and the proposed subject is considered to be a Class B property in its market. As of the effective date the property is 0.00% leased as it is still under construction. We do not consider the subject to be at stabilized occupancy and project a nine month lease-up period after construction is completed. Additionally, we note the subject's current 2023 taxes were due January 6, 2024, and have not been paid as of the effective date of this appraisal. A more detailed description of the subject is contained in the following report.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and applicable state appraisal regulations.



To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Partner Valuation Advisors internal standards for an Appraisal Report – Comprehensive Format. This format contains the greatest depth and detail of Partner Valuation's available report types.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

Premise	Interest Appraised	Effective Date	Value Conclusion
Market Value As Is	Fee Simple	February 27, 2024	TBD
Prospective Market Value Upon Completion	Fee Simple	September 1, 2024	\$21,300,000
Prospective Market Value Upon Stabilization	Fee Simple	June 1, 2025	\$22,000,000

Please note that the values shown above are in draft form. We are still awaiting cost to complete figures from Partner ESI. Upon completion of their cost to complete report, we will deduct these costs to arrive at our as is value.

Extraordinary Assumptions

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

1. We assume all construction is completed in a timely and workmanlike manner and in line with budgets and timelines provided to us.
2. We were not provided with the total proposed GBA of the entire property. We assume a 20% increase over net leasable area. We assume the GBA of the property to be 108,065 SF.
3. We assume that delinquent taxes, interest, and penalties will be paid by the owner prior to any transfer of the subject property.

Hypothetical Conditions

Our value opinion is not subject to any hypothetical conditions.

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers.

Additionally, our opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot reasonably be foreseen at this time.

PARTNER

Valuation Advisors



If you have any questions or comments regarding the contents of this report, please don't hesitate to contact the undersigned. Thank you for the opportunity to be of service.

Sincerely,

Partner Valuation Advisors, LLC

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SUMMARY OF SALIENT FACTS

Summary of Salient Facts and Conclusions					
Property Name	Summer Meadows				
Address	433 Hebron Road, Durham, NC 27704				
County	Durham				
Property Type	Multi-Family				
Property Subtype	Garden/Low-Rise				
Owner of Record	Nova At Summer Meadow LLC				
Site Detail					
Tax ID	177616, 232058				
Land Area	7.15 acres; 311,454 SF				
Zoning Designation	PDR-4.690				
Highest and Best Use - As Vacant	Multi-Family Use				
Highest and Best Use - As Improved	Proposed Multifamily Use				
Improvement Detail					
Gross Building Area (SF)	108,065				
Rentable Area (SF)	90,054				
Percent Leased	0%				
Units	83				
Year Built	Proposed 2024				
Valuation Detail					
Date of Report	March 8, 2024				
Exposure Time	3-6 Months				
Marketing Time	3-6 Months				
Stabilized Occupancy	95.0%				
Lease-up Period (Months)	9				
Value Conclusions					
Appraisal Premise	Interest Appraised		Date of Value	Value Conclusion	Value Conclusion per Unit
Cost Approach				TBD	-
Sales Comparison Approach				TBD	-
Income Approach				TBD	-
Market Value As Is	Fee Simple		February 27, 2024	TBD	-
Cost Approach				\$20,800,000	\$250,602
Sales Comparison Approach				\$20,500,000	\$246,988
Income Approach				\$21,300,000	\$256,627
Prospective Market Value Upon Completion	Fee Simple		September 1, 2024	\$21,300,000	\$256,627
Cost Approach				\$21,500,000	\$259,036
Sales Comparison Approach				\$21,200,000	\$255,422
Income Approach				\$22,000,000	\$265,060
Prospective Market Value Upon Stabilization	Fee Simple		June 1, 2025	\$22,000,000	\$265,060

The values reported above are subject to definitions, assumptions and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than the client and intended users may use or rely on the information, opinions and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions and limiting conditions contained therein.

Please note that the values shown above are in draft form. WE are still awaiting cost to complete figures from Partner ESI. Upon completion of their cost to complete report, we will deduct these costs to arrive at our as is value.

Extraordinary Assumptions

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

1. We assume all construction is completed in a timely and workmanlike manner and in line with budgets and timelines provided to us.
2. We were not provided with the total proposed GBA of the entire property. We assume a 20% increase over net leasable area. We assume the GBA of the property to be 108,065 SF.
3. We assume that delinquent taxes, interest, and penalties will be paid by the owner prior to any transfer of the subject property.

Hypothetical Conditions

Our value opinion is not subject to any hypothetical conditions.

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1.0 GENERAL INFORMATION

1.1 Identification Subject Property



The subject property is outlined above in red.

Property Identification

Property Name	Summer Meadows
Property Major Type	Multi-Family
Property Type	Garden/Low-Rise
Address	433 Hebron Road
City	Durham
County	Durham
State	NC
Zip	27704
Tax ID	177616, 232058
Legal Description	See Appendix
Owner	Nova At Summer Meadow LLC

1.2 Most Recent Sale & Ownership History

Transaction Type	Closed Sale
Price	\$1,745,000
Date	3/26/2021
Grantor	American IRA LLC ; Scott Hurst IRA
Grantee	Nova At Summer Meadow LLC

Our land value conclusion of \$1,400,000 is -19.7% below the most recent purchase from 2021, which is considered to be within reasonable market parameters considering the market was much better in 2021 than it is currently. We reviewed the PSA between buyer and seller and note nothing unusual. We note this transaction was not marketed.

Per our research, no other sales or transfers of the subject property have occurred within the last 3 years.

1.3 Pending Transaction & Current Listing Information

Pursuant to our research, we are not aware of any pending transaction related to the subject property, nor are we aware that the property is currently listed for sale, as of the effective date of this appraisal.

1.4 Appraisal Information

Client

Urban Standard Capital

Purpose of the Appraisal

To estimate the Market Value As Is, Prospective Market Value Upon Completion and Prospective Market Value Upon Stabilization

Intended Use

Loan underwriting purposes

Intended User(s)

Urban Standard Capital and no other intended users are intended by Partner Valuation Advisors

Appraisal Report

Based on the intended users understanding of the subject's physical, economic and legal characteristics, and the intended use of this appraisal, an appraisal report format was used.

This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses.

Property Rights

Fee Simple

2.0 SCOPE OF WORK

2.1 Scope of Services

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs and sophistication of the user, the complexity of the property, and other applicable factors.

Appraisers may consider three approaches to value when determining an opinion of value. For the purposes of this assignment, Partner concluded that the following approaches were appropriate to sufficiently render our value opinion:

Valuation Approach	Applicability	Utilized
Cost Approach	Applicable	Yes
Sales Comparison Approach	Applicable	Yes
Income Capitalization Approach	Applicable	Yes

The Sales Comparison Approach was utilized to determine a value for the land as though vacant.

The Cost Approach is considered necessary for credible assignment results due to the relatively new age of the subject property and has been developed.

There have been relevant transactions of a recent tenure of properties which are similar in nature to the subject property. Therefore, a Sales Comparison Approach was developed for this assignment.

The subject is income-producing; therefore, an Income Capitalization Approach was considered necessary and utilized as the primary analysis methodology upon which we rely to form our value opinion.

2.2 Research

Our opinions and forecasts are based at least in part on data obtained from interviews and third-party sources, which are not always completely reliable and no warranty to their reliability is inferred. We are of the opinion that our conclusions are reasonable based on evidence researched and analyzed, we are not responsible for data inaccuracies or the effects of future occurrences that cannot be reasonably foreseen at this time.

2.3 Inspection

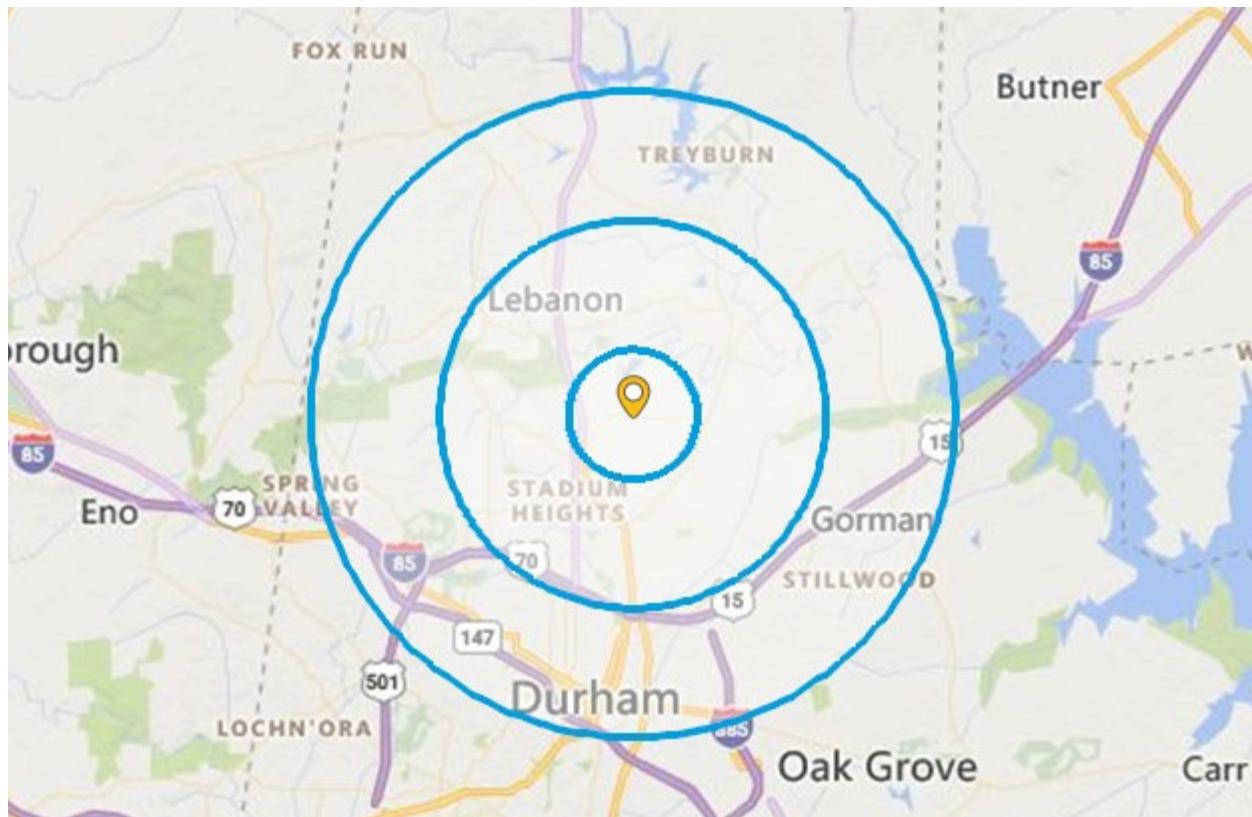
Details regarding our team's inspection of the subject property are as follows:

Name	Inspected	Extent	Date of Inspection
Erica Butler, MAI	has	Interior/Exterior	2/27/2024
Joseph Miller, MAI, MRICS	has not	N/A	N/A

3.0 ECONOMIC/SURROUNDING AREA ANALYSIS

3.1 Area Overview

The subject is located in the Durham-Chapel Hill MSA, as defined by the U.S. Office of Management and Budget. The Durham-Chapel Hill is 2,290 square miles in size with a population density of 294 people per square mile.



3.2 Population

The Durham-Chapel Hill MSA has an estimated 2021 population of 672,698. Durham-Chapel Hill MSA added an average of 7,598 residents per year over the 2010 - 2021 period.

Category	1 Mile	3 Mile	5 Mile	Durham County	Durham MSA	North Carolina	United States
Trade Area							
Area (sq miles)	3	28	79	286	2,290	48,625	3,533,719
Density (pop/sq mile)	2,204	1,677	1,562	1,187	294	221	96
Population							
Population 2010 (census)	5,151	41,555	105,850	267,624	564,358	9,535,483	308,745,538
Population 2020 (census)	6,300	46,651	120,455	324,833	649,903	10,439,388	331,449,281
Population 2023 (current)	6,918	47,401	122,629	339,475	672,698	10,765,678	337,470,185
Population 2028 (5 yr proj)	7,279	47,487	125,047	348,653	689,715	11,052,161	342,640,129
% Change 2020-Current	3.2%	0.5%	0.6%	1.5%	1.2%	1.0%	0.6%
% Change 5 Yr Forecast	1.0%	0.0%	0.4%	0.5%	0.5%	0.5%	0.3%
% Change 2010-2020	2.0%	1.2%	1.3%	2.0%	1.4%	0.9%	0.7%

Source: Esri 2023

3.3 Employment Trends

The percentage of college graduates within the Durham-Chapel Hill MSA exceeds the national average.

Category	1 Mile	3 Mile	5 Mile	Durham County	Durham MSA	North Carolina	United States
2023 Total (NAICS11-99) Employees	2,695	19,589	76,067	178,814	308,335	4,566,670	153,323,159
2023 Total (NAICS11-99) Businesses	191	1,393	5,086	12,397	23,087	389,412	12,297,209
2023 Unemployment Rate	6.4%	4.6%	3.9%	3.9%	4.0%	4.4%	4.3%
% College Graduate	35.9%	38.5%	49.3%	54.5%	51.0%	36.1%	36.1%

Source: Esri 2023

3.4 Major Employers

The table below contains the major employers for the Durham-Chapel Hill MSA which represent a broad diversity across various sectors:

1.	Duke University
2.	511 Cleveland Street
3.	Cisco Systems
4.	IBM Corporation
5.	Fidelity Workplace Investing LLC

Source: researchtriangle.org

3.5 Median Household Income

The Durham-Chapel Hill MSA has a similar average household income than the National average.

Category	1 Mile	3 Mile	5 Mile	Durham County	Durham MSA	North Carolina	United States
Household Income							
Median HH Income	\$51,452	\$58,954	\$61,176	\$75,132	\$76,889	\$64,316	\$72,603
Average HH Income	\$74,549	\$82,700	\$91,984	\$106,917	\$112,895	\$95,585	\$107,008
Per Capita Income	\$27,788	\$33,055	\$37,445	\$44,790	\$46,013	\$38,438	\$41,310
Population Distribution by Income							
-\$15,000	493	1,861	5,664	11,362	25,073	435,016	12,298,792
\$15,000 - \$24,999	149	1,253	3,219	7,576	18,194	347,392	9,182,566
\$25,000 - \$34,000	319	2,288	5,710	13,121	22,490	362,042	9,577,830
\$35,000 - \$49,999	299	2,361	5,624	15,210	27,174	517,353	14,019,287
\$50,000 - \$74,999	453	3,795	8,585	23,429	40,284	750,373	21,371,036
\$75,000 - \$99,999	352	2,337	5,731	18,111	34,402	556,698	16,639,881
\$100,000 - \$149,999	277	3,195	7,947	25,293	46,223	677,019	21,948,226
\$150,000 - \$199,999	136	1,007	3,552	13,024	25,661	315,910	11,109,323
\$200,000+	119	894	3,681	14,526	33,673	351,588	13,766,961

Source: Esri 2023

3.6 Household Summary

Category	1 Mile	3 Mile	5 Mile	Durham County	Durham MSA	North Carolina	United States
Avg HH Size	2.64	2.46	2.3	2.29	2.35	2.43	2.53
Total Households 2010 (census)	1,985	16,454	41,281	109,361	223,136	3,745,155	116,716,292
Total Households 2020 (census)	2,408	18,644	48,364	134,653	261,637	4,160,856	126,817,580
Total Households 2023 (current)	2,597	18,992	49,713	141,656	273,178	4,313,442	129,917,449
Total Households 2028 (5 yr proj)	2,740	19,118	51,315	147,127	283,043	4,462,411	133,099,006
% Change 2020-Current	3.17%	0.53%	0.60%	1.48%	1.16%	1.03%	0.60%
% Change 5 Yr Forecast	1.02%	0.04%	0.39%	0.53%	0.50%	0.53%	0.30%
% Change 2010-2020	2.03%	1.16%	1.30%	1.96%	1.42%	0.91%	0.71%
Housing Units							
Total Housing Units	2,707	20,042	53,890	152,519	295,219	4,885,954	144,063,309
Median Year Built	1990	1983	1981	1990	1990	1989	1979
Housing Units % Vacant	4.1%	5.2%	7.8%	7.1%	7.5%	11.7%	9.8%
Housing Units % Owner Occupied	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	64.9%
Housing Units % Renter Occupied	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	35.1%
Median Home Value	\$220,693	\$250,108	\$306,048	\$336,948	\$331,932	\$262,944	\$308,943

Source: Esri 2023

3.7 Access & Linkages

Primary access to the area is provided by Highway 501 or N Roxboro St. The nearest interchange is Monk Rd and N Roxboro St. which is located 0.8 miles from the subject. The major commercial corridors located proximate the subject property is at Denfield St and N Roxboro St. The main source of transportation in the surrounding area is car.

Public transportation in the local area is operated by Durham Transit and is considered average compared to other areas in the region.

The nearest major airport to the subject is Raleigh-Durham International Airport, located 18.6 miles from the subject property.

Access, Linkages and Transit	
Primary Access to Area	Highway 501 or N Roxboro St
Public Transportation Provider	Durham Transit
Main Source of Transportation	Car
Distance from Subject	
Nearest On-Ramp	0.80 (Miles)
Nearest Bus Stop	0.80 (Miles)
Nearest Airport	18.60 (Miles)

3.8 Neighborhood Demand Generators

The subject is located about 5.3 miles North of downtown Durham. The subject is located in the Summer Meadows neighborhood of Durham. The closest major commercial corridor to the subject is located at Denfield St and N Roxboro St., which provides average supporting retail and entertainment services. Development activity in the immediate area has been predominantly of multi-family, and retail uses. In addition, development has been moderate in the last three years. Summer Meadows has a suburban feel and offers residents access to nature trails and various parks. Residents range from families to young professionals to retirees. Durham is also the home of Duke University, and the campus is located about 5.4 miles Southwest of the subject site.

3.9 Retail and Public Services

The nearest retail and public services to the subject are detailed in the following chart.

Public Services and Amenities	
Category	Distance from Subject
Grocery	1.90 (Miles)
Shopping Center	0.80 (Miles)
Fire Station	1.10 (Miles)
Police Station	2.00 (Miles)
Hospital	13.30 (Miles)
Airport	18.60 (Miles)

3.10 Economic/Surrounding Area Analysis Conclusion

The subject property is located in the Durham-Chapel Hill MSA which exceeds the State of North Carolina in terms expected population growth and is also expected to continue lead the state in median household income. These facts positively impact the growth of demand for real estate. The Durham-Chapel Hill MSA has also performed well over the last decade in terms of creating new jobs. Given these economic signals, we project growth in the Durham-Chapel Hill MSA will remain strong and positive, resulting in a continued modest demand for real estate.

Additionally, the existing mix of uses and services provided in the area is generally meeting the needs of the neighborhood. The area has adequate vehicular and public transportation access to employment centers and retail. Growing population is generating demand for additional commercial real estate of all types, and specifically multi-family properties. A diverse and stable employment base suggest continued stability and growth. We conclude there is implied demand for additional multi-family development in this area.

4.0 MARKET ANALYSIS

4.1 Overview of Durham Multifamily Housing Market

As the 60th largest multifamily metropolitan area in the country based on inventory, Durham has a robust multifamily market which is analyzed in the following section.

4.2 Durham Market Inventory & Occupancy

Durham Multifamily Market Analysis				
	Units	Occupancy	Net Absorption	New Supply
	58,783 Units	89.85%	-961 Units Last 12 Mo	1,935 Units Last 12 Mo
	<i>60th Largest Multi-Family MSA</i>	<i>-136 bps YoY</i>	<i>117.1% Below 5 Yr Average</i>	<i>3.3% of inventory units</i>

Durham Multifamily Market Trends							
Year	Buildings	Inventory Units	Occupancy	Net	Net		
				Delivered Units	Absorption Units	Absorption Units	Demand Units
2014	392	43,703	92.69%	1,164	1,059	-105	40,509
2015	402	45,999	91.48%	1,632	1,566	-66	42,080
2016	404	46,799	92.37%	1,286	976	-310	43,228
2017	409	48,263	91.49%	1,267	930	-337	44,155
2018	413	49,428	91.76%	906	1,274	368	45,356
2019	419	51,094	92.16%	2,286	2,002	-284	47,086
2020	428	53,125	91.26%	2,366	1,243	-1,123	48,481
2021	433	54,524	93.45%	308	2,901	2,593	50,955
2022	441	56,226	92.14%	2,306	-132	-2,438	51,809
2023	449	57,875	90.06%	1,935	974	-961	52,121
2023 Q4	454	58,783	89.85%	771	368	-403	52,819
10 Year Averages	419	50,704	91.86%	1,546	1,279	-266	46,578
5 Year Averages	434	54,569	91.79%	1,840	1,398	-443	50,091
2024		60,322	89.33%	2,399	1,875	-524	53,885
2025		62,626	89.59%	2,061	2,212	151	56,107
2026		64,861	90.07%	2,069	2,308	239	58,417
2027		66,080	91.21%	1,271	1,653	382	60,269
2028		67,493	91.65%	1,466	1,598	132	61,859
Projection Averages		64,276	90.40%	1,853	1,929	76	58,107

Source: CoStar ©2023, reprinted with permission. All rights reserved.

The Durham market is the 60th largest multifamily market in the country. Its occupancy rate of 89.9% compares negatively to the national multifamily average occupancy rate of 92.8%. Absorption in the market has averaged -266 units (-0.5% of average inventory) and -443 units (-0.8%) over the last 10 and 5 years, respectively. Absorption has gained traction in the last year, as the market absorbed -961 units, representing a 117.1% decrease from the 5 year average. New supply net delivered is 771 units, which represents 1.3% of existing inventory.

4.3 Durham Market Rental Rates & Rent Growth

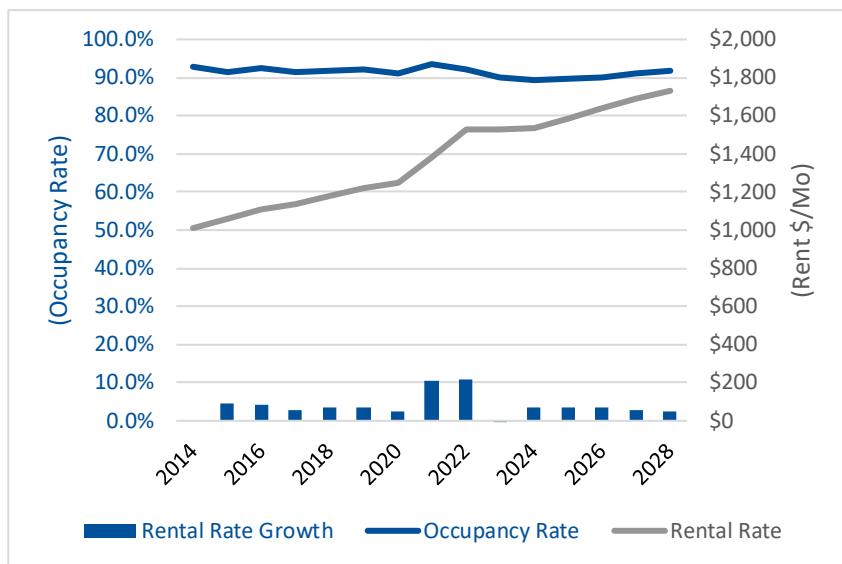
Durham Multifamily Market Rental Rates & Rent Growth

Market Asking Rent/Mo	Market Asking Rent/SF
\$1,504	\$1.61
-1.12% YoY	-1.23% YoY

Durham Multifamily Market Rental Trends

Year	Market Asking Rent/Mo	Market Asking Rent/SF	Mkt. Rent/Mo Growth (YoY)	Effective Asking Rent/Mo	Effective Asking Rent/SF	Eff. Rent/Mo Growth (YoY)
2014	\$1,013	\$1.09	-	\$1,002	\$1.07	-
2015	\$1,059	\$1.13	4.59%	\$1,034	\$1.11	3.17%
2016	\$1,105	\$1.18	4.35%	\$1,081	\$1.16	4.55%
2017	\$1,138	\$1.22	2.96%	\$1,108	\$1.19	2.47%
2018	\$1,178	\$1.27	3.54%	\$1,152	\$1.24	4.00%
2019	\$1,221	\$1.31	3.65%	\$1,204	\$1.29	4.48%
2020	\$1,251	\$1.34	2.43%	\$1,234	\$1.32	2.49%
2021	\$1,382	\$1.48	10.50%	\$1,371	\$1.47	11.12%
2022	\$1,531	\$1.64	10.74%	\$1,521	\$1.63	10.92%
2023	\$1,525	\$1.64	-0.35%	\$1,506	\$1.61	-0.97%
2023 Q4	\$1,504	\$1.61	-1.12%	\$1,483	\$1.59	-1.49%
10 Year Averages	\$1,255	\$1.35	4.66%	\$1,274	\$1.32	4.63%
5 Year Averages	\$1,387	\$1.49	5.29%	\$1,372	\$1.47	5.51%
2024	\$1,533	\$1.65	3.51%	\$1,509	\$1.62	0.21%
2025	\$1,586	\$1.71	3.49%	\$1,562	\$1.68	3.49%
2026	\$1,640	\$1.76	3.37%	\$1,614	\$1.74	3.37%
2027	\$1,688	\$1.81	2.96%	\$1,662	\$1.79	2.96%
2028	\$1,732	\$1.86	2.62%	\$1,706	\$1.83	2.62%
Projection Averages	\$1,639	\$1.76	2.48%	\$1,613	\$1.73	2.48%

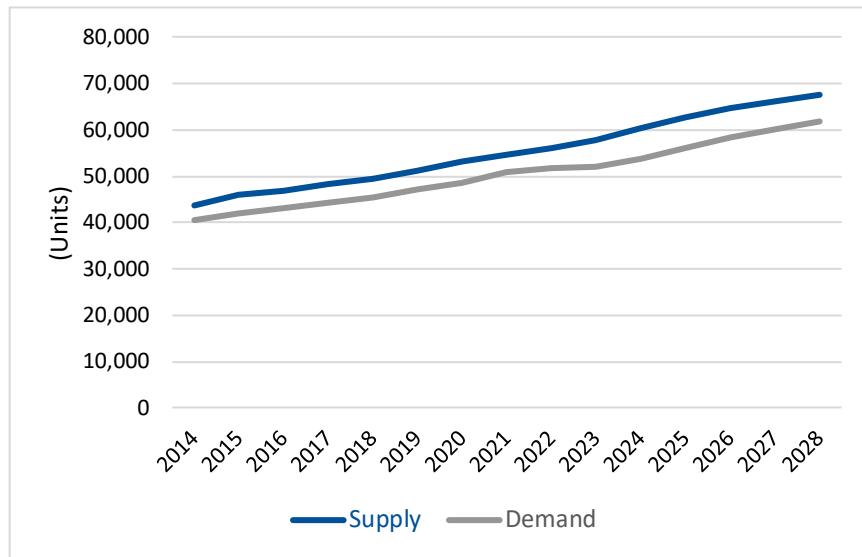
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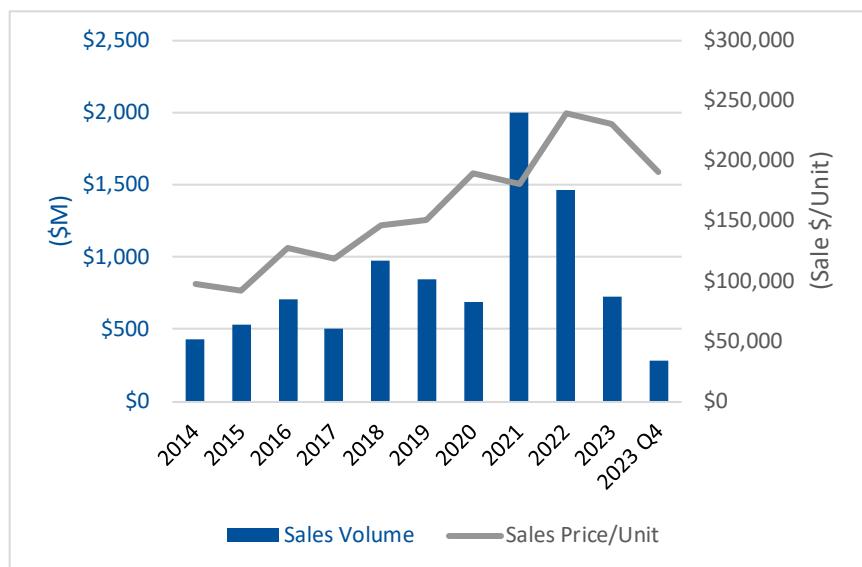
The average multifamily market rental rate shrunk -1.12% year over year to \$1,504 per month. Cumulative market rental rate growth over the last 10 years and 5 years has been 4.66% and 5.29% per annum, respectively. Rental rate growth was increasing prior to the pandemic, a trend that has continued since its impact has subsided. Rental rate growth is expected to average 2.5% over the next 5 years.

4.4 Durham Market Supply & Demand



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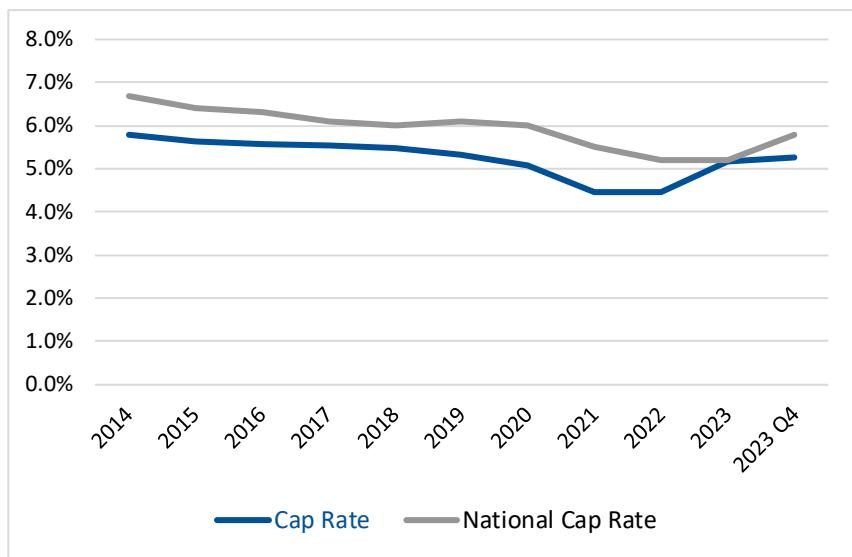
4.5 Durham Market Sales Volume & Average Price



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Annual multifamily sales volume for the Durham area averaged \$886M and \$1,143M over the last 10 and 5 years, respectively. The average sales price per unit has experienced material growth from \$97,787.45 to \$229,819.66 over the last decade, representing annual compound price growth of 10.0%. Prices have accelerated in the last two years, with the average sales price growing at a higher annual compound price growth rate of 12.9%.

4.6 Durham Market Cap Rate vs. National Average



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Both the Durham and National multifamily markets have experienced capitalization rate contraction over the past decade. Multifamily assets in the Durham market typically trade at capitalization rates that are

lower than the national average within the market, as the average capitalization rate in the Durham multi-family was 5.2% in the most prior year versus 5.2% nationally.

4.7 Durham Market Submarket Review

#	SubMarket Name	Inventory	% of Market	Market Rent/Mo	Market Rent/SF	Rental Rate/Mo	Occupancy Rank	Occupancy Rate	Occupancy Rank
		Units	Market	Rent/Mo	Rank	Rate	Rank	Rank	Rank
1	Downtown Durham	22,742	38.7%	\$1,524	\$1.72		3	89.5%	6
2	South Durham	19,645	33.4%	\$1,479	\$1.49		4	89.9%	4
3	Chapel Hill	11,938	20.3%	\$1,551	\$1.72		1	89.9%	5
4	East Durham	2,643	4.5%	\$1,330	\$1.36		6	94.1%	1
All Other Submarkets		1,797	3.1%	\$1,427	\$1.47			87.6%	
Totals		58,765	100.0%	\$1,503	\$1.61			89.9%	

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The subject property is located in Durham's 4th largest submarket based on inventory: East Durham. This submarket commands the 6th highest rental rates in the market. Occupancy for the submarket (94.1%) is higher than the average of the market (89.9%).

4.8 East Durham Submarket Inventory & Occupancy

East Durham Multifamily Submarket Analysis											
		Units	Occupancy		Net Absorption		New Supply				
2,643 Units			94.13%		-21 Units Last 12 Mo		0 Units Last 12 Mo				
135th Largest Multi-Family MSA			-85 bps YoY		2725.0% Below 5 Yr Average		0.0% of inventory units				
East Durham Multifamily Submarket Trends											
Year	Buildings	Inventory			Net Delivered Units	Absorption Units	Net Absorption Units	Demand Units			
		Buildings	Units	% of Market							
2014	22	2,307	5.3%	93.15%	0	24	24	2,149			
2015	22	2,307	5.0%	95.09%	0	37	37	2,194			
2016	23	2,475	5.3%	90.16%	336	141	-195	2,232			
2017	23	2,643	5.5%	88.04%	0	52	52	2,327			
2018	23	2,643	5.3%	93.64%	0	102	102	2,475			
2019	23	2,643	5.2%	94.98%	0	10	10	2,510			
2020	23	2,643	5.0%	94.24%	0	13	13	2,491			
2021	23	2,643	4.8%	95.29%	0	27	27	2,518			
2022	23	2,643	4.7%	95.31%	0	-25	-25	2,519			
2023	23	2,643	4.6%	94.56%	0	-21	-21	2,499			
2023 Q4	23	2,643	4.5%	94.13%	0	-29	-29	2,488			
10 Year Averages	23	2,559	5.0%	93.45%	34	36	2	2,391			
5 Year Averages	23	2,643	4.8%	94.88%	0	1	1	2,508			
2024		2,859	4.7%	88.89%	432	152	-280	2,542			
2025		3,221	5.1%	87.52%	249	295	46	2,819			
2026		3,359	5.2%	91.28%	64	199	135	3,066			
2027		3,459	5.2%	92.84%	118	126	8	3,212			
2028		3,590	5.3%	93.07%	135	136	1	3,341			
Projection Averages		3,298	5.1%	90.85%	200	182	-18	2,996			

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4.9 East Durham Submarket Rental Rates & Rent Growth

East Durham Multifamily Submarket Rental Rates & Rent Growth

Market Asking Rent/Mo	Market Asking Rent/SF
\$1,330	\$1.36
-1.72% YoY	-1.45% YoY

East Durham Multifamily Submarket Rental Trends

Year	Market Asking Rent/Mo	Market Asking Rent/SF	Mkt. Rent/Mo Growth (YoY)	Effective Asking Rent/Mo	Effective Asking Rent/SF	Eff. Rent/Mo Growth (YoY)
2014	\$903	\$0.92	-	\$895	\$0.91	-
2015	\$951	\$0.97	5.24%	\$932	\$0.95	4.18%
2016	\$1,011	\$1.03	6.41%	\$987	\$1.01	5.89%
2017	\$1,000	\$1.02	-1.17%	\$969	\$0.99	-1.82%
2018	\$1,037	\$1.05	3.76%	\$1,016	\$1.03	4.86%
2019	\$1,088	\$1.11	4.88%	\$1,073	\$1.09	5.60%
2020	\$1,128	\$1.15	3.65%	\$1,121	\$1.14	4.42%
2021	\$1,236	\$1.26	9.64%	\$1,228	\$1.25	9.54%
2022	\$1,347	\$1.37	8.93%	\$1,342	\$1.37	9.27%
2023	\$1,339	\$1.37	-0.56%	\$1,333	\$1.36	-0.67%
2023 Q4	\$1,330	\$1.36	-1.72%	\$1,325	\$1.35	-1.61%
10 Year Averages	\$1,109	\$1.13	4.47%	\$1,108	\$1.12	4.52%
5 Year Averages	\$1,227	\$1.25	5.33%	\$1,219	\$1.24	5.63%
2024	\$1,366	\$1.40	4.52%	\$1,355	\$1.39	1.72%
2025	\$1,415	\$1.45	3.53%	\$1,403	\$1.44	3.53%
2026	\$1,463	\$1.50	3.40%	\$1,451	\$1.49	3.40%
2027	\$1,507	\$1.54	3.01%	\$1,495	\$1.53	3.01%
2028	\$1,547	\$1.58	2.67%	\$1,535	\$1.57	2.67%
Projection Averages	\$1,464	\$1.50	2.51%	\$1,452	\$1.49	2.51%

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4.10 Analysis of Direct Rental Competition

The subject property most closely competes with the following projects for residents.

Name Address	Mi from Subject	Units				Rent Range/Unit Rent Range/SF
		Yr. Built ; Reno	Surv. Date Occ.	Unit Types		
1) Independence Park Apartments 215 William Penn Plaza, Durham, NC	1.1	312 2008	3/4/2024 96.1%	1 BR, 2 BR, 3 BR	\$1,269 - \$1,630 \$1.28 - \$1.60	
2) Clairmont at Hillandale 2901 Bertland Ave, Durham, NC	3.1	278 2010	3/4/2024 95.0%	1 BR, 2 BR, 3 BR	\$1,615 - \$2,003 \$1.47 - \$2.01	
3) Magnolia Pointe 4801 Danube Ln, Durham, NC	0.2	266 2006	3/4/2024 94.0%	1 BR, 2 BR, 3 BR	\$1,429 - \$1,970 \$1.54 - \$1.74	
4) Lodge at Croasdale 3130 Hillandale Rd, Durham, NC	2.7	320 2018	3/4/2024 96.2%	1 BR, 2 BR, 3 BR	\$1,374 - \$2,544 \$1.35 - \$1.75	
5) Woodstone at Croasdale Farm 100 Millspring Dr, Durham, NC	3.2	264 1999; 2017	3/4/2024 98.9%	1 BR, 2 BR, 3 BR	\$1,302 - \$1,802 \$1.37 - \$1.55	
6) Lancaster Commons 2709 Western Byp, Durham, NC	6.6	131 2020	3/4/2024 95.0%	1 BR, 2 BR, 3 BR	\$1,507 - \$2,543 \$1.89 - \$1.93	
Competitive Set Averages		262	95.9%		\$1,269 - \$2,544 \$1.28 - \$2.01	
Summer Meadows 433 Hebron Road, Durham, NC		83 Proposed 2024		1 BR, 2 BR, 3 95% Stable BR		

Overall, occupancy ranges from 94.0% to 98.9% for the competitive properties. Weighted average rents range from \$1,269 to \$2,544, which brackets the market rate rental range for the subject property.

4.11 New Supply

Market	Inventory Units	# of Construction Buildings	# of Units Under Construction	% of Inventory
East Durham Submarket	2,643	4	1,034	39.1%
Durham Market	58,783	28	5,939	10.1%

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There are currently 4 buildings containing 1,034 units under construction in the subject's East Durham submarket. This represents 39.1% of existing inventory, which is generally considered a reasonable replacement rate and is not considered a threat to long-term multifamily operating economics. Overall, the Durham Market has 10.1% of existing inventory under construction which similarly does not represent a threat to long-term multifamily operations unless there is an unexpected degradation in renter demand.

We note the subject property is one of the under construction buildings listed above. We will highlight the other three under construction buildings within the subject's submarket below.

Fox Crossing Luxury Apartments – This under construction property is located at 514 Pleasant Dr. in Durham, NC. The property will contain 168 units and is scheduled to be completed in April of 2024. The property will offer all one-bedroom units and will be considered a Class B property in this market. The developer of this property is KDM Development Corp. We would expect this property to moderately compete with the subject property but due to the fact this property will only have one-bedroom units potential tenants looking for more space may not consider this property.

Amavi Brier Creek – This under construction property is located at 1607 Olive Branch Rd. in Durham, NC. The property will contain 350 units and is scheduled to be completed in August of 2024. The property will offer three- and four-bedroom units and will be considered a Class B property in this market. The developer of this property is Mill Creek Residential. We would expect this property to moderately compete with the subject property but due to the fact this property will only have three- and four-bedroom units potential tenants looking for one or two-bedroom units may not consider this property.

Ascend at Brightleaf – This under construction property is located at 2318 Sanders Ave. in Durham, NC. The property will contain 433 units and is scheduled to be completed in September of 2024. The property will offer one-, two- and three-bedroom units and will be considered a Class B property in this market. The developer of this property is D.R. Horton. We would expect this property to compete with the subject property but due similar unit mix and quality.

4.12 Multifamily Market Vacancy

Market Segment	Vacancy
Durham Market	10.1%
East Durham Submarket	5.9%
Rent Comps	4.1%
Subject - Concluded	5.0%

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Based on the market metrics above, a 5.0% vacancy rate for the subject's multifamily component is concluded to be reasonable.

4.13 Multifamily Market Summary and Conclusions

Based on information presented above we note the East Durham Submarket has strong occupancy rates and strong projected market rent growth rates over the next five years. We would expect the proposed subject property to be able to lease-up to stabilized occupancy in the mid-90s range and because of the newly built nature of the proposed property we would expect ownership to be able to grow rents in-line with market expectations.

5.0 SITE ANALYSIS

5.1.1 Site Overview



The subject parcels are outlined above in red.

Land Summary

Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Topography	Shape
177616	5.46	237,838	Level	Rectangular
232058	1.69	73,616	Level	Rectangular
Totals	7.15	311,454		
Source for Land Area:	Public Records			

	Parcel 1	Parcel 2
Parcel ID	177616	232058
Land Use	Vacant Land	Vacant Land
Current Use	Vacant Land	Vacant Land
Proposed Use	Multi-Family Use	Multi-Family Use
Highest and Best Use Site as Vacant	Multi-Family Use	Multi-Family Use
Highest and Best Use Site as Improved	Proposed Multifamily Use	Proposed Multifamily Use
Legal Description	See Appendix	See Appendix
Map Latitude	36.059746	36.059746
Map Longitude	-78.890449	-78.890449
Site Analysis & Comments	The site has average and typical utility.	The site has average and typical utility.

5.1.2 Flood Zone Analysis

	Parcel 1	Parcel 2
FEMA Map #	3720083400K	3720083400K
FEMA Map Date	10/19/2018	10/19/2018
Flood Zone	X	X
Area in Flood Zone	Not in Hazard	Not in Hazard
Site in Earthquake Zone	Not in Hazard	Not in Hazard
Earthquake Hazard Risk	Low	Low
Encumbrance / Easement Description	There are no known adverse encumbrances or easements. Please reference Limiting Conditions and Assumptions.	There are no known adverse encumbrances or easements. Please reference Limiting Conditions and Assumptions.
Wetlands Type	Not in Hazard	Not in Hazard

5.1.3 Streets & Access Analysis

	Parcel 1	Parcel 2
Approved or Zoned	Zoned	Zoned
Corner Lot	Is	Is
Primary Frontage Street Name	Hebron Road	Hebron Road
Frontage - Primary Street (Feet)	525	221
View	Good	Good
Access	Good	Good
Site Visibility	Good	Good
Drainage	Assumed adequate	Assumed adequate
Landscaping	Typical	Typical
Topography	Level	Level
Shape	Rectangular	Rectangular

5.1.4 Utilities

	Parcel 1	Parcel 2
All Utilities to Site?	Available	Available
Adequacy of Utilities	Adequate	Adequate
Public Electricity	The site is served by public electricity.	The site is served by public electricity.
Water Supply Type	City water	City water
Sewer Type	City sewer	City sewer
Natural Gas	City gas	City gas

Adequate utilities to suit the site's needs are available from public and private utility companies.

5.2 Zoning & Other Restrictions Analysis

Zoning Authority	City - Durham, NC
Zoning District	Planned Development
Zoning Code	PDR-4.690
Zoning Type/Description	Planned Development Residential-4.690
Current Use Legally Conforming	The subject is legal and conforming use.
Zoning Change Requested	No
Zoning Change Description	NA
Zoning Change Likely	A zoning change is unlikely.
Zoning Density/FAR	N/A
Permitted Uses	Permitted uses include but are not limited to: Agriculture, Housing - Other
Maximum Site Coverage	Impervious Area: Phase I: 45 Percent, Future Phase II: 15,600 sq ft
Minimum Lot Area	Gross Land Area: 245,288 sq ft
Front Set Back Distance	Danube Lane: 20 ft; Hebron Road: 50 ft
Side Yard Distance	20 ft
Back Yard Distance	50 ft
Maximum Building Height	3 Stories
Zoning Parking Requirements	Parking: 2 spaces per unit; Total required parking: 166 spaces
Zoning Data Source	Durham City-County Unified Development Ordinance

According to the local planning department, there are no pending or prospective zoning changes. It appears that the current use of the site is a legally conforming use.

Partner Valuation Advisors have reviewed the zoning requirements to the best of our abilities, but are not zoning professionals. For a comprehensive analysis of existing conditions, including the Subject Property's use and improvement conformance status, please consider engaging a dedicated expert from the Partner Family of Companies by contacting Zoning@partneresi.com and/or seeking the counsel of a land use attorney familiar with the local municipality.

5.3 Site Analysis Conclusion

Overall, 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.

6.0 PROPOSED PROPERTY IMPROVEMENTS ANALYSIS

6.1 Property Overview

The subject property is a 83 unit garden/low-rise property, currently under construction and proposed to be completed in September of 2024. The property will consist of a mix of one-, two-, and three-bedroom units, with an average unit size of 1,085 SF. In addition to the residential units, the proposed subject property will contain 166 parking spaces. The site area is 7.15 acres or 311,454 square feet. Upon completion, the proposed improvements will be considered to be in good overall condition, and the proposed subject is considered to be a Class B property in its market. As of the effective date the property is 0.00% leased as it is still under construction. We do not consider the subject to be at stabilized occupancy and project a nine month lease-up period after construction is completed. Additionally, we note the subject's current 2023 taxes were due January 6, 2024, and have not been paid as of the effective date of this appraisal.

6.2 Proposed Unit Mix Summary

Unit Types	# of	Avg. Size	Rentable Area	Leasable	
	Units	(SF)	(SF)	Units	Leasable SF
1 Bedroom	24	830	19,920	24	19,920
1 BR/1 BA	24	830	19,920	24	19,920
2 Bedroom	47	1,150	54,042	47	54,042
2 BR/2 BA	47	1,150	54,042	47	54,042
3 Bedroom	12	1,341	16,092	12	16,092
3 BR/2 BA	12	1,341	16,092	12	16,092
Totals/Weighted Avg.	83	1,085	90,054	83	90,054

6.3 Proposed Property Summary

Property Name	Summer Meadows
Property Type	Garden/Low-Rise
Number of Buildings	3
Number of Units	83
Land Area (Acres)	7.15
Density (Units/Acre)	11.6
Estimated Effective Age	0
Estimated Useful Life	55
Remaining Economic Life	55
Predominant Building Class	B
Predominant Construction	Class D
Construction Quality	Good
Year Built	Proposed 2024
Overall Land to Building Ratio	2.88 to 1
Overall Floor Area Ratio (FAR)	0.35
Parking Type	Paved open surface parking
Total Number of Parking Spaces	166
Source for Parking Count	Developer
Overall Deferred Maintenance	None

6.3.1 Proposed Building Envelope

Subject	
Foundation	Poured concrete slab
Frame	Wooden Frame
Exterior Walls	Wood
Windows	Casement & Fixed Casement
Roof Type	Gable
Roof Cover	Asphalt Shingles

6.3.2 Proposed Parking

Subject	
Surface Parking Spaces	166
Parking Spaces	166
Parking Type	Surface
Parking Condition	Average

6.3.3 Proposed Mechanical, Electrical & Plumbing

Subject	
Heating	Central
Cooling	Central
Electrical	Assumed adequate and up to code
Plumbing Condition	Assumed adequate and up to code
Fire Sprinkler	100% Wet

6.3.4 Proposed Building & Unit Interiors

Subject	
Floor Plan Layout	Average
Floor Covering	Carpet, Linoleum, Tile
Walls	Painted drywall
Ceiling Cover	Drywall
Interior Lighting	A mix of LED and incandescent lighting.

6.3.5 Proposed Improvements Analysis

Subject	
Building Name/ID	Summer Meadows
Building Description	Under Construction
Building Class	B
Construction Class	Class D
Year Built	Proposed 2024
Number of Stories	3

6.3.6 Remaining Construction Budget

We are still awaiting cost to complete figures from Partner ESI. Upon completion of their cost to complete report, we will include a chart showing these costs and deduct them to arrive at our as is value.

6.3.7 Subject Property Photos – Photos from property inspection on 2/27/2024





6.4 Real Estate Tax Analysis

6.4.1 Real Estate Tax Overview

Real estate tax assessments are administered by the Durham County in which the subject is located and are estimated by jurisdiction on a county basis for the subject. Real estate taxes in this state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The real estate taxes for an individual property may be determined by dividing the assessed value for a property by \$100, then multiplying the estimate by the composite rate. The composite rate is based on a consistent state tax rate throughout the state, in addition to one or more local taxing district rates.

Every few years, Durham County reappraises property values to adjust how much residents pay in property taxes. In North Carolina that process has to happen at least every 8 years and recently Durham started these revaluations on a 4-year cycle. The first cycle was 3 years (2016 - 2019). This is to ensure that the value of property is accurate in light of changing real estate market conditions during the previous cycle. Property owners should receive a notice in early February stating the updated assessed market value of their property. Properties are not reassessed upon a sale.

2023 Real estate taxes for the subject were due on January 6 2024.

6.4.2 Real Estate Tax Jurisdictional Summary

Subject Assessing Jurisdiction	Durham County
Tax Year(s)	2023
Total Tax Rate	1.3099%
Assessment Year(s)	2023
Reassessment Cycle	Varies for Durham County
Next Reassessment	2025
Does a sale trigger a reassessment?	No
Taxes are Current?	No
Assessment Comments	2023 Taxes are past due

2023 taxes payable in 2024 were due on January 6th, 2024, and have not been paid as of the effective date of this appraisal.

6.4.3 Real Estate Assessment & Taxes

Tax ID	Ad Valorem					
	Land	Improvements	Total Assessment	Market Value	Tax Rate	Taxes
177616	\$950,000	\$1,049,468	\$1,999,468	\$1,999,468	1.3099%	\$27,108
232058	\$425,000	\$0	\$425,000	\$425,000	1.3099%	\$5,567
Totals	\$1,375,000	\$1,049,468	\$2,424,468	\$2,424,468		\$32,675

6.4.4 Assessed Value Changes

Assessed Year	Total		Total	
	Assessment	Tax Rate	Taxes	% Change
2019	\$323,350	1.2439%	\$4,022	
2020	\$331,350	1.2439%	\$4,122	2.5%
2021	\$324,750	1.2739%	\$4,137	0.4%
2022	\$549,500	1.2799%	\$7,033	70.0%
2023	\$2,424,468	1.3099%	\$32,675	364.6%

Based on the concluded market value of the subject, the assessor's opinion of market value appears low but reasonable given the property is currently under construction. Based on discussions with the Durham County Assessor we note that at the end of 2024 the assessor will visit the subject property to determine the completion percentage or deem the property 100% complete. Assuming the property is completed by the next assessor review the assessor will apply the current base rate for multifamily properties to the subject property to determine the assessed value.

6.4.5 Real Estate Tax Comparables

Property Name	Year Built	Units	Total		Taxes / Units	
			Assessment	Assmt. / Units	Total Taxes	Units
Summer Meadows		83	\$2,424,468	\$29,210	\$32,675	\$394
Lodge at Croasdale	2018	320	\$49,546,982	\$154,834	\$649,016	\$2,028
Berkshire Ninth Street	2015	303	\$74,580,662	\$246,141	\$976,932	\$3,224
Foster on the Park	2020	164	\$22,502,365	\$137,210	\$301,510	\$1,838
Brightleaf on Main	2019	194	\$36,503,342	\$188,162	\$503,710	\$2,596
University Hill	2020	269	\$47,266,622	\$175,712	\$619,145	\$2,302
Minimum	2,015	164	\$22,502,365	\$137,210	\$301,510	\$1,838
Average	2,018	250	\$46,079,995	\$180,412	\$610,063	\$2,398
Maximum	2,020	320	\$74,580,662	\$246,141	\$976,932	\$3,224

Taxes for comparable properties range from \$1,838/unit to \$3,224/unit per unit with an average of \$2,398 per unit, as compared with the subject at \$394/unit. We have increased our projections above the current amount and more in-line with other comparable recently built multifamily properties in the subject's market.

6.4.6 Reassessed Value After Sale Comparables

As additional support we looked at recent sales transactions of recently built properties to determine how the assessor reassessed these properties in the year after sale. Our analysis is presented below.

Property	City	Year Built	Units	Reassessed Value				
				Sale Date	Sale Price	Price Per Unit	Year After Sale	% of Sales price
One City Center	Durham	2019	109	8/4/2022	\$55,673,000	\$510,761	\$33,573,604	60.31%
Atlas Durham	Durham	2022	171	3/10/2022	\$48,710,000	\$284,854	\$33,636,503	69.05%
The Reserve at Patterson Place	Durham	2019	345	10/19/2021	\$104,000,000	\$301,449	\$62,382,566	59.98%
Candour House	Durham	2021	276	9/1/2021	\$81,750,000	\$296,196	\$55,502,546	67.89%
							Weighted Avg	64.17%

Based on the data presented above we would expect a recently built property to be assessed in the 60-70% range of its transaction price.

Market Value		Projected Assessment		Project		Ad Valorem		Projected Tax Liability		
Conclusion	x	Ratio	=	Reassessment	x	Tax Rate	=	Taxes	+ =	Liability
\$20,700,000	x	65%	=	\$13,455,000	x	1.309900%	=	\$176,247	+ =	\$176,247
Net Tax Projection										\$176,247

Using our concluded market value and a 65% ratio the subject tax projection would be \$185,613 or approximately \$2,236 per unit. This amount is in-line with the comparables presented above.

6.4.7 Real Estate Tax Conclusion

Based on comparables and reassessment of recently sold properties in the subject's market we project base year taxes at \$2,250 per unit. We note that during the construction and lease-up period we grow these current taxes annually at 3%. The stabilized year 1 projection for real estate taxes within our direct capitalization analysis is \$198,123 or \$2,387 per unit.

7.0 HIGHEST & BEST USE ANALYSIS

7.1 Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive or capable of producing the highest value from among the possible, permissible and financially feasible uses.

7.2 Highest & Best Use As If Vacant

Legally Permissible	The subject is legal and conforming use.
Zoning Code, District	PDR-4.690, Planned Development
Permitted Uses	Permitted uses include but are not limited to: Agriculture, Housing - Other
Zoning Change Likely?	A zoning change is unlikely.
Physically Possible	Yes
Land Size	7.15 acres, 311,454 square feet
Shape	Rectangular
Topography	Level
Utilities	Adequate.
Access	Good
Visibility	Good
Functional Utility	Average
Financially Feasible	
Positive Net Income/Rate of Return?	Yes
Maximally Productive	
Does the Use Return Maximum Value?	Yes
Highest and Best Use as Vacant:	Multi-Family Use

7.3 Highest & Best Use As Improved Conclusion

Legally Permissible	
Zoning Code District	The subject is legal and conforming use.
Permitted Uses	Permitted uses include but are not limited to: Agriculture, Housing - Other
Zoning Change Likely?	A zoning change is unlikely.
Physically Possible	
Improvement Size	108,065 square feet
Condition	Good
Quality	Good
Physical Limitations	None
Functional Utility	Average
Financially Feasible	
Positive Net Income/Rate of Return?	Yes
Maximally Productive	
Does the Use Return Maximum Value?	Yes
Highest and Best Use as Improved:	Proposed Multifamily Use

The subject site is currently under construction with a multifamily development, which is consistent with the highest and best use of the site as if it were vacant. The existing improvements, once completed, will be leased and produce a positive cash flow that we expect will continue. Therefore, a continuation of this use is concluded to be financially feasible.

Based on our analysis, there does not appear to be any alternative use that could reasonably be expected to provide a higher present value than the current proposed use, and the value of the proposed improved property exceeds the value of the site, as if vacant. For these reasons, proposed multifamily use is concluded to be maximally productive and the highest and best use of the property as improved.

7.4 Most Probable Buyer

Taking into account the size and characteristics of the proposed property and its future occupancy, the likely buyer is a national or regional investor such as an Investment Fund or Pension Fund.

8.0 VALUATION ANALYSIS

8.1 Analyses Overview

The subject property is income-producing; therefore, the Income Capitalization Approach is utilized as the primary analysis methodology with a direct capitalization approach being undertaken.

Additionally, there have been relevant transactions of a recent tenure of properties which are similar in nature to the subject property; therefore, a Sales Comparison Approach is considered applicable.

The Cost Approach is considered applicable due to the relatively new age of the subject property and was also performed.

Lastly, the Sales Comparison Approach was developed to determine a land value as if vacant.

9.0 COST APPROACH

9.1 Cost Approach Overview

The Cost Approach is based on the principle of substitution which implies that a rational person would pay no more for a property than the cost to construct a replacement property, assuming no undue delay in the process. The methodology applies these steps:

1. Estimate the land value according to its Highest and Best Use.
2. Estimate the replacement cost of the building and site improvements.
3. Estimate the physical, functional and/or external depreciation accrued to the improvements.

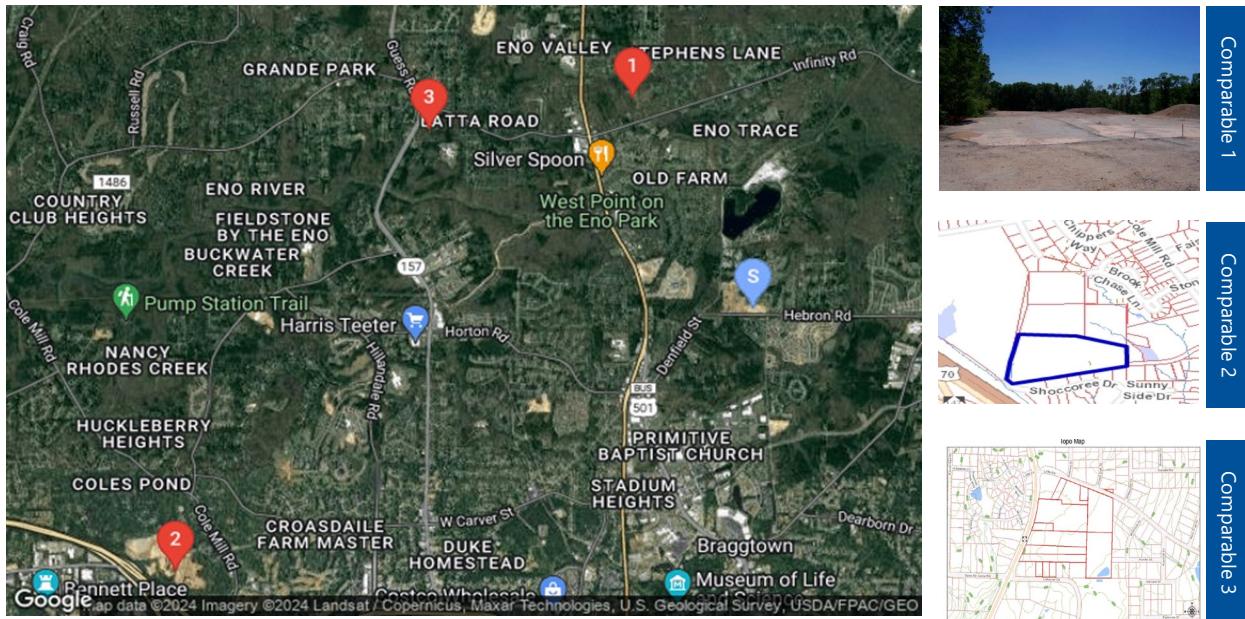
The sum of these steps results in an estimated depreciated replacement cost value indication.

9.2 Land Value

9.2.1 *Land Sales Comparison Search Criteria*

Characteristic	Filter Criteria
Sales Status	Closed or Confirmed Pending Contract
Real Property Rights	Fee Simple
Conditions of Sale	None
Location	Durham
Size	2.5 Acres to 30 Acres
Topography	Level or Mostly Level
Zoning	Allow for Multifamily Development

9.2.2 Land Sales Comparables Summary



Address	Mi. to Subj. Sale Date	Zoning	Land SF Acres	Topography Shape	Sale Price Price/Land SF
1) 403 Infinity Rd, Durham, NC	1.7 3/6/2024	PDR 3.280	612,454 14.1	Level Rectangular	\$1,700,000 \$2.78
2) 3940 Shoccoree Dr, Durham, NC	4.3 9/9/2022	RS-20	706,979 16.2	Level Irregular	\$2,430,500 \$3.44
3) 4620 Guess Rd, Durham, NC	2.5 4/29/2022	RS-20	1,306,800 30.0	Level Irregular	\$5,962,000 \$4.56
Summer Meadows		PDR- 4.690	311,454	Level	
433 Hebron Road, Durham, NC			7.2	Rectangular	

9.2.3 Land Sales Comparable Adjustment Factors

Adjustment Factor	Description	Adjustments
Sales Status	Downward adjustments for listings or pending contracts for risk of closing	Comparable 1 has been adjusted downward due to its under contract sales status. The price shown is reflective of the asking price. In the current market it is expected that the buyer and seller will negotiate a price below the asking price, warranting a slight downward adjustment.
Real Property Rights	Fee simple, leased fee, leasehold, etc.	No adjustments required.
Financing Terms	Non-market financing terms like seller-financing or assumption of debt	No adjustments required.
Conditions of Sale	Non-arm's length buyer or seller motivations	No adjustments required.
Market Conditions	Appreciation or depreciation in the real estate market over time	Comparables 2 and 3 have been adjusted downward due to their superior market conditions.
Location	Area influences on sales price, determined by the median household income within a 3-mile radius	Comparable 3 has been adjusted downward due to its superior location.
Access/Exposure	Ease of access from major arterials, frontage/visibility, traffic counts and nearby complementary uses	No adjustments required.
Size	Economies of scale exist when purchasing a larger site	Comparables 1, 2 and 3 have been adjusted upward due to their larger size.
Topography	Physical land features such as degree of slope	No adjustments required.
Zoning	Permitted uses of the property	No adjustments required.
Flood Zone	Differences in flood zone risk	No adjustments required.

9.2.4 Land Sales Comparables Adjustment Grid

	Subject	Comparable 1		Comparable 2		Comparable 3			
	Summer Meadows	403 Infinity Rd		Shoccoree Drive Land	4620 Guess Rd				
Address	433 Hebron Road	403 Infinity Rd		3940 Shoccoree Dr	4620 Guess Rd				
City, State	Durham, NC	Durham, NC		Durham, NC	Durham, NC				
County	Durham	Durham		Durham	Durham				
Sale Date	3/6/2024			9/9/2022	4/29/2022				
Sale Price		\$1,700,000		\$2,430,500	\$5,962,000				
Price Adjustment		–		–	–				
Effective Sale Price		\$1,700,000		\$2,430,500	\$5,962,000				
Acres	7.15	14.06		16.23	30.00				
Land SF	311,454	612,454		706,979	1,306,800				
Topography	Level	Level		Level	Level				
Shape	Rectangular	Rectangular		Irregular	Irregular				
Flood Zone	X	X		X	X				
Price per Land SF		\$2.78		\$3.44	\$4.56				
Sales Status		Pending -5%	Closed Sale 0%	Closed Sale 0%	Closed Sale 0%				
Property Rights		Contract							
Financing Terms		Fee Simple 0%	Fee Simple 0%	Fee Simple 0%	Fee Simple 0%				
Conditions of Sale		Conventional 0%	Conventional 0%	Conventional 0%	Conventional 0%				
Sale Date/Mkt. Conditions	-1%/annum	Normal 0%	Normal 0%	Normal 0%	Normal 0%				
Cumulative Market Adjusted Price		\$2.64		\$3.39	\$4.48				
Location	\$58,954	– 0%	– 0%	– 0%	– 10%				
Access/Exposure	Average	Similar 0%	Similar 0%	Similar 0%	Similar 0%				
Size	311,454	612,454 10%	706,979 10%	706,979 10%	1,306,800 15%				
Topography	Level	Level 0%	Level 0%	Level 0%	Level 0%				
Zoning	PDR-4.690	PDR 3.280 0%	RS-20 0%	RS-20 0%	RS-20 0%				
Flood Zone	X	X 0%	X 0%	X 0%	X 0%				
Net Property Adjustment		10%		10%	5%				
Final Adjusted Price		\$2.90		\$3.73	\$4.70				
Overall Adjustment		15%		11%	27%				

The Cumulative Market Adjusted Price is the subtotal adjusted price after the compounding transaction adjustments. The Net Property Adjustment is the sum of other adjustments applied before the Final Adjusted Sale Price. The Overall Adjustment is the sum of the absolute values of all adjustments.

Range of Unadjusted Prices	\$2.78 - \$4.56
Range of Adjusted Prices	\$2.90 - \$4.70
Median Adjusted Price	\$3.73
Average Adjusted Price	\$3.78
Indicated Value/SF	\$4.50

We confirmed the pending transaction with a broker involved in the deal. We note that the site was listed for \$1,700,000 and the broker noted the pending contract price was slightly below the asking price. We applied a 5% discount on the price shown for comparable 1. We give less weight to this transaction because the deal has not closed but deem it a worthy data point in our concluded land value below.

9.2.5 Land Sales Price Per Land Unit Conclusion

Prior to adjustment, the sales reflect a range of \$2.78/SF - \$4.56/SF. After adjustment, the range is narrowed to \$2.90/SF - \$4.70/SF, with an average of \$3.78/SF. To arrive at an indication of value, we place primary emphasis on comparables 2 and 3 as they are the most recently closed market transactions of residential land sites proximate the subject's site. We conclude to a value of \$4.50/SF.

Additionally, we note the most recent sale of the subject parcel at \$1,745,000. We note that this sale was in March of 2021 which was a much weaker market than the current market.

Indicated Value/SF	\$4.50
Subject Land SF	311,454
Indicated Value	\$1,401,543
Value Indication - Rounded	\$1,400,000

9.3 Cost Approach

We utilize Marshall Valuation Service (MVS) - a nationally recognized source for cost data - to estimate direct costs for the subject. The develop budget provided to us is from 2021 and likely not applicable to compare to as it is dates.

We utilize MVS going forward for our cost approach unit costs.

9.3.1 Direct Unit Costs

In addition to direct costs, MVS includes certain indirect costs such as architectural and engineering fees, and interest on building loan funds during construction. Our direct cost estimate using MVS is shown below.

Cost Unit Type	MVS Sec./Page or Source	MVS Building Type	Construction Class	MVS Quality	Base Cost	Sprinkler	Adjusted Base Cost
Building Improvements							\$147.56
Multifamily	Sec. 12/Page 16	Multiple Residences	D	Good	\$145.00	\$2.56	\$147.56
Site Improvements							\$1,746.50
Surface Parking		Surface Parking	N/A		\$1,740.00	N/A	\$1,740.00
Landscaping		Landscaping	N/A		\$6.50	N/A	\$6.50
Furniture, Fixtures & Equipment (FF&E)							\$4,000.00
FF&E		N/A	N/A		\$4,000.00	N/A	\$4,000.00

Source: Marshall Valuation Service (MVS) ©2023

Cost Unit Type	Adjusted Base Cost	Current Multiplier	Local Multiplier	Adjusted Base Cost	Annual Adj. %	Unit Cost Estimate	Quantity	Units	Direct Cost Estimate
Building Improvements	\$147.56	0.970	0.940	\$134.55	3.80%	\$139.65	108,065	SF	\$14,539,601
Site Improvements									\$14,539,601
Surface Parking	\$1,740.00	1.000	0.940	\$1,635.60	3.80%	\$1,697.68	166	Units	\$281,815
Landscaping	\$6.50	1.000	0.940	\$6.11	3.80%	\$6.34	10,000	SF	\$63,419
Furniture, Fixtures & Equipment (FF&E)									\$323,925
FF&E	\$4,000.00	1.000	0.940	\$3,760.00	3.80%	\$3,902.71	83	Units	\$323,925
Direct Cost Total									\$15,208,760

A summary of the Direct Unit Costs utilizing Marshall Valuation Service (MVS) is presented in the following chart.

Type	Cost Estimate
Building Improvements	\$14,539,601
Site Improvements	\$345,234
FF&E	\$323,925
Total MVS Direct Costs	\$15,208,760
Total MVS Direct Costs per SF	\$140.74

9.3.2 Indirect Costs

MVS does not include all of the indirect costs (soft costs) that are appropriate in a replacement cost estimate. Therefore, we add an allowance for the following indirect costs that are not contained within our direct cost estimate: taxes and carrying costs on land during construction; legal and accounting fees; and marketing and finance costs prior to stabilization. We estimate indirect costs at 15% of direct costs.

9.3.3 Entrepreneurial Profit

The final component of the replacement cost estimate is entrepreneurial profit, which is the financial reward that a developer would expect to receive in addition to recovering all direct and indirect costs. This is the expected compensation that would be necessary to motivate a developer to undertake the project. Given the risk profile of this project, we estimate entrepreneurial profit at 15% of the Direct & Indirect Costs.

9.3.4 Replacement Cost New

Cost Unit Type	Direct Cost Estimate	Indirect Costs (%)	Indirect Costs (\$)	Direct + Indirect Costs	Entrepreneurial Profit (%)	Entrepreneurial Profit (\$)	Replacement Cost Estimate
Building Improvements	\$14,539,601		\$2,180,940	\$16,720,541		\$2,508,081	\$19,228,622
Multifamily	\$14,539,601	15%	\$2,180,940	\$16,720,541	15%	\$2,508,081	\$19,228,622
Site Improvements	\$345,234		\$51,785	\$397,019		\$59,553	\$456,572
Surface Parking	\$281,815	15%	\$42,272	\$324,087	15%	\$48,613	\$372,700
Landscaping	\$63,419	15%	\$9,513	\$72,932	15%	\$10,940	\$83,872
Furniture, Fixtures & Equipment (FF&E)	\$323,925		\$48,589	\$372,514		\$55,877	\$428,391
FF&E	\$323,925	15%	\$48,589	\$372,514	15%	\$55,877	\$428,391
Replacement Cost New							\$20,113,585

Source: Marshall Valuation Service (MVS) ©2023

After considering the applicable base unit costs, multipliers, indirect costs and entrepreneurial profit (if any), we have estimated the Replacement Cost New of the subject property at \$20,113,585 .

Name	Cost
Direct Cost Estimate	\$15,208,760
Plus: Indirect Costs at 15.0%	\$2,281,314
Subtotal	\$17,490,074
Plus: Entrepreneurial Profit at 15.0%	\$2,623,511
Total Replacement Cost	\$20,113,585

9.3.5 Depreciation Analysis

There are three general areas of depreciation: physical deterioration, functional obsolescence and external obsolescence. Depreciation may be curable or incurable, the test being that money spent to cure the depreciation be gained in value. If the depreciation costs more to fix than will be gained in value, then the depreciation is considered incurable.

9.3.5.1 Physical Depreciation

This results from depreciation from aging and use. This type of depreciation may be curable or incurable. As the subject property represents new construction/proposed construction, no items of deferred maintenance are identified; thus, no deductions for this form of depreciation are necessary.

9.3.5.2 Functional Obsolescence

This results from a lack of utility or desirability due to design or market perception of the improvements. This type of depreciation may be curable or incurable. Functional obsolescence is a loss in value due to changes in market tastes and standards. No functional obsolescence is applicable to the subject property given that it is a new asset developed to today's standards.

9.3.5.3 External (Economic) Obsolescence

This is due to circumstances outside the property itself, such as industry, demographic and economic conditions or an undesirable proximate use. This type of depreciation is rarely curable. A deduction for external (economic) obsolescence is not considered necessary for the subject.

9.3.6 Cost Approach Conclusion

Combining the Land Value with the Depreciated Replacement Cost of the subject results in the final value indication via the Cost Approach.

Upon Stabilization	6/1/2025
Concluded Land Value	\$1,400,000
Depreciated Cost of Improvements	\$20,113,585
Indicated Value	\$21,513,585
Cost Approach Upon Stabilization Value Indication	\$21,513,585
Rounded Upon Stabilization Value Conclusion	\$21,500,000

Upon Completion	9/1/2024
Indicated Upon Stabilization Value	\$21,513,585
Adjustments to Value	
Lease Up	-\$700,000
Total Adjustments	-\$700,000
Indicated Upon Completion Value	\$20,813,585
Rounded Upon Completion Value Conclusion	\$20,800,000

As Is	2/27/2024
Indicated Upon Stabilization Value	\$21,513,585
Adjustments to Value	
Remaining Construction Costs	TBD
Lease Up	-\$700,000
Total Adjustments	-\$700,000
Indicated As Is Value	TBD
Rounded As Is Value Conclusion	TBD

Our adjustment for Lease-Up Costs is discussed within the income capitalization approach. The adjustment for remaining construction costs was discussed within the Property Improvement Analysis section of this report.

10.0 IMPROVED SALES COMPARISON APPROACH

Secondary support for our value opinion is provided by the sale comparison approach. The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties. The steps taken to perform the sales comparison approach analysis are:

1. Identify property sales comparable in nature to the subject property
2. Research, assemble, and verify pertinent data for the most relevant sales
3. Analyze the sales for material differences in comparison to the subject
4. Reconcile the sales analysis into a value indication for the subject

10.1 Sales Comparison Search Criteria

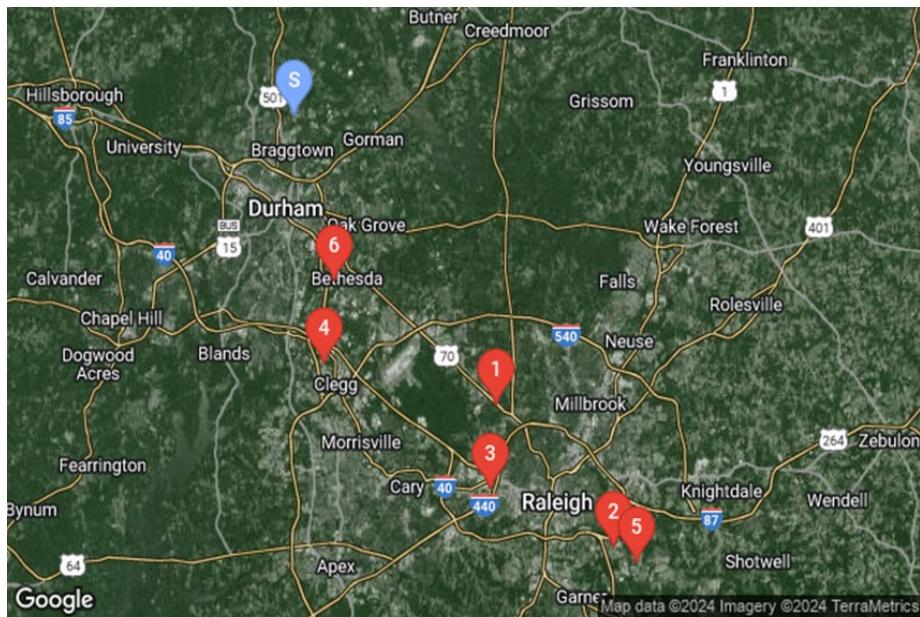
Characteristic	Filter Criteria
Sales Status	Closed
Property Rights	Leased Fee
Conditions of Sale	None
Sale Date	2023-2024 Sales
Location	Durham Raleigh Market
Project Size	50 Units to 400 Units
Quality/Class	Class B
Age/Condition	Built after 2010

We researched comparables within the Raleigh/Durham area for this analysis, which are documented on the following pages. All sales have been researched through numerous sources and, when possible, verified by a party close to the transaction.

Based on discussions with market participants the Durham and Raleigh market are very similar from a price per unit and cap rate perspective and only differ significantly in type of tenant. The Raleigh market in Wake County has more favorable school districts and for this reason attracts more family tenants. The Durham market caters to young professionals or younger families with no children or no school age children.

Based on the information presented above we are comfortable using sales from both Durham and Raleigh in our analysis below.

10.2 Sales Comparables Summary



Comparable 1



Comparable 2



Comparable 3



Comparable 4



Comparable 5



Comparable 6

Name Address	Mi. to Subj. Sale Date	Yr. Built Yr. Reno	Units Occ.	Sale Price Price/Unit	Cap Rate	
1) Conclave Glenwood 3221 Glenhill Dr, Raleigh, NC		18.1 2/23/2024	248 84.9%	\$60,500,000 \$243,952	5.00%	
2) Villages of Sunnybrook 2421 Brightcreek Falls Trl, Raleigh, NC		27.6 1/29/2024	384 79.4%	\$86,500,000 \$225,260	5.70%	
3) Arlow Blue Ridge 601 McCaw Bridge St, Raleigh, NC		21.5 9/28/2023	280 78.2%	\$73,650,000 \$263,036	4.80%	
4) Brizo Luxury Apartments 1108 Merrion Ave, Durham, NC		12.5 9/20/2023	260 100.0%	\$70,000,000 \$269,231	5.00%	
5) Villages at Olde Towne 2301 Ostracod Ln, Raleigh, NC		29.0 8/3/2023	360 87.2%	\$84,500,000 \$234,722	5.05%	
6) Marquis Ellis Crossing 400 Advancement Ave, Durham, NC		8.6 4/28/2023	336 92.0%	\$85,292,000 \$253,845	4.82%	

Summer Meadows
Proposed 2024
d 83

433 Hebron Road, Durham, NC 95% Stable

10.3 Project Amenities

Community Name																Comparability	Adj. %
1 Conclave Glenwood			✓	✓	✓	✓				✓					✓	Superior	-10%
2 Villages of Sunnybrook	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Superior	-10%
3 Arlow Blue Ridge		✓	✓	✓	✓					✓	✓	✓	✓		✓	Superior	-10%
4 Brizo Luxury Apartments	✓		✓	✓				✓		✓			✓		✓	Superior	-10%
5 Villages at Olde Towne		✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	Superior	-10%
6 Marquis Ellis Crossing	✓	✓		✓	✓	✓	✓	✓	✓		✓		✓	✓	✓	Superior	-10%
Subject Property:		✓		✓													

10.4 Unit Features

Community Name																Comparability	Adj. %
1 Conclave Glenwood	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Similar	0%
2 Villages of Sunnybrook	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Similar	0%
3 Arlow Blue Ridge	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Similar	0%
4 Brizo Luxury Apartments	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Similar	0%
5 Villages at Olde Towne	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Similar	0%
6 Marquis Ellis Crossing	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Similar	0%
Subject Property:	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		

10.5 Sales Comparable Adjustment Factors

Adjustment Factor	Description	Adjustments
Sales Status	Downward adjustments for listings or pending contracts for risk of closing	No adjustments required.
Property Rights	Fee simple, leased fee, leasehold, etc.	No adjustments required.
Financing Terms	Non-market financing terms like seller-financing or assumption of debt	No adjustments required.
Conditions of Sale	Non-arm's length buyer or seller motivations	No adjustments required.
Sale Date	Appreciation or depreciation in the real estate market over time	Comparables 1, 2, 3, 4, 5 and 6 have been adjusted downward due to their superior market conditions.
Location	Area influences on sales price, determined by current submarket rental rates.	Comparables 2 and 3 have been adjusted downward due to their superior location.
Project Size	Larger buildings generally transact on a lower price per unit basis	Comparables 1, 2, 3, 4, 5 and 6 have been adjusted upward due to their larger community size.
Quality/Class	Construction quality and market appeal	No adjustments required.
Age/Condition	Actual age of the building accounting for major renovations and its general physical condition reflecting effective age	Comparables 4 and 6 have been adjusted upward due to their inferior age/condition.
Economic Characteristics	Differences in factors affecting subject operations including occupancy rate, above/below market rents, and rent controls. Excludes differences in effective rents accounted for by other line item adjustments.	Comparables 1, 2, 3, 5 and 6 have been adjusted upward due to their inferior occupancy at the time of sale. We note these sales represented recently built sales that were still going through lease-up and sold prior to stabilization.
Average Unit Size	Economies of scale exist when renting a larger amount of space, ie. the inverse relationship between size and rental rate	Comparables 1 and 2 have been adjusted upward due to their smaller average unit size.
Project Amenities	Amenities available for the residents' benefit	Comparables 1, 2, 3, 4, 5 and 6 have been adjusted downward due to their superior project amenities.
Unit Features	Premium attributes of the individual units located in the building	No adjustments required.

10.5.1 Market Conditions Adjustment

It should be noted that the market conditions adjustment reflects the overall improving market since the time of the comparables sale. However, due to the recent economic impact of the increases in the federal funds rate and its effect on cap rates, we make a second adjustment specifically to account for the recent shift in economic climate.

The Federal Reserve (Fed) actions to curb inflation have had an impact on the cost of capital, greatly impacting lending rates. Most market participants believe the inflationary fighting actions taken by the Fed have started to impact market pricing and expected investor returns. The table below reflects actions from each meeting, rate changes, target rates and the corresponding SOFR rates.

Date	Rate Change (bps)	Fed Funds Rate	SOFR
Mar-22	+25 bps	0.25% - 0.50%	0.05%
May-22	+50 bps	0.75% - 1.00%	0.30%
Jun-22	+75 bps	1.50% - 1.75%	0.69%
Jul-22	+75 bps	2.25% - 2.50%	1.53%
Sep-22	+75 bps	3.00% - 3.25%	2.26%
Nov-22	+75 bps	3.75% - 4.00%	3.05%
Dec-22	+50 bps	4.25% - 4.50%	3.83%
Jan-Feb-23	+25 bps	4.50% - 4.75%	4.32%
Mar-23	+25 bps	4.75% - 5.00%	4.56%
May-23	+25 bps	5.00% - 5.25%	4.81%
Jun-23	0 bps	5.00% - 5.25%	5.05%
Jul-23	+25 bps	5.25% - 5.50%	5.06%
Sep-23	0 bps	5.25% - 5.50%	5.30%
Nov-23	0 bps	5.25% - 5.50%	5.32%
Dec-23	0 bps	5.25% - 5.50%	5.31%
Jan/Feb-24	0 bps	5.25% - 5.50%	5.32%
*Mar-24	-25 - 0 bps	5.00% - 5.25%	5.00%

**Forecasted*

Source: Federal Open Market Committee (FOMC)

Based on the preceding, in our view higher interest rates put upward pressure on capitalization rates, which directly impacts values; however, an uptick in interest rate does not necessarily equate to an equal uptick in capitalization rate. According to market participants, capitalization rates have increased 25 to 125 basis points on market rate deals, while SOFR has increased more than 500 bps. The impact on value of these increases is somewhat offset by significant rent growth and increased demand for multi-family assets. The table on the following page shows the impact of market rent increases and increased capitalization rates. We apply a -1% downward adjustment to account for market conditions over the period of comparable sales.

10.6 Sales Comparables Adjustment Grid

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
	Summer Meadows	Conclave Glenwood	Villages of Sunnybrook	Arlow Blue Ridge	Brizo Luxury Apartments	Villages at Olde Towne	Marquis Ellis Crossing
Address	433 Hebron Road	3221 Glenhill Dr	2421 Brightcreek Falls Trl	601 McCaw Bridge St	1108 Merrion Ave	2301 Ostracod Ln	400 Advancement Ave
City, State County Sale Date	Durham, NC Durham 2/23/2024	Raleigh, NC Wake 1/29/2024	Raleigh, NC Wake 9/28/2023	Raleigh, NC Wake 9/20/2023	Durham, NC Durham 9/20/2023	Raleigh, NC Wake 8/3/2023	Durham, NC Durham 4/28/2023
Sale Price	\$60,500,000	\$86,500,000	\$73,650,000	\$70,000,000	\$84,500,000	\$85,292,000	
Price Adjustment	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effective Sale Price	\$60,500,000	\$86,500,000	\$73,650,000	\$70,000,000	\$84,500,000	\$85,292,000	
Site Acreage	7.15	10.96	32.46	11.40	13.46	42.81	3.57
No. of Units	83	248	384	280	260	360	336
Occupancy @ Sale	95% Stable	84.9%	79.4%	78.2%	100.0%	87.2%	92.0%
Building Class	B	B	B	B	B	B	B
Year Built	Proposed 2024	2022	2023	2022	2019	2021	2016
Renovations		N/A	N/A	N/A	N/A	N/A	N/A
Price per Unit		\$243,952	\$225,260	\$263,036	\$269,231	\$234,722	\$253,845
Sales Status		Closed Sale 0%	Closed Sale 0%	Closed Sale 0%	Closed Sale 0%	Closed Sale 0%	Closed Sale 0%
Property Rights		Leased Fee 0%	Leased Fee 0%	Leased Fee 0%	Leased Fee 0%	Leased Fee 0%	Leased Fee 0%
Financing Terms		Conventional 0%	Conventional 0%	Conventional 0%	Conventional 0%	Conventional 0%	Conventional 0%
Conditions of Sale		N/A 0%	Normal 0%	Normal 0%	Normal 0%	Normal 0%	Normal 0%
Sale Date/Mkt. Conditions	-1%/annum	2/23/24 -1%	1/29/24 -1%	9/28/23 -2%	9/20/23 -2%	8/3/23 -2%	4/28/23 -2%
Cumulative Market Adjusted Price		\$240,851	\$222,242	\$258,626	\$264,658	\$230,426	\$248,525
Location	\$1,330.33	\$1,448.81 0%	\$1,516.29 -5%	\$1,516.29 -5%	\$1,479.01 0%	\$1,482.94 0%	\$1,330.33 0%
Project Size	83	248 10%	384 10%	280 10%	260 10%	360 10%	336 10%
Quality/Class		Class B 0%	B 0%	B 0%	B 0%	B 0%	B 0%
Age/Condition		Proposed 2024	2022 0%	2023 0%	2022 0%	2019 5%	2021 0%
Econ. Characteristics		95% Stable	84.9% 5%	79.4% 10%	78.2% 10%	100.0% 0%	87.2% 5%
Average Unit Size	1,085	848 5%	891 5%	932 0%	1,063 0%	923 0%	1,087 0%
Project Amenities	See Prior	Superior -10%	Superior -10%	Superior -10%	Superior -10%	Superior -10%	Superior -10%
Unit Features	See Prior	Similar 0%	Similar 0%	Similar 0%	Similar 0%	Similar 0%	Similar 0%
Net Property Adjustment		10%	10%	5%	5%	5%	10%
Final Adjusted Price		\$264,936	\$244,466	\$271,557	\$277,891	\$241,947	\$273,378
Overall Adjustment		31%	41%	37%	27%	27%	32%
Range of Unadjusted Prices		\$225,260 - \$269,231					
Range of Adjusted Prices		\$241,947 - \$277,891					
Median Adjusted Price		\$268,247					
Average Adjusted Price		\$262,363					
Indicated Value per Unit		\$255,000					

10.7 Sales Price Per Unit Conclusion

Prior to adjustment, the sales reflect a range of \$225,260 per unit - \$269,231 per unit. After adjustment, the range is narrowed to \$241,947 per unit - \$277,891 per unit, with an average of \$262,363 per unit. To arrive at an indication of value, we place primary emphasis on comparables 1 and 2 as they are the most recent sales transactions in this market. We conclude to a value of \$255,000 per unit.

10.8 Sales Comparison Approach Value Conclusion

Indicated Value per Unit	\$255,000
Subject Units	83
Indicated Value	\$21,165,000
Value Indication - Rounded	\$21,200,000

Upon Stabilization	6/1/2025
Indicated Value per Unit	\$255,000
Subject Units	83
Sale Price Value Indication	\$21,165,000
Reconciled Upon Stabilization Value	\$21,165,000
Adjustments to Value	
Indicated Upon Stabilization Value	\$21,165,000
Rounded Upon Stabilization Value Conclusion	\$21,200,000

Upon Completion	9/1/2024
Indicated Upon Stabilization Value	\$21,165,000
Adjustments to Value	
Lease Up	-\$700,000
Indicated Upon Completion Value	\$20,465,000
Rounded Upon Completion Value Conclusion	\$20,500,000

As Is	2/27/2024
Sale Price Value Indication	\$20,465,000
Effective Gross Income Multiplier Value Indication	
Indicated Upon Stabilization Value	\$21,165,000
Indicated Upon Stabilization Value	\$21,200,000
Adjustments to Value	
Remaining Construction Costs	TBD
Lease Up	-\$700,000
Indicated As Is Value	TBD
Rounded As Is Value Conclusion	TBD

Our adjustment for Lease-Up Costs is discussed within the income capitalization approach. The adjustment for remaining construction costs was discussed within the Property Improvement Analysis section of this report.

11.0 INCOME CAPITALIZATION APPROACH

11.1 Income Capitalization Approach Overview

The Income Capitalization Approach derives its indication of value from determining the present worth of future rights to income from the property. This approach considers both the amount and relative certainty of a property's income from an investor's perspective. In order to apply this methodology, we first estimate the revenue and expenses for the subject property, with the difference equaling the net operating income (NOI) available as a return to investors. We then divide the NOI by a capitalization rate which represents an investor's required yield to purchase the subject property given its many risk factors. For the subject property, we developed a Direct Capitalization Approach only.

11.1.1 Tenancy Summary

The subject property is made up of 83 multifamily units. The multifamily units are currently 0.0% occupied because they are still under construction.

11.1.2 Multifamily Rent Roll

Unit Types	# of	Avg. Size	Rentable Area	Leasable	
	Units	(SF)	(SF)	Units	Leasable SF
1 Bedroom	24	830	19,920	24	19,920
1 BR/1 BA	24	830	19,920	24	19,920
2 Bedroom	47	1,150	54,042	47	54,042
2 BR/2 BA	47	1,150	54,042	47	54,042
3 Bedroom	12	1,341	16,092	12	16,092
3 BR/2 BA	12	1,341	16,092	12	16,092
Totals/Weighted Avg.	83	1,085	90,054	83	90,054

11.2 Asking Multifamily Rents

Unit Types	# of	Avg. Size	Asking Rent	
	Units	(SF)	Average	Avg PSF
1 Bedroom	24	830	\$1,478	\$1.78
1 BR/1 BA	24	830	\$1,478	\$1.78
2 Bedroom	47	1,150	\$1,746	\$1.52
2 BR/2 BA	47	1,150	\$1,746	\$1.52
3 Bedroom	12	1,341	\$2,275	\$1.70
3 BR/2 BA	12	1,341	\$2,275	\$1.70
Totals/Weighted Avg.	83	1,085	\$1,745	\$1.61

11.3 Utilities Burden Summary

The following table summarized the current utility cost burdens between the owner and the tenants.

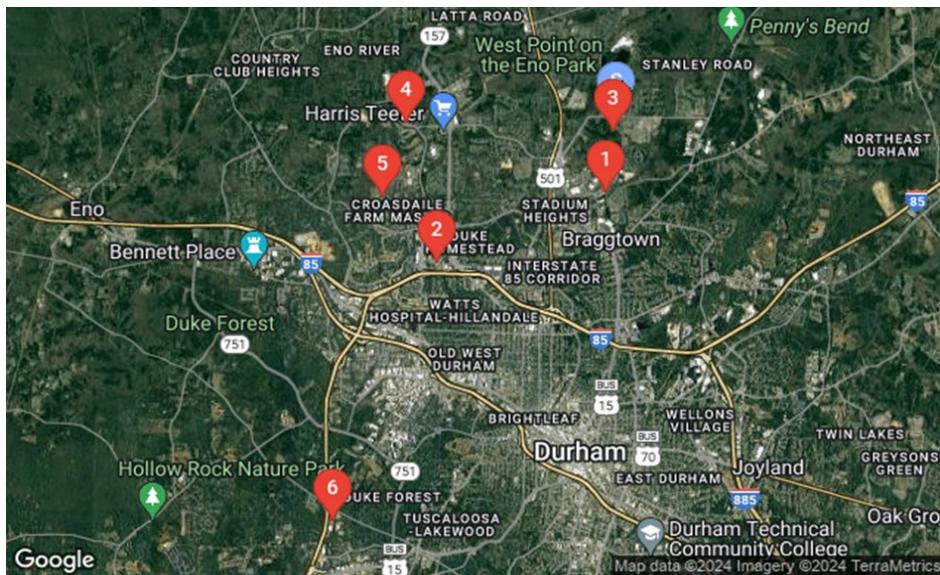
Utilities Cost Burden	Water	Sewer	Trash	Electric	Cable	Internet
Tenant Paid Directly						✓
Owner Paid						
Tenant Reimburses	✓	✓	✓	✓	✓	

The subject operates a RUBS program (Ratio Utility Billing System), whereby a portion of the utilities expenses are shared by tenants and reimbursed to the property owner on a pro rata basis. Income is generated from tenant obligations to reimburse the owner for water & sewer, trash, electric, cable and pest control.

11.4 Market Rent

In order to determine the sustainability of the rental income stream at the subject property, we compare existing contract and asking rents to what should be attainable in the market.

11.4.1 Rent Comparables



Comparable 1



Comparable 2



Comparable 3



Comparable 4



Comparable 5



Comparable 6

Name Address	Mi from Subject	Units				Rent Range/Unit Rent Range/SF
		Yr. Built ; Reno	Surv. Date Occ.	Unit Types		
1) Independence Park Apartments 215 William Penn Plaza, Durham, NC	1.1	312 2008	3/4/2024 96.1%	1 BR, 2 BR, 3 BR		\$1,269 - \$1,630 \$1.28 - \$1.60
2) Clairmont at Hillandale 2901 Bertland Ave, Durham, NC	3.1	278 2010	3/4/2024 95.0%	1 BR, 2 BR, 3 BR		\$1,615 - \$2,003 \$1.47 - \$2.01
3) Magnolia Pointe 4801 Danube Ln, Durham, NC	0.2	266 2006	3/4/2024 94.0%	1 BR, 2 BR, 3 BR		\$1,429 - \$1,970 \$1.54 - \$1.74
4) Lodge at Croasdale 3130 Hillandale Rd, Durham, NC	2.7	320 2018	3/4/2024 96.2%	1 BR, 2 BR, 3 BR		\$1,374 - \$2,544 \$1.35 - \$1.75
5) Woodstone at Croasdale Farm 100 Millspring Dr, Durham, NC	3.2	264 1999; 2017	3/4/2024 98.9%	1 BR, 2 BR, 3 BR		\$1,302 - \$1,802 \$1.37 - \$1.55
6) Lancaster Commons 2709 Western Byp, Durham, NC	6.6	131 2020	3/4/2024 95.0%	1 BR, 2 BR, 3 BR		\$1,507 - \$2,543 \$1.89 - \$1.93
Competitive Set Averages		262	95.9%			\$1,269 - \$2,544 \$1.28 - \$2.01
Summer Meadows 433 Hebron Road, Durham, NC		83		1 BR, 2 BR, 3 Proposed 95% Stable 2024		

11.4.2 Project Amenities Comparison

Community Name	Garage/Under Building	Parking - Lot	Business Center	Fitness Room	Tennis Court	Clubhouse/Rec. Bldg	Swimming Pool	Playground	Pet Area	BBQ/Grill/Picnic Area	Comparability	Adj. %
1 Independence Park Apartments		✓	✓	✓	✓		✓	✓		✓	Superior	-10%
2 Clairmont at Hillandale	✓	✓	✓	✓		✓	✓	✓		✓	Superior	-10%
3 Magnolia Pointe	✓	✓	✓	✓			✓	✓		✓	Superior	-10%
4 Lodge at Croasdale	✓	✓	✓	✓		✓	✓		✓	✓	Superior	-10%
5 Woodstone at Croasdale Farm	✓	✓	✓	✓	✓	✓	✓			✓	Superior	-10%
6 Lancaster Commons		✓	✓	✓			✓			✓	Superior	-10%
Subject Property:		✓		✓								

11.4.3 Unit Features Comparison

Community Name	Washer/Dryer In Unit	Washer/Dryer Hookup	Dishwasher	Disposal	Stainless Steel Appliances	Refrigerator	Stove/Oven	Microwave	Air Conditioning	Walk-in Closets	Patios/Balcony	Granite/Stone Countertops	Comparability	Adj. %
1 Independence Park Apartments	✓		✓	✓	✓	✓	✓	✓	✓	✓		✓	Similar	0%
2 Clairmont at Hillandale	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Similar	0%
3 Magnolia Pointe		✓				✓	✓		✓	✓	✓	✓	Slightly Inferior	5%
4 Lodge at Croasdale	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Similar	0%
5 Woodstone at Croasdale Farm	✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	Similar	0%
6 Lancaster Commons	✓		✓	✓	✓	✓	✓	✓	✓		✓	✓	Similar	0%
Subject Property:	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		

11.4.4 Project Utilities Burden Comparison

Landlord's direct utilities responsibilities are noted with check marks in the following table:

Utility	\$ Adj. At Subj.	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
		Independence	Clairmont at	Magnolia Pointe	Lodge at	Woodstone at	Lancaster
Electric	\$20	\$0	\$0	\$0	\$0	\$0	\$0
Gas	\$10	\$0	\$0	\$0	\$0	\$0	\$0
Water	\$5	\$0	\$0	✓	-\$5	\$0	✓
Sewer	\$5	\$0	\$0	✓	-\$5	\$0	✓
Trash	\$5	\$0	✓	-\$5	✓	-\$5	\$0
Cable	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Internet	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utilities Adjustments		\$0	-\$5	-\$15	\$0	-\$15	\$0

11.4.5 Total Adjustments Comparison

Our total adjustments are shown below.

Community Name	Utilities Adj.	Project Amenities	Unit Features		Location	Quality / Class	Age / Condition	Total Phys. Char. Adj.
			0%	0%				-5%
1 Independence Park Apartments	\$0	-10% Superior	0% Similar	0% \$1,330.33	0% B	5% 2008		
2 Clairmont at Hillandale	-\$5	-10% Superior	0% Similar	-5% \$1,523.91	0% B	5% 2010		-10%
3 Magnolia Pointe	-\$15	-10% Superior	5% Slightly Inferior	0% \$1,330.33	5% C	5% 2006		5%
4 Lodge at Croasdale	\$0	-10% Superior	0% Similar	-5% \$1,523.91	0% B	5% 2018		-10%
5 Woodstone at Croasdale Farm	-\$15	-10% Superior	0% Similar	-5% \$1,523.91	0% B	5% 1999/2017		-10%
6 Lancaster Commons	\$0	-10% Superior	0% Similar	0% \$1,523.91	0% B	0% 2020		-10%
Subject Property:				\$1,330.33		Class B Proposed 2024		

11.4.6 One Bedroom Market Rate Rent Comparables & Market Rent Conclusions

#	Comparable Property	Unit Type	Size (SF)	Rent / Month	Rent PSF	Utilities Adj.	Physical Characteristics Adj.	Adjusted Rent	Adjusted Rent PSF
6	Lancaster Commons	1 BR/1 BA	782	\$1,507	\$1.93	\$0	-10%	\$1,356	\$1.73
1	Independence Park Apartments	1 BR/1 BA	794	\$1,269	\$1.60	\$0	-5%	\$1,206	\$1.52
2	Clairmont at Hillandale	1 BR/1 BA	802	\$1,615	\$2.01	-\$5	-10%	\$1,449	\$1.81
3	Magnolia Pointe	1 BR/1 BA	823	\$1,429	\$1.74	-\$15	5%	\$1,485	\$1.80
5	Woodstone at Croasdale Farm	1 BR/1 BA	840	\$1,302	\$1.55	-\$15	-10%	\$1,157	\$1.38
4	Lodge at Croasdale	1 BR/1 BA	842	\$1,374	\$1.63	\$0	-10%	\$1,237	\$1.47
Simple Market Averages			814	\$1,416	\$1.74			\$1,315	\$1.62
Subject									Mkt Rent
1 Bedroom Unit Names		Unit Type	Size (SF)	Asking Rent/Mo.	Asking Rent PSF			Market Rent	PSF
1 BR/1 BA		1 BR/1 BA	830	\$1,478	\$1.78			\$1,475	\$1.78
1 Bedroom Totals			830	\$1,478	\$1.78	Market Rent Conclusion:	\$1,475	\$1.78	

Overall, our concluded market rents are bracketed by the rent comparables on a price per month and price per square foot basis.

11.4.7 Two Bedroom Market Rate Rent Comparables & Market Rent Conclusions

#	Comparable Property	Unit Type	Size (SF)	Rent / Month	Rent PSF	Utilities Adj.	Physical Characteristics Adj.	Adjusted Rent	Adjusted Rent PSF
6	Lancaster Commons	2 BR/1 BA	1,099	\$2,077	\$1.89	\$0	-10%	\$1,869	\$1.70
1	Independence Park Apartments	2 BR/2 BA	1,106	\$1,462	\$1.32	\$0	-5%	\$1,389	\$1.26
3	Magnolia Pointe	2 BR/2 BA	1,110	\$1,709	\$1.54	-\$15	5%	\$1,779	\$1.60
5	Woodstone at Croasdale Farm	2 BR/2 BA	1,125	\$1,552	\$1.38	-\$15	-10%	\$1,382	\$1.23
4	Lodge at Croasdale	2 BR/2 BA	1,157	\$1,652	\$1.43	\$0	-10%	\$1,487	\$1.29
2	Clairmont at Hillandale	2 BR/2 BA	1,188	\$2,001	\$1.68	-\$5	-10%	\$1,796	\$1.51
4	Lodge at Croasdale	2 BR/2.5 BA	1,330	\$1,953	\$1.47	\$0	-10%	\$1,758	\$1.32
Simple Market Averages			1,159	\$1,772	\$1.53			\$1,637	\$1.42
Subject									Mkt Rent
2 Bedroom Unit Names		Unit Type	Size (SF)	Asking Rent/Mo.	Asking Rent PSF			Market Rent	PSF
2 BR/2 BA		2 BR/2 BA	1,150	\$1,746	\$1.52			\$1,750	\$1.52
2 Bedroom Totals			1,150	\$1,746	\$1.52	Market Rent Conclusion:	\$1,750	\$1.52	

Overall, our concluded market rents are bracketed by the rent comparables on a price per month and price per square foot basis.

11.4.8 Three Bedroom Market Rate Rent Comparables & Market Rent Conclusions

#	Comparable Property	Unit Type	Size (SF)	Rent / Month	Rent PSF	Utilities Adj.	Physical Characteristics Adj.	Adjusted Rent	Adjusted Rent PSF
3	Magnolia Pointe	3 BR/2 BA	1,250	\$1,970	\$1.58	-\$15	5%	\$2,054	\$1.64
1	Independence Park Apartments	3 BR/2 BA	1,274	\$1,630	\$1.28	\$0	-5%	\$1,549	\$1.22
5	Woodstone at Croasdale Farm	3 BR/2 BA	1,320	\$1,802	\$1.37	-\$15	-10%	\$1,607	\$1.22
6	Lancaster Commons	3 BR/2 BA	1,344	\$2,543	\$1.89	\$0	-10%	\$2,289	\$1.70
2	Clairmont at Hillandale	3 BR/2 BA	1,365	\$2,003	\$1.47	-\$5	-10%	\$1,798	\$1.32
4	Lodge at Croasdale	3 BR/2.5 BA	1,452	\$2,544	\$1.75	\$0	-10%	\$2,290	\$1.58
4	Lodge at Croasdale	3 BR/2 BA	1,470	\$1,980	\$1.35	\$0	-10%	\$1,782	\$1.21
Simple Market Averages			1,354	\$2,067	\$1.53			\$1,910	\$1.41
Subject									Mkt Rent
3 Bedroom Unit Names		Unit Type	Size (SF)	Asking Rent/Mo.	Asking Rent PSF			Market Rent	PSF
3 BR/2 BA		3 BR/2 BA	1,341	\$2,275	\$1.70			\$2,275	\$1.70
3 Bedroom Totals			1,341	\$2,275	\$1.70	Market Rent Conclusion:	\$2,275	\$1.70	

Overall, our concluded market rents are bracketed by the rent comparables on a price per month and price per square foot basis.

11.5 Potential Gross Income

Applying market rent to the subject's various unit counts and multiplying the two variables provides us with a Gross Potential Revenue as follows:

Unit Types	# of Units	Avg. Size (SF)	Monthly		Annual	
			Asking Rent	Market Rent	Asking Rent	Market Rent
1 Bedroom	24	830	\$1,478	\$1,475	\$425,520	\$424,800
1 BR/1 BA	24	830	\$1,478	\$1,475	\$425,520	\$424,800
2 Bedroom	47	1,150	\$1,746	\$1,750	\$984,480	\$987,000
2 BR/2 BA	47	1,150	\$1,746	\$1,750	\$984,480	\$987,000
3 Bedroom	12	1,341	\$2,275	\$2,275	\$327,600	\$327,600
3 BR/2 BA	12	1,341	\$2,275	\$2,275	\$327,600	\$327,600
Totals/\$Weighted Avg.	83	1,085	\$1,745	\$1,746	\$1,737,600	\$1,739,400

(1) Contract (including Employee Units) + Market Rent for Vacant Units (Model Units also Projected @ Market)

Our concluded market rent is based off comparables as of the effective date of this appraisal. The asking rents provided by the developer are also current rents based off current market rents. Our potential gross income projection is in line with current market rents, and we will trend these rental rates by 3% annually during construction and lease-up of the proposed subject property. We also trend expenses by 3% annually. We base our income and expense growth rates off the PWC Investor Survey from Q4 2023. Please see chart below for survey support.

NATIONAL APARTMENT MARKET

Fourth Quarter 2023

	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
MARKET RENT CHANGE^b					
Range	0.00% – 5.00%	2.00% – 4.00%	0.00% – 10.00%	(5.00%) – 3.50%	(2.00%) – 5.00%
Average	2.93%	3.00%	3.89%	0.50%	2.40%
Change (Basis Points)		– 7	– 96	+ 243	+ 53
EXPENSE CHANGE^b					
Range	3.00% – 8.00%	3.00% – 6.00%	0.00% – 8.00%	0.00% – 8.00%	2.00% – 3.00%
Average	3.93%	3.50%	3.42%	2.82%	2.73%
Change (Basis Points)		+ 43	+ 51	+ 111	+ 120

11.5.1 Vacancy Allowance

A review of the rent comparables and broader market operating statistics informs our vacancy conclusions as follows:

Market Segment	Vacancy
Durham Market	10.1%
East Durham Submarket	5.9%
Rent Comps	4.1%
Subject - Concluded	5.0%

Source: CoStar ©2023, reprinted with permission. All rights reserved.

Based on a review of the city, submarket, and competitive set reviewed above, we conclude to a stabilized occupancy rate of 5.0% for utilization in our income projections.

11.5.2 Collection Loss

Based on discussions with market participants, we have projected a collection loss allowance of 1.0% of Potential Gross Revenue.

11.5.3 Concessions

Concessions have been projected at 1% of Potential Gross Revenue (PGR), which is consistent with comparable properties in this market and is expected to continue over the next 12 months.

11.6 Other Income

11.6.1 Utilities RUBS Reimbursements

The subject includes a RUBS program (Ratio Utility Billing System), whereby a portion of the utility expense is shared by tenants and reimbursed to the property owner on a pro rata basis. Income is generated from tenant obligations to reimburse the owner for water & sewer, trash, electric, cable and pest control. Based on discussions with ownership we project in line with the current budget at \$47,741 or \$575 per unit.

11.6.2 Other Income

The other income category includes any other income from the property including revenues from forfeited deposits, application fees, administration fees, pet fees, storage, vending machines, late charges, and miscellaneous sources. Our other income projection is supported by the following comparables.

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
No. of Units	288	336	292	312	280	92
EGI	\$5,124,424	\$6,222,838	\$4,973,922	\$5,042,928	\$4,475,050	\$1,277,978
Other Income	\$622,665	\$502,700	\$443,612	\$666,463	\$426,395	\$34,984
Other Income Per Unit	\$2,162	\$1,496	\$1,519	\$2,136	\$1,523	\$380
Other Income as a % of EGI	12.2%	8.1%	8.9%	13.2%	9.5%	2.7%
Average Per Unit	\$1,536					
Average % of EGI	9.1%					

Based on a review of the comparables above and ownership's budget, we have projected Other Income at \$147,492 or \$1,777 per unit.

11.7 Budgeted Income & Expense & Projections

	Calendar Year Budget December 31, 2024			As Is February 27, 2024			As Stabilized Projections May 31, 2026					
	\$	*	/Unit	% PGR	\$	*	/Unit	% PGR	\$	*	/Unit	% PGR
Income												
Rental Income	\$1,737,600		\$20,935	97.6%	\$1,739,400		\$20,957	97.5%	\$1,845,329		\$22,233	97.5%
Expense Reimbursements	\$42,731		\$515	2.4%	\$45,000		\$542	2.5%	\$47,741		\$575	2.5%
Effective Potential Gross Income	\$1,780,331		\$21,450	100.0%	\$1,784,400		\$21,499	100.0%	\$1,893,070		\$22,808	100.0%
Vacancy	(\$534,297)		-\$6,437	-30.0%	(\$89,220)		-\$1,075	-5.0%	(\$94,653)		-\$1,140	-5.0%
Collection Loss	\$0		\$0	0.0%	(\$17,844)		-\$215	-1.0%	(\$18,931)		-\$228	-1.0%
Concessions	\$0		\$0	0.0%	(\$17,844)		-\$215	-1.0%	(\$18,931)		-\$228	-1.0%
Effective Rental Revenue	\$1,246,034		\$15,012	70.0%	\$1,659,492		\$19,994	93.0%	\$1,760,555		\$21,212	93.0%
Physical Vacancy	30.0%				5.0%				5.0%			
Other Income	\$138,281		\$1,666	10.0%	\$139,025		\$1,675	7.7%	\$147,492		\$1,777	7.7%
Total Other Revenue	\$138,281		\$1,666	10.0%	\$139,025		\$1,675	7.7%	\$147,492		\$1,777	7.7%
Effective Gross Income	\$1,384,315		\$16,678	100.0%	\$1,798,517		\$21,669	100.0%	\$1,908,047		\$22,989	100.0%
Expenses												
Real Estate Taxes	\$84,000		\$1,012	6.1%	\$186,750		\$2,250	10.4%	\$198,123		\$2,387	10.4%
Insurance	\$45,027		\$542	3.3%	\$47,725		\$575	2.7%	\$50,631		\$610	2.7%
Total Utilities	\$40,038		\$482	2.9%	\$83,000		\$1,000	4.6%	\$88,055		\$1,061	4.6%
Total Repairs and Maintenance	\$64,145		\$773	4.6%	\$64,325		\$775	3.6%	\$68,242		\$822	3.6%
Total Payroll	\$59,526		\$717	4.3%	\$109,975		\$1,325	6.1%	\$116,672		\$1,406	6.1%
Total Advertising and Marketing	\$63,300		\$763	4.6%	\$24,900		\$300	1.4%	\$26,416		\$318	1.4%
General/Administrative	\$66,857		\$806	4.8%	\$66,400		\$800	3.7%	\$70,444		\$849	3.7%
Management	\$52,097		\$628	3.8%	\$53,956		\$650	3.0%	\$57,241		\$690	3.0%
Reserves	\$0		\$0	0.0%	\$20,750		\$250	1.2%	\$22,014		\$265	1.2%
Total Expenses	\$474,990		\$5,723	34.3%	\$657,781		\$7,925	36.6%	\$697,839		\$8,408	36.6%
Expense Ratio	34.3%				35.4%				35.4%			
Net Operating Income	\$909,325		\$10,956	65.7%	\$1,140,736		\$13,744	63.4%	\$1,210,207		\$14,581	63.4%

We note the developer's budget is a lease-up budget and does not project full occupancy for all 12 months of the lease-up period.

11.7.1 Expense Comparable Analysis

Data Source	Comp 1			Comp 2			Comp 3			Comp 4			Comp 5			Comp 6			Min	Max	Avg	As Is			As Stabilized Projections		
	Period Ending	12/31/22		Period Ending	12/31/22		Period Ending	12/31/22		Period Ending	09/30/22		Period Ending	12/31/22		Period Ending	12/31/22		02/27/24	05/31/26		Proposed 2024	Proposed 2024				
Year Built		2018			2016			2013			2009			2001			1998						83	83			
Net Rentable Units		288			336			292			312			280			92						95.0%	95.0%			
Occupancy		95.0%			92.3%			94.9%			96.8%			97.0%			96.0%										
City, State		Durham, NC			Durham, NC			Durham, NC			Durham, NC			Durham, NC			Durham, NC										
	/Unit	%	/Unit	%	/Unit						#	/Unit	%														
Effective Gross Income	\$17,793	100.0%	\$18,520	100.0%	\$17,034	100.0%	\$16,163	100.0%	\$15,982	100.0%	\$13,891	100.0%	\$13,891	100.0%	\$13,891	100.0%	\$13,891	\$18,520	\$16,564	\$1,798,517	\$21,669	100.0%	\$1,908,047	22,989	100.0%		
Real Estate Taxes	\$1,770	9.9%	\$2,178	11.8%	\$1,772	10.4%	\$1,492	9.2%	\$1,628	10.2%	\$25	0.2%	\$25	\$2,178	\$1,477	\$186,750	\$2,250	10.4%	\$198,123	2,387	10.4%						
Insurance	\$178	1.0%	\$594	3.2%	\$414	2.4%	\$253	1.6%	\$416	2.6%	\$518	3.7%	\$178	\$594	\$395	\$47,725	\$575	2.7%	\$50,631	610	2.7%						
Total Utilities	\$933	5.2%	\$926	5.0%	\$923	5.4%	\$1,047	6.5%	\$1,004	6.3%	\$1,274	9.2%	\$923	\$1,274	\$1,018	\$83,000	\$1,000	4.6%	\$88,055	1,061	4.6%						
Total Repairs and Maintenance	\$936	5.3%	\$630	3.4%	\$421	2.5%	\$267	1.6%	\$729	4.6%	\$1,127	8.1%	\$267	\$1,127	\$685	\$64,325	\$775	3.6%	\$68,242	822	3.6%						
Total Payroll	\$1,314	7.4%	\$1,769	9.5%	\$1,596	9.4%	\$1,328	8.2%	\$1,575	9.9%	\$1,937	13.9%	\$1,314	\$1,937	\$1,586	\$109,975	\$1,325	6.1%	\$116,672	1,406	6.1%						
Total Advertising and Marketing	\$306	1.7%	\$185	1.0%	\$215	1.3%	\$160	1.0%	\$145	0.9%	\$82	0.6%	\$82	\$306	\$182	\$24,900	\$300	1.4%	\$26,416	318	1.4%						
General/Administrative	\$858	4.8%	\$481	2.6%	\$848	5.0%	\$1,257	7.8%	\$444	2.8%	\$456	3.3%	\$444	\$1,257	\$724	\$66,400	\$800	3.7%	\$70,444	849	3.7%						
Management	\$632	3.6%	\$556	3.0%	\$468	2.7%	\$485	3.0%	\$360	2.3%	\$418	3.0%	\$360	\$632	\$486	\$53,956	\$650	3.0%	\$57,241	690	3.0%						
Reserves	\$183		\$150		\$250		\$250		\$272		\$344		\$150	\$344	\$242	\$20,750	\$250		\$22,014	265							
Total Expenses	\$7,109		\$7,468		\$6,909		\$6,537		\$6,573		\$6,181		\$6,181	\$7,468	\$6,796	\$657,781	\$7,925		\$697,839	8,408		35.4%	35.4%				
Operating Expense Ratio	38.9%		39.5%		39.1%		38.9%		39.4%		39.4%		42.0%														

11.7.2 Expense Comparables & Projections Details

A detailed expense line-item overview as well as narrative on our concluded expense figures is shown below:

	Budget		Expense Comparables			PVA				
	2024	Min	Max	Avg	As Is		As Stabilized			
					Conclusion	Conclusion	Conclusion	Commentary		
Real Estate Taxes	\$ 84,000	-	-	-	\$186,750	\$198,123	Please see the Assessment section of this report for a full analysis on Real Estate Taxes			
	Per Unit	\$1,012	\$25	\$2,178	\$1,477	\$2,250	\$2,387			
	% EGI	6.07%	0.18%	11.76%	10.31%	10.38%	10.38%			
Insurance	\$ 45,027	-	-	-	\$47,725	\$50,631	We note our non-trended expense amount is supported by the comparables presented above. We do not give the budget amount weight due to the fact it is a non-stabilized budget.			
	Per Unit	\$542	\$178	\$594	\$395	\$575	\$610			
	% EGI	3.25%	1.00%	3.20%	2.16%	2.65%	2.65%			
Total Utilities	\$ 40,038	-	-	-	\$83,000	\$88,055	We note our non-trended expense amount is supported by the comparables presented above. We do not give the budget amount weight due to the fact it is a non-stabilized budget.			
	Per Unit	\$482	\$923	\$1,274	\$1,018	\$1,000	\$1,061			
	% EGI	2.89%	5.42%	9.17%	5.68%	4.61%	4.61%			
Total Repairs and Maintenance	\$ 64,145	-	-	-	\$64,325	\$68,242	We note our non-trended expense amount is supported by the comparables presented above. We do not give the budget amount weight due to the fact it is a non-stabilized budget.			
	Per Unit	\$773	\$267	\$1,127	\$685	\$775	\$822			
	% EGI	4.63%	1.65%	8.11%	3.47%	3.58%	3.58%			
Total Payroll	\$ 59,526	-	-	-	\$109,975	\$116,672	We note our non-trended expense amount is supported by the comparables presented above. We do not give the budget amount weight due to the fact it is a non-stabilized budget.			
	Per Unit	\$717	\$1,314	\$1,937	\$1,586	\$1,325	\$1,406			
	% EGI	4.30%	7.38%	13.94%	8.87%	6.11%	6.11%			
Total Advertising and Marketing	\$ 63,300	-	-	-	\$24,900	\$26,416	We note our non-trended expense amount is supported by the comparables presented above. We do not give the budget amount weight due to the fact it is a non-stabilized budget.			
	Per Unit	\$763	\$82	\$306	\$182	\$300	\$318			
	% EGI	4.57%	0.59%	1.72%	1.18%	1.38%	1.38%			
General/Administrative	\$ 66,857	-	-	-	\$66,400	\$70,444	We note our non-trended expense amount is supported by the comparables presented above. We do not give the budget amount weight due to the fact it is a non-stabilized budget.			
	Per Unit	\$806	\$444	\$1,257	\$724	\$800	\$849			
	% EGI	4.83%	2.78%	7.78%	4.59%	3.69%	3.69%			
Management	\$ 52,097	-	-	-	\$53,956	\$57,241	We project in line with industry standards.			
	Per Unit	\$628	\$360	\$632	\$486	\$650	\$690			
	% EGI	3.76%	2.25%	3.55%	2.91%	3.00%	3.00%			
Reserves	\$ 0	-	-	-	\$20,750	\$22,014	We project in line with industry standards.			
	Per Unit	\$0	\$150	\$344	\$242	\$250	\$265			
	% EGI	0.00%				1.15%	1.15%			

We note that all non-trended expense amounts are in line with comparable amounts but due to the trending of expense to account for construction and lease-up period our upon stabilization projection may be higher than the range of comparables. We deem our projection reasonable.

11.7.3 Real Estate Tax Comparables

In addition to the overall expense comparables previously presented, we also considered the following real estate tax comparables in concluding to our real estate tax projection:

Property Name	Year Built	Units	Total		Taxes / Units	
			Assessment	Assmt. / Units	Total Taxes	Units
Summer Meadows		83	\$2,424,468	\$29,210	\$32,675	\$394
Lodge at Croasdale	2018	320	\$49,546,982	\$154,834	\$649,016	\$2,028
Berkshire Ninth Street	2015	303	\$74,580,662	\$246,141	\$976,932	\$3,224
Foster on the Park	2020	164	\$22,502,365	\$137,210	\$301,510	\$1,838
Brightleaf on Main	2019	194	\$36,503,342	\$188,162	\$503,710	\$2,596
University Hill	2020	269	\$47,266,622	\$175,712	\$619,145	\$2,302
Minimum	2,015	164	\$22,502,365	\$137,210	\$301,510	\$1,838
Average	2,018	250	\$46,079,995	\$180,412	\$610,063	\$2,398
Maximum	2,020	320	\$74,580,662	\$246,141	\$976,932	\$3,224

Taxes for comparable properties range from \$1,838/unit to \$3,224/unit per unit with an average of \$2,398 per unit, as compared with the subject at \$394/unit. We have increased our projections above the current amount and more in-line with other comparable recently built multifamily properties in the subject's market.

11.7.4 Reassessed Value After Sale Comparables

As additional support we looked at recent sales transactions of recently built properties to determine how the assessor reassessed these properties in the year after sale. Our analysis is presented below.

Property	City	Year Built	Units	Reassessed Value				
				Sale Date	Sale Price	Price Per Unit	Year After Sale	% of Sales price
One City Center	Durham	2019	109	8/4/2022	\$55,673,000	\$510,761	\$33,573,604	60.31%
Atlas Durham	Durham	2022	171	3/10/2022	\$48,710,000	\$284,854	\$33,636,503	69.05%
The Reserve at Patterson Place	Durham	2019	345	10/19/2021	\$104,000,000	\$301,449	\$62,382,566	59.98%
Candour House	Durham	2021	276	9/1/2021	\$81,750,000	\$296,196	\$55,502,546	67.89%
							Weighted Avg	64.17%

Based on the data presented above we would expect a recently built property to be assessed in the 60-70% range of its transaction price.

Market Value Conclusion	Projected			Project			Ad Valorem			Projected Tax	
	Assessment			Reassessment			Taxes			Liability	
	x	Ratio	=	x	Tax Rate	=	x	+	=		
\$20,700,000	x	65%	=	\$13,455,000	x	1.309900%	=	\$176,247	+	=	\$176,247
											Net Tax Projection
											\$176,247

Using our concluded market value and a 65% ratio the subject tax projection would be \$185,613 or approximately \$2,236 per unit. This amount is in-line with the comparables presented above.

11.7.5 Real Estate Tax Conclusion

Based on comparables and reassessment of recently sold properties in the subject's market we project base year taxes at \$2,250 per unit. We note that during the construction and lease-up period we grow these current taxes annually at 3%. The stabilized year 1 projection for real estate taxes within our direct capitalization analysis is \$198,123 or \$2,387 per unit.

11.7.6 Expense Analysis Conclusion

Our projected operating expense levels are well supported by expense comparables, as presented in further detail on the previous page.

11.8 Capitalization Rate Analysis

A capitalization rate is the yield expected by investors in the marketplace for the income stream generated by a property. In order to determine the appropriate capitalization rate for the subject property, Partner analyzed the capitalization rates on other market transactions, interviewed knowledgeable market participants, and derived implied rates from the debt capital markets in order to conclude a reasonable capitalization rate for the subject property. Additionally, we reviewed unique characteristics of the subject property and analyzed what impact those specific characteristics might have on our overall conclusion. This analysis approach is detailed as follows:

11.8.1 Market Extracted Capitalization Rates

Comparable	City	Price	Date	Units	Year Built	Occupancy	Price/Unit	Cap Rate
Conclave Glenwood	Raleigh	\$60,500,000	2/23/2024	248	2022	84.9%	\$243,952	5.00%
Villages of Sunnybrook	Raleigh	\$86,500,000	1/29/2024	384	2023	79.4%	\$225,260	5.70%
Arlow Blue Ridge	Raleigh	\$73,650,000	9/28/2023	280	2022	78.2%	\$263,036	4.80%
Brizo Luxury Apartments	Durham	\$70,000,000	9/20/2023	260	2019	100.0%	\$269,231	5.00%
Villages at Olde Towne	Raleigh	\$84,500,000	8/3/2023	360	2021	87.2%	\$234,722	5.05%
Marquis Ellis Crossing	Durham	\$85,292,000	4/28/2023	336	2016	92.0%	\$253,845	4.82%
					Low	\$225,260	4.80%	
					Average	\$248,341	5.06%	
					High	\$269,231	5.70%	

We give most weight to the first two comparables presented above because they are the most recent sales transactions.

11.8.2 Market Participant Interviews

Source	Cap Rate	Comments
Marcus & Millichap	5.25%-5.75%	For this type of new build construction this range is accurate. Being as far North as you are there is a ceiling on rents but tenants like new construction. I would think the price per unit range would be in the \$225k to \$275k depending on amenities and level of finishes.
Newmark	5.25%-5.50%	Rates have certainly jumped up 100-150 BPS over the last 18-24 months in Raleigh/Durham. With interest rates backing down I think this range is correct. Raleigh and Durham are pretty comparable markets and usually trade with similar cap rates and price per unit metrics.

11.8.3 Debt Capital Markets Indicators

Capitalization Rate Variables

Mortgage Interest Rate	6.50%
Loan Term (Years)	30
Loan To Value Ratio	70%
Debt Coverage Ratio	1.25
Equity Dividend Rate	8.00%

Band of Investment Analysis

Mortgage Constant	x	Loan Ratio	=	Contributions
0.076	x	70%	=	5.31%
Equity Dividend Rate		Equity Ratio		
8.00%	x	30%	=	2.40%
Band of Investment Capitalization Rate				7.71%

11.8.4 Investor Surveys

Type	Survey Period	Low	High	Average
PWC Real Estate Investor Survey	Q4 2023	4.00%	8.00%	5.59%
Averages:		4.00%	8.00%	5.59%

11.8.5 Capitalization Rate Pressures

Risk Factor	Considerations	Pressure Impact
Income Characteristics	Stability of cash flow, risk of tax reassessment, above/below market rents	↔
Physical Characteristics	Community quality and condition, appeal relative to market competitors	↔
Location	Proximity to jobs hubs and support services, demographics & life cycle trends	↔
Market	Rental rate & occupancy trends, risk of new supply or regulatory issues	↔
Highest & Best Use	Downside risk for casualty or upside potential for development or expansion	↔
Age of Improvements	Effective age considerations of subject property	↔
Economic Conditions	Current economic market trends	▲
Overall Cap Rate Pressure		▲

Overall, the various risk factors present an upward pressure on the capitalization rate conclusion.

11.8.6 Capitalization Rate Analyses Summary & Conclusion

Method	Low	High	Average
Improved Comparable Sales	4.80%	5.70%	5.06%
Investor Surveys - Averages	4.00%	8.00%	5.59%
Method	Concluded Rates		
Band of Investment	7.71%		
Reconciled Capitalization Rate:		5.50%	

11.9 Direct Capitalization Conclusion

Upon Stabilization	6/1/2025
Effective Gross Income	\$1,908,047
Expenses	\$697,839
Net Operating Income	\$1,210,207
Capitalization Rate	5.50%
Indicated Upon Stabilization Value	\$22,003,770
Rounded Upon Stabilization Value Conclusion	\$22,000,000

Upon Completion	9/1/2024
Indicated Upon Stabilization Value	\$22,003,770
Adjustments to Value	
Lease Up	-\$700,000
Indicated Upon Completion Value	\$21,303,770
Rounded Upon Completion Value Conclusion	\$21,300,000

As Is	2/27/2024
Indicated Upon Stabilization Value	\$22,003,770
Adjustments to Value	
Remaining Construction Costs	TBD
Lease Up	-\$700,000
Indicated As Is Value	TBD
Rounded As Is Value Conclusion	TBD

11.10 Lease-Up

Our lease-up projection is shown below.

Pro Forma EGI	\$1,798,517
Pro Forma Expenses	\$657,781
Pro Forma NOI	\$1,140,736
Starting Physical Occupancy	5%
Starting Economic Occupancy	5%
Total Absorption Period (Months)	9
Expense Percentage at Beginning of Period	60%

Month	Forecast %		Pro		Forecast %		Pro		NOI Loss (Difference)		Present Value NOI Loss @ 0.0%
	Forecast % of EGI Earned	Forma EGI	Forecast EGI	Pro Expenses Incurred	Forma Expenses	Forecast Expenses	Forma NOI	Forecast NOI	Between Stabilized and Actual)		
1	5%	\$149,876	\$7,888	60%	\$54,815	\$32,889	\$95,061	(\$25,001)	\$120,062	\$120,062	
2	16%	\$149,876	\$23,665	64%	\$54,815	\$35,325	\$95,061	(\$11,661)	\$106,722	\$106,722	
3	26%	\$149,876	\$39,441	69%	\$54,815	\$37,761	\$95,061	\$1,680	\$93,382	\$93,382	
4	37%	\$149,876	\$55,218	73%	\$54,815	\$40,198	\$95,061	\$15,020	\$80,041	\$80,041	
5	47%	\$149,876	\$70,994	78%	\$54,815	\$42,634	\$95,061	\$28,360	\$66,701	\$66,701	
6	58%	\$149,876	\$86,771	82%	\$54,815	\$45,070	\$95,061	\$41,700	\$53,361	\$53,361	
7	68%	\$149,876	\$102,547	87%	\$54,815	\$47,506	\$95,061	\$55,041	\$40,021	\$40,021	
8	79%	\$149,876	\$118,323	91%	\$54,815	\$49,943	\$95,061	\$68,381	\$26,680	\$26,680	
9	89%	\$149,876	\$134,100	96%	\$54,815	\$52,379	\$95,061	\$81,721	\$13,340	\$13,340	
Subtotal									\$600,311	\$600,311	
Entrepreneurial Profit for Lease Up Risk									\$120,062	\$120,062	
Total Income Loss									\$720,373	\$720,373	
Total Income Loss Rounded									\$700,000	\$700,000	

We assume the property will be 5% pre-leased and will lease approximately 10 units per month for a total lease-up period of 9 months from completion. We projected a slightly longer lease-up period due to the unit size of the subject property. Smaller properties have a smaller number of units to lease and often trail larger properties on a leased units per month basis.

Our lease-up projections are supported by the following absorption comparables.

Property Name	City	Year Built	Total Units	% Pre-Leased	Absorption (Units/Mo)
Cortland Bull City	Durham	2020	342	0.29%	12.1
Univeristy City	Durham	2020	269	5.20%	14.0
Brizo	Durham	2020	260	13.42%	18.1
The Ramsey	Durham	2022	240	17.08%	12.1
Foster on the Park	Durham	2020	164	5.94%	10.0
Atlas Durham	Durham	2022	171	4.09%	10.0
Weighted Avg					13.1

12.0 VALUE CONCLUSION

12.1.1 Valuation Approach Reconciliation

Partner considered multiple approaches to value in determining our final value conclusion. As the subject property is income producing, the Income Capitalization Approach is given primary weight in our reconciliation, however, this conclusion is additionally supported by the other approaches.

Valuation Approach	As Is	Upon Completion	Upon Stabilization
Cost Approach	TBD	\$20,800,000	\$21,500,000
Sales Comparison Approach	TBD	\$20,500,000	\$21,200,000
Income Capitalization Approach	TBD	\$21,300,000	\$22,000,000
Reconciled Value Conclusion	TBD	\$21,300,000	\$22,000,000

12.1.2 Valuation Approach Reconciliation

Pursuant to the analyses presented herein, and subject to the definitions, assumptions, and limiting conditions expressed in this report, our opinion of value is as follows:

Premise	Interest Appraised	Effective Date	Value Conclusion
Market Value As Is	Fee Simple	February 27, 2024	TBD
Prospective Market Value Upon Completion	Fee Simple	September 1, 2024	\$21,300,000
Prospective Market Value Upon Stabilization	Fee Simple	June 1, 2025	\$22,000,000

Please note that the values shown above are in draft form. We are still awaiting cost to complete figures from Partner ESI. Upon completion of their cost to complete report, we will deduct these costs to arrive at our as is value.

Extraordinary Assumptions

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

1. We assume all construction is completed in a timely and workmanlike manner and in line with budgets and timelines provided to us.
2. We were not provided with the total proposed GBA of the entire property. We assume a 20% increase over net leasable area. We assume the GBA of the property to be 108,065 SF.
3. We assume that delinquent taxes, interest, and penalties will be paid by the owner prior to any transfer of the subject property.

Hypothetical Conditions

Our value opinion is not subject to any hypothetical conditions.

12.1.3 Marketing & Exposure Time

Based on our review of current market transaction timing and discussions with market participants, our concluded Marketing & Exposure time are as follows:

Conclusion	Timing
Exposure Time	3-6 Months
Marketing Time	3-6 Months

As support for our concluded Exposure and Marketing periods, we reviewed the following Apartment PwC Real Estate Survey:

National Data		
All		
US		
Marketing Time (months)	Range	2 - 15
	Average	6

Source: PwC Real Estate Survey Q4 2023

13.0 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 subject of this report, and no personal interest or bias with respect to the parties involved or property.
4. Erica Butler, MAI and Joseph Miller, MAI, MRICS have 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 acceptance of this assignment.
5. Our engagement in this assignment was neither contingent upon developing or reporting predetermined results, nor is our compensation for completing this assignment 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.
6. 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 applicable state appraisal regulations.
7. 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.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. Erica Butler, MAI has made a personal inspection of the property that is the subject of this report. Joseph Miller, MAI, MRICS has not personally inspected the subject.
10. Significant real property assistance was provided by Erik McGill, who has not signed this certification, including conducting research on the subject and transactions involving comparable properties, performing appraisal analyses, and assisting in report writing.
11. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
12. As of the date of this report, Erica Butler, MAI and Joseph Miller, MAI, MRICS have completed the continuing education program for Designated Members of the Appraisal Institute.

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14.0 ASSUMPTIONS & LIMITING CONDITIONS

A. VALUATION SERVICE PROVIDER. Partner Valuation Advisors, LLC ("PVA") is a real estate appraisal and advisory firm with expertise in valuation services. PVA is a separate legal entity possessing some common ownership and management services with Partner Assessment Corporation, Inc. ("PAC"). PVA are not experts in engineering, environmental assessments and conditions (including but not limited soil and subsoil matters), zoning/regulatory compliance, seismic, survey, and/or title matters, and the purpose of this engagement does not include an expectation from the Client that any or all of such services have been or will be provided without the need for a separate engagement of such services from an outside entity which will be subject to a separate limitation of liability. If any such services are separately provided and referenced in our report, and if such services are found to be in error which causes a material impact on our value conclusion, PVA reserves the right to amend our value opinion accordingly. If any environmental impact statement is required by law, the report assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.

B. FORECAST UNCERTAINTY. All work product we deliver to you (collectively called "report") represents an opinion of value, based on historical information and forecasts of property and market performance and conditions. Actual results may vary from those forecast in the report.

C. RELIANCE PARTY. The report is confidential to the party to whom it is addressed and those other intended users specified in the report for the specific purpose to which it refers. Use of the report for any other purpose or use by any party not identified as an intended user of the report without our prior written consent is prohibited, and we accept no responsibility for any use of the report in violation of the terms of this Agreement. Neither the whole report, nor any part, nor reference thereto, may be referenced or published in any manner without our prior written approval.

D. HAZARDOUS MATERIAL EXCLUSION. Unless specifically noted, in preparing the Appraisal Report, PVA will not be considering the possible existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (collectively, "Hazardous Material") on or affecting the Property, or the cost of encapsulation or removal thereof. Further, Client represents that there is no major or significant deferred maintenance of the Property that would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, at Client's discretion and direction, and are not covered as part of the Appraisal fee.

E. TAX MATTERS. In the event Client intends to use the Appraisal Report in connection with a tax matter, Client acknowledges that PVA provides no warranty, representation or prediction as to the outcome of such tax matter. Client understands and acknowledges that any relevant taxing authority (whether the Internal Revenue Service or any other federal, state or local taxing authority) may disagree with or reject the Appraisal Report or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect additional taxes, interest, penalties or fees from Client beyond what may be suggested by the Appraisal Report. Client agrees that PVA shall have no responsibility or liability to Client or any other party for such taxes, interest, penalties or fees and that Client will not seek damages or other compensation from PVA relating to any such taxes, interest, penalties or fees imposed on Client, or for any attorneys' fees, costs or other expenses relating to Client's tax matters.

F. INFORMATION RELIANCE. The appraisal process requires our evaluation of information from a wide variety of sources including the Client, its agents, and other sources. We have assumed that all information furnished by others is correct and complete, up to date and can be relied upon, but no warranty is given for its accuracy. We do not accept responsibility for erroneous information provided by others. We assume that no information that has material effect on our appraisal has been withheld. We are not liable for any deficiency in the report arising from the inaccuracy or insufficiency of such information, documents and assumptions.

G. MARKETABLE TITLE. We assume each property has a good and marketable title, including but not limited to, no encumbrances, restrictions, easements, or other adverse title conditions, which would have a material effect on the value of the interest under consideration. There is no material litigation pending involving the property.

H. REGULATORY COMPLIANCE. We assume that the property possesses and/or is compliance with all required licenses, certificates of occupancy, consents, environmental regulations, and other legislative or administrative requirements from any local, state, or national government or private entity or organization, or possession or compliance can be obtained or renewed for any use on which the opinion of value contained in this report is based.

I. FLOOD RISK. We may have reviewed available flood maps and may have noted in the report whether the property is generally located within or out of an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property. Any opinion of value we include in our report assumes that the floodplain and/or wetlands interpretations are accurate.

J. ADDITIONAL SERVICES. Client agrees that if PVA is subpoenaed or ordered to give testimony, produce documents or information, or otherwise required or requested by Client or a third party to participate in meetings, phone calls, conferences, litigation or other legal proceedings (including preparation for such proceedings) because of, connected with or in any way pertaining to this

engagement, the Appraisal Report, the Appraiser's or PVA's expertise, or the Property, Client shall pay PVA's additional costs and expenses, including, but not limited to PVA's attorneys' fees, and additional time incurred by PVA based on PVA's then-prevailing hourly rates and related fees. Such charges include and pertain to, but are not limited to, time spent in preparing for and providing court room testimony, depositions, travel time, mileage and related travel expenses, waiting time, document review and production, and preparation time (excluding preparation of the Appraisal Report), meeting participation, and PVA's other related commitment of time and expertise. Hourly charges and other fees for such participation will be provided upon request. In the event Client requests additional appraisal services beyond the scope and purpose stated in the Agreement, Client agrees to pay additional fees for such services and to reimburse related expenses, whether or not the completed report has been delivered to Client at the time of such request.

K. CONSTRUCTION RISK. Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.

L. PRUDENT OPERATION. The property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.

M. DATA VISUALS. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report.

N. VALUE ALLOCATIONS. Any allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal are not valid for any such use.

O. FURNITURE, FIXTURES, & EQUIPMENT. All furnishings, equipment, and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal are not valid for any such use.

P. PROPERTY BOUNDARIES & ENCHROACHMENTS. We did not conduct a formal survey of the property and assume no responsibility for any survey matters. The Client has supplied the spatial data, including sketches and/or surveys included in the report, and we assume that data is correct up to date and can be relied upon.

Q. TENANT CREDIT RISK. We have not made any investigation of the financial standing of actual or prospective tenants unless specifically noted in the report. Where properties are valued with the benefit of leasing, we assume, unless are informed otherwise, that the tenants are capable of meeting their financial obligations under their leases, all rent and other amounts payable under the lease have been paid when due, and that there are no undisclosed breaches of the leases.

R. RELIANCE. No party shall be allowed to use or rely on any report(s) or information generated in the completion of this project until payment in full is made to PVA for any outstanding invoices related to the Services rendered. Client understands that Services governed by this Agreement are strictly for their sole use and benefit. The parties expressly agree that no third party, including, but not limited to, any heirs, devisees, representatives, successors, assigns, affiliates, and subsidiaries of the parties or any partnership, corporation or other entity controlled by the parties or which control the parties, may rely on or raise any claim relating to the Services or this Agreement. Client shall not disseminate, distribute, make available or otherwise provide our Appraisal Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties) except to (i) any third party expressly acknowledged in a signed writing by PVA as an "Intended User" of the Appraisal Report provided that either PVA has received an acceptable release from such third party with respect to such Appraisal Report or Client provides acceptable indemnity protections to PVA against any claims resulting from the distribution of the Appraisal Report to such third party, (ii) any third party service provider (including rating agencies and auditors) using the Appraisal Report in the course of providing services for the sole benefit of an Intended User, or (iii) as required by statute, government regulation, legal process, or judicial decree. In the event PVA consents, in writing, to Client incorporating or referencing the Appraisal Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided PVA with complete copies of such materials and PVA has approved all such materials in writing. Client shall not modify any such materials once approved by the PVA. In the absence of satisfying the conditions of this paragraph H with respect to a party who is not designated as an Intended User, in no event shall the receipt of an Appraisal Report by such party extend any right to the party to use and rely on such report, and PVA shall have no liability for such unauthorized use and reliance on any Appraisal Report. Furthermore, the conclusions and any permitted reliance on and use of the Appraisal Report shall be subject to the assumptions, limitations, and qualifying statements contained in the report.

APPENDIX A: QUALIFICATIONS



Experience Summary

Erica Butler, MAI is the Executive Vice President for Partner Valuation Advisors for North and South Carolina.

Licensed in North Carolina, South Carolina, and Virginia, she has experience appraising industrial, multi-tenant office and retail buildings, adaptive reuse properties, easement valuation, childcare centers, shopping centers, and special use properties such as religious facilities, schools and racetracks.



Highlights

- 12 years of valuation experience
- Currently serves as the Secretary of the North Carolina Chapter of the Appraisal Institute and will be President in 2027

Education

- Bachelor of Arts in Communications Studies, University of North Carolina, Chapel Hill
- Lambda Pi Eta, Communications Studies Honor Society

Professional Affiliations

Appraisal Institute

MAI Designation

Secretary (2023), *North Carolina Chapter of the Appraisal Institute*

Public Relations Committee Chair, *North Carolina Chapter of the Appraisal Institute*

Appraisal Licenses

North Carolina

South Carolina

Virginia

Contact

ebutler@partnerval.com



NORTH CAROLINA APPRaisal BOARD

APPRAISER QUALIFICATION CARD

REGISTRATION / LICENSE / CERTIFICATE HOLDER

ERICA BUTLER

23

A8130
APPRAISER NUMBER

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TYPE

24

Y
NATIONAL REGISTRY



Appraiser's Signature



Executive Director

EXPIRES JUNE 30, 2024



Experience Summary

Joseph Miller serves as Managing Director of Partner Valuation Advisors. Mr. Miller has over 10 years of commercial real estate appraisal experience appraising retail, office, senior housing, industrial, multifamily, self-storage and special use assets and has appraised commercial real estate in all 50 States as well as Canada, Mexico, and Puerto Rico. Mr. Miller has experience in the core three properties (retail, office and industrial). Mr. Miller has also appraised over 25 stone, gravel and sand quarries around the United States. He currently serves as the National Practice Lead of the Retail valuation practice as well as specialty assets.



Mr. Miller has significant experience leading multi-state portfolios and has appraised some of the commercial properties in the United States including The Old Post Office redevelopment (Chicago, IL), Hudson Yards (New York, NY), Lincoln Yards (Chicago, IL), Wynn Encore and Plaza Retail (Las Vegas, NV), and Parkmerced (San Francisco, CA). Mr. Miller was named a retail influencer by Globe Street and is sought out as a top valuation expert.

Prior to Partner Valuation Advisors, Mr. Miller served as Managing Director and National Practice Lead – Retail at JLL Valuation Advisory from 2016 – 2022. From 2010 – 2016, Mr. Miller served as a Director of Integra Realty Resources (IRR) Chicago.

Highlights

- 10+ Years of Commercial Real Estate Appraisal Experience
- National Practice Lead – Retail
- Founding Member – Partner Valuation Advisors

Education & Affiliations

Bachelor of Arts – Accounting – Loyola University Chicago – 2010

Master's in the Science of Accountancy – Loyola University Chicago – 2011

Appraisal Institute – Designated Member

Royal Institute of Chartered Surveyors - Member

Appraisal Licenses

Alabama	Illinois	Nebraska	Rhode Island
Alaska	Indiana	Nevada	South Carolina
Arizona	Iowa	New Hampshire	South Dakota
Arkansas	Kansas	New Jersey	Tennessee
California	Kentucky	New Mexico	Texas
Colorado	Louisiana	New York	Utah
Connecticut	Maine	North Carolina	Vermont
District of Columbia	Maryland	North Dakota	Virginia
Florida	Massachusetts	Ohio	Washington
Georgia	Michigan	Oklahoma	West Virginia
Hawaii	Minnesota	Oregon	Wisconsin
Idaho	Missouri	Pennsylvania	Wyoming

Contact

jmiller@partnerval.com



NORTH CAROLINA
APPRaisal BOARD

APPRAISER QUALIFICATION CARD

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APPRaiser NUMBER

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TYPE

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NATIONAL REGISTRY

Appraiser's Signature

Executive Director

EXPIRES JUNE 30, 2024

APPENDIX B: DEFINITIONS

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed (Chicago: Appraisal Institute, 2015), unless otherwise noted.

Amenity

A tangible or intangible benefit of real property that enhances its attractiveness or increases the satisfaction of the user. Natural amenities may include a pleasant location near water or a scenic view of the surrounding area; man-made amenities include swimming pools, tennis courts, community buildings, and other recreational facilities.

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.

Class of Apartment Property

For the purposes of comparison, apartment properties are grouped into three classes. These classes represent a subjective quality rating of buildings, which indicates the competitive ability of each building to attract similar types of tenants. Combinations of factors such as rent, building finishes, system standards and efficiency, building amenities, location/accessibility, and market perception are used as relative measures.

- **Class A** apartment properties are the most prestigious properties competing for the premier apartment tenants, with rents above average for the area. Buildings have high-quality standard finishes, architectural appeal, state-of-the-art systems, exceptional accessibility, and a definite market presence.
- **Class B** apartment properties compete for a wide range of users, with rents in the average range for the area. Class B buildings do not compete with Class A buildings at the same price. Building finishes are fair to good for the area, and systems are adequate.
- **Class C** apartment properties compete for tenants requiring functional space at rents below the average for the area. Class C buildings are generally older, and are lower in quality and condition.

(Adapted from "Class of Office Building" in *The Dictionary of Real Estate Appraisal*.)

Date of Value

The date to which the appraiser's analyses, opinions, and conclusions apply; also referred to as the effective date of value.

Deferred Maintenance

Needed repairs or replacement of items that should have taken place during the course of normal maintenance.

Depreciation

A loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

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.

Disposition Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a future exposure time specified by the client.
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 specified by the client.
8. Payment will be made in cash in U.S. dollars 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.
10. This definition can also be modified to provide for valuation with specified financing terms.

Effective Date of Appraisal

The date to which the appraiser's analyses, opinions, and conclusions apply; also referred to as date of value.

Entrepreneurial Profit

A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project 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. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Excess Land

Excess Land: Land that is not needed to serve or support the existing improvement. 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 may have the potential to be sold separately and is valued independently.

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.

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in the analysis which, if found to be false, could alter the appraiser's opinions of conclusions.

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 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.

Garden/Low Rise Apartments

A multifamily development of two- or three-story, walk-up structures built in a garden-like setting; customarily a suburban or rural-urban fringe development. (*Source: Appraisal Institute*)

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 region.

Highest and Best Use

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value.

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.

Lease

A contract in which rights to use and occupy land or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).

Leasehold Interest

The tenant's possessory interest created by a lease.

Liquidation Value

The most probable price that a specified interest in real 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 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.

Marketing Time

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.

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements.

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.

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

Mid/High-Rise Apartment Building

A multifamily building with four or more stories, typically elevator-served. (Source: *Appraisal Institute*)

Multifamily Property Type

Residential structure containing five or more dwelling units with common areas and facilities.

(Source: *Appraisal Institute Commercial Data Standards and Glossary of Terms, Chicago, Illinois, 2004 [Appraisal Institute]*)

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 Floor Area (RFA)

Rentable area shall be computed by measuring inside finish of permanent outer building walls or from the glass line where at least 50% of the outer building wall is glass. Rentable area shall also include all area within outside walls less stairs, elevator shafts, flues, pipe shafts, vertical ducts, air conditioning rooms, fan rooms, janitor closets, electrical closets, balconies and such other rooms not actually available to the tenant for his furnishings and personnel and their enclosing walls. No deductions shall be made for columns and projections unnecessary to the building.

(Source: *Income/Expense Analysis, 2013 Edition – Conventional Apartments, Institute of Real Estate Management, Chicago, Illinois*)

Replacement Cost

The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design and layout.

Room Count

A unit of comparison used primarily in residential appraisal. No national standard exists on what constitutes a room. The generally accepted method is to consider as separate rooms only those rooms that are effectively divided and to exclude bathrooms.

Stabilized Income

Income at that point in time when abnormalities in supply and demand or any additional transitory conditions cease to exist and the existing conditions are those expected to continue over the economic life of the property; projected income that is subject to change, but has been adjusted to reflect an equivalent, stable annual income.

Surplus Land

Surplus Land: Land that is not currently needed to support the existing improvement but cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.

APPENDIX C: FINANCIALS AND PROPERTY INFORMATION

RKW Residential // Summer Meadows Apartments // Operating Budget

Total Other Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capitalized Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
904,000 CAPEX-Building-Common Area	*	*	*	*	*	*	*	*	*	*	*	*	*	*
905,000 CAPEX-Building-Exterior	*	*	*	*	*	*	*	*	*	*	*	*	*	*
910,000 CAPEX-Camp Reimbursement	*	*	*	*	*	*	*	*	*	*	*	*	*	*
910,000 CAPEX-Ceiling Fan/Fixtures	*	*	*	*	*	*	*	*	*	*	*	*	*	*
910,000 CAPEX-Clubhouse	*	*	*	*	*	*	*	*	*	*	*	*	*	*
910,000 CAPEX-Dispenser	*	*	*	*	*	*	*	*	*	*	*	*	*	*
910,000 CAPEX-Furniture	*	*	*	*	*	*	*	*	*	*	*	*	*	*
912,000 CAPEX-Equipment	*	*	*	*	*	*	*	*	*	*	*	*	*	*
915,000 CAPEX-Fire Protection/Life Safety	*	*	*	*	*	*	*	*	*	*	*	*	*	*
918,000 CAPEX-Gated Community Areas	*	*	*	*	*	*	*	*	*	*	*	*	*	*
912,000 CAPEX-Gate/Fence	*	*	*	*	*	*	*	*	*	*	*	*	*	*
912,000 CAPEX-HVAC	*	*	*	*	*	*	*	*	*	*	*	*	*	*
912,000 CAPEX-Interior Upgrades	*	*	*	*	*	*	*	*	*	*	*	*	*	*
912,000 CAPEX-Interior Improvements	*	*	*	*	*	*	*	*	*	*	*	*	*	*
912,000 CAPEX-Exterior Site Improvements	*	*	*	*	*	*	*	*	*	*	*	*	*	*
913,000 CAPEX-Landscaping	*	*	*	*	*	*	*	*	*	*	*	*	*	*
913,000 CAPEX-Main Gatehouse	*	*	*	*	*	*	*	*	*	*	*	*	*	*
913,000 CAPEX-Lighting	*	*	*	*	*	*	*	*	*	*	*	*	*	*
916,000 CAPEX-Marketing	*	*	*	*	*	*	*	*	*	*	*	*	*	*
918,000 CAPEX-Materials-Tools/Drugs	*	*	*	*	*	*	*	*	*	*	*	*	*	*
914,000 CAPEX-Other	*	*	*	*	*	*	*	*	*	*	*	*	*	*
914,000 CAPEX-Painting	*	*	*	*	*	*	*	*	*	*	*	*	*	*
915,000 CAPEX-Post/Pole/Rail Lot	*	*	*	*	*	*	*	*	*	*	*	*	*	*
915,000 CAPEX-Pest Control	*	*	*	*	*	*	*	*	*	*	*	*	*	*
916,000 CAPEX-Ramps	*	*	*	*	*	*	*	*	*	*	*	*	*	*
916,000 CAPEX-Signage/Logos	*	*	*	*	*	*	*	*	*	*	*	*	*	*
916,000 CAPEX-Roof-Repair-Major	*	*	*	*	*	*	*	*	*	*	*	*	*	*
916,000 CAPEX-Stamping Costs	*	*	*	*	*	*	*	*	*	*	*	*	*	*
917,000 CAPEX-Stamping Costs	*	*	*	*	*	*	*	*	*	*	*	*	*	*
945,100 CAPEX-Starting Costs - Marketing	*	*	*	*	*	*	*	*	*	*	*	*	*	*
916,200 CAPEX-Starting Costs - Purchasing	*	*	*	*	*	*	*	*	*	*	*	*	*	*
916,300 CAPEX-Starting Costs - Operating Deficit	*	*	*	*	*	*	*	*	*	*	*	*	*	*
916,300 CAPEX-Van/Tires	*	*	*	*	*	*	*	*	*	*	*	*	*	*
917,000 CAPEX-Starting Costs - Ovios	*	*	*	*	*	*	*	*	*	*	*	*	*	*
920,000 CAPEX-Assets Capitalized	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Total Capitalized Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET INCOME (L/LOSS)	909,325	4,381	9,123	8,823	8,935	46,121	98,469	122,824	123,041	123,823	124,216	124,464	123,985	909,325

RKW Residential // // Summer Meadows Apartments // GPR Worksheet

Unit Type	# of Units	SF	Mix %	\$/unit	\$ PSF	Total SF
Studio	-	-	0%	\$ -	\$ -	-
1x1	24	830	29%	\$ 1,478	\$ 1.78	19,920
2x2	47	1,150	57%	\$ 1,746	\$ 1.52	54,042
3x2	12	1,341	14%	\$ 2,275	\$ 1.70	16,092
TH	-	-	0%	\$ -	\$ -	-
SFR	-	-	0%	\$ -	\$ -	-
Total/Avg	83	1,085		\$ 1,745	\$ 1.61	90,054

Unit Type	# of Units	SF	Base Rent	Total Rent	PSF	Total SF
1x1	12	757	\$ 1,425	\$ 17,100	\$ 1.88	9,084
1x1	12	903	\$ 1,530	\$ 18,360	\$ 1.69	10,836
2x2	12	1,094	\$ 1,675	\$ 20,100	\$ 1.53	13,128
2x2	23	1,170	\$ 1,780	\$ 40,940	\$ 1.52	26,910
2x2	12	1,167	\$ 1,750	\$ 21,000	\$ 1.50	14,004
3x2	12	1,341	\$ 2,275	\$ 27,300	\$ 1.70	16,092
Totals/Avg	83	1,085	\$ 1,745	\$ 144,800	\$ 1.61	90,054

RKW Residential // // Summer Meadows Apartments // Summary

SUMMARY				
Start Date		1/1/2024		
Property Name		Summer Meadows Apartments		
Property Location		N. Roxboro Street Durham, NC		
# of Units		83		
Square feet		90,054		

	Lease Up Budget	Per Unit	Per SF	Start Up Budget Summary
INCOME				
Market Rent	\$ 1,737,600	\$ 20,935	\$ 19.30	CAPEX-Startup Costs - Marketing
Net Market Rent	\$ 1,737,600	\$ 20,935	\$ 19.30	Total General and Administrative
Net Rental Income	\$ 1,203,303	\$ 14,498	\$ 13.36	Total Office
Other Income	\$ 181,012	\$ 2,181	\$ 2.01	Total Maintenance Start-up
Gross Income	\$ 1,384,315	\$ 16,678	\$ 15.37	Total Start Up Payroll
EXPENSES				Total Management Fee
Utility Expenses	\$ 40,038	\$ 482	\$ 0.44	
Administrative Expenses	\$ 66,857	\$ 806	\$ 0.74	
Payroll Expenses	\$ 59,526	\$ 717	\$ 0.66	
Advertising & Marketing	\$ 63,300	\$ 763	\$ 0.70	
Repairs/Maintenance	\$ 7,097	\$ 86	\$ 0.08	
Make Ready	\$ -	\$ -	\$ -	
Contract Services	\$ 57,048	\$ 687	\$ 0.63	
Management Fees	\$ 52,097	\$ 628	\$ 0.58	
Taxes & Insurance	\$ 129,027	\$ 1,555	\$ 1.43	
Total Expenses	\$ 474,990	\$ 5,723	\$ 5.27	
NET OPERATING INCOME	\$ 909,325	\$ 10,956	\$ 10.10	TOTALS

Summary
Lease Up Operating Expenses Only- Start Up Costs not included

Y
\$ 30,707
\$ 8,250
\$ 7,900
\$ 23,567
\$ -
\$ 4,500
\$ 74,925

APPENDIX D: COMPARABLES

Land Sale Comparables

Land Sale Comparable 1

Property Name:	403 Infinity Rd
Address:	403 Infinity Rd
City, State Zip:	Durham, NC 27712
County:	Durham
ID:	117473
Property Type:	Land
Property Subtype:	N/A
Tax ID(s):	N/A
Zoning:	PDR 3.280
Land Acres:	14.06
Land SF:	612,454
Usable Acres:	N/A
Excess Acres:	N/A
Topography:	Level
Shape:	Rectangular
Flood Zone:	X
Rail Access:	Unknown



Sale Information

Status:	Pending Contract	Land Acres:	14.06
Sale Date:	3/6/2024	Price Per Acre:	\$114,865
Sale Price:	\$1,615,000	Property Rights:	Fee Simple
Financing:	Conventional	Conditions of Sale:	Normal
Grantor:	Confidential	Grantee:	Confidential
Book/Page or Ref Doc:	N/A	Verification:	N/A
Traffic Count:	N/A		

Financial Detail

Sale Comments

Increase the housing supply in Durham utilizing this 14.06 acres site approved for 44 Townhouse units under current 3.2 PDR zoning. Ideal for market rate senior housing or townhouse development, church or school. Once you walk the graded site elevated 40' above Infinity Road you have an isolated tree top view of surrounding land. Developer has added 3 feet of state approved fill over graded area. Sewer easement on the West side of the site provides municipal sewer service with water in Infinity Road.

Land Sale Comparable 2

Property Name:	Shoccoree Drive Land
Address:	3940 Shoccoree Dr
City, State Zip:	Durham, NC 27705
County:	Durham
ID:	117471
Property Type:	Land
Property Subtype:	N/A
Tax ID(s):	N/A
Zoning:	RS-20
Land Acres:	16.23
Land SF:	706,979
Usable Acres:	N/A
Excess Acres:	N/A
Topography:	Level
Shape:	Irregular
Flood Zone:	X
Rail Access:	Unknown



Sale Information

Status:	Closed Sale	Land Acres:	16.23
Sale Date:	9/9/2022	Price Per Acre:	\$149,754
Sale Price:	\$2,430,500	Property Rights:	Fee Simple
Financing:	Conventional	Conditions of Sale:	Normal
Grantor:	DW Partners, LP	Grantee:	Beazer Homes
Book/Page or Ref Doc:	N/A	Verification:	N/A
Traffic Count:	N/A		

Financial Detail

Sale Comments

On September 9, 2022, 16.225 acres of land at 3940 Shoccoree Drive, Durham, North Carolina sold for \$2,430,500 or about \$149,799.69 per acre. The land is raw and rolling. It has proposed use of multi-family. All utilities are needed at the site. The zoning is RS-20.

Land Sale Comparable 3

Property Name:	4620 Guess Rd
Address:	4620 Guess Rd
City, State Zip:	Durham, NC 27712
County:	Durham
ID:	117467
Property Type:	Land
Property Subtype:	N/A
Tax ID(s):	N/A
Zoning:	RS-20
Land Acres:	30.00
Land SF:	1,306,800
Usable Acres:	N/A
Excess Acres:	N/A
Topography:	Level
Shape:	Irregular
Flood Zone:	X
Rail Access:	Unknown



Sale Information

Status:	Closed Sale	Land Acres:	30.00
Sale Date:	4/29/2022	Price Per Acre:	\$198,733
Sale Price:	\$5,962,000	Property Rights:	Fee Simple
Financing:	Conventional	Conditions of Sale:	Normal
Grantor:	Austin Williams	Grantee:	KLLB AIV LLC
Book/Page or Ref Doc:	N/A	Verification:	N/A
Traffic Count:	N/A		

Financial Detail

Sale Comments

On April 29, 2022, land in Durham County, NC was sold for \$5,692,000, or approximately \$198,733 per acre. The level, raw land totals 30 acres and is well situated at 4620 Guess Rd in Durham, NC 27712.

Improved Sale Comparables

Improved Sale Comparable 1

Property Name:	Conclave Glenwood
Address:	3221 Glenhill Dr
City, State Zip:	Raleigh, NC 27612
County:	Wake
Property Type:	Multi-Family
Property Subtype:	Garden/Low-Rise
Land Acres:	10.96
Land SF:	477,418
Land-to-Bldg Ratio:	2.3
Year Built:	2022
Parking Spaces/Unit:	0.0



Sale Information

Status:	Closed Sale	Units:	248
Sale Date:	2/23/2024	Price per Unit:	\$243,952
Sale Price:	\$60,500,000	Property Rights:	Leased Fee
Financing:	Conventional	Conditions of Sale:	N/A
Grantor:	Novare Group	Grantee:	Aldon Management
TOS Cap Rate:	5.00%	TOS Occupancy:	84.9%
GBA:	210,308	RA:	210,304
Avg. Unit Size:	848	Rent Restrictions:	N/A

Project Amenities

Parking - Lot, Business Center, Fitness Room, Clubhouse/Rec. Bldg., Swimming Pool, BBQ/Grill/Picnic Area

Unit Features

Refrigerator, Garbage Disposal, Stainless Steel Appliances, Washer/Dryer In Unit, Stove/Oven, Microwave, Dishwasher, Air Conditioning, Walk-in Closets, Patios/Balcony, Granite/Stone Countertops

Sale Comments

On February 23, 2024 Conclave Glenwood sold for \$60,500,000 or \$243,952 per unit. The property was 84.9% occupied at the time of sale and still going through lease-up. The property was built in 2022 and contains 248 units.

Improved Sale Comparable 2

Property Name:	Villages of Sunnybrook
Address:	2421 Brightcreek Falls Trl
City, State Zip:	Raleigh, NC 27610
County:	Wake
Property Type:	Multi-Family
Property Subtype:	Garden/Low-Rise
Land Acres:	32.46
Land SF:	1,413,958
Land-to-Bldg Ratio:	3.9
Year Built:	2023
Parking Spaces/Unit:	0.0



Sale Information

Status:	Closed Sale	Units:	384
Sale Date:	1/29/2024	Price per Unit:	\$225,260
Sale Price:	\$86,500,000	Property Rights:	Leased Fee
Financing:	Conventional	Conditions of Sale:	Normal
Grantor:	The Halle Companies	Grantee:	Apartment Income REIT
TOS Cap Rate:	5.70%	TOS Occupancy:	79.4%
GBA:	360,000	RA:	342,144
Avg. Unit Size:	891	Rent Restrictions:	N/A

Project Amenities

Garage/Under Building, Parking - Lot, Business Center, Fitness Room, Tennis Court, Volleyball, Basketball, Clubhouse/Rec. Bldg., Playground, Swimming Pool, Spa/Hot Tub, Pet Area, BBQ/Grill/Picnic Area

Unit Features

Refrigerator, Garbage Disposal, Stainless Steel Appliances, Washer/Dryer In Unit, Stove/Oven, Microwave, Dishwasher, Air Conditioning, Walk-in Closets, Patios/Balcony, Granite/Stone Countertops

Sale Comments

The Halle Companies sold 384 units of Multi Family space to Apartment Income REIT for \$86,500,000 or \$225,260/unit. The pro forma net operating income for 2024 once the occupancy is stabilized was reported to be \$4,930,500 yielding a pro forma cap rate of 5.7%. The property was reportedly 79.4% and still undergoing lease up.

Improved Sale Comparable 3

Property Name:	Arlow Blue Ridge
Address:	601 McCaw Bridge St
City, State Zip:	Raleigh, NC 27606
County:	Wake
Property Type:	Multi-Family
Property Subtype:	Garden/Low-Rise
Land Acres:	11.40
Land SF:	496,584
Land-to-Bldg Ratio:	1.6
Year Built:	2022
Parking Spaces/Unit:	0.0



Sale Information

Status:	Closed Sale	Units:	280
Sale Date:	9/28/2023	Price per Unit:	\$263,036
Sale Price:	\$73,650,000	Property Rights:	Leased Fee
Financing:	Conventional	Conditions of Sale:	Normal
Grantor:	r	Grantee:	BEL Blue Ridge Limited Partnership
TOS Cap Rate:	4.80%	TOS Occupancy:	78.2%
GBA:	302,511	RA:	260,960
Avg. Unit Size:	932	Rent Restrictions:	N/A

Project Amenities

Parking - Lot, Business Center, Fitness Room, Clubhouse/Rec. Bldg., Movie/Theater Room, Swimming Pool, Pet Area, BBQ/Grill/Picnic Area

Unit Features

Refrigerator, Garbage Disposal, Stainless Steel Appliances, Washer/Dryer In Unit, Stove/Oven, Microwave, Dishwasher, Air Conditioning, Walk-in Closets, Patios/Balcony, Granite/Stone Countertops

Sale Comments

Shelton McNally Real Estate Partners sold 280 units of Multi Family space to Eaton Vance for \$73,650,000 or \$263,036/unit.

Improved Sale Comparable 4

Property Name:	Brizo Luxury Apartments
Address:	1108 Merrion Ave
City, State Zip:	Durham, NC 27703
County:	Durham
Property Type:	Multi-Family
Property Subtype:	Garden/Low-Rise
Land Acres:	13.46
Land SF:	586,318
Land-to-Bldg Ratio:	1.4
Year Built:	2019
Parking Spaces/Unit:	0.0



Sale Information

Status:	Closed Sale	Units:	260
Sale Date:	9/20/2023	Price per Unit:	\$269,231
Sale Price:	\$70,000,000	Property Rights:	Leased Fee
Financing:	Conventional	Conditions of Sale:	Normal
Grantor:	LivCor LLC	Grantee:	AIR Communities
TOS Cap Rate:	5.00%	TOS Occupancy:	100.0%
GBA:	406,596	RA:	276,380
Avg. Unit Size:	1,063	Rent Restrictions:	N/A

Project Amenities

Garage/Under Building, Business Center, Fitness Room, Clubhouse/Rec. Bldg., Swimming Pool, Pet Area, BBQ/Grill/Picnic Area

Unit Features

Refrigerator, Garbage Disposal, Stainless Steel Appliances, Washer/Dryer In Unit, Stove/Oven, Microwave, Dishwasher, Air Conditioning, Walk-in Closets, Patios/Balcony, Granite/Stone Countertops

Sale Comments

LivCor LLC sold 260 units of Multi Family space to AIR Communities for \$70,000,000 or \$269,231/unit. The property was fully occupied at the time of sale.

Improved Sale Comparable 5

Property Name:	Villages at Olde Towne
Address:	2301 Ostracod Ln
City, State Zip:	Raleigh, NC 27610
County:	Wake
Property Type:	Multi-Family
Property Subtype:	Garden/Low-Rise
Land Acres:	42.81
Land SF:	1,864,804
Land-to-Bldg Ratio:	6.2
Year Built:	2021
Parking Spaces/Unit:	0.0



Sale Information

Status:	Closed Sale	Units:	360
Sale Date:	8/3/2023	Price per Unit:	\$234,722
Sale Price:	\$84,500,000	Property Rights:	Leased Fee
Financing:	Conventional	Conditions of Sale:	Normal
Grantor:	Halle Building Group	Grantee:	AIR Communities
TOS Cap Rate:	5.05%	TOS Occupancy:	87.2%
GBA:	300,000	RA:	332,280
Avg. Unit Size:	923	Rent Restrictions:	N/A

Project Amenities

Parking - Lot, Business Center, Fitness Room, Tennis Court, Basketball, Clubhouse/Rec. Bldg., Movie/Theater Room, Swimming Pool, Spa/Hot Tub, Pet Area, BBQ/Grill/Picnic Area

Unit Features

Refrigerator, Garbage Disposal, Stainless Steel Appliances, Washer/Dryer In Unit, Stove/Oven, Microwave, Dishwasher, Air Conditioning, Patios/Balcony, Granite/Stone Countertops

Sale Comments

Halle Building Group sold 360 units of Multi Family space to Apartment Income REIT to \$84,500,000 or \$234,722. The last reported occupancy was back in July 2023 at 87.22%. The apartment community off Rock Quarry Road totals 360 units spread across 16 buildings. Community amenities include an indoor and outdoor swimming pool, game room, fitness center, theater, VR room, resident café, work-from-home spaces, soccer field, pickleball, tennis, basketball and volleyball courts, playground, car care center, grilling stations, walking track, dog park and EV charging stations.

Improved Sale Comparable 6

Property Name:	Marquis Ellis Crossing
Address:	400 Advancement Ave
City, State Zip:	Durham, NC 27703
County:	Durham
Property Type:	Multi-Family
Property Subtype:	Garden/Low-Rise
Land Acres:	3.57
Land SF:	155,509
Land-to-Bldg Ratio:	0.5
Year Built:	2016
Parking Spaces/Unit:	0.0



Sale Information

Status:	Closed Sale	Units:	336
Sale Date:	4/28/2023	Price per Unit:	\$253,845
Sale Price:	\$85,292,000	Property Rights:	Leased Fee
Financing:	Conventional	Conditions of Sale:	Normal
Grantor:	Duck Pond Realty Management	Grantee:	CWS Capital Partners LLC
TOS Cap Rate:	4.82%	TOS Occupancy:	92.0%
GBA:	285,600	RA:	365,232
Avg. Unit Size:	1,087	Rent Restrictions:	N/A

Project Amenities

Garage/Under Building, Parking - Lot, Fitness Room, Tennis Court, Volleyball, Basketball, Clubhouse/Rec. Bldg., Playground, Swimming Pool, Pet Area, BBQ/Grill/Picnic Area

Unit Features

Refrigerator, Garbage Disposal, Stainless Steel Appliances, Washer/Dryer In Unit, Stove/Oven, Microwave, Dishwasher, Air Conditioning, Walk-in Closets, Patios/Balcony, Granite/Stone Countertops

Sale Comments

Duck Pond Realty Management sold 336 units of Multi Family space at 400 Advancement Ave to CWS Capital Partners. The reported occupancy at the time of sale was 92%.

Rent Comparables

Rent Comparable 1

Property Name:	Independence Park Apartments
Address:	215 William Penn Plaza
City, State Zip:	Durham, NC 27704
County:	Durham
Property Type:	Multi-Family
Property Subtype:	Garden/Low-Rise
Land Acres:	22.99
Land SF:	1,001,444
Land-to-Bldg Ratio:	2.3
Year Built:	2008
Parking Spaces/Unit:	0.0



Rent Survey

MF Lease Survey Date:	3/4/2024	Units:	312
Vacancy Rate:	3.9%	Avg. Unit Size:	1,070
GBA:	442,719	RA:	333,840

Project Amenities

Parking - Lot, Business Center, Fitness Room, Tennis Court, Playground, Swimming Pool, BBQ/Grill/Picnic Area

Unit Features

Refrigerator, Garbage Disposal, Stainless Steel Appliances, Washer/Dryer In Unit, Stove/Oven, Microwave, Dishwasher, Air Conditioning, Walk-in Closets, Granite/Stone Countertops

Unit Mix

Revenue Unit	Units	Vacant Units	SF	Avg King Rent/SF	Avg King Rent/Unit
1 BR/1 BA	78	794		\$1.60	\$1,269
2 BR/2 BA	156	1,106		\$1.32	\$1,462
3 BR/2 BA	78	1,274		\$1.28	\$1,630
Totals / Wtd. Average	312	0	3,174	\$0	\$0.46
					\$1,456

Rent Comparable 2

Property Name:	Clairmont at Hillandale
Address:	2901 Bertland Ave
City, State Zip:	Durham, NC 27705
County:	Durham
Property Type:	Multi-Family
Property Subtype:	Garden/Low-Rise
Land Acres:	13.33
Land SF:	580,655
Land-to-Bldg Ratio:	2.0
Year Built:	2010
Parking Spaces/Unit:	0.0



Rent Survey

MF Lease Survey Date:	3/4/2024	Units:	278
Vacancy Rate:	5.0%	Avg. Unit Size:	1,056
GBA:	286,667	RA:	293,660

Utilities Paid by Owner

Trash

Project Amenities

Garage/Under Building, Parking - Lot, Business Center, Fitness Room, Clubhouse/Rec. Bldg., Playground, Swimming Pool, BBQ/Grill/Picnic Area

Unit Features

Refrigerator, Garbage Disposal, Stainless Steel Appliances, Washer/Dryer In Unit, Stove/Oven, Microwave, Dishwasher, Air Conditioning, Walk-in Closets, Patios/Balcony, Granite/Stone Countertops

Unit Mix

Revenue Unit	Units	Vacant Units	SF	Avg. Rent/SF	Avg. Rent/Unit
1 BR/1 BA	104	802	\$2.01	\$1,615	
2 BR/2 BA	154	1,188	\$1.68	\$2,001	
3 BR/2 BA	20	1,365	\$1.47	\$2,003	
Totals / Wtd. Average	278	0	3,355	\$0.55	\$1,857

Rent Comparable 3

Property Name:	Magnolia Pointe
Address:	4801 Danube Ln
City, State Zip:	Durham, NC 27704
County:	Durham
Property Type:	Multi-Family
Property Subtype:	Garden/Low-Rise
Land Acres:	27.65
Land SF:	1,204,434
Land-to-Bldg Ratio:	2.6
Year Built:	2006
Parking Spaces/Unit:	0.0



Rent Survey

MF Lease Survey Date:	3/4/2024	Units:	266
Vacancy Rate:	6.0%	Avg. Unit Size:	1,107
GBA:	463,206	RA:	294,350

Utilities Paid by Owner

Water, Sewer, Trash

Project Amenities

Garage/Under Building, Parking - Lot, Business Center, Fitness Room, Playground, Swimming Pool, BBQ/Grill/Picnic Area

Unit Features

Refrigerator, Stove/Oven, Washer/Dryer Hookup, Air Conditioning, Walk-in Closets, Patios/Balcony

Unit Mix

Revenue Unit	Units	Vacant Units	SF	Avg. Rent/SF	Avg. Rent/Unit
1 BR/1 BA	50	823	\$1.74	\$1,429	
2 BR/2 BA	120	1,110	\$1.54	\$1,709	
3 BR/2 BA	96	1,250	\$1.58	\$1,970	
Totals / Wtd. Average	266	0	3,183	\$0.55	\$1,751

Rent Comparable 4

Property Name:	Lodge at Croasdale
Address:	3130 Hillandale Rd
City, State Zip:	Durham, NC 27705
County:	Durham
Property Type:	Multi-Family
Property Subtype:	Garden/Low-Rise
Land Acres:	39.99
Land SF:	1,741,964
Land-to-Bldg Ratio:	5.1
Year Built:	2018
Parking Spaces/Unit:	0.0



Rent Survey

MF Lease Survey Date:	3/4/2024	Units:	320
Vacancy Rate:	3.8%	Avg. Unit Size:	1,064
GBA:	340,160	RA:	340,306

Project Amenities

Garage/Under Building, Parking - Lot, Business Center, Fitness Room, Clubhouse/Rec. Bldg., Swimming Pool, Pet Area, BBQ/Grill/Picnic Area

Unit Features

Refrigerator, Garbage Disposal, Stainless Steel Appliances, Washer/Dryer In Unit, Stove/Oven, Microwave, Dishwasher, Air Conditioning, Walk-in Closets, Patios/Balcony, Granite/Stone Countertops

Unit Mix

Revenue Unit	Units	Vacant Units	SF	King Rent/SF	King Rent/Unit
1 BR/1 BA	138	842	\$1.63	\$1,374	
2 BR/2 BA	126	1,157	\$1.43	\$1,652	
2 BR/2.5 BA	28	1,330	\$1.47	\$1,953	
3 BR/2 BA	24	1,470	\$1.35	\$1,980	
3 BR/2.5 BA	4	1,452	\$1.75	\$2,544	
Totals / Wtd. Average	320	0	6,251	\$0	\$0.26
					\$1,594

Rent Comparable 5

Property Name:	Woodstone at Croasdale Farm
Address:	100 Millspring Dr
City, State Zip:	Durham, NC 27705
County:	Durham
Property Type:	Multi-Family
Property Subtype:	Garden/Low-Rise
Land Acres:	34.36
Land SF:	1,496,722
Land-to-Bldg Ratio:	3.5
Year Built:	1999
Renovation(s):	2017
Parking Spaces/Unit:	0.0



Rent Survey

MF Lease Survey Date:	3/4/2024	Units:	264
Vacancy Rate:	1.1%	Avg. Unit Size:	1,058
GBA:	427,765	RA:	279,330

Utilities Paid by Owner

Water, Sewer, Trash

Project Amenities

Garage/Under Building, Parking - Lot, Business Center, Fitness Room, Tennis Court, Clubhouse/Rec. Bldg., Swimming Pool, BBQ/Grill/Picnic Area

Unit Features

Refrigerator, Garbage Disposal, Washer/Dryer In Unit, Stove/Oven, Microwave, Dishwasher, Air Conditioning, Walk-in Closets, Patios/Balcony, Granite/Stone Countertops

Unit Mix

Revenue Unit	Units	Vacant Units	SF	Avg Rent/SF	Avg Rent/Unit
1 BR/1 BA	88		840	\$1.55	\$1,302
2 BR/2 BA	138		1,125	\$1.38	\$1,552
3 BR/2 BA	38		1,320	\$1.37	\$1,802
Totals / Wtd. Average	264	0	3,285	\$0.46	\$1,505

Rent Comparable 6

Property Name:	Lancaster Commons
Address:	2709 Western Byp
City, State Zip:	Durham, NC 27705
County:	Durham
Property Type:	Multi-Family
Property Subtype:	Garden/Low-Rise
Land Acres:	15.07
Land SF:	656,449
Land-to-Bldg Ratio:	4.8
Year Built:	2020
Parking Spaces/Unit:	0.0



Rent Survey

MF Lease Survey Date:	3/4/2024	Units:	131
Vacancy Rate:	5.0%	Avg. Unit Size:	1,042
GBA:	136,434	RA:	136,434

Project Amenities

Parking - Lot, Business Center, Fitness Room, Swimming Pool, BBQ/Grill/Picnic Area

Unit Features

Refrigerator, Garbage Disposal, Stainless Steel Appliances, Washer/Dryer In Unit, Stove/Oven, Microwave, Dishwasher, Air Conditioning, Patios/Balcony, Granite/Stone Countertops

Unit Mix

Revenue Unit	Units	Vacant Units	SF	Avg. Rent/SF	Avg. Rent/Unit
1 BR/1 BA	40	782	\$1.93	\$1,507	
2 BR/1 BA	70	1,099	\$1.89	\$2,077	
3 BR/2 BA	21	1,344	\$1.89	\$2,543	
Totals / Wtd. Average	131	0	3,225	\$0	\$0.61
					\$1,978

APPENDIX E: ENGAGEMENT LETTER

PARTNER

Valuation Advisors



February 22, 2024

Mr. Vichal Hotchandani
Consultant
Urban Standard Capital
233 Broadway, Suite 1470
New York, NY 10279

RE: Valuation & Advisory Services
433 Hebron Rd.
Durham, NC 27704

Dear Mr. Hotchandani,

Partner Valuation Advisors (PVA) is pleased to provide this proposal and engagement letter for valuation and advisory services regarding the Property.

Property Identification:	433 Hebron Rd., Durham, NC 27704
Property Type:	Multifamily
Interest:	Fee Simple
Intended Users:	Urban Standard Capital and no other intended users are intended by Partner Valuation Advisors.
Intended Use:	Loan Underwriting Purposes
Values Requested:	Market Value As Is, Prospective Market Value Upon Completion and Prospective Market Value Upon Stabilization
Valuation Approaches:	All applicable approaches
Property Inspection:	PVA will conduct a physical inspection of the properties.
Report Format:	Appraisal Report
Appraisal Requirements:	Uniform Standards of Professional Appraisal Practice (USPAP) by the Appraisal Foundation, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute
Expenses:	The fee includes the expenses pertaining to this assignment
Fee:	See Below
Delivery Date:	2 weeks from engagement and receipt of all data-\$5,200 3 weeks from engagement and receipt of all data - \$4,600
Delivery Method:	A PDF of the report will be delivered to the client identified on the engagement letter. Hard copies can be provided at the client's request for an additional fee.

The engagement letter is subject to the Terms and Conditions attached to this letter as **Exhibit A**, the Statement of Assumptions and Limiting Conditions attached to this letter as **Exhibit B**, each of which is incorporated by reference. We appreciate the opportunity to work with you on this project. Please sign a copy of this letter as confirmation of our agreements stated in this letter.

Sincerely,
Partner Valuation Advisors, LLC



Joseph M. Miller, MAI, MRICS
Managing Director
Cell: (734) 755-0877
jmiller@partnerval.com

Agreed and accepted by:
By: Urban Standard Capital

DocuSigned by:

By: _____
Name: 
D0421FEC2C874B0...
Title: Vishal Hotchandani

Vice President, West Coast

TERMS AND CONDITIONS

ENTIRE AGREEMENT. These Terms and Conditions, in combination with those documents incorporating them by reference, constitute the entire agreement (the "Agreement") to perform the described services (the "Services) between Partner as defined in the Proposal ("Partner") and the client as defined in the Proposal ("Client"), and shall be deemed a part of such Agreement as though set forth in full therein. This Agreement supersedes all prior proposals or negotiations between the parties with respect to the subject Services. These terms and conditions will also apply to any contract, change order, or purchase order document issued by the Client for future services, whether or not it is expressly incorporated by reference herein. In the event of any conflict between these terms and conditions and the provisions of any purchase order or other document, these terms and conditions shall control unless the conflicting document expressly supersedes specific provisions hereof. This Agreement may not be modified except in a writing executed by both parties.

SERVICES. The Services will be performed in material compliance with the provisions of the Agreement. Client has reviewed the Agreement in detail and agrees that the Services are appropriate to meet Client's needs. Unless specified elsewhere in the Agreement, Partner shall furnish all technical and professional services, including labor, material, supplies, equipment, transportation, accommodation, subsistence and supervision of Partner's personnel, to perform the Services. Client acknowledges that Partner may utilize third-party service providers in the performance of its obligations hereunder. Partner shall at all times be an independent contractor and no persons involved in connection herewith shall be considered employees of the Client for any purpose.

FEES, INVOICING AND PAYMENT. Charges for all services shall be invoiced and paid in accordance with the Lump Sum Price or the Fee Schedule contained in the Agreement. Unless otherwise specified, invoices will be submitted to Client at time of report delivery. Payment is due upon receipt of the invoice and Client agrees that payments shall be made within thirty (30) days of the invoice date. Payment of Partner's invoices shall be the primary, absolute and non-contingent obligation of the Client, and shall not be conditioned upon the closing of a loan, transaction or any other event. Should cancellation of the project occur after a verbal report of the findings has been provided, Client agrees to make a payment of 80% of the total cost due at the time of cancellation. Amounts not paid within thirty (30) days shall be subject to a late payment charge equal to the lesser of one and one-half percent (1½%) per month or the maximum amount allowed by applicable law. Should any invoice be in dispute, only that portion of the invoice in dispute may be held in abeyance until the dispute is resolved. Partner may suspend or terminate further performance under this or other agreements with Client upon reasonable notice for the non-payment of invoices. Partner shall have no responsibility or liability in connection with the Services, and Client shall have no right to rely on any report or other materials delivered, until all invoices have been paid in full. Partner shall be entitled to all legal fees, including but not limited to attorney's fees associated with any attempt to collect on unpaid invoices associated with the Services.

CONFIDENTIALITY. Information which the Client identifies as confidential upon provision to Partner, and which is not publicly available or is identified by Client as proprietary, will be treated as confidential in accordance with industry customs or standards. However, Partner shall have no liability to Client or any third party for disclosure of confidential information in notifications or reports which reveal potential issues related to the health, safety or welfare of the general public; subject to court order or other mandate; and/or further subject to public policy considerations. Partner shall have no liability to Client or any third party for notifications or reports made in accordance with such laws or orders and Client shall defend, indemnify and hold harmless Partner from and against any and all claims, demands, liabilities, costs and expenses, including reasonable attorney's fees, incurred by Partner in connection with such notifications or reports. Should a Partner employee be identified as a witness in a litigation, dispute, or other legal proceeding relating to the Services, then Client agrees to pay the regular hourly rate for the cost of time expended in connection therewith, including but not limited to time spent responding to document subpoenas, testifying at trial or deposition, preparation time, and travel time, as well as all costs and expenses incurred.

LIMITATION OF LIABILITY. NEITHER PARTY WILL BE LIABLE UNDER THIS AGREEMENT FOR ANY INDIRECT, INCIDENTAL, EXEMPLARY, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES INCLUDING, WITHOUT LIMITATION, ANY LOSS OF INCOME, PROFITS OR DATA OR DIMINUTION OF VALUE, EVEN IF THE OTHER PARTY HAS BEEN ADVISED OF, OR HAD REASON TO KNOW OF, THE POSSIBILITY OF SUCH DAMAGES. CLIENT AND PARTNER AGREE THAT PARTNER'S AGGREGATE LIABILITY TO THE CLIENT AND ALL THIRD PARTIES IN CONNECTION WITH THE SERVICES SHALL BE LIMITED TO GENERAL MONEY DAMAGES NOT TO EXCEED TWENTY THOUSAND DOLLARS (\$20,000.00). THIS LIMITATION SHALL APPLY REGARDLESS OF THE CAUSE OF ACTION OR LEGAL THEORY PLED OR ASSERTED. THE PARTIES ACKNOWLEDGE THAT THEY HAVE CONSIDERED THE ALLOCATION OF RISK PRESENTED BY THE PROVISIONS OF THIS PARAGRAPH AND THAT THE ALLOCATION IS REASONABLE UNDER ALL FACTS AND CIRCUMSTANCES SURROUNDING THE AGREEMENT.

WARRANTY. Partner warrants that the Services will be performed in a good and workmanlike manner in accordance with prevailing standards and practices applicable to the Services. PARTNER EXPRESSLY DISCLAIMS ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

SAMPLING. Should collection of samples be required as part of the Services, Client recognizes and agrees that Partner is acting as a bailee and at no time assumes title to samples collected in completion of the Services. Client acknowledges that the act of sampling may affect, alter or damage the property, terrain, vegetation, and/or building, structures and improvements at, in or upon the site and Client accepts such risk. Partner will exercise reasonable efforts to limit such alteration or damage. Unless otherwise specifically agreed, Partner will not be responsible for the cost of any required repair or restoration. Partner may discard any and all samples immediately following analysis. Client may request, in writing, that any such samples be retained beyond such

date, and in such case, Partner will ship such samples to the location designated by Client, at Client's expense. Partner may, upon Client's written request, arrange for storage of samples at mutually agreed storage charges. This is the only notice of intention to discard samples that will be given.

INFORMATION PROVIDED TO PARTNER. Client shall provide Partner with such materials with respect to the assignment as are requested by Partner and in the possession or under the control of Client. Client shall provide Partner with sufficient access to the Property, and hereby grants permission for entry unless discussed in advance to the contrary. Partner shall have no liability with respect to any loss, damage, claim or expense incurred by or asserted against Client arising out of, based upon or resulting from Client's failure to provide accurate or complete information or documentation pertaining to an assignment ordered or in connection with this Agreement, including Client's failure, or the failure of any of Client's agents, to provide a complete copy of the Report to any third party.

RELIANCE. No party shall be allowed to use or rely on any report(s) or information generated in the completion of the Services until payment in full is made to Partner for any outstanding invoices related to the Services rendered. Client understands that Services governed by this Agreement are strictly for its sole use and benefit. Use of the report for any other purpose or use by any party not identified as an intended user of the report and without Partner's prior written consent is prohibited and Partner accepts no responsibility or liability for any use of the report in violation of the terms of this Agreement. The parties expressly agree that no third party, including, but not limited to, any heirs, devisees, representatives, successors, assigns, affiliates, and subsidiaries of the parties or any partnership, corporation or other entity controlled by the parties or which control the parties, may rely on or raise any claim relating to the Services or this Agreement. Neither the whole report, nor any part, nor reference thereto, may be referenced or published in any manner without Partner's prior written approval. Appraisal services shall be subject to additional reliance terms as set forth in Paragraphs C and R of the Addendum attached hereto and incorporated by reference.

INDEMNIFICATION. In the event that Client permits a third-party to rely upon this Agreement, the Services, and/or reports provided by Partner in breach of Paragraph I of this Agreement and said third-party files a claim or lawsuit against Partner relating to this Agreement, the Services, and/or reports provided by Partner, Client agrees to indemnify and hold Partner harmless from any damages, losses, liabilities, and costs, including, but not limited to, reasonable attorney fees, costs, and expert witness fees, arising from any such third-party claim or lawsuit.

NON-SOLICITATION. Client shall not hire nor solicit for employment any of Partner's employees for a period of one (1) year subsequent to any services rendered by Partner for Client. In the event that Client hires one of Partner's employees fewer than twelve (12) months after services rendered by Partner to Client, then Client agrees to pay Partner a referral fee equivalent to twenty five percent (25%) of the employee's previous annual compensation and all costs related to training and/or licensure expended by Partner during the previous year.

TERMINATION. This Agreement may only be terminated: (i) by either Partner or Client prior to substantial completion of the Services by giving thirty (30) days written notice; or (ii) by Partner at any time for cause, including but not limited to, Client's breach of this Agreement, failure to pay Partner's invoices, or on the occurrence of fraud or willful misconduct of Client, its employees or agents, and such termination shall be effective immediately upon written notice to Client. In the event of termination prior to completion of the Services (i) by Partner or Client for any reason, or (ii) by Partner for cause, Partner reserves the right to complete such analyses and records as are necessary to place its files in order and, where considered by Partner as necessary to protect its professional reputation, to complete a report on Services performed to date. Partner shall have the right to receive a reasonable termination charge to cover such costs and to be compensated for all Services performed prior to and in connection with such termination. In the event of termination, client shall have no rights of use or reliance upon the work. Paragraphs A, C, D, E, F, G, I, J, K, L, M, N, O, P, Q, R and S shall survive termination.

RESOLUTION OF DISPUTES. This Agreement shall be governed by, subject to, and construed in accordance with the laws of the state of California, without regard to its conflict of law provisions or the conflict of law provisions of any other jurisdiction. With the exception of disputes arising from failure to pay any invoices or fees for services rendered, any claim, controversy, or action arising out of, or related to, this Agreement or the alleged breach thereof, shall be submitted to mandatory non-binding mediation through a third-party mediator to be agreed upon by the Partner and the moving party. A "Notice of Mediation" shall be served by any party to commence the mediation process. The service of the Notice of Mediation shall stay the running of the limitations period set forth in Paragraph M herein for a period of 60 days unless a longer or shorter period of time is agreed to by the parties. In the event that the parties cannot reach a resolution through mediation, the parties may proceed to litigate their claims in Court. Any litigation so instituted shall be filed and litigated in the State Court of California, County of Los Angeles in accordance with the laws of the State of California, and subject to Paragraph L herein. With the exception of disputes arising from failure to pay invoices or fees for services rendered, each party shall pay the fees of its own attorneys, and the expenses of its witnesses and all other expenses connected with the presentation of its case.

LIMITATIONS PERIOD. Partner and Client agree that, other than an action filed by Partner for nonpayment of invoices under Section C, above, any legal action or lawsuit by one party against the other party or its affiliates, officers, directors, employees, contractors, agents, successors, assigns, or other representatives, whether based in contract, warranty, indemnity, negligence, strict liability or other tort or otherwise, relating to (a) this Agreement or the Report, (b) any Services performed under this Agreement or (c) any acts or conduct relating to such Services, shall be filed within eighteen (18) months from the date of delivery to Client of the Report to which the claims or causes of action in the legal action or lawsuit relate. The time period stated in this section shall not be extended by any incapacity of a party or any delay in the discovery of the underlying claims, causes of action or damages.

CORPORATE PROTECTION. It is intended by the parties to this Agreement that Partner's services in connection with the project shall not subject Partner's employees, officers, or directors to any personal legal exposure for risks associated with this project. Therefore, the Client agrees that as Client's sole and exclusive remedy, any claim, demand or action shall be directed and/or asserted only against Partner, a California corporation, and not against any of Partner's employees, officers, or directors.

NO WAIVER. The failure of either party to exercise any right or remedy hereunder or to take any action permitted on a breach by the other party shall not be deemed a waiver of such right or remedy or of any other rights or subsequent breach of a like or different nature.

SEVERABILITY. The provisions of this Agreement are severable. The invalidity of any part of this Agreement shall not invalidate the remainder of the Agreement or the remainder of any portion hereof.

OWNERSHIP AND RETENTION OF DOCUMENTS. With the exception of Partner submittals and deliverables to Client (which submittals shall be jointly owned by Client and Partner), all documents

and information provided, prepared, and/or researched during this engagement, including, without limitation, historical research, property data, field data, field notes, photographs, laboratory test data, calculations, measurements and analyses are prepared as instruments of service and shall remain the physical and intellectual property of Partner, and shall not be considered a "work for hire." Partner will retain all pertinent records relating to the Services performed for a period of two years, except for records relating to Appraisal services, if applicable, which shall be retained for sixty (60) months following the completion of Partner's services. After this period, they may be discarded. **NO ASSIGNMENT.** Neither party shall assign their rights under this Agreement to any third party, including, but not limited to, any heirs, devisees, representatives, successors, assigns, affiliates, and subsidiaries of the parties or any partnership, corporation or other entity controlled by the parties or which control the parties without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. Each party, and the person executing on behalf of such party, represent and warrant that such person has the full power and authority to bind the party represented.

Exhibit B: Assumptions & Limiting Conditions

A. VALUATION SERVICE PROVIDER. Partner Valuation Advisors, LLC ("PVA") is a real estate appraisal and advisory firm with expertise in valuation services. PVA is a separate legal entity possessing some common ownership and management services with Partner Assessment Corporation, Inc. ("PAC"). PVA are not experts in engineering, environmental assessments and conditions (including but not limited soil and subsoil matters), zoning/regulatory compliance, seismic, survey, and/or title matters, and the purpose of this engagement does not include an expectation from the Client that any or all of such services have been or will be provided without the need for a separate engagement of such services from an outside entity which will be subject to a separate limitation of liability. If any such services are separately provided and referenced in our report, and if such services are found to be in error which causes a material impact on our value conclusion, PVA reserves the right to amend our value opinion accordingly. If any environmental impact statement is required by law, the report assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.

B. FORECAST UNCERTAINTY. All work product we deliver to you (collectively called "report") represents an opinion of value, based on historical information and forecasts of property and market performance and conditions. Actual results may vary from those forecast in the report.

C. RELIANCE PARTY. The report is confidential to the party to whom it is addressed and those other intended users specified in the report for the specific purpose to which it refers. Use of the report for any other purpose or use by any party not identified as an intended user of the report without our prior written consent is prohibited, and we accept no responsibility for any use of the report in violation of the terms of this Agreement. Neither the whole report, nor any part, nor reference thereto, may be referenced or published in any manner without our prior written approval.

D. HAZARDOUS MATERIAL EXCLUSION. Unless specifically noted, in preparing the Appraisal Report, PVA will not be considering the possible existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (collectively, "Hazardous Material) on or affecting the Property, or the cost of encapsulation or removal thereof. Further, Client represents that there is no major or significant deferred maintenance of the Property that would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, at Client's discretion and direction, and are not covered as part of the Appraisal fee.

E. TAX MATTERS. In the event Client intends to use the Appraisal Report in connection with a tax matter, Client acknowledges that PVA provides no warranty, representation or prediction as to the outcome of such tax matter. Client understands and acknowledges that any relevant taxing authority (whether the Internal Revenue Service or any other federal, state or local taxing authority) may disagree with or reject the Appraisal Report or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect additional taxes, interest, penalties or fees from Client beyond what may be suggested by the Appraisal Report. Client agrees that PVA shall have no responsibility or liability to Client or any other party for such taxes, interest, penalties or fees and that Client will not seek damages or other compensation from PVA relating to any such taxes, interest, penalties or fees imposed on Client, or for any attorneys' fees, costs or other expenses relating to Client's tax matters.

F. INFORMATION RELIANCE. The appraisal process requires our evaluation of information from a wide variety of sources including the Client, its agents, and other sources. We have assumed that all information furnished by others is correct and complete, up to date and can be relied upon, but no warranty is given for its accuracy. We do not accept responsibility for erroneous information provided by others. We assume that no information that has material effect on our appraisal has been withheld. We are not liable for any deficiency in the report arising from the inaccuracy or insufficiency of such information, documents and assumptions.

G. MARKETABLE TITLE. We assume each property has a good and marketable title, including but not limited to, no encumbrances, restrictions, easements, or other adverse title conditions, which would have a material effect on the value of the interest under consideration. There is no material litigation pending involving the property.

H. REGULATORY COMPLIANCE. We assume that the property possesses and/or is compliance with all required licenses, certificates of occupancy, consents, environmental regulations, and other legislative or administrative requirements from any local, state, or national government or private entity or organization, or possession or compliance can be obtained or renewed for any use on which the opinion of value contained in this report is based.

I. FLOOD RISK. We may have reviewed available flood maps and may have noted in the report whether the property is generally located within or out of an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property. Any opinion of value we include in our report assumes that the floodplain and/or wetlands interpretations are accurate.

J. ADDITIONAL SERVICES. Client agrees that if PVA is subpoenaed or ordered to give testimony, produce documents or information, or otherwise required or requested by Client or a third party to participate in meetings, phone calls, conferences, litigation or other legal proceedings (including preparation for such proceedings) because of, connected with or in any way pertaining to this engagement, the Appraisal Report, the Appraiser's or PVA's expertise, or the Property, Client shall pay PVA's additional costs and expenses, including , but not limited to PVA's attorneys' fees, and additional time incurred by PVA based on PVA's then-prevailing hourly rates and related fees. Such

charges include and pertain to, but are not limited to, time spent in preparing for and providing court room testimony, depositions, travel time, mileage and related travel expenses, waiting time, document review and production, and preparation time (excluding preparation of the Appraisal Report), meeting participation, and PVA's other related commitment of time and expertise. Hourly charges and other fees for such participation will be provided upon request. In the event Client requests additional appraisal services beyond the scope and purpose stated in the Agreement, Client agrees to pay additional fees for such services and to reimburse related expenses, whether or not the completed report has been delivered to Client at the time of such request.

K. CONSTRUCTION RISK. Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.

L. PRUDENT OPERATION. The property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.

M. DATA VISUALS. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report.

N. VALUE ALLOCATIONS. Any allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal are not valid for any such use.

O. FURNITURE, FIXTURES, & EQUIPMENT. All furnishings, equipment, and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal are not valid for any such use.

P. PROPERTY BOUNDARIES & ENCHROACHMENTS. We did not conduct a formal survey of the property and assume no responsibility for any survey matters. The Client has supplied the spatial data, including sketches and/or surveys included in the report, and we assume that data is correct up to date and can be relied upon.

Q. TENANT CREDIT RISK. We have not made any investigation of the financial standing of actual or prospective tenants unless specifically noted in the report. Where properties are valued with the benefit of leasing, we assume, unless are informed otherwise, that the tenants are capable of meeting their financial obligations under their leases, all rent and other amounts payable under the lease have been paid when due, and that there are no undisclosed breaches of the leases.

R. RELIANCE. No party shall be allowed to use or rely on any report(s) or information generated in the completion of this project until payment in full is made to PVA for any outstanding invoices related to the Services rendered. Client understands that Services governed by this Agreement are strictly for their sole use and benefit. The parties expressly agree that no third party, including, but not limited to, any heirs, devisees, representatives, successors, assigns, affiliates, and subsidiaries of the parties or any partnership, corporation or other entity controlled by the parties or which control the parties, may rely on or raise any claim relating to the Services or this Agreement. Client shall not disseminate, distribute, make available or otherwise provide our Appraisal Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties) except to (i) any third party expressly acknowledged in a signed writing by PVA as an "Intended User" of the Appraisal Report provided that either PVA has received an acceptable release from such third party with respect to such Appraisal Report or Client provides acceptable indemnity protections to PVA against any claims resulting from the distribution of the Appraisal Report to such third party, (ii) any third party service provider (including rating agencies and auditors) using the Appraisal Report in the course of providing services for the sole benefit of an Intended User, or (iii) as required by statute, government regulation, legal process, or judicial decree. In the event PVA consents, in writing, to Client incorporating or referencing the Appraisal Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided PVA with complete copies of such materials and PVA has approved all such materials in writing. Client shall not modify any such materials once approved by the PVA. In the absence of satisfying the conditions of this paragraph H with respect to a party who is not designated as an Intended User, in no event shall the receipt of an Appraisal Report by such party extend any right to the party to use and rely on such report, and PVA shall have no liability for such unauthorized use and reliance on any Appraisal Report. Furthermore, the conclusions and any permitted reliance on and use of the Appraisal Report shall be subject to the assumptions, limitations, and qualifying statements contained in the report.