TLG PROPERTIES

הערכות שווי מהותיות מאוד :

1. 2440 Fulton

הערכות השווי של נכס החברה אשר זכויות החברה בו משועבדות לטובת מחזיקי אגרות החוב סדרה ו' של החברה :

2. Mapleton Rentals

הערכות השווי של נכסי החברה אשר זכויות החברה בהם משועבדות לטובת מחזיקי אגרות החוב סדרה ח' של החברה :

3. Former Horton Hospital Campus
4. 25 Oakland Avenue
5. 37 Hurds Corners Road
6. 3881 Old Gordon Rd
7. 1890 MacArthur Blvd
8. 3150 Nifda Boulevard

APPRAISAL REPORT

2440 Fulton Street

Brooklyn, New York 11233

Mixed-Use Office And Retail Building – Under Construction
Bowery Report No. JOB-2400030965

REQUESTED BY

Avrumie Furst

The Leser Group ("TLG")
1481 47th Street
Brooklyn, NY 11219

DATE OF VALUE

December 31, 2023

PREPARED BY

Michelle Zell, MAI

61-63 Crosby Street, 3rd Floor
New York, NY 10012

March 7, 2024

Mr. Avrumie Furst
The Leser Group ("TLG")
1481 47th Street
Brooklyn, NY 11219

Re: Appraisal File No. JOB-2400030965
Mixed-Use Office And Retail Building - Under Construction
2440 Fulton Street
Brooklyn, New York 11233

Dear Mr. Furst,

In accordance with your request, we have completed an appraisal of 2440 Fulton Street in Brooklyn, New York 11233. The purpose of this appraisal is to provide an opinion of the As Is Fair Value and the prospective As Stabilized Fair Value of the Leased Fee Interest.

We have appraised the above referenced property, the conclusions of which are set forth in the attached appraisal report. This is an Appraisal Report that is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of USPAP and the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. In addition, this appraisal has been prepared in compliance with IFRS 13 (International Financial Reporting Standards 13-fair value measurement). The depth of analysis discussed in this report is specific to the needs of the client and for the intended use stated in the report.

The purpose of the appraisal is to aid the intended user in the preparation of Financial Statements and a Prospectus, or additional Prospectuses, to be published with the Israeli Security Authority. The report is intended for use only by The Leser Group and its related entities, successors, and/or assigns.

We confirm that we have given our full consent to the inclusion of the valuation in its entirety within financial statements and related information to be published by the Company for the Tel Aviv Stock exchange and for the Israeli Security Authority.

The subject, 2440 Fulton Street, is currently under construction. Ownership is developing a 393,610± square foot (inclusive of the cellar) mixed-use building. The gross building area above grade is 354,176± square feet. We have reviewed building plans that have been approved by the NYC Department of Building and a breakdown of the space is provided below. Ownership is currently in the construction process and is expected to complete building (shell condition) by the end of 2024.

The owner indicated that the total construction budget for the development is $121,833,961 or $344 per square foot of building area which includes hard costs, soft costs and landlord contributions to tenant work. To date, approximately $100,659,866 has been spent to date. As a result, the costs to complete the project equates to $21,174,095 or $60 per square foot. Based on the construction budget, the subject property is 83% complete.

61-63 Crosby Street, 3rd Floor
New York, NY 10012

Mr. Avrumie Furst

Ownership has an executed lease with the Department of Citywide Administrative Services (DCAS) which is dated March 18, 2021. Per review of the lease agreement, the demised premises includes a portion of the ground (1st) floor, a portion of the 3rd floor, and the entire leasable portion of the 4th, 5th, and 6th floors of the subject building. The lease is for a 21-year term once the tenant has possession. In regard to the rentable square footage of the space, the building plans distinguish between carpetable square footage (SCF) allocated to either the city tenant or other non-city tenants, non-carpetable area allocated to either the city tenant or non-city tenants, and shared non-carpetable area. According to the lease, the rentable area for DCAS is calculated as the tenant's carpetable area divided by a conversion factor of 75.2%. It is expected that the city tenant will occupy a total of approximately 279,957± rentable square feet (based off a carpetable area of 210,538 square feet) upon completion of the building, although the exact square footage is subject to re-measurement. It is noted that per the lease agreement, the minimum CSF is 207,018, while the maximum rentable square footage is 289,006 square feet. As such, based on the expected size of the DCAS space, there will be an additional approximately 88,211± square feet of RSF (based on CSF of 66,335) on the first, second, and third floors which can be leased to prospective non-city tenants. Finally, the newly constructed building will contain a parking garage with capacity for 326 parking spaces on the cellar and ground floor, of which 35 spaces are allocated to the city tenant and 291 will be available for lease.

We note that there is a slight variance between the breakdown of the carpetable area in the plans and lease with the city tenant, we have based our rentable square feet based off the break down provided in the lease with the city tenant (see addenda).

bowery
61-63 Crosby Street, 3rd Floor
New York, NY 10012

Mr. Avrumie Furst

City Tenant Carpetable Area	Floor	Area
	1	3,351
	3	41,337
	4	59,773
	5	59,529
	6	45,191
		209,182
City Tenant Non-Carpetable Area	**Floor**	**Area**
	Cellar	244
	1	2,863
	3	2,459
	4	2,629
	5	2,906
	6	2,989
		14,089
Non-City Tenant Carpetable Area	**Floor**	**Area**
	1	41,716
	2	6,335
	3	18,284
		66,335
Non-City Tenant Non-Carpetable Area	**Floor**	**Area**
	Cellar	419
	1	262
	2	840
	3	344
	4	245
	5	245
	6	245
	7	5
		2,605
Shared Non-Carpetable Area	**Floor**	**Area**
	Cellar	38,770
	1	29,309
	2	9,654
	3	5,660
	4	5,444
	5	5,411
	6	5,055
	7	2,095
		101,398

GBA (Inclusive of Cellar)	**393,610**
GBA	**354,176**

61-63 Crosby Street, 3rd Floor
New York, NY 10012

Mr. Avrumie Furst

Space	Total Rentable SF	Percentage of GBA
City Tenant	279,957	71.1%
Non-City Tenant	88,211	22.4%
Total Leaseable Area	**368,168**	**93.5%**
Loss Factor	25,441	6.5%
GBA (Inclusive of Cellar)	**393,610**	**100.0%**

The owner provided total construction budget for the development is $121,833,961 or $344 per square foot of building area which includes hard costs, soft costs and landlord contributions to tenant work. To date, approximately $100,659,866 has been spent to date. As a result, the costs to complete the project equates to $21,174,095 or $60 per square foot.

The developer estimated a completion date of December 31, 2024 or about 12 months from the time of this report, which we have assumed to be accurate and reasonable.

2440 Fulton Street is between Fulton and Herkimer Street on Van Sinderen Avenue, with full block frontage, in the Broadway Junction/Ocean Hill neighborhood (Kings County) in the State of New York. The site contains a total land area of 1.779± acres / 77,500± square feet and is located in a C4-5D zoning district with an FAR of 4.20 which yields 325,500± square feet of buildable area. The subject has been rezoned as a part of the East New York Rezoning plan. The subject is identified on Kings County Tax Maps as Block 1554, Lot 16.

The highest and best use of 2440 Fulton Street is the completion of the proposed office building. This conclusion is based on its zoning, physical characteristics, location, and forecasted economic conditions.

Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformance with the Standards of Professional Practice and Code of Professional Ethics of the Appraisal Institute, the Uniform Standard of Professional Appraisal Practice (USPAP), and applicable state appraisal regulations. To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP.

After carefully considering all available information and factors affecting value, our opinion is as follows:

Fair Value Opinion

Value	Interest Appraised	Date of Value	Conclusion
Fair Value As Is	Fee Simple Interest	December 31, 2023	$193,000,000

This appraisal report involves an annual update from our prior appraisal report with an effective date of value of December 31, 2020, December 31, 2021, and December 31, 2022. The As Is Fair Value conclusion herein is up 42.4% from the concluded As Is Fair Value from the prior report of $135,500,000. We note that since the prior appraisal report, the developer has continued the construction project and spent $60,400,000 *in additional hard & soft costs in 2023. We have also lowered entrepreneurial profit to 20% of the remaining construction cost given the property is almost completed. We have increased our going in capitalization rate from 5.25% to* 5.75% *given the current interest rate environment and struggles in the office market. Lastly, we have adjusted our expense projections, office market rents for non-city tenants, and increased our vacancy and collection loss for the office space.*

61-63 Crosby Street, 3rd Floor
New York, NY 10012

Mr. Avrumie Furst

The value conclusions are subject to the following **Extraordinary Assumptions**[1] that may affect the assignment results. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

- Our opinion of the prospective market values upon stabilization assume that the subject property will be completed by December 31, 2024, the prospective date of completion, in accordance with the architectural plans and specifications cited within this report, in a good and workmanlike manner, and in conformance with all City of New York zoning and building codes.
- Our opinion of the prospective market values upon completion and upon stabilization assume that there will be no significant changes in the applicable economic conditions that could impact the subject property as currently perceived between the current effective date and our prospective valuation dates.
- The owner provided us with a construction budget of $121,833,961 or $344 per square foot of building area which includes hard costs, soft costs and landlord contributions to tenant work. We make the extraordinary assumption that the budget is sufficient to complete the proposed development and that the project is completed within the estimated time frame provided.

The value conclusions are based on the following **Hypothetical Conditions**[2] that may affect the assignment results.

- None.

The opinion of value expressed herein is subject to the certification, assumptions and limiting conditions, and all other information contained in the following written appraisal report.

Sincerely,

Michelle Zell, MAI
Senior Vice President
Certified General Real Estate Appraiser
NY License No. 46000049921
michelle.zell@boweryvaluation.com
(917) 533-3141

[1] The definition of Extraordinary Assumptions can be found in the Glossary of Terms, which is located in the Addenda.

[2] The definition of Hypothetical Conditions can be found in the Glossary of Terms, which is located in the Addenda.

Summary of Salient Facts & Conclusions

Property Identification

The subject, 2440 Fulton Street, is currently a development site. Ownership is developing a 393,610± square foot (inclusive of the cellar) mixed-use building. The gross building area above grade is 354,176± square feet. We have reviewed building plans that have been approved by the NYC Department of Building and a breakdown of the space is provided below. Ownership is currently in the construction process and is expected to complete building (shell condition) by the end of 2024.

The owner indicated that the total construction budget for the development is $121,833,961 or $344 per square foot of building area which includes hard costs, soft costs and landlord contributions to tenant work. To date, approximately $100,659,866 has been spent to date. As a result, the costs to complete the project equates to $21,174,095 or $60 per square foot. Based on the construction budget, the subject property is 83% complete.

Ownership has an executed lease with the Department of Citywide Administrative Services (DCAS) which is dated March 18, 2021. Per review of the lease agreement, the demised premises includes a portion of the ground (1st) floor, a portion of the 3rd floor, and the entire leasable portion of the 4th, 5th, and 6th floors of the subject building. The lease is for a 21-year term once the tenant has possession. In regard to the rentable square footage of the space, the building plans distinguish between carpetable square footage (SCF) allocated to either the city tenant or other non-city tenants, non-carpetable area allocated to either the city tenant or non-city tenants, and shared non-carpetable area. According to the lease, the rentable area for DCAS is calculated as the tenant's carpetable area divided by a conversion factor of 75.2%. It is expected that the city tenant will occupy a total of approximately 279,957± rentable square feet (based off a carpetable area of 210,538 square feet) upon completion of the building, although the exact square footage is subject to re-measurement. It is noted that per the lease agreement, the minimum CSF is 207,018, while the maximum rentable square footage is 289,006 square feet. As such, based on the expected size of the DCAS space, there will be an additional approximately 88,211± square feet of RSF (based on CSF of 66,335) on the first, second, and third floors which can be leased to prospective non-city tenants. Finally, the newly constructed building will contain a parking garage with capacity for 326 parking spaces on the cellar and ground floor, of which 35 spaces are allocated to the city tenant and 291 will be available for lease.

The site contains a total land area of 1.779± acres / 77,500± square feet and is located in a C4-5D zoning district with an FAR of 4.20 which yields 325,500± square feet of buildable area. The subject is identified on Kings County Tax Maps as Block 1554, Lot 16.

Salient Facts

Block/ Lot	1554 / 16	**Zoning (Current)**	C4-5D
Site Area (sq. ft./ acres)	77,500± / 1.779±	**Flood Hazard Zone**	Zone X
GBA (sq. ft.)	354,176	**Occupancy Rate**	N/A
Census Tract	367.00	**Date of Inspection**	January 30, 2024

Marketing Time	6-12 Months	**Exposure Time**	6-12 Months

Financial Indicators

Financial Indicators	Total	Per SF-GBA
Effective Gross Income	$17,039,552	$48.11
Expense Ratio	31%	
Net Operating Income	$11,696,321	$33.02
Capitalization Rate	5.75%	
Income Capitalization Approach As Stabilized	$235,500,000	$665
Income Capitalization Approach As Is	$193,000,000	$545
Sales Comparison Approach As Stabilized	$236,000,000	$666
Sales Comparison Approach As Is	$193,000,000	$545
Cost Approach As Stabilized	$222,000,000	$627
Cost Approach As Is	$179,500,000	$507

Conclusions

Final Value Conclusion

Value	Interest Appraised	Date of Value	Conclusion
Fair Value As Is	Fee Simple Interest	December 31, 2023	$193,000,000

The value conclusions are subject to the following **Extraordinary Assumptions**[3] that may affect the assignment results. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

- Our opinion of the prospective market values upon stabilization assume that the subject property will be completed by December 31, 2024, the prospective date of completion, in accordance with the architectural plans and specifications cited within this report, in a good and workmanlike manner, and in conformance with all City of New York zoning and building codes.
- Our opinion of the prospective market values upon completion and upon stabilization assume that there will be no significant changes in the applicable economic conditions that could impact the subject property as currently perceived between the current effective date and our prospective valuation dates.
- The owner provided us with a construction budget of $121,833,961 or $344 per square foot of building area which includes hard costs, soft costs and landlord contributions to tenant work. We make the extraordinary assumption that the budget is sufficient to complete the proposed development and that the project is completed within the estimated time frame provided.

The value conclusions are based on the following **Hypothetical Conditions**[4] that may affect the assignment results.

- None.

The opinion of value expressed herein is subject to the certification, assumptions and limiting conditions, and all other information contained in the following written appraisal report.

[3] *The definition of Extraordinary Assumptions can be found in the Glossary of Terms, which is located in the Addenda.*

[4] *The definition of Hypothetical Conditions can be found in the Glossary of Terms, which is located in the Addenda.*

Table of Contents

Introduction

Purpose & Date of Value Opinion

The purpose of this appraisal is to provide an opinion of the As Is Fair Value of the Fee Simple Interest. We have also provided the prospective fair value As Complete of the Fee Simple Interest, and the prospective fair value As Stabilized of the Leased Fee Interest, subject to the general underlying assumptions and limiting conditions cited herein, and in compliance with IFRS 13 (International Financial Reporting Standards 13-fair value measurement). According to the International Financial Reporting Standard 13, Fair Value is defined as: "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

Identification of the Client

The Leser Group ("TLG") has engaged us and is our client for this assignment.

Intended Users

The Intended User of the report is The Leser Group, and its affiliates. The report is intended for use only by The Leser Group and its related entities, successors, and/or assigns and auditors.

We confirm that we have given our full consent to the inclusion of the valuation in its entirety within financial statements and related information to be published by the Company for the Tel Aviv Stock exchange and for the Israeli Security Authority.

Intended Use

The Intended Use of the report is to aid The Leser Group in the preparation of Financial Statements and a Prospectus, or additional Prospectuses, to be published with the Israeli Security Authority.

Property Rights Appraised

The subject is appraised on the basis of As Is Fair Value of the Fee Simple Interest and the prospective As Stabilized Fair Value of the Leased Fee Interest.[5]

Property History

The current owner of record is TLG Fulton LLC per Kings County records.

Address	Block / Lot	Sale Date	Sale Price	Grantor	Grantee
2440 Fulton Street	1554 / 16	6/23/2015	$33,000,000	Fulton Center LLC	TLG Fulton LLC

The subject was acquired by TLG Fulton LLC. There was a flip contract dated 2/23/2015 between 2440 Fulton LLC and TLG Fulton LLC. The original contract price and official property deed price is $33,000,000. Given the assignment of the contract, ownership paid an additional $1,000,000 making the total cost of acquisition $34,000,000. The subject was acquired for its development potential.

[5] *The definition of Fee Simple Interest can be found in the Glossary of Terms, which is located in the Addenda.*

At the time of sale, there was a proposed rezoning (East New York Re-zoning), which has since been approved. This rezoning changed the subject's zoning from an M1-2 zone with a FAR of 4, to a C4-5D zone with a FAR of 4.2 (or 6.5 with community facility). This potential zoning change was considered in the contract under a clause that required the buyer to pay the seller an additional $7,000,000 if the re-zoning was approved. This brings the total acquisition price to $41,000,000.

Finally, we note that the LIRR has an easement on the site for an underground tunnel.

This appraisal report involves an annual update from our prior appraisal report with an effective date of value of December 31, 2021 and December 31, 2022. The As Is Fair Value conclusion herein is up 42.4% from the concluded As Is Fair Value from the prior report of $135,500,000. We note that since the prior appraisal report, the developer has continued the construction project and spent $60,400,000 in additional hard & soft costs in 2023. We have also lowered entrepreneurial profit to 20% of the remaining construction cost given the property is almost completed. We have increased our going in capitalization rate from 5.25% to 5.75% given the current interest rate environment and challenges in the office market. Lastly, we have adjusted our expense projections, office market rents for non-city tenants, and increased our vacancy and collection loss for the office space.

We are not aware of any additional bids, transactions, offers or options to purchase for this asset. There have been no other sales in the last three years.

Exposure Time[6]

It is our opinion that a normal exposure time for the subject property is between six and twelve months. This conclusion is predicated on interviews with brokers and other real estate industry sources and on information obtained in the verification process. The value reported herein presumes such an exposure time.

Marketing Time[7]

It is our opinion that a normal marketing time for the subject property is between six months and twelve months. This conclusion considers the property's relative market position, as well as our market value conclusion. As we foresee no significant changes in market conditions in the near term, it is our opinion that a reasonable marketing time for the subject is likely to be the same as the exposure time.

Definition of Fair Value

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). That definition of fair value emphasis that fair value is a market-based measurement, not an entity-specific measurement. When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value. The IFRS explains that a fair value measurement requires an entity to determine the following:

a) the particular asset or liability being measured;

b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis;

c) the market in which an orderly transaction would take place for the asset or liability; and

[6] *The definition of Exposure Time can be found in the Glossary of Terms, which is located in the Addenda.*

[7] *The definition of Marketing Time can be found in the Glossary of Terms, which is located in the Addenda.*

d) the appropriate valuation technique(s) to use when measuring fair value. The valuation technique(s) used should maximize the use of relevant observable inputs and minimize unobservable inputs. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability.

Scope of the Appraisal

Within the course of this assignment, we have:

- Inspected the exterior and interior of the current development site.
- Researched and investigated the location in terms of its economic activity, development patterns, and future trends and related their impact on the market.
- Researched the subject's zoning, specifically as it pertains to its location within a redevelopment zone.
- Determined the reasonableness of the borrower's total budget with construction surveys and construction cost comparables.
- Analyzed land sales and applied techniques of the cost approach to determine a value via this approach
- Determined the Highest and Best Use of the subject property based on an analysis of all relevant factors.
- Conducted a market survey of rent and vacancy levels of similar properties.
- We have researched and analyzed similar office and retail rental comparables.
- Projected the net operating income and applied a market-derived income capitalization rate to develop an opinion of value of the subject property by the income approach.
- Researched and analyzed sales of competitive assets and applied the techniques of the sales comparison approach in advancing opinions of value.
- Reconciled each approach to value in order to estimate the final value estimate(s) of the subject property based on the purpose of this appraisal.
- Advanced an opinion of the fair value of the identified interest.

General Assumptions

We note that our appraisers are not experts in the following domains:

- **Technical Environmental Inspections:** No Environmental Site Assessment report was provided in conjunction with this appraisal. We recommend the services of a professional engineer for this purpose. If a report is commissioned and there are any environmental issues uncovered, they could affect our opinion of value reported.
- **Zoning Ordinances:** We recommend an appropriately qualified land use attorney be consulted if a definitive determination of compliance is required.

Data Sources

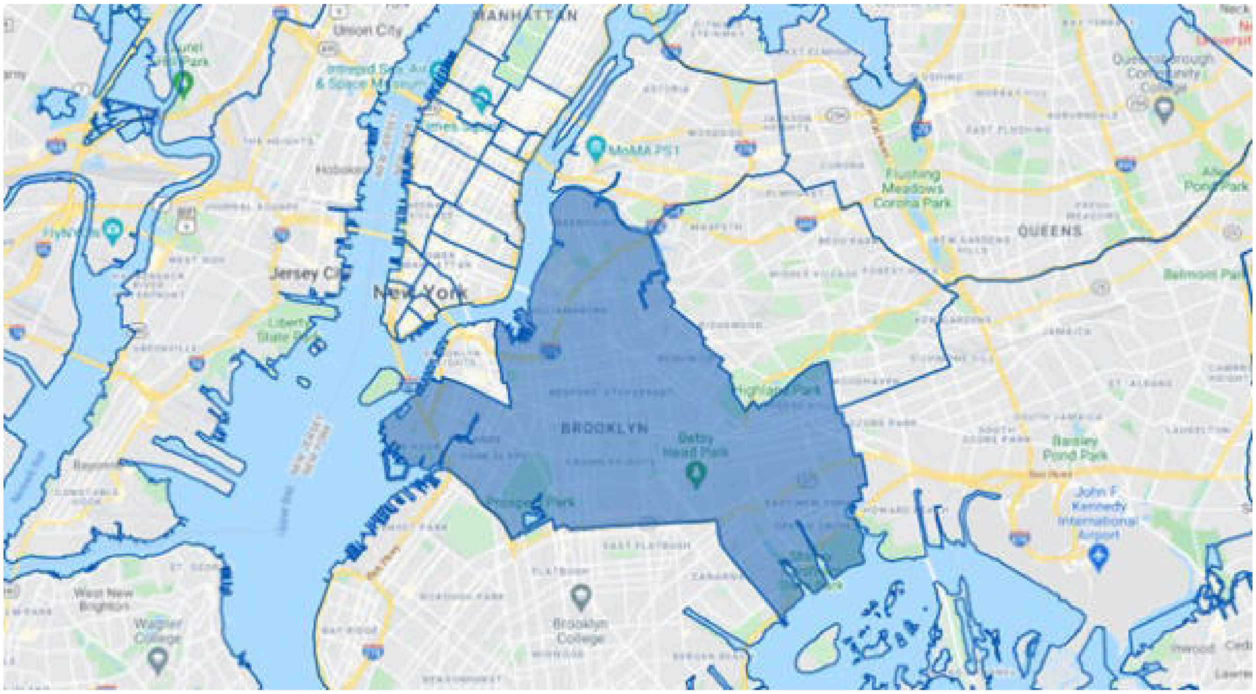
The data contained within this appraisal was compiled from market analysis utilizing the following sources (unless otherwise noted): the tax Assessor, Environics Analytics, CoStar, Federal Reserve, and FEMA. When possible, we have confirmed the reported data with parties to the transactions or those who are intimately familiar with their critical details.

Sources of Data

Site Data	Source/Verification:
Site Size	Public Record
Excess/ Surplus Land	Tax Map
Gross Size/ Units	Proposed Architectural Plans
Commercial SF	Proposed Architectural Plans
Number of Buildings	Inspection
Amenities	Inspection
Deferred Maintenance	Inspection
Income Data	Owner; Market Forecast
Expense Data	Expense Comparables

North Brooklyn: Office Submarket Analysis

The information contained in this report was provided using 2023 Q4 CoStar data for the North Brooklyn Office Submarket ("Submarket") located in the New York Market ("Market").



Overview

The subject property is in the North Brooklyn Submarket of the New York Market, defined in the map above. This Submarket accounts for 2.0% of the Markets total inventory with 20 million square feet. While 2022 saw a surge in the number of offices reopening from Covid closures, many companies returned to find less office space was needed. Combined with softening economic growth, a record amount of sublease space is available in the U.S. Office sector. Demand has slowed further over the second half of 2023 as elevated debt costs have pushed many properties into distress. Still, bifurcation remains in the sector as high-quality offices have continued to outperform the broader sector. In the North Brooklyn Submarket, vacancy rates have increased over the past year. While annual rent growth is positive at 0.7% no growth occurred in the latest quarter. With softening fundamentals, values decreased in the past quarter and -8.8% yoy, ultimately decreasing to $405/square feet.

Sector Fundamentals

	North Brooklyn	YoY	QoQ	New York	YoY	QoQ
Market Rent/SF	$43.41	0.7%	0.0%	$56.27	0.6%	0.1%
Vacancy Rate	18.66%	371 bps	312 bps	13.75%	132 bps	27 bps
Availability Rate	16.5%	-152 bps	97 bps	16.0%	17 bps	-20 bps
Net Absorption SF	-221,984	-345.7%	-239.5%	-2,130,834	-164.1%	-73.3%
Asset Value/SF	$405	-8.8%	-3.1%	$574	-8.7%	-0.8%
Market Cap Rate	6.39%	41 bps	4 bps	6.51%	48 bps	4 bps
Transaction Count	7	-22%	250%	156	-30%	-16%
Sales Volume	$102,025,000	236%	3,301%	$741,935,872	-70%	-4%

The table below presents historical performance of key indicators for office space in the Submarket including inventory & construction levels, net absorption, vacancy & availability, rental rates, pricing, and cap rates.

Historical Office Performance: North Brooklyn Submarket

Period	Inventory SF	Under Construction SF	Net Delivered SF 12 Mo	Net Absorption SF 12 Mo	Vacancy Rate	Availability Rate	Market Rent/SF	Market Sale Price Per SF	Market Cap Rate
2023 Q4	20,022,427	396,936	591,503	-239,751	18.7%	16.5%	$43.41	$397	6.39%
2023 Q3	19,546,587	774,371	183,556	72,593	15.5%	15.5%	$43.41	$400	6.35%
2022	19,430,924	880,034	94,573	532,807	14.9%	18.0%	$43.09	$422	5.98%
2021	19,336,351	765,882	1,019,547	496,391	17.3%	17.8%	$40.43	$430	5.54%
2020	18,316,804	1,165,114	681,046	138,865	15.4%	18.2%	$40.28	$400	5.76%
2019	17,635,758	1,843,009	1,375,656	628,882	12.9%	15.8%	$41.79	$403	5.75%
2018	16,260,102	2,873,220	-442,580	-670,406	9.4%	11.6%	$41.72	$398	5.59%
2017	16,702,682	2,458,099	237,808	546,893	7.8%	10.4%	$40.11	$400	5.36%
2016	16,464,874	1,971,223	323,527	-47,425	9.8%	13.8%	$40.99	$409	5.09%
2015	16,141,347	490,195	34,925	179,478	7.5%	11.5%	$39.44	$403	5.01%
2014	16,106,422	212,757	22,025	-594,437	8.4%	10.4%	$36.36	$370	5.14%

Supply & Demand

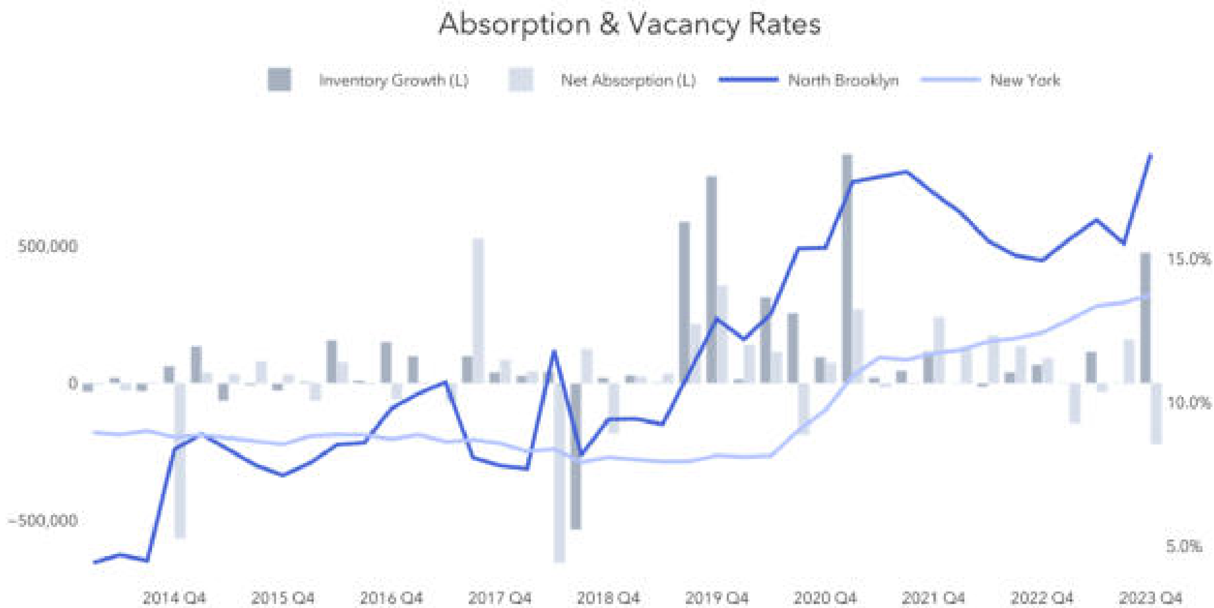
Leasing activity has taken a step backward in recent quarters across many New York submarkets including North Brooklyn. The number of new office leases signed, and the total square footage leased not only continue to trail pre-pandemic totals but have underwhelmed compared to totals witnessed a year prior. This depressed level of leasing activity has been driven by a variety of factors such as weakness in the tech sector, a lack of job growth within office-using industries, and occupiers who are still unsure what their true office space needs are.

Absorption totals in North Brooklyn over the past 12 months stand at -240,000 SF. The availability rate stands at 16.5% which is elevated compared to the pre-pandemic total of 13%. The majority of the space in newly constructed buildings is also largely vacant, which indicates that the 591,000-SF of projects underway will likely keep vacancy levels elevated over the near term.

Leasing activity has most recently been driven by city and state government agencies as the private sector has remained largely quiet on the leasing front in North Brooklyn. This was evident in recent new leases by the NYPD (42,000 SF) the NYC Human Resources Administration (99,000 SF), and the Office of Court Administration (27,000 SF).

Vacancy Rates

	2014	2015	2016	2017	2018	2019	2020	2021	2022	23 Q3	23 Q4
National	10.8%	10.2%	9.8%	9.7%	9.4%	9.4%	10.8%	11.8%	12.4%	13.3%	13.5%
Market	8.8%	8.5%	8.7%	8.6%	8.1%	8.2%	9.7%	11.7%	12.4%	13.5%	13.8%
Submarket	8.4%	7.5%	9.8%	7.8%	9.4%	12.9%	15.4%	17.3%	14.9%	15.5%	18.7%



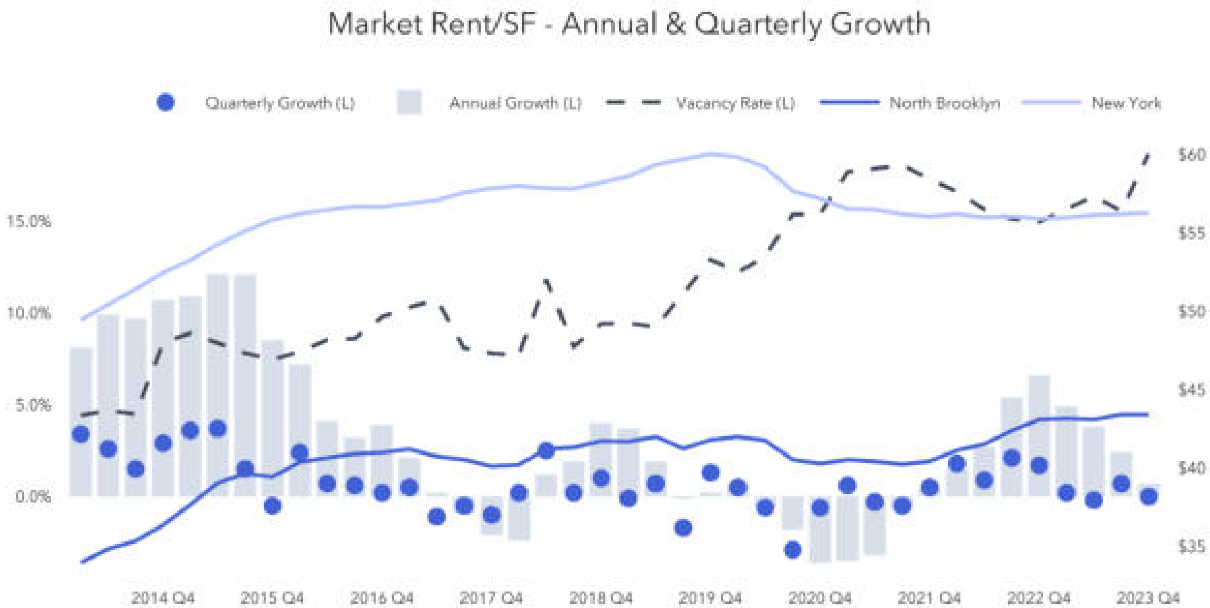
Rents

At $43.41/SF, rents in the North Brooklyn Submarket are roughly 23% lower than the Market average of $56.27/SF. Rents in the Submarket have increased 2.8% per annum over the past decade, exceeding the Market, where rents increased 1.4% per annum during that time.

Market Rents

	2014	2015	2016	2017	2018	2019	2020	2021	2022	23 Q3	23 Q4
National	$28.89	$30.55	$31.55	$32.45	$33.53	$34.88	$34.33	$34.53	$34.89	$35.11	$35.16
Market	$52.45	$55.83	$56.64	$57.84	$58.19	$60.03	$57.19	$56.03	$55.91	$56.19	$56.27
Submarket	$36.36	$39.44	$40.99	$40.11	$41.72	$41.79	$40.28	$40.43	$43.09	$43.41	$43.41

Prior to the pandemic, the North Brooklyn Office Submarket experienced an improvement in rent growth, although at a softened rate. In 2019 Q4, annual rent growth in the Submarket accelerated above the previous quarters yoy growth rate, but remained below the historical average, with annual growth of 0.2%. In 2020 Q2, quarterly rent growth fell to -0.6%. By the end of 2020, rents had fallen 3.6% from the 2019 Q4 rent level of $41.79/SF. From 2019 Q4 to 2021 Q4, rents decreased 3.3%. Quarterly rent growth in 2023 Q4 stalled, softening annual growth to 0.7%.

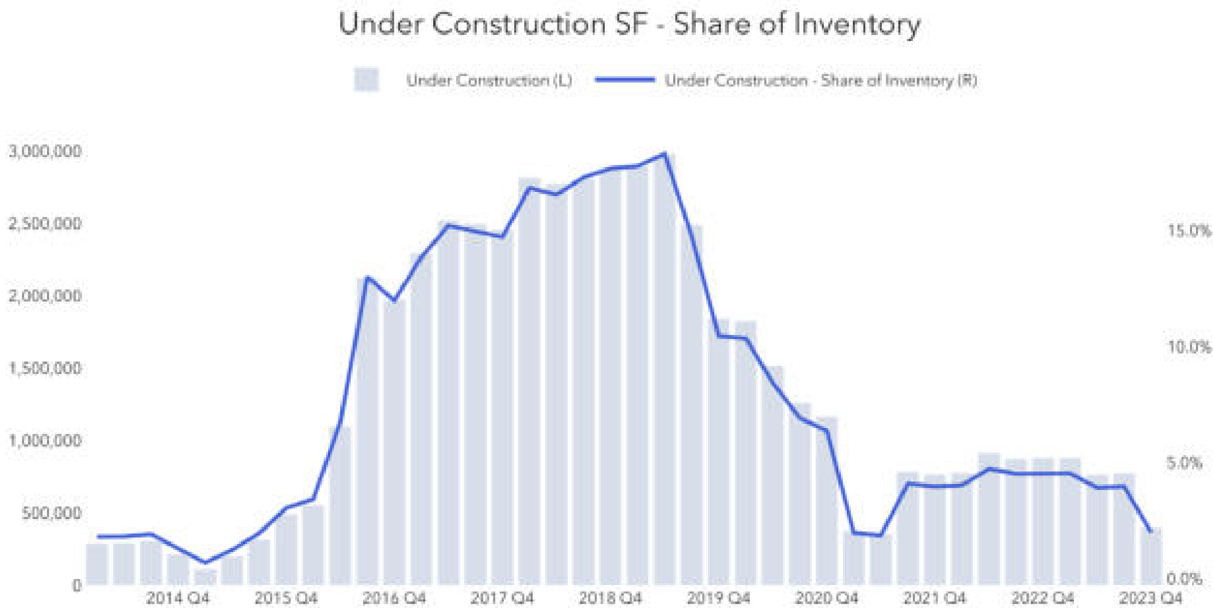


Construction & Future Supply

The North Brooklyn Submarket has never been a submarket where supply additions have been historically abundant as density and zoning issues made new office construction unlikely. This remains largely the case today as zero speculative projects of note are underway, and this is likely to remain the case as long as the availability rate remains highly elevated. About 590,000 SF is under construction.

The newest generation of office buildings in North Brooklyn is located in attractive neighborhoods along the waterfront. For example, the Williamsburg/Greenpoint multifamily submarket, which is the northwest-most part of the North Brooklyn office submarket, has added more than 10,000 apartments over the past five years. This area is home to several of the submarket's largest office projects: Dock 72 (670,000-SF) and 25 Kent Ave. (508,000-SF). Amenities in most new office projects could compete with what you would find in new construction in Manhattan, with developers aiming to attract tech and creative companies. Despite the high quality of recent deliveries, leasing is at a minimum for many of these projects as tenant demand in Brooklyn remains tepid. The largest recent delivery, the Refinery at Domino, is a 372,000-SF conversion of a former factory. Speaking to the difficulty facing the Brooklyn office, the building is fully available for lease.

With the bulk of tenant interest concentrated in trophy office towers, older properties that require a major renovation are now likely to sit vacant for quite some time, as these properties do not contain the modern amenities that occupiers covet. Though public discourse has centered on an idea where less competitive office buildings are converted into apartments, market participants note that it is unlikely to become a meaningful trend due to the high costs of construction, a preference from multifamily developers to build from the ground up, and the lack of meaningful tax incentives available.

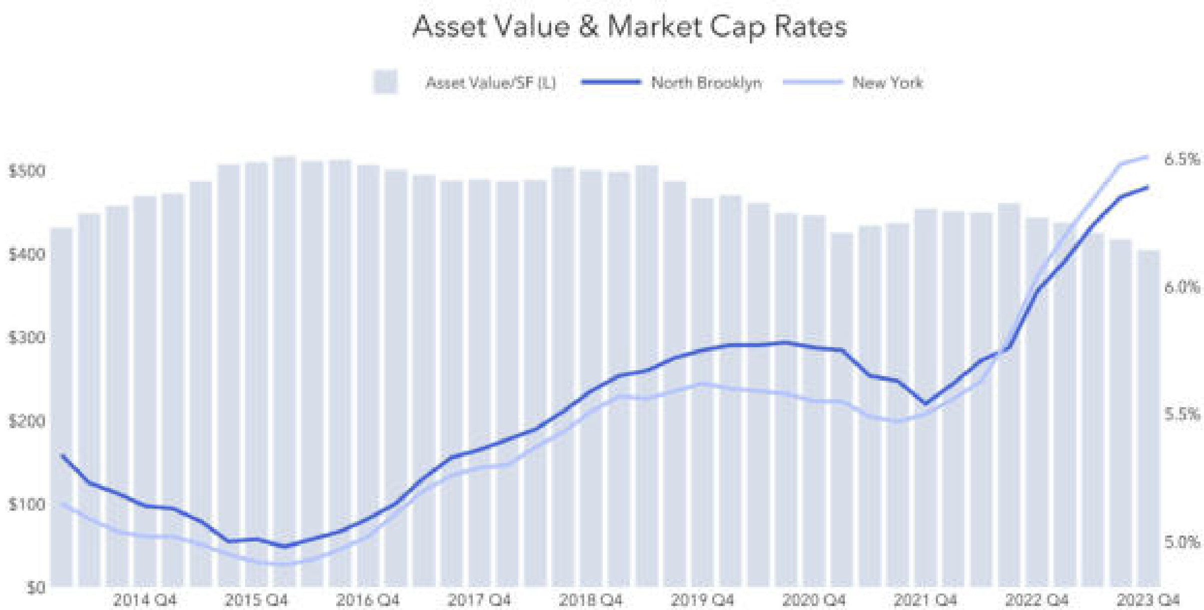


Capital Markets

Investors have been active in the Submarket over the past three years. Going back three years, investors have closed on average, 24 transactions per year with an annual average sales volume of $106.6 million. Over the past year, there were 20 closed transactions across 391.4k square feet, for a total sales volume of $146.2 million. As of 2023 Q4, CoStar data indicates there were 7 transactions for a total sales volume of $102 million, compared to $3 million in the previous quarter.

Still, some buyers are willing to take on more uncertainty and are leveraging substantial value-add and opportunistic capital to acquire underperforming assets below replacement cost. This was evident in the sale of 1000 Dean Street, a 129,350 SF office building in Crown Heights. The November 2023 sale total $32.5 million and the property originally had an asking price of $38 million while being last sold in 2017 for $56 million. The buyer plans to make strategic upgrades to improve the appeal to occupiers.

Market pricing, based on the estimated price movement of all properties in the Submarket, sat at $405/SF. Values have compressed 8.8% over the past year and continued to fall in the past quarter, decreasing 3.1% in 2023 Q4. Capitalization rates have increased 41 bps over the past year to 6.4% and increased 4 bps in Q4. Higher interest rates and the subsequent cost of debt, along with softening economic growth will weigh on both activity and pricing going forward.



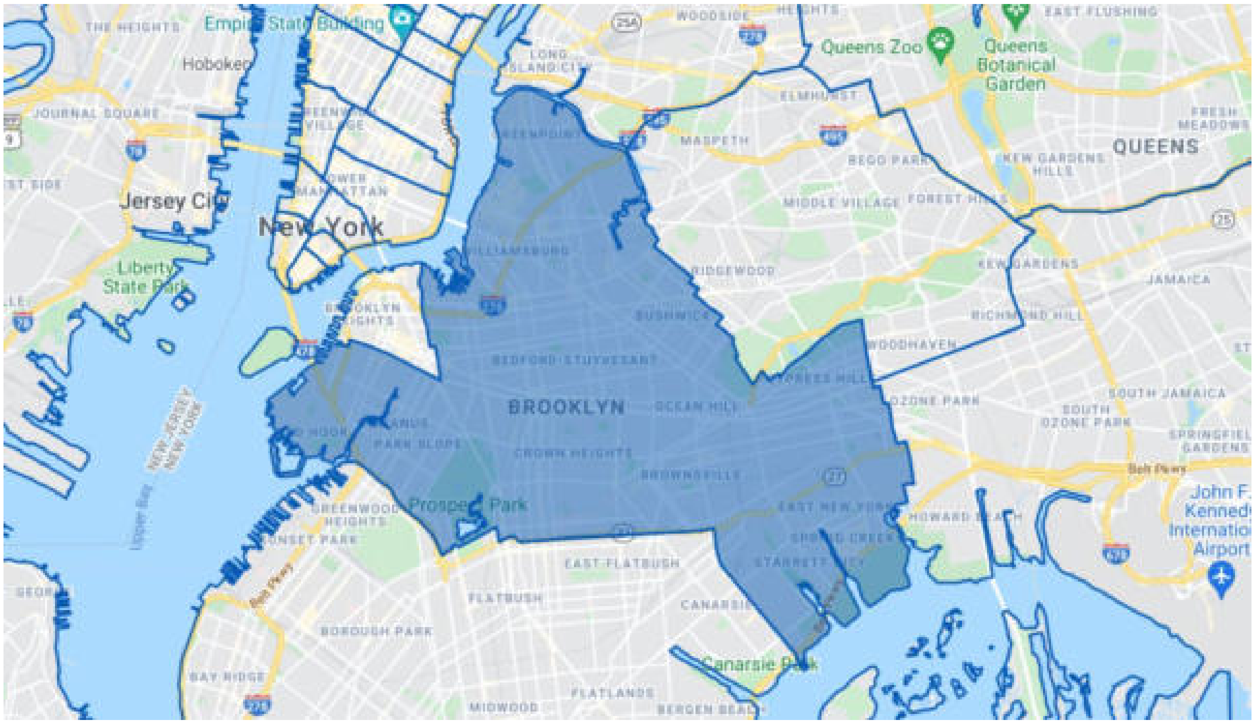
Outlook

Office demand remains well below pre-pandemic levels. Many office markets are contending with elevated vacancy and availability rates. This is occurring at a time of a looming recession, which has resulted in layoffs from many companies, slowing the recovery for the sector.

Office market conditions in the North Brooklyn Submarket indicate a decrease in demand along with rising inventory levels. Together, vacancy rates have increased over the past year and rent growth has slowed along with values. Looking ahead to the near term, it is likely that tenant demand remains limited with rents declining. With market conditions expected to soften amidst slowing economic growth and elevated debt costs, values will likely experience limited growth.

North Brooklyn: Retail Submarket Analysis

The information contained in this report was provided using 2023 Q4 CoStar data for the North Brooklyn Retail Submarket ("Submarket") located in the New York Market ("Market").



Overview

The subject property is in the North Brooklyn Submarket of the New York Market, defined in the map above. This Submarket accounts for 8.1% of the Markets total inventory with 51.2 million square feet. Notwithstanding elevated inflation and economic uncertainty putting strain on retail sales, retail fundamentals remain strong, as retailers and service tenants pushed to expand their footprints. While inflation did cause consumers to shift from discretionary spending to necessities, signs of cooling inflation bode well for the sector. Also aiding the sector is a dwindling pipeline, which combined with strong tenant demand, kept vacancy rates stable. In the North Brooklyn Submarket, demand has softened over the past year, leading to rising vacancy rates. Rent growth remains up 0.2% over the past year but rising vacancy rates have put downward pressure on growth in the latest quarter, contracting rents 1.2%. With softening fundamentals, values decreased in the past quarter and -0.1% yoy, ultimately decreasing to $502/square feet.

Sector Fundamentals

	North Brooklyn	YoY	QoQ	New York	YoY	QoQ
Market Rent/SF	$53.86	0.2%	-1.2%	$47.5	1.5%	-0.4%
Vacancy Rate	3.33%	42 bps	21 bps	4.09%	2 bps	-5 bps
Availability Rate	4.1%	51 bps	20 bps	5.1%	-21 bps	-3 bps
Net Absorption SF	-105,900	-256.8%	-363.9%	734,690	1923.7%	12.4%
Asset Value/SF	$502	-0.1%	-1.5%	$442	1.6%	-0.1%
Market Cap Rate	5.42%	8 bps	7 bps	5.98%	3 bps	3 bps
Transaction Count	54	-39%	0%	453	-37%	-11%
Sales Volume	$96,529,856	-29%	-40%	$1,280,282,368	-2%	41%

The table below presents historical performance of key indicators for retail space in the Submarket including inventory & construction levels, net absorption, vacancy & availability, rental rates, pricing, and cap rates.

Historical Retail Performance: North Brooklyn Submarket

Period	Inventory SF	Under Construction SF	Net Delivered SF 12 Mo	Net Absorption SF 12 Mo	Vacancy Rate	Availability Rate	Market Rent/SF	Market Sale Price Per SF	Market Cap Rate
2023 Q4	51,216,465	193,905	113,747	-103,837	3.3%	4.1%	$53.86	$500	5.42%
2023 Q3	51,216,465	193,905	10,853	69,604	3.1%	3.9%	$54.53	$507	5.36%
2022	51,102,718	235,440	-88,561	-18,963	2.9%	3.6%	$53.76	$499	5.34%
2021	51,185,595	261,839	188,877	653,806	3.0%	3.8%	$52.34	$483	5.33%
2020	50,996,718	301,270	-48,089	-311,702	4.0%	4.8%	$50.92	$464	5.39%
2019	51,044,807	135,065	234,369	177,475	3.4%	4.1%	$51.01	$452	5.46%
2018	50,810,438	377,404	554,642	512,308	3.3%	4.2%	$50.27	$438	5.50%
2017	50,253,960	707,264	149,907	-341,646	3.3%	4.4%	$49.70	$427	5.51%
2016	50,104,053	265,370	165,253	436,368	2.3%	4.1%	$48.57	$417	5.50%
2015	49,938,800	330,488	209,369	320,216	2.9%	4.6%	$47.40	$405	5.49%
2014	49,729,431	518,558	351,206	584,381	3.1%	5.9%	$45.66	$366	5.81%

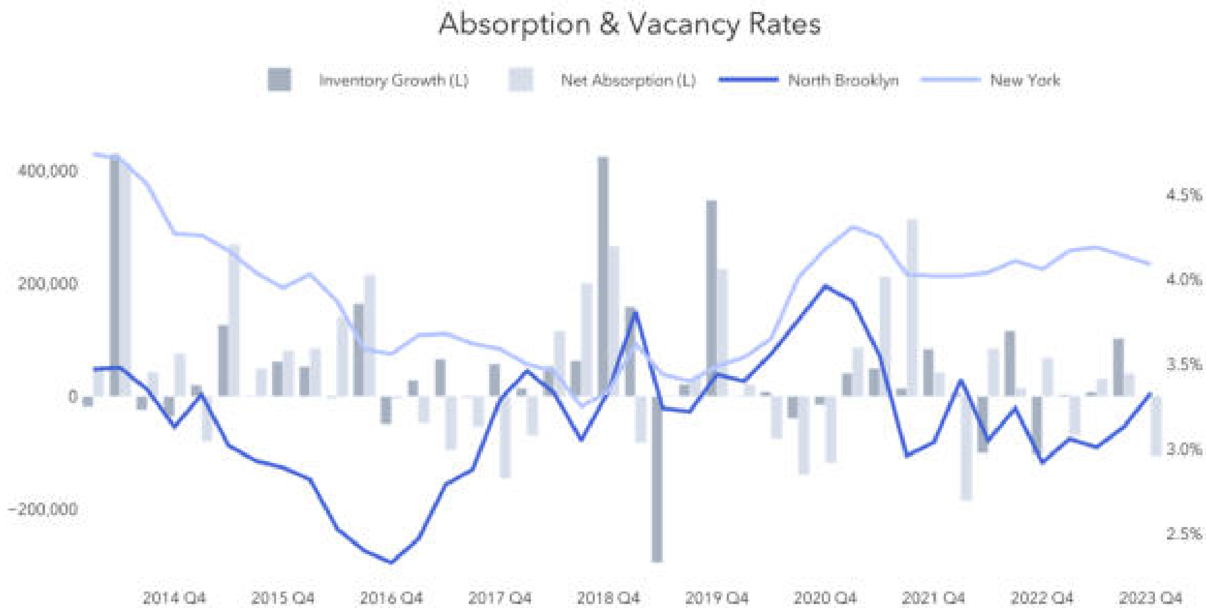
Supply & Demand

The North Brooklyn Submarket is vast and includes the neighborhoods of Greenpoint, Williamsburg, Park Slope, Crown Heights, and East New York. Being such a large submarket, the retail mix is diverse, ranging from large, big-box stores and shopping malls to small street retailers of all kinds.

The North Brooklyn submarket continues on its road to recovery. The vacancy rate here stands at 3.3%, a figure which on par with the submarket's long-term historical average of 3.2% and is below the current New York metro average of 4.1%. Continued market stability is anticipated with positive absorption forecasted to take place in the near term. Recent notable leases include Lidl (27,000-SF), Aldi (31,000-SF), and Brooklyn Brewery (41,000-SF). Smaller store-front commitments have been driven by urgent care centers, fitness facilities, and fast-casual restaurants. Set to help absorption levels over the next 12 months is the 103,000-SF future move-in of Chelsea Piers at 595 Dean St. which is located a few minutes from the Barclays Center and Atlantic Terminal.

Vacancy Rates

	2014	2015	2016	2017	2018	2019	2020	2021	2022	23 Q3	23 Q4
National	5.6%	5.1%	4.6%	4.4%	4.3%	4.5%	5.0%	4.6%	4.2%	4.1%	4.0%
Market	4.3%	4.0%	3.6%	3.6%	3.3%	3.5%	4.2%	4.0%	4.1%	4.1%	4.1%
Submarket	3.1%	2.9%	2.3%	3.3%	3.3%	3.4%	4.0%	3.0%	2.9%	3.1%	3.3%



Rents

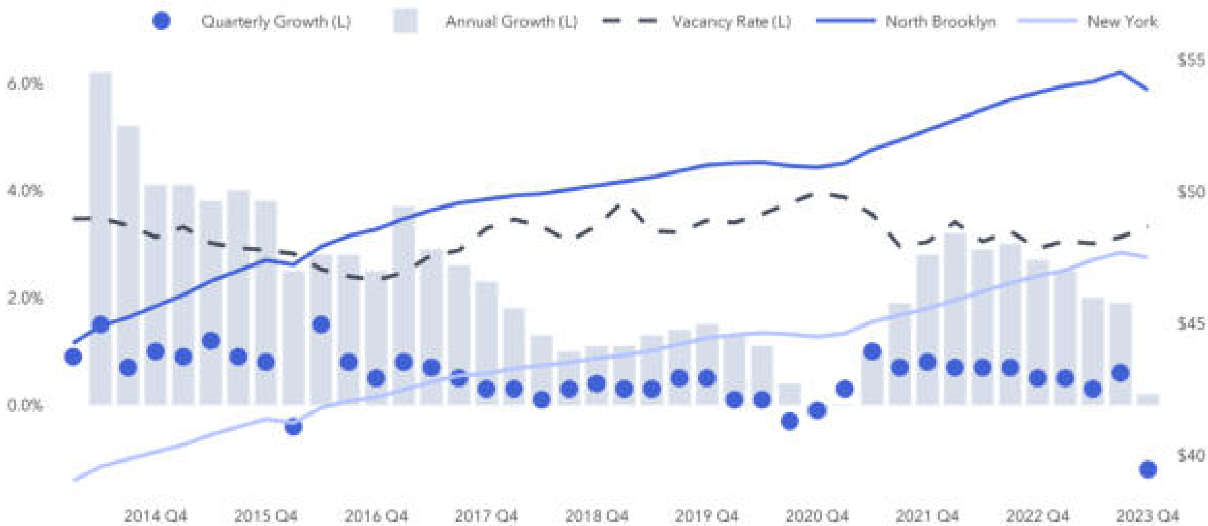
At $53.86/SF, rents in the North Brooklyn Submarket are roughly 13% higher than the Market average of $47.50/SF. Taking rents are also significantly higher than the submarket average. One of the more recent high-priced deals was Jojo & Co's 10-year lease 1 Blue Slip, the brand-new residential tower on Greenpoint's waterfront. The bakery is paying a reported effective rent of $175/SF for the 700 SF space, which is a similar amount compared to other higher-priced deals signed over the past 12 months.

Market Rents

	2014	2015	2016	2017	2018	2019	2020	2021	2022	23 Q3	23 Q4
National	$19.04	$19.58	$20.06	$20.64	$21.17	$21.71	$22.12	$22.92	$23.93	$24.61	$24.75
Market	$40.13	$41.37	$42.20	$43.09	$43.68	$44.45	$44.49	$45.57	$46.81	$47.69	$47.50
Submarket	$45.66	$47.40	$48.57	$49.70	$50.27	$51.01	$50.92	$52.34	$53.76	$54.53	$53.86

Prior to the pandemic, the North Brooklyn Retail Submarket experienced an improvement in rent growth, although at a softened rate. In 2019 Q4, annual rent growth in the Submarket accelerated above the previous quarters yoy growth rate, but remained below the historical average, with annual growth of 1.5%. In 2020 Q2, quarterly rent growth reached 0.1%. By the end of 2020, rents had fallen 0.2% from the 2019 Q4 rent level of $51.01/SF. From 2019 Q4 to 2021 Q4, rents increased 2.6%. Quarterly rent growth in 2023 Q4 contracted by -1.2%, with annual growth slowing to 0.2%.

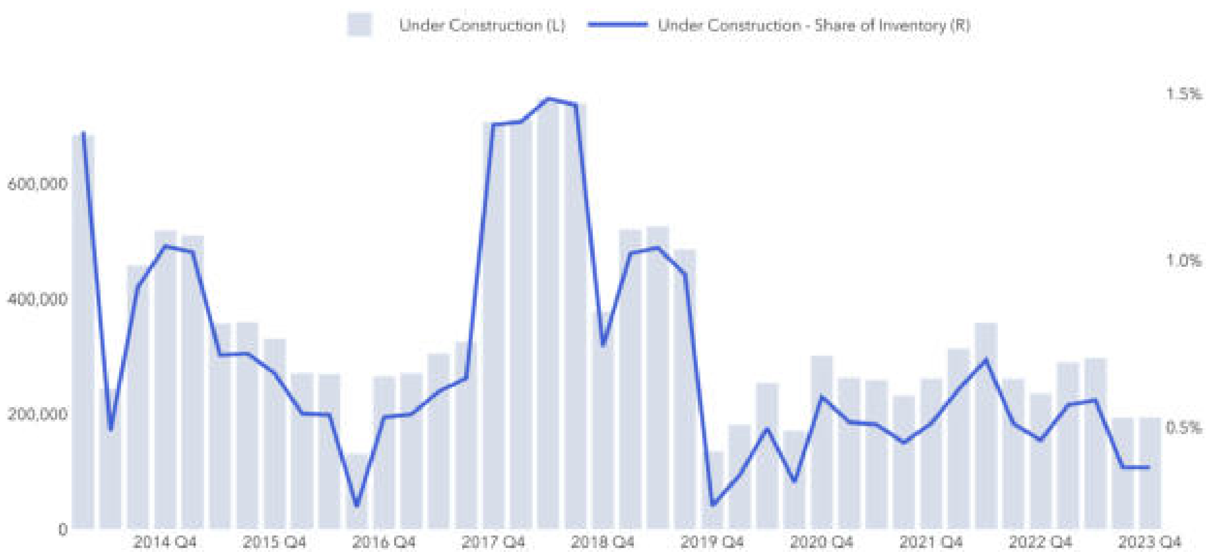
Market Rent/SF - Annual & Quarterly Growth



Construction & Future Supply

New construction is concentrated along the Brooklyn waterfront area, where former industrial zones have been transformed into bustling residential neighborhoods. A result of the increased residential development of North Brooklyn has been the bevy of ground-floor space additions that have been occupied by child-care centers, small grocers, and urgent care centers. About 193,000 SF of retail space is under construction in the submarket. The largest project in the pipeline is the retail component of Pacific Park at 595 Dean St, a mixed-use residential building. The entire 103,000-SF retail space is leased to Chelsea Piers, and construction began in December 2020.

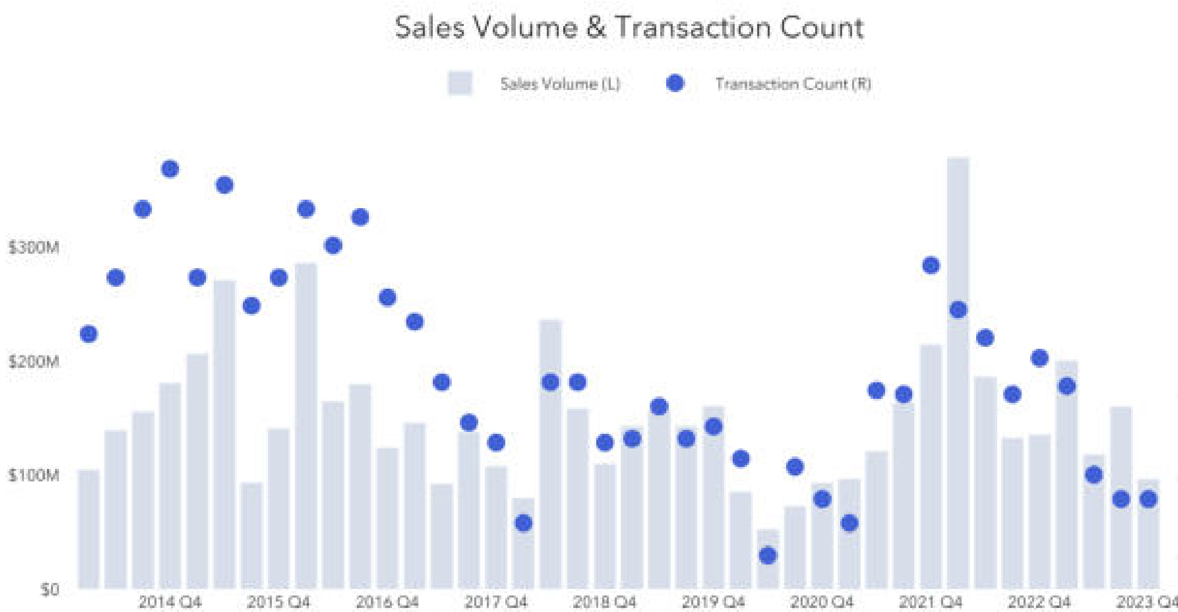
Under Construction SF - Share of Inventory



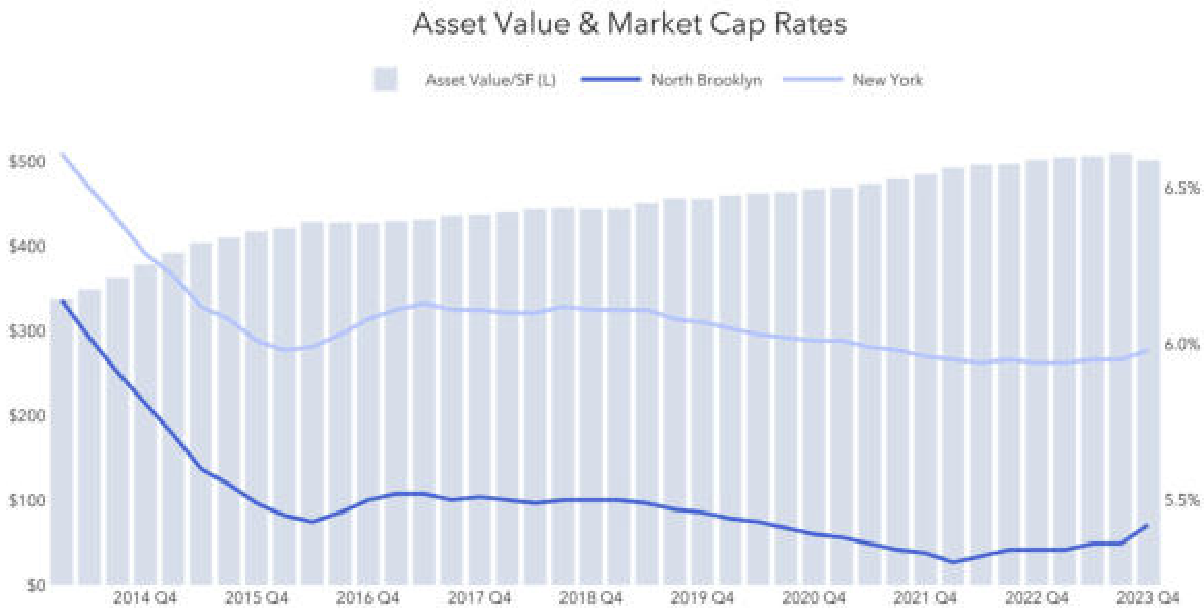
Capital Markets

Investors have been active in the Submarket over the past three years. Going back three years, investors have closed on average, 312 transactions per year with an annual average sales volume of $667.9 million. Over the past year, there were 250 closed transactions across 1.4 million square feet, for a total sales volume of $575.1 million. As of 2023 Q4, CoStar data indicates there were 54 transactions for a total sales volume of $96.5 million, compared to $160.1 million in the previous quarter.

Retail sites are transacting as apartment development opportunities as investors continue to target opportunities that permit for future multifamily construction. These deals include 1041-1065 Atlantic Avenue trading for $65 million, 96-110 Boerum Pl trading for $20 million and 975 Nostrand Ave trading for $41 million. During 23Q2, a neighborhood center located at 1110 Pennsylvania Ave was purchased for $15 million by Lotus Management Group. Despite the center consisting of more localized retailers, the asset pricing topped $600/SF.



Market pricing, based on the estimated price movement of all properties in the Submarket, sat at $502/SF. Values have compressed 0.1% over the past year and continued to fall in the past quarter, decreasing 1.5% in 2023 Q4. Capitalization rates have increased 8 bps over the past year to 5.4% and increased 7 bps in Q4. While fundamentals remain fairly positive, the elevated cost of debt has slowed transaction activity in the capital markets. However, there is demand from investors, especially for properties with strong fundamentals in markets experiencing outsized population and household growth.

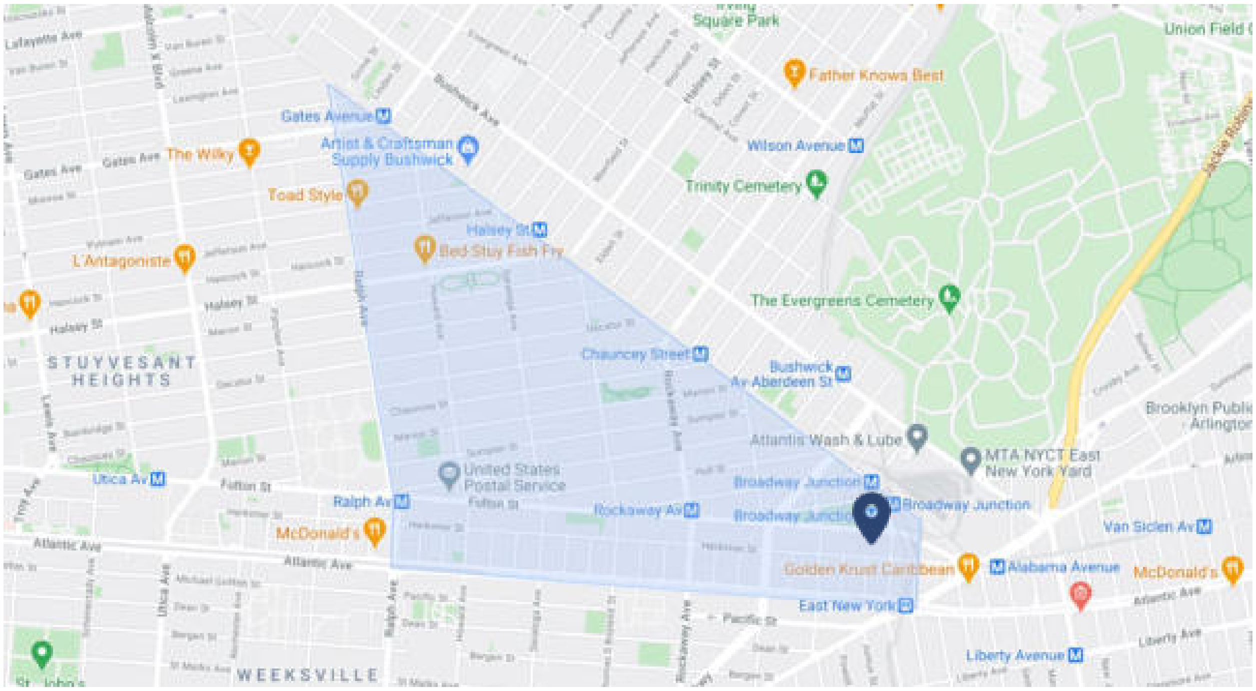


Outlook

The retail sector has recovered relatively well from the pandemic. Retail sales and foot traffic remained elevated despite high inflation. However, the threat of a recession has shifted consumer preferences, with retail sales softening to end the year. Still, property performance continues to vary significantly by subtype, location, class, and tenant composition. Properties with necessity based retailers or those in strong population growth markets are best positioned.

Retail market conditions in the North Brooklyn Submarket indicate a decrease in demand along with rising inventory levels. Together, vacancy rates have increased over the past year. With vacancy rates expanding, quarterly rent growth declined -1.2%, softening annual growth to 0.2%. Looking ahead to the near term, it is likely that tenant demand remains limited with rents declining. With softening fundamentals amidst elevated debt costs, values will likely decline.

Neighborhood & Demographic Overview



Source: Google Maps

Ocean Hill at a Glance

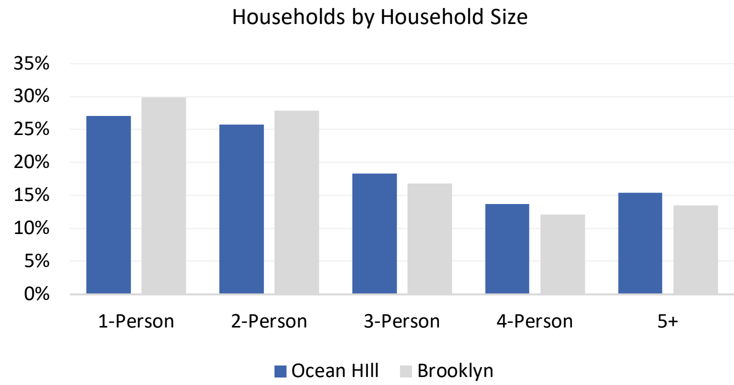
Ocean Hill is a neighborhood in Brooklyn, New York City and is a subsection of Bedford-Stuyvesant originally named for its hills. It is bounded by Bushwick to the north, Brownsville to the south, and Stuyvesant Heights to the west. Today, the neighborhood is experiencing strong population growth fueled by strong subway access and a growing commercial strip along Rockaway Avenue. As a result, a number of residential developments, from single family homes to large properties of 20+ units are under construction. Population growth has historically outpaced that of Brooklyn overall, and while population growth is expected to slow, it is still forecasted to outpace Brooklyn. Given its proximity and relative affordability, the Ocean Hill neighborhood will continue to see growth in the near-term future.

The following demographic profile, assembled by Environics Analytics, a nationally recognized compiler of demographic data, reflects the subject's municipality (Ocean Hill) and market (Brooklyn). All values presented herein are estimates for 2021 and all figures presented are for the subject neighborhood unless stated otherwise.

	Area	2000 Census	2010 Census	Change	2021 Est.	Change	2026 Projected	Change
Population	Ocean Hill	6,285	6,228	-0.91%	6,902	10.82%	7,219	4.59%
	Brooklyn	2,465,323	2,504,700	1.60%	2,663,688	6.35%	2,729,851	2.48%
Households	Ocean Hill	2,052	2,186	6.53%	2,471	13.04%	2,602	5.30%
	Brooklyn	880,721	916,856	4.10%	989,055	7.88%	1,018,358	2.96%
Family Households	Ocean Hill	1,512	1,490	-1.46%	1,682	12.89%	1,770	5.23%
	Brooklyn	584,121	573,363	-1.84%	614,593	7.19%	631,736	2.79%

Neighborhood

Housing

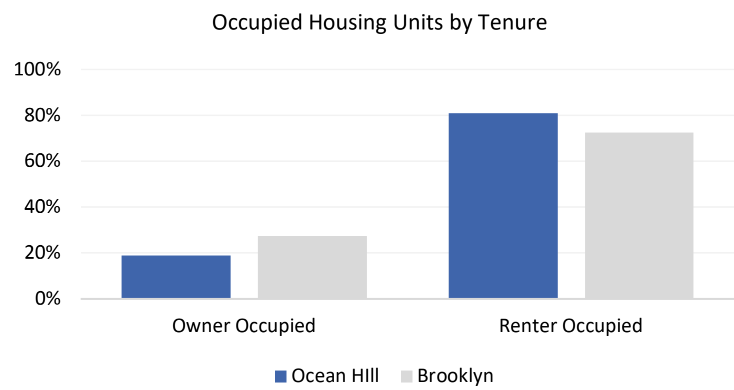


HOUSEHOLDS

2,471

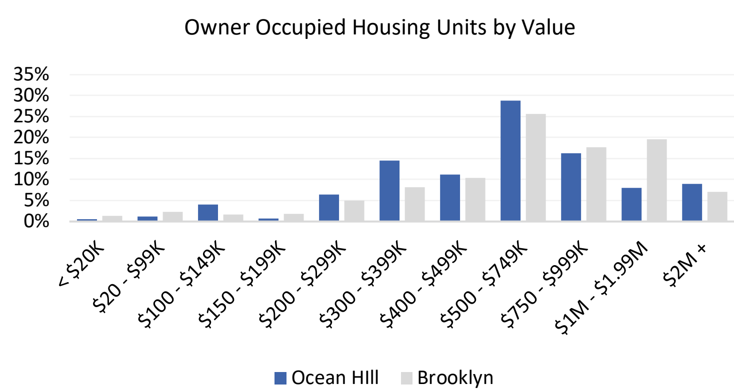
AVERAGE HOUSEHOLD SIZE

2.77



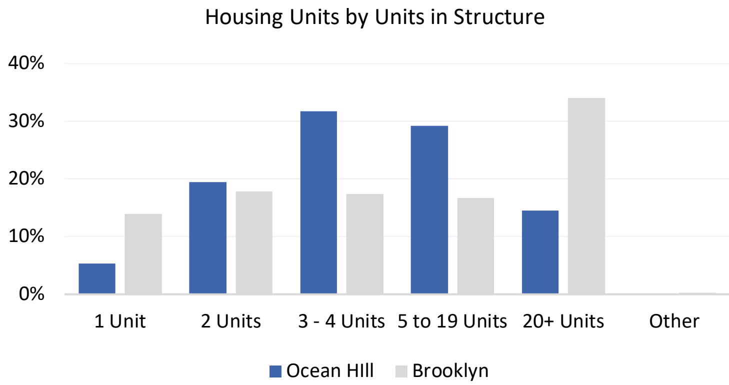
MAJORITY OCCUPIED HOUSING UNITS

81% Rentrer



MEDIAN OWNER-OCCUPIED HOUSING VALUE

$598,060

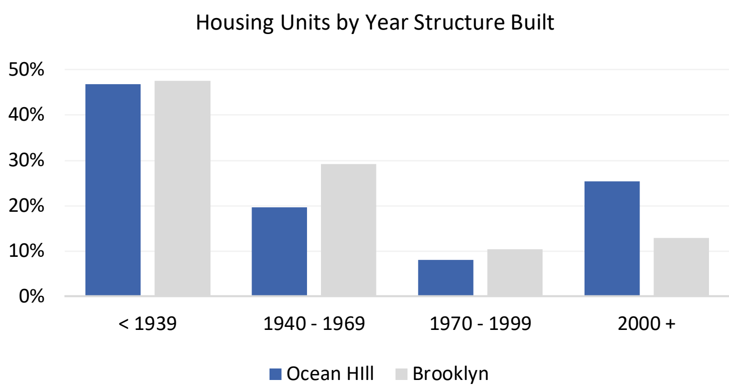


NEIGHBORHOOD HOUSING UNITS

2,794

COUNTY/CITY HOUSING UNITS

1,074,602



NEIGHBORHOOD MEDIAN YEAR STRUCTURE BUILT

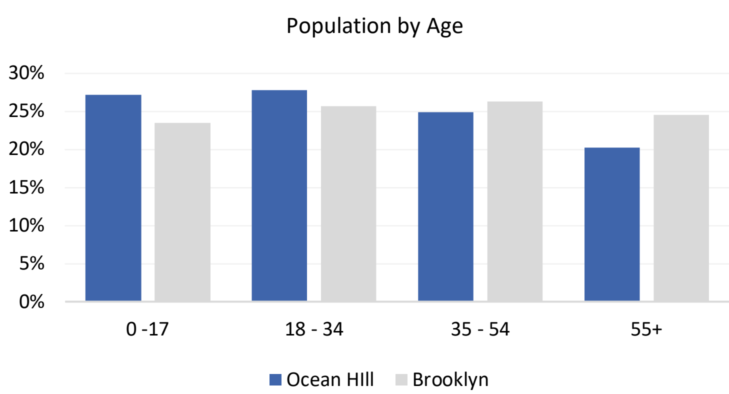
1954

COUNTY/CITY MEDIAN YEAR STRUCTURE BUILT

1941

Demographics

Population



POPULATION

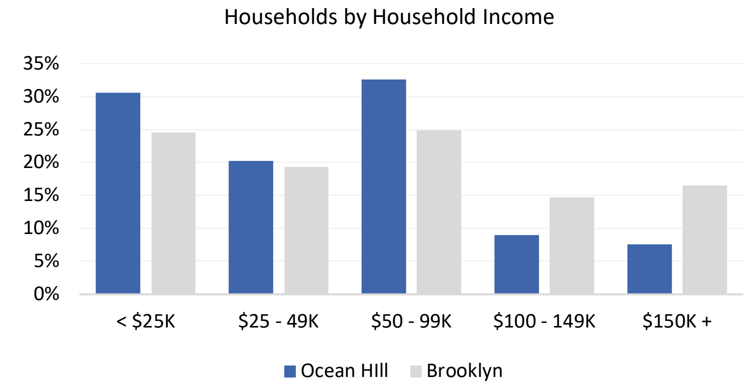
6,902

MEDIAN AGE

32

AVERAGE AGE

34



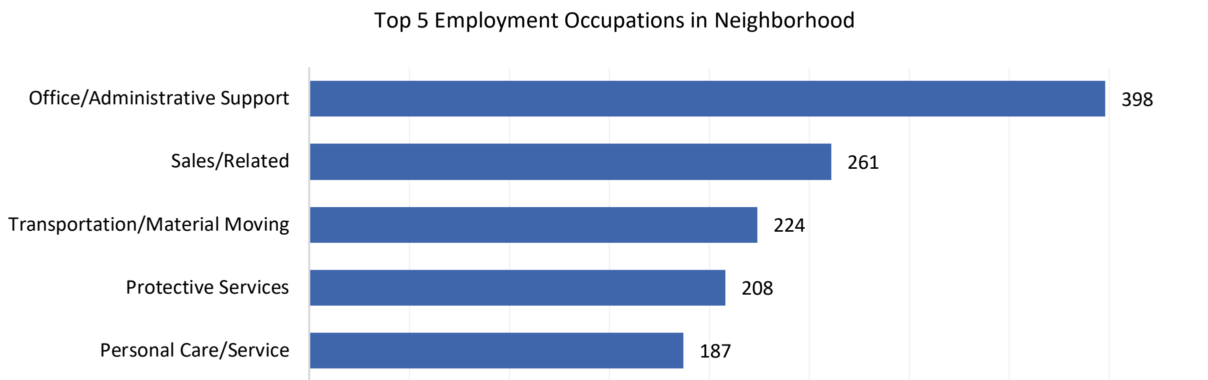
MEDIAN HOUSEHOLD INCOME

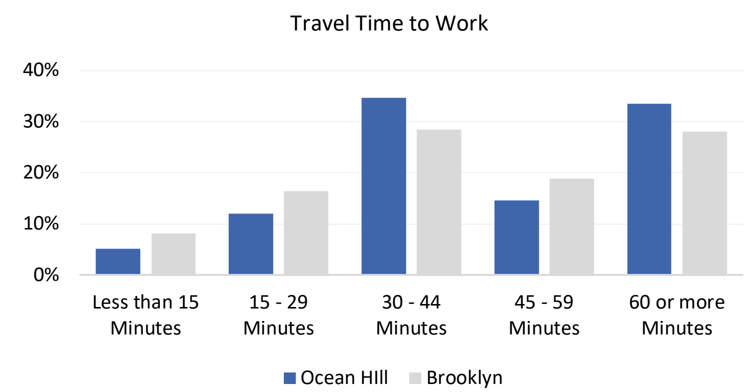
$48,936

AVERAGE HOUSEHOLD INCOME

$63,513

Employment & Transportation

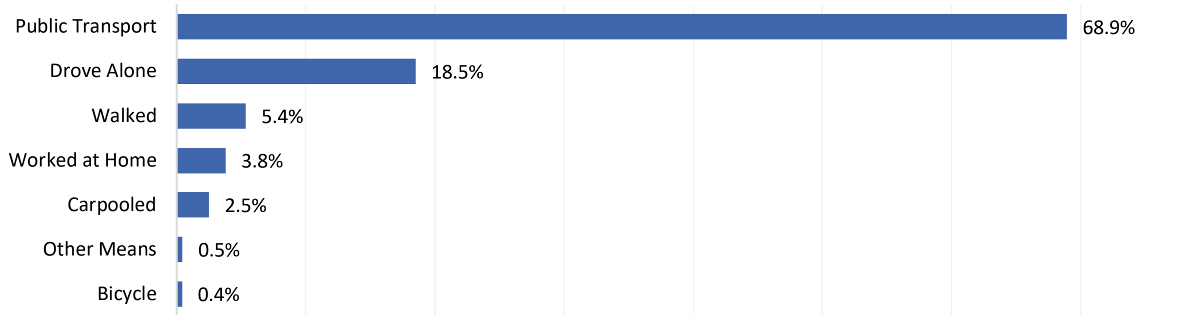




AVERAGE TRAVEL TIME TO WORK

51 minutes

Transport Mode to Work in Neighborhood



Transport Modes and Access

Major roads include Atlantic Avenue and Fulton Street, which run east and west and connect to Interstate 278 and the Jackie Robinson Parkway. In addition, Bushwick Avenue, runs northwest and connects to Interstate 278 as well.

The neighborhood is located in the southeast corner of Bed-Stuy, which has multiple transit stops along the A, C, J, and L train routes. In addition, the Long Island Railroad (LIRR) East New York Station provides access to six routes.

The MTA has multiple bus routes that service the area and connect to other routes in the area.

The nearest airports are JFK International Airport (9 mi.), followed by LaGuardia International Airport (10 mi.)

Conclusion

Ocean Hill is a small neighborhood in Brooklyn, New York City. It is ideally located with access to two major local corridors, public transit, and a growing development scene in nearby Bedstuy and Broadway Junction. Here, residents have access to the subway and the LIRR commuter trains. The area has seen strong population growth over the last ten years and is expected to see continued growth.

East New York Rezoning

A rezoning or remapping occurs when the zoning designation(s) for an area is changed on the NYC zoning maps to facilitate policy initiatives and achieve community objectives. New zoning applies only to new development, existing business or residential uses that would not be permitted under new zoning may remain indefinitely. These are considered non-conforming uses.

The East New York Neighborhood Plan is a coordinated plan to promote affordable housing, encourage economic development, create pedestrian-friendly streets and invest in community resources to support the long-term growth and sustainability of East New York, Cypress Hills and Ocean Hill.

The East New York Neighborhood Plan is a part of Housing New York, the Mayor's housing plan to build and preserve affordable housing through community development initiatives that foster a more equitable and livable New York City.

The existing zoning restricts new development to low density, there is no new residential development allowed along Atlantic Avenue, around Broadway Junction, and on parts of Liberty Avenue. Most of the neighborhood has not changed since 1961. With zoning changes, developers can construct taller buildings in exchange for a commitment to including below-market-rate apartments, which also makes room for more retail and community chosen for study for the possibilities it held as a transit-rich location.

Approximately 190 blocks in northern East New York, Cypress Hills and Ocean Hill are targeted under the plan. In East New York and Cypress Hills, the area is bordered by Sheffield to Lincoln avenues and Fulton Street to Pitkin Avenue. In Ocean Hill, the affected area is from Eastern Parkway Extension to Van Sinderen Avenue, and Broadway to East New York Avenue.

Broadway Junction, located at the nexus of several Central Brooklyn neighborhoods, has suffered from decades of disinvestment. Although it is well-served by mass transit, residents of the surrounding community describe the area as "desolate and unsafe," and don't perceive it as part of their neighborhood. Members of the community have long advocated for public- and private-sector investment to activate Broadway Junction as a major economic hub and driver of local opportunity.

The Leser Group's vision for the subject, 2440 Fulton, is to become a community-centric gateway with retail and neighborhood compatible uses including a space for city offices and an institute for higher education.

Zoning Summary

The subject is currently zoned C4-5D.

C4-5D Zoning Summary

We note that the subject was recently rezoned from an M1-2 zone to a C4-5D zone. C4 districts are mapped in regional commercial centers, such as Flushing in Queens and the Hub in the Bronx, that are located outside of the central business districts. In these areas, specialty and department stores, theaters and other commercial and office uses serve a larger region and generate more traffic than neighborhood shopping areas. Use Groups 5, 6, 8, 9, 10 and 12, which include most retail establishments, are permitted in C4 districts. Uses that would interrupt the desired continuous retail frontage, such as home maintenance and repair service stores listed in Use Group 7, are not allowed.

C4 districts with an A, D or X suffix are contextual districts in which the commercial and residential bulk and density regulations can differ from corresponding non-contextual districts. Some districts have the same commercial and residential floor area ratios (FAR) as shown in the table but may differ in parking requirements. Floor area may be increased with a public plaza or Inclusionary Housing Program bonus.

C4-1 districts are mapped in outlying areas, such as the Staten Island Mall, that require large amounts of parking. C4-2 through C4-5 districts are mapped in more densely built areas, such as Steinway Street in Astoria (C4-2A), Fordham Road (C4-4), and parts of Jamaica (C4-5X). C4-6 and C4-7 districts are mapped in densely built areas in Manhattan, including most of Broadway on the Upper West Side (C4-6A) and portions of central Harlem (C4-7).

C4 Commercial Districts

District	Residential Equivalent District	Commercial FAR	Residential FAR
C4-1	R5	1.0	1.25
C4-2/C4-3	R6	3.4	0.78-2.43[1,3]
C4-2A/C4-3A	R6A	3.0	3.0[4]
C4-4/C4-5	R7	3.4	0.87-3.44[3,4]
C4-4A/ C4-4L/ C4-4A	R7A	4.0	4.0[4]
C4-4D	R8A	3.4	6.02[4]
C4-5D	R7D	4.2	4.2[4]
C4-5X	R7X	4.0	5.0[4]
C4-6	R10	3.4	10.0[4,5]
C4-6A	R10A	3.4	10.0[4]
C4-7	R10	10.0[5]	10.0[4,5]
C4-7A	R10A	10.0	10.0[4]

[1] 3.0 FAR permitted on wide streets outside the Manhattan Core under Quality Housing Program
[2] 7.2 FAR permitted on wide streets outside the Manhattan Core under Quality Housing Program
[3] 4.0 FAR permitted on wide streets outside the Manhattan Core under Quality Housing Program
[4] Increase in FAR with Inclusionary Housing Program Bonus
[5] FAR bonus up to 20% for a public plaza

Bulk Calculation Current and Proposed Zoning

Based on the maximum effective FAR of 4.20, 325,500 square feet of bulk development is permitted on the site.

Ownership has provided buildings plans for the current development that can be found in the addenda. The plans present a total gross area of 409,080± square foot (inclusive of the lower level) and a zoning floor area of 337,554 based on a FAR of 4.36.

The current improvements conform in terms of age, condition, and construction to surrounding improvements within the immediate neighborhood. We assume the proposed improvements will be of legal, conforming and complying use.

Assessed Values & Real Estate Taxes

2440 Fulton Street is designated on Kings County Tax Maps as block and lot 1554 / 16. The current assessed value is shown below:

2024/2025 Tentative Assessed Value

Current Assessment:	1554 / 16				
			Actual		**Transitional**
Land			$1,220,850		$823,950
Building		+	$8,442,900	+	$8,442,900
Total			**$9,663,750**		**$9,266,850**

Tax Rates

The City of New York has four tax categories for real property, of which the subject is considered Class 4. The most recent tax rate for Class 4 properties was 10.592%.

Current Tax Liability

Taxable Assessed Value		$9,266,850
Tax Rate	x	10.592%
Tax Liability		**$981,545**

We note that the table above is the current tax burden for the subject prior to completion of the proposed development. Any new improvements constructed would be reassessed by the City.

Projected Tax Liability

To determine the subject's prospective assessment and associate tax liability upon completion of the proposed construction, we have surveyed comparable office building assessments in the area:

Competitive RE Tax Assessments

Comparable	Year Built / Renovated	SF	Taxes/SF
2211 CHURCH AVENUE	2017	32,000	$6.60
2275 COLEMAN STREET	2013	44,000	$7.30
3512 QUENTIN ROAD	2010	22,077	$7.24
406 PINE STREET	2017	60,180	$10.31
		Min	**$6.60**
		Avg	**$7.86**
		Max	**$10.31**

The comparables are recently constructed or altered office properties. The comparables range from $6.60 to $10.31 per square foot and average $7.86 per square foot. We have received and reviewed a tax opinion letter provided by ownership which indicates a stabilized tax assessment of $27,500,000. This results in an estimated stabilized tax liability of $2,912,800. Based on the comparable data and provided tax opinion letter, we project a tax liability of $8.22 per square foot for the new building, which is above the average of the comparable range but overall reasonable given that the subject will represent new construction upon completion but also having a somewhat inferior location to some of the comparables.

Industrial and Commercial Incentive Program (ICIP)/ Industrial and Commercial Abatement (ICAP) Tax Benefit

ICIP and ICAPs are commercial tax benefit programs for significant renovations done to commercial properties or units. The ICIP program was created in 1984 and the ICAP (Industrial & Commercial Abatement Program) replaced the Industrial Commercial Exemption Program (ICIP) which ended in 2008. Previously approved ICIP benefits were not affected. An important difference between an exemption and an abatement is in the accounting within the broader property tax system – an exemption is a reduction of taxable assessed value applied before a tax liability is calculated, while an abatement is an offset against a property tax bill.

The City of New York grants tax exemptions and abatements under the Industrial and Commercial Incentive Plan (ICIP). Partial exemptions from or abatement of Real Estate Taxes for varying periods of up to 25 years are provided for eligible industrial or commercial buildings which are constructed, modernized, rehabilitated, expanded, or otherwise physically improved. A Certificate of Eligibility is issued for projects which meet the program requirements.

The program grants long-term real estate tax exemptions for the construction or alteration of eligible industrial or commercial buildings. Qualifying industrial projects may also receive partial tax abatement for any existing real estate tax liability. For commercial projects, the program provides a full exemption on the increase in assessed value attributable to the improvements for 25 years, followed by five years of exemption declining at 20% per year. Commercial projects may also be eligible for a partial tax abatement based on the real estate taxes levied in the year prior to commencement of construction.

To be eligible for the ICAP, industrial and commercial buildings must be built, modernized, expanded or otherwise physically improved. There are locational limitations and spend minimums. There are two main effects from moving from an exemption to an abatement. First, under ICAP, the value of the abatement is determined by the initial tax rate (set in the year prior to the issuance of the first building permit) and does not get adjusted in future years to reflect changes in the tax rate (minimizing some of the fluctuation in tax expenditure we saw with ICIP). Therefore, the value of the abatement is more fixed under ICAP than ICIP. The "Abatement Base" is equal to the "Post-completion Tax" minus 115% of the "Initial Tax." The "Post-completion Tax" is the taxable assessed value (the lower of the actual or transitional assessed values) shown on the assessment roll with a taxable status date immediately following the earlier of (1) completion of construction (issuance of a Final Certificate of Occupancy) or (2) four years from the date of issuance of the project's first building permit multiplied by the "Initial Tax Rate." The "Initial Tax Rate" is the tax rate applicable to the assessment roll with a taxable status date immediately preceding the issuance of the first building permit. The "Initial Tax" is the taxable assessed value indicated on the assessment roll with a taxable status date immediately preceding issuance of the first building permit multiplied by "Initial Tax Rate.

Limitations on Eligibility For Certain Types Of Property

Utilities: No benefits are permitted for utility property, which includes all property used by a utility in the ordinary course of business, as well as land and buildings owned by a utility.

Retail: A property may be subject to varying abatement schedules, depending on the percentage of the property that is dedicated to retail purposes.

The amount of the abatement base is generally the difference in tax liability imposed on the building or structure between two points in time, if the second tax liability exceeds the first tax liability by more than 15 percent.

The initial tax liability (point 1) is the liability for the building or structure on the tax roll with a taxable status date preceding the first building permit or commencement of construction if no permit is required (vacant land in this instance). The post-completion tax (point 2) is the tax liability for the building or structure on the tax roll with a taxable status date immediately following the earlier of completion of construction; or four years from the date of issuance of the first building permit or commencement of construction, if no building permit was required.

The abatement is equal to the amount by which the post completion tax exceeds 115 percent of the initial tax. At no time during the benefit period may the abatement reduce the initial tax liability imposed on the building or structure nor may it reduce the amount of taxes imposed on the land portion of the assessment.

Projects that consist of industrial construction work or commercial construction work in areas designated as special commercial abatement areas may also be entitled to additional benefits during years two through thirteen of the benefit period (so called inflation protection). Unlike the previous ICIP, the inflation protection is more generous for industrial construction work than otherwise qualifying commercial construction work. For work other than the industrial work, inflation protection is limited to increases that are above 5%. However, in both cases, the abatement base will not be increased by inflation protection if the taxable assessed value in any year increases by more than five percent as a result of a physical change (construction or alterations).

Additional Industrial Abatement

Notwithstanding the statutory provision that the abatement may not reduce the amount of the initial tax, industrial projects that meet a higher minimum required expenditure (40 percent rather than 30 percent) are also eligible for an additional abatement based on the initial tax. There is an abatement schedule of 12 years that coincides with the schedule for the abatement base described above that provides a maximum abatement of 50 percent of the initial tax in the first four years, declining every two years by 10 percentage points. These amounts are not subject to inflation protection.

Abatement Schedules

Industrial: As noted immediately above, the additional industrial abatement based on the initial tax is granted for a 12-year period. There is a 25-year abatement schedule for industrial construction work and commercial construction work in special commercial construction areas, provided no more than 10 percent of the building or structure is used for retail purposes. In those cases where retail use exceeds ten percent, the excess retail space is subject to a 15-year benefit schedule.

There is no retail restriction in the Regular construction area.

Other Schedules

For commercial construction outside a special commercial construction area, there is a 15-year abatement schedule.

Renovation: There are two schedules for renovation work in Renovation areas of Manhattan: (a) in Lower Manhattan and the Garment District, there is a 12 year schedule; (b) for the Renovation area south of 59th Street, excluding the Lower Manhattan and Garment District areas, the schedule is ten years. The final schedule is an eight year benefit period for commercial construction work on new buildings or structures that meet certain statutory requirements in Lower Manhattan.

Deadlines

The Preliminary Application must be filed before obtaining a building permit, or, if no permit is required, before starting construction. Under the law, ICAP applications filed after construction commencement or building permit issuance must automatically be denied. Preliminary ICAP applications will be accepted until March 1, 2017. The Final Application is filed within one year after the building permit is received.

Timing

The owner informed that they are applying for a 25-year ICAP abatement will consist of a benefit period of 25 years for commercial construction. The tax abatement under the ICAP program is not available until the earlier of (a) January 5, of a tax year following completion of construction or (b) four years from the date of issuance of the first building permit. The first taxable year post completion is the 2025/2026 tax year.

Location

- New Commercial Construction can be anywhere in the City except in some parts of Manhattan. The areas south of 96th Street (including the south side 96th Street) and north of Murray, Frankfort, and Dover Streets do not qualify.
- Commercial Renovations can be anywhere in the City except in some parts of Manhattan. The areas between 59th Street and 96th Street (including north side of 59th street and south side of 96th street) do not qualify. Additional commercial renovation benefits are available below 59th Street and these areas:
- Garment Center District.
- Lower Manhattan in the area between Murray Street, Battery Place, South Street and West Street.

Improvements

- You must spend at least 30% of the property's Taxable Assessed Value no later than four years from the date the building permit was first issued or from the start of construction if no permit is required.
- There are additional benefits for construction projects that spend 40% of the Taxable Assessed Value.
- Construction must be completed no later than five years from the date of issuance of the first building permit, or if no permit is required, from the start of
- There can be multiple schedules:

  - Where more than 10% of the building is used for retail purposes, only the non-retail portions of the building are eligible for the 15-year benefit and up to 10% of the retail portion are eligible for the 25-year benefit. The remaining retail portion shall be eligible for benefits in accordance with the 15-year schedule.

- Special Area & Regular Area

Details

The subject qualified for a 25-year ICAP Tax Abatement. We note the following:

- The base tax assessment, prior to development is projected to be $554,494, indicating a base tax liability of $58,732 to which the 115% base factor is applied. This results in a base liability of $67,542 which is use for the calculation of the ICAP abatement. Shown below:

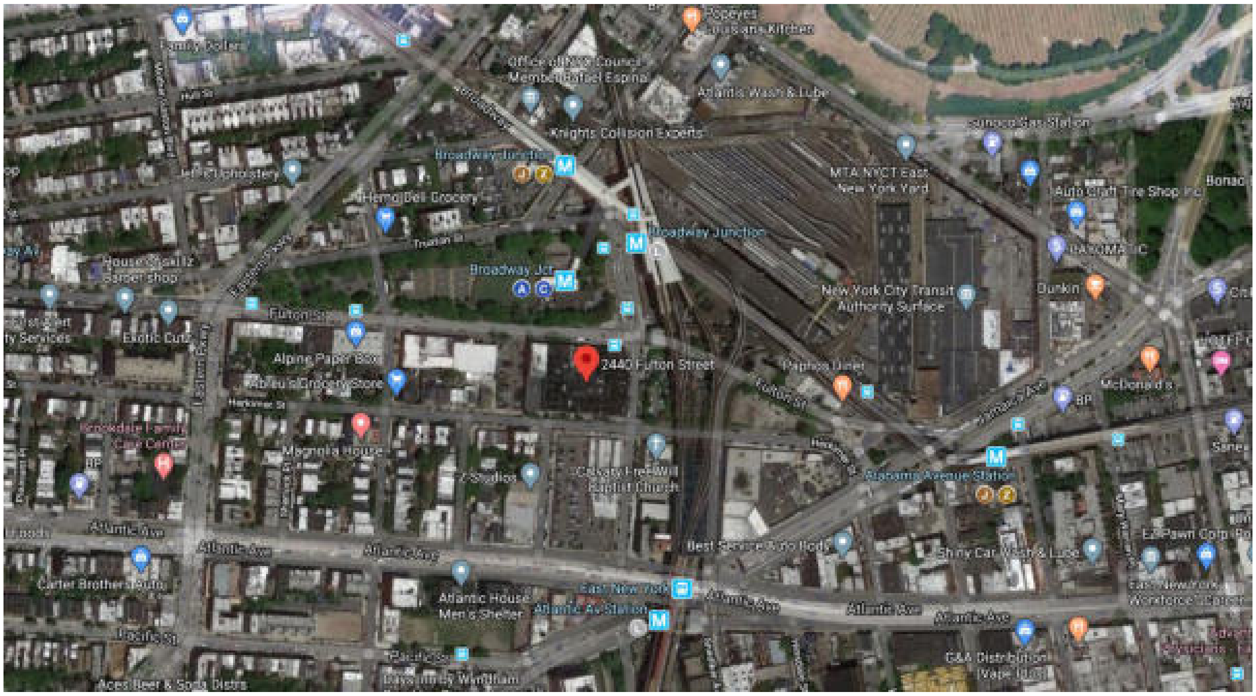
Base Tax Liability	$58,732
Base Factor	115%
Base Liability for ICAP Calculation	$67,542

- The projected assessed value of $27,500,000 , is projected to grow at 3.0% annually.
- The current Class 4 tax rate is 10.592%, indicating a stabilized tax liability of $2,912,800.
- The ICAP Abatement amount is the difference of the Stabilized Tax Liability and 115% of the base tax liability prior to development, calculated to be $2,845,258.
- We have applied an 6.25% discount rate to value these benefits. A calculation of the benefit schedule and the net present value is provided below. The present value of the 25-year ICAP Abatement is $32,200,000

ASSUMPTIONS		**FUTURE TAXES**	
2023 Tax Rate:	10.592%	Stabilized Tax Liability	$2,912,800
Annual Rate of Growth (Tax Rate):	0%	Stabilized Assessment	$27,500,000
Discount Rate:	6.25%	ICAP Abatement	$2,845,258
		Annual Rate of Growth (Assessment):	3.0%

Year	Projected AV	Tax Rate	Full Taxes	Benefit Amount	% of Allowed (Phaseout)	Net Benefit Amount	Net Taxes	Tax Savings
1	$27,500,000	0.10592	$2,912,800	$2,845,258	100%	$2,845,258	$67,542	$2,845,258
2	$28,325,000	0.10592	$3,000,184	$2,845,258	100%	$2,845,258	$154,926	$2,845,258
3	$29,174,750	0.10592	$3,090,190	$2,845,258	100%	$2,845,258	$244,931	$2,845,258
4	$30,049,993	0.10592	$3,182,895	$2,845,258	100%	$2,845,258	$337,637	$2,845,258
5	$30,951,492	0.10592	$3,278,382	$2,845,258	100%	$2,845,258	$433,124	$2,845,258
6	$31,880,037	0.10592	$3,376,734	$2,845,258	100%	$2,845,258	$531,475	$2,845,258
7	$32,836,438	0.10592	$3,478,036	$2,845,258	100%	$2,845,258	$632,777	$2,845,258
8	$33,821,531	0.10592	$3,582,377	$2,845,258	100%	$2,845,258	$737,118	$2,845,258
9	$34,836,177	0.10592	$3,689,848	$2,845,258	100%	$2,845,258	$844,590	$2,845,258
10	$35,881,263	0.10592	$3,800,543	$2,845,258	100%	$2,845,258	$955,285	$2,845,258
11	$36,957,700	0.10592	$3,914,560	$2,845,258	100%	$2,845,258	$1,069,301	$2,845,258
12	$38,066,431	0.10592	$4,031,996	$2,845,258	100%	$2,845,258	$1,186,738	$2,845,258
13	$39,208,424	0.10592	$4,152,956	$2,845,258	100%	$2,845,258	$1,307,698	$2,845,258
14	$40,384,677	0.10592	$4,277,545	$2,845,258	100%	$2,845,258	$1,432,287	$2,845,258
15	$41,596,217	0.10592	$4,405,871	$2,845,258	100%	$2,845,258	$1,560,613	$2,845,258
16	$42,844,104	0.10592	$4,538,047	$2,845,258	100%	$2,845,258	$1,692,789	$2,845,258
17	$44,129,427	0.10592	$4,674,189	$2,845,258	90%	$2,560,732	$2,113,457	$2,560,732
18	$45,453,310	0.10592	$4,814,415	$2,845,258	80%	$2,276,207	$2,538,208	$2,276,207
19	$46,816,909	0.10592	$4,958,847	$2,845,258	70%	$1,991,681	$2,967,166	$1,991,681
20	$48,221,416	0.10592	$5,107,612	$2,845,258	60%	$1,707,155	$3,400,458	$1,707,155
21	$49,668,059	0.10592	$5,260,841	$2,845,258	50%	$1,422,629	$3,838,212	$1,422,629
22	$51,158,101	0.10592	$5,418,666	$2,845,258	40%	$1,138,103	$4,280,563	$1,138,103
23	$52,692,844	0.10592	$5,581,226	$2,845,258	30%	$853,577	$4,727,649	$853,577
24	$54,273,629	0.10592	$5,748,663	$2,845,258	20%	$569,052	$5,179,611	$569,052
25	$55,901,838	0.10592	$5,921,123	$2,845,258	10%	$284,526	$5,636,597	$284,526
						NPV:		**$32,187,000**
						ROUNDED:		**$32,200,000**

Site Description



Location 2440 Fulton Street is between Fulton and Herkimer Street on Van Sinderen Avenue, with full block frontage, in the Broadway Junction/Ocean Hill neighborhood (Kings County) in the State of New York. The subject has excellent access to mass transit as it is located across the street from the A/C, L, and J/Z trains at the Broadway Junction station. We note that the subject is also in close proximity to the LIRR at the East New York station. Finally, there are numerous shopping and dining options in walking distance.

Easements, Encroachments, and Restrictions There do not appear to be any easements, encroachments, or restrictions that would adversely affect value.

Site Area 1.779± acres./ 77,500± square feet

Shape Regular

Frontage

Street	Frontage (ft)
Fulton Street	400.00
Herkimar Street	375.00
Van Sideren Avenue	200.00

Topography Generally level

Drainage Assumed adequate

Access This site has excellent access from four streets.

Paving All roads are paved with asphalt and are in satisfactory condition.

Street Drainage Street drainage is collected by gravity into the local sewer storm system mains.

Street Lighting Adequate

Utilities & Services	Water/Sewer and Refuse – Municipal Police & Fire Protection – Municipal Gas & Electric –ConEd
Hazardous Substances	We observed no evidence of toxic or hazardous substances that require remediation during our inspection of the site.
Flood Hazard Status[8]	Located in "Zone X" on the National Flood Insurance Program Rate Map dated September 5, 2007 Community Panel #3604970217F. Flood zone X is a low- to moderate-risk area.
Conclusion	The site is like others in the vicinity, and there are no negative external factors.

[8] *The flood map can be found in the Map Gallery, which is located in the Addenda.*

Description of Improvements[9]

Ownership is developing a 393,610± square foot (inclusive of the cellar) mixed-use building. The gross building area above grade is 354,176± square feet. We have reviewed building plans that have been approved by the NYC Department of Building and a breakdown of the space is provided below. Ownership is currently in the construction process and is expected to complete building (shell condition) by the end of 2024.

Ownership has an executed lease with the Department of Citywide Administrative Services (DCAS) which is dated March 18, 2021. Per review of the lease agreement, the demised premises includes a portion of the ground (1st) floor, a portion of the 3rd floor, and the entire leasable portion of the 4th, 5th, and 6th floors of the subject building. The lease is for a 21-year term once the tenant has possession. In regard to the rentable square footage of the space, the building plans distinguish between carpetable square footage (SCF) allocated to either the city tenant or other non-city tenants, non-carpetable area allocated to either the city tenant or non-city tenants, and shared non-carpetable area. According to the lease, the rentable area for DCAS is calculated as the tenant's carpetable area divided by a conversion factor of 75.2%. It is expected that the city tenant will occupy a total of approximately 279,957± rentable square feet (based off a carpetable area of 210,538 square feet) upon completion of the building, although the exact square footage is subject to re-measurement. It is noted that per the lease agreement, the minimum CSF is 207,018, while the maximum rentable square footage is 289,006 square feet. As such, based on the expected size of the DCAS space, there will be an additional approximately 88,211± square feet of RSF (based on CSF of 66,335) on the first, second, and third floors which can be leased to prospective non-city tenants. Finally, the newly constructed building will contain a parking garage with capacity for 326 parking spaces on the cellar and ground floor, of which 35 spaces are allocated to the city tenant and 291 will be available for lease.

Structural & Mechanical

Structural

Foundation	Poured Concrete Slab.
Structural System:	Structural Steel and Concrete Slab.
Exterior Walls	Brick and glass panel
Roof	Flat, built-up roof.
Windows	Casement windows.
Basement	The basement will include parking and mechanical areas
Amenities	The property will include passenger elevators.
Furniture, Fixtures, and Intangibles:	In the local market, unit fixtures, such as storage racks, typically trade with the property and are considered part of the real estate. Further, there are no other personal property, trade fixture, or intangible items that influence value. As such, we do not report a separate FF&E value.

Mechanicals

Heating/ Cooling Systems/ Hot water	Central HVAC units and gas fired hot water heaters.
Electric/Gas/Water	Upon completion, there will be electric and gas meters located in the basement.

[9] *The subject property photos can be found in the Addenda.*

Plumbing PVC, copper, and iron.

Fire Safety Sprinklered throughout.

Functional Utility

From a utility standpoint, the subject will be well laid out for an owner-user or multiple tenants and adequately accommodates its proposed utilization. It will be a newly constructed property in excellent condition relative to similar properties in the area.

Building Layout

Space	Total Rentable SF	Percentage of GBA
City Tenant	279,957	71.1%
Non-City Tenant	88,211	22.4%
Total Leaseable Area	**368,168**	**93.5%**
Loss Factor	25,441	6.5%
GBA (Inclusive of Cellar)	**393,610**	**100.0%**

Building Condition

Condition

As noted previously, the subject's existing improvements are slated for demolition. The subject is expected to be completed in December 2024. The following is a breakdown of ownership's construction budget, excluding site acquisition costs.

	Total	Per SF	% of Total
Hard Cost	$96,957,752	$274	80%
Soft Costs	$13,060,274	$37	11%
Landlord Contributions to Tenant Work	$11,815,935	$33	10%
Total	**$121,833,961**	**$344**	**100%**

It is noted that as of the date of value, $90,173,687 in hard costs and $10,486,179 in soft costs were reported as having been spent to date. Thus, the costs remaining to complete equates to $21,174,095 or $60 per square foot of GBA.

Upon completion of construction, we assume that the subject will be in excellent condition.

Deferred Maintenance

No Property Condition Report was given in conjunction with this appraisal.

The subject is currently under construction. We assume that the property will be in excellent condition upon completion.

Remaining Economic Life

While 2440 Fulton Street will be completed in 2024, we estimate the effective age to be 0 years upon completion of the planned construction and construction, and, given a usable life of 60 years, the remaining economic life of the building is 60 years.

Summary

The subject will be a newly constructed office property in excellent condition upon completion of the proposed construction. The information contained in the sections entitled "Site Description" and "Building Description" is based on provided plans for the subject, zoning, and assessment records.

Highest & Best Use

In determining highest and best use, we have considered the current trends of supply and demand on the market, current zoning regulations and other possible restrictions, and Neighboring land uses.

It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

In estimating highest and best use, alternative uses[10], such as the legally permissible use, the physically possible use, the financially feasibility, and the highest and best use, are considered and tested for the subject site.

As Vacant

Legally Permissible

The subject is zoned C4-5D, which permits commercial and residential use as of right. The maximum FAR is 4.20. Given the total lot area of 77,500 square feet, a maximum of 325,500 square feet of buildable area will be permitted on the site. Additional building area can be constructed if used for community facility. There are no zoning changes anticipated and no easements or encroachments that preclude development.

Physically Possible

The size falls within the range of improved sites in the area. All necessary utilities are available, and the site appears functional for all of the above noted uses.

Financially Feasible

The subject is located within a predominantly mixed-use and commercial district. When considering whether a certain use is financially feasible, the most important criteria is whether the return on such use would support the cost required to build. In addition, risks and related rates of return are applied to arrive at the total development cost. This indication is then compared to the forecasted value of such an improvement. If the value is higher than the cost, the use is feasible. Given the central location of the site, any one of the above permissible uses would generate the maximum market rent obtained in the area. After considering the risk and correlated returns required to stabilize each the respective uses, the value of development exceeds the development cost.

Ownership has an executed lease with the City of New York Department of Citywide Administration Services (DCAS) to occupy 279,957± square feet on the partial first, partial third, and fourth through sixth floors in the newly constructed building. The initial base rent upon commencement is $13 million per annum, which equates to $48.58 per square foot of leasable area. This highlights demand for the space within the subject market.

Additionally, we present a feasibility indicator below, based on an office rental rate of $40 per square foot.

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[10] *The definitions of these alternative uses can be found in the Glossary of Terms, which is located in the Addenda.*

H & B Use Test

	PSF
PGI	$40.00
Vacancy @ 5%	$2.00
EGI	$38.00
Op Ex @ 30%	$11.40
NOI	$26.60
OAR	6.00%
Value	$443
Less Construction Costs	$343.99
Less Holding Costs to Stabilization @ 5%	$17.20
Less Profit on Stabilized Value @ 10%	$44.33
Total Deductions	$406
Residual Site Value	$38

The RCN includes construction costs of $343.99 per square foot (GBA above grade), a 5% cost to stabilization, and a 15% profit factor on the stabilized value. Therefore, new construction is currently financially feasible. Additionally, we note the As Is value via the income approach, at $173,000,000, is higher than the value of the land as if vacant ($58,600,000) and value of the land plus costs spent to date ($168,875,853) given that a majority of the subject will be leased by the City of New York.

Maximally Productive/ Highest and Best Use

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than to develop a commercial building.

Conclusion

Based on the subject property's zoning, physical characteristics, location, and forecasted economic conditions, it is our opinion that the highest and best use of the site as if vacant is to develop a commercial building.

Most Probable Buyer

The most likely buyer is a large-scale developer.

As Improved

Legally Permissible

The subject is zoned C4-5D, which permits commercial and residential use as of right. The maximum FAR is 4.20. Given the total lot area of 77,500 square feet, a maximum of 325,500 square feet of buildable area will be permitted on the site. Additional building area can be constructed if used for community facility. Per the buildings plans there will be a total gross area of 409,080± square foot (inclusive of the lower level) and a zoning floor area of 337,554 based on a FAR of 4.36. It is assumed that a portion of this space will be used for community facility use which allows for a higher FAR. Therefore, the proposed improvements will be of legal, conforming and complying use.

Physically Possible

The subject is a multi-story, commercial building with 409,080 square feet of gross building area. The layout, site coverage and positioning of the improvements are considered functional for the current use. While it would be physically possible for a wide variety of uses, based on legal restrictions in place and the design of the improvements, use of the property as retail and office use is considered the most functional.

Financially Feasible	The subject property is located within a primarily commercial neighborhood exhibiting low vacancy rates and increasing rental rates. As complete and as improved, the subject has a lease with the City of New York for 279,957 SF of space at $48.58 PSF. Upon stabilization, the property will generate a positive net cash flow. Therefore, use as a retail and office property is financially feasible.
Maximally Productive/ Highest and Best Use	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 proposed use upon completion exceeds the value of the site as vacant. Retail and office use is concluded to be maximally productive.
Conclusion	Based on the subject property's zoning, physical characteristics, location, and forecasted economic conditions, continued retail and office use (upon completion) is concluded to be the highest and best use as improved.
Most Probable Buyer	Taking into account the size and characteristics of the property and its commercial occupancy, the likely buyer is a local and regional investor.

Appraisal Valuation Process

The estimated values arrived at by the approaches to value used in this report are as follows:

The Cost Approach is based on the understanding that market participants relate value to cost. In the Cost Approach a property is valued based on a comparison with the cost to build a new or substitute property. The cost estimate is adjusted for all depreciation affecting the existing property. This approach traditionally reflects a good indicator of value when the improvements being appraised are new or close to new or when the property has unique or specialized improvements.

The Income Capitalization Approach reflects an analysis of a property's capacity to generate future income and capitalizes the income into an indication of present value. This approach reflects the market's perception of a relationship between a property's potential income and its market value. It is a strong indicator of value when market rents, vacancy rates, stabilized expenses, capitalization/discount rates are based on reliable market data. The two common valuation techniques associated with the Income Capitalization Approach are direct capitalization and the discounted cash flow (DCF) analysis, with one or both methods applied as appropriate. This approach is widely used in appraising income producing properties.

The Sales Comparison Approach assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with similar utility. This approach is reliable in an active market with sufficient sales data where few differences exist between the comparable sales and the subject, and the sales data collected is credible and accurate. Similar property types in competitive locations tend to sell within a consistent range, and this factor makes valuation on a per square foot and per unit basis a strong predictor of value. The Sales Comparison Approach is often relied upon for owner-user properties. For leased properties, this approach is more often considered as secondary support for the Income Approach.

Each approach applied is then reconciled to a final value conclusion after weighing the quantity and quality of data analyzed and the applicability of each approach to the subject property type.

Approaches to Value Applied

Approach	**Applicability to Subject**	**Use in Assignment**
Cost Approach	Applicable	Yes
Income Approach	Applicable	Yes
Sales Approach	Applicable	Yes

Cost Approach

The Cost Approach provides an analysis of the physical value of the property, that is, the current market value of the land "as if vacant" as indicated typically by a Sales Comparison Approach, plus the depreciated value of the improvements. The latter is derived from an estimate of the cost to replace the improvements less accrued depreciation, if any, resulting from physical deterioration, functional obsolescence and locational/external obsolescence. The Cost Approach is founded in the valuation principle of substitution which indicates that no prudent purchaser would pay more for a property than the cost of acquiring a similar site and having similar improvements constructed without undue delay.

The Cost Approach is typically most applicable when the property being appraised involves relatively new improvements representing the highest and best use of the land or when relatively unique or specialized improvements are constructed on the site and for which there exist few similar comparable sales in the market. Applicability also infers that there are adequate land sales to estimate the site value or sufficient justification for the extraction of land value.

For the subject, we have analyzed the developer's actual costs in relationship to the Marshall Valuation Service (MVS) estimate. For purposes of this appraisal and consistent with the actions of the market participants with less than detailed knowledge of cost components, the comparative unit method of cost buildup is used in comparison and we have relied upon the Marshall Valuation Service cost manual for valuing the improvements to support the developer's costs. We have given greater weight to the developer's construction costs for valuing the improvements as the project is on-going and they represent the actual costs spent.

The final indicated value is derived by adding the value of the underlying land, as developed using a sales comparison of land sales, to the depreciated value of the existing improvements as discussed herein.

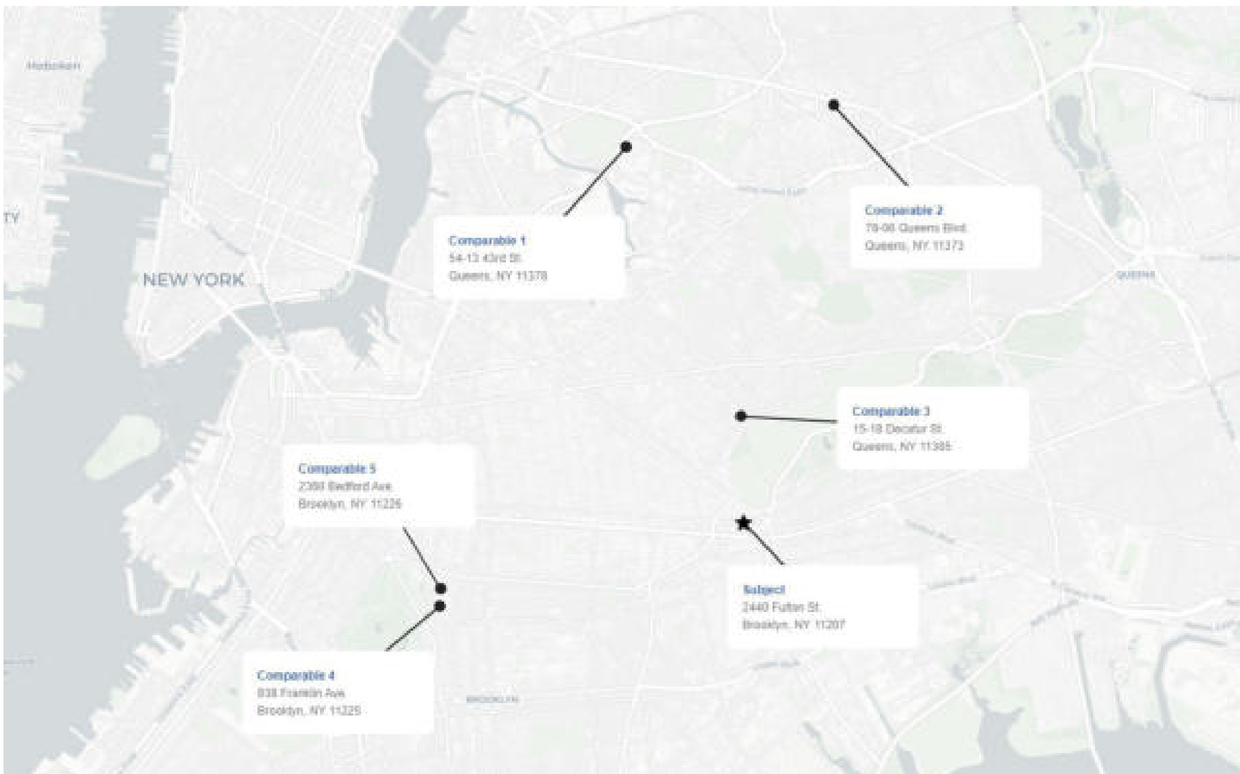
The first step in the Cost Approach is rendering an opinion of the underlying land area.

Land Value

The following map and table summarize the comparable data used in the valuation of the subject site. In order to analyze comparable sales, it is necessary to convert the sale prices to an appropriate unit of comparison, a process which facilitates price comparisons between properties of different sizes, and it also enables adjustment for qualitative differences. Similar sites within the subject market are typically purchased on a price per buildable square foot basis. We note that there are few recent small sized transactions of land in the immediate area and therefore include the most appropriate comparables and make adjustments.

Comparable Sales

Comparable Sales Map



#	Location	Sale Date	Zoning	Buildable Area	Adjusted Sale Price	Adj. Price Per SFDA
1	54-13 43 Street, Maspeth, NY 11378	Jul-23	M2-1	151,576	$22,943,300	$151
2	78-06 Queens Boulevard, Flushing, NY 11373	Jun-23	C4-2	35,119	$6,200,000	$177
3	1518 Decatur Street, Queens, NY 11385	Jan-23	M1-4	39,830	$6,750,000	$169
4	938-942 Franklin Avenue, Brooklyn, NY 11225	Nov-22	R6A	199,836	$41,462,000	$207
5	2360 Bedford Avenue, Brooklyn, NY	May-22	C4-2	637,585	$86,091,790	$135

Comparable Sale 1

54-13 43 Street
Maspeth, NY 11378

Grantee	53-20 44th Street Owner LLC
Grantor	Weiss Real Estate Development LLC
Document Number	2023000188794
Zoning	M2-1

Block/ Lot	2522 / 3, 4, 6, 7, 11, 12, 18 and 2536 / 1 & 10	**Sale Date**	7/7/2023
		Sale Price	$23,000,000
Site Area (SF)	75,788	**Adjustments**	$56,700
		Adjusted Sale Price	$22,943,300
Buildable Area	151,576	**Adj. Price Per SFDA**	$151

This is the sale of nine parcels located off of 54 Road and 54 Avenue. The nine parcels contain 75,788 square feet of lot area and is mostly vacant. There is a 5,670 SF industrial building located on the premise. The property is zoned M2-1 with a 2.0 FAR yielding 151,579 square feet as of right and was purchased for $23,000,000. Per the DOB, there are currently no plans for development. Confirmed on the Public Record and Press Releases for the property.

Comparable Sale 2

78-06 Queens Boulevard
Flushing, NY 11373

Grantee			78 Investors LLC
Grantor			Triple East Queens Tower LLC
Document Number			2023000173911
Zoning			C4-2
Block/ Lot	2453 / 42	**Sale Date**	6/15/2023
		Sale Price	$6,200,000
Site Area (SF)	10,329	**Adjustments**	$0
		Adjusted Sale Price	$6,200,000
Buildable Area	35,119	**Adj. Price Per SFDA**	$177

This is the sale of a parcel located off of Queens Boulevard. The parcel contains 10,329 square feet of lot area and is currently operating as a parking lot. The property is zoned C4-2 with a 3.4 FAR yielding 35,119 square feet as of right and was purchased for $6,200,000. Per the DOB, there are currently no plans for development. Confirmed on the Public Record and Press Releases for the property.

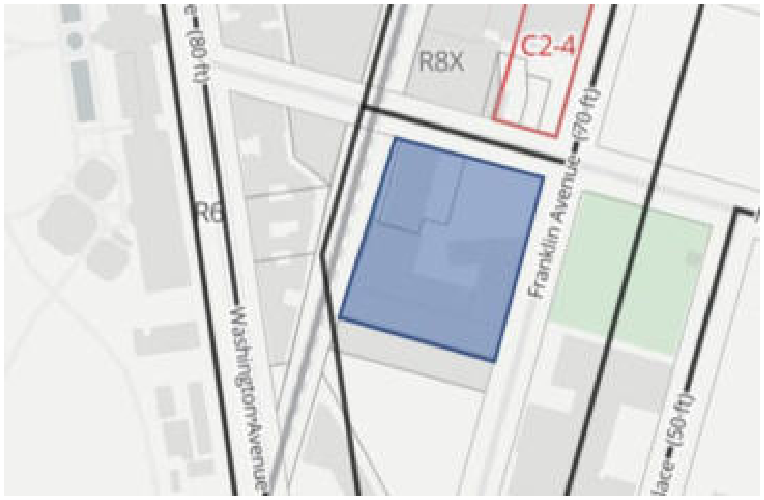
Comparable Sale 3

1518 Decatur Street
Queens, NY 11385

Grantee			JV North 12th Street LLC
Grantor			Keifer Lane Realty LLC
Document Number			2023000013641
Zoning			M1-4
Block/ Lot	3542 / 19	**Sale Date**	1/4/2023
		Sale Price	$6,750,000
Site Area (SF)	19,915	**Adjustments**	$0
		Adjusted Sale Price	$6,750,000
Buildable Area	39,830	**Adj. Price Per SFDA**	$169

This is the sale of a parcel located off of Decatur Street. The parcel contains 19,915 square feet of lot area and is currently operating as a parking lot. The property is zoned M1-4 with a 2.0 FAR yielding 39,830 square feet as of right and was purchased for $6,750,000. Per the DOB, there are currently no plans for development. Confirmed on the Public Record and Press Releases for the property.

Comparable Sale 4



938-942 Franklin Avenue Brooklyn, NY 11225			
Grantee			960 Franklin LLC
Grantor			Hpg Associates Inc
Document Number			2022000421614
Zoning			R6A
Block/ Lot	1192 / 41 & 46	**Sale Date**	11/4/2022
		Sale Price	$42,350,000
Site Area (SF)	66,612	**Adjustments**	$888,000
		Adjusted Sale Price	$41,462,000
Buildable Area	199,836	**Adj. Price Per SFDA**	$207

This is the sale of two parcels located at the corner of Franklin Avenue and Montgomery Street. The two parcels contain 66,612 square feet of lot area and the site is currently improved with two buildings containing a total of 88,800 square feet which is to be demolished. We estimate a demolition cost of $10 PSF. The property is zoned R6A with a 3.0 FAR yielding 199,836 square feet as of right and was purchased for $42,350,000. Per the DOB, there are currently no plans for development. Confirmed on the Public Record and Press Releases for the property.

Comparable Sale 5

2360 Bedford Avenue

Brooklyn, NY

Grantee			Bedford Beverly Acquisitions LLC
Grantor			Interprop Bedford LLC
Document Number			2022000202018
Zoning			C4-2
Block/ Lot	/ 14 & 5135 / 53	**Sale Date**	5/9/2022
		Sale Price	$88,000,000
Site Area (SF)	187,525	**Adjustments**	$1,908,210
		Adjusted Sale Price	$86,091,790
Buildable Area	637,585	**Adj. Price Per SFDA**	$135

This is the sale of two parcels located at the corner of Bedford Avenue and Beverly Road. The two parcels contain 187,525 square feet of lot area and the site is currently improved with two buildings containing a total of 190,821 square feet which is to be demolished. We estimate a demolition cost of $10 PSF. The property is zoned C4-2 with a 3.4 FAR yielding 637,585 square feet as of right and was purchased for $88,000,000, equating to $138 per buildable square foot. The buyer is said to be redeveloping the space into two residential buildings totaling 456,000 square feet in Flatbush. The projects will bring 650 unit of multifamily space. Confirmed on the Public Record and Press Releases for the property.

Comparable Sales Summary

#	Location	Sale Date	Zoning	Buildable Area	Adjusted Sale Price	Adj. Price Per SFDA
1	54-13 43 Street, Maspeth, NY 11378	Jul-23	M2-1	151,576	$22,943,300	$151
2	78-06 Queens Boulevard, Flushing, NY 11373	Jun-23	C4-2	35,119	$6,200,000	$177
3	1518 Decatur Street, Queens, NY 11385	Jan-23	M1-4	39,830	$6,750,000	$169
4	938-942 Franklin Avenue, Brooklyn, NY 11225	Nov-22	R6A	199,836	$41,462,000	$207
5	2360 Bedford Avenue, Brooklyn, NY	May-22	C4-2	637,585	$86,091,790	$135

Adjustments to the comparable sales have been considered based on comparison to the subject for property rights, financing terms, conditions of sale, market conditions (time), location, size, zoning, and utility.

Property Rights Appraised The purpose of this adjustment is to account for differences in the property rights which were transferred with the sale. The property rights being valued in this land analysis are fee simple interest for the subject. Since all the comparable properties have or will have fee simple ownership interests, no adjustments were required.

Financing The purpose of adjusting for financing terms is to determine cash equivalent sale prices for the comparable sales in accordance with the definition of Fair Value for this report. To the best of our knowledge, all the sales or future sales were cash transactions or financed at market rates. No adjustments were required.

Conditions of Sale Conditions of sale refer to the motivations of the buyer and seller involved in a particular transaction. All sales appear to be arm's length transactions. No conditions of sale were reported. No adjustments were applied.

Market Conditions (Time) All sales took place since May 9, 2022 and are recent enough to reflect current market conditions. Given that Sales 3 - 5 traded in superior interest rate environments, downward adjustments were applied.

Location An adjustment for location is required when the locational characteristics of a comparable property differ from those of the subject property. Location adjustments considered the prestige of an area, surrounding properties, proximity to cultural amenities, and transportation. In our location adjustment we considered the subject’s location and the increased desirability resultant from the new construction.

Comparables 4 exhibit superior access to Manhattan being located West of the subject in Prospect Park. Comparable 1 is located in an inferior location due to its inferior access to public transportation. An upward adjustment was applied.

Size This adjustment accounts for the difference in size between each of the comparables and the subject property. Land in the subject market sells on a price per buildable foot. Smaller parcels are more affordable on a total price basis, and thus attract a larger pool of buyers, however, at the same time there are less economies of scale and sometimes have a higher price per square foot of buildable square foot. Larger parcels at the time same time tend to sell at a discount due to large economies of scale. Sales that are fairly similar in size compared to the subject and have not been adjusted.

The subject has an as of right buildable area is 325,500 square feet. The Comparables range in size from 35,119 to 637,585 square feet of buildable area. In relation to the subject, Comparable 5 is larger and is therefore adjusted up to account for the difference in size. Comparables 2 and 3 are smaller and are therefore adjusted down to account for the difference in size.

Zoning

The subject and the comparables all have similar commercial and or residential zoning with similar permitted uses. We have utilized the base FAR (without bonus) in our analysis of these sites. Sale 1 and 3 only permit industrial and manufacturing development. An upward adjustment was applied.

Utility

This adjustment accounts for the shape, frontage and layout of a particular site. The subject has three frontages with full block frontage along Van Sideren and excellent utility. Sale 3 is irregular. Sale 5 has a large lot depth which will impact development. Upward adjustments were applied.

Adjustment Grid

Sale No.	1	2	3	4	5
Address:	54-13 43 Street	78-06 Queens Boulevard	1518 Decatur Street	938-942 Franklin Avenue	2360 Bedford Avenue
Sale Date:	7/7/2023	6/15/2023	1/4/2023	11/4/2022	5/9/2022
Adjusted Sale Price:	$22,943,300	$6,200,000	$6,750,000	$41,462,000	$86,091,790
Buildable Area	151,576	35,119	39,830	199,836	637,585
Adj. Price Per SFDA	**$151**	**$177**	**$169**	**$207**	**$135**
Property Rights:	0%	0%	0%	0%	0%
Financing Terms:	0%	0%	0%	0%	0%
Conditions of Sale:	0%	0%	0%	0%	0%
Market Conditions (Time):	0%	0%	-5%	-5%	-5%
Trended Adj. Price Per SFDA	**$151**	**$177**	**$161**	**$197**	**$128**
Location:	10%	0%	0%	-10%	0%
Size:	0%	-5%	-5%	0%	10%
Zoning:	10%	0%	10%	0%	0%
Utility:	0%	0%	5%	0%	10%
Total Adjustments:	**20%**	**-5%**	**10%**	**-10%**	**20%**
Adjusted Adj. Price Per SFDA	**$182**	**$168**	**$177**	**$177**	**$154**
	Unadjusted			**Adjusted**	
Low	**$135**		**Low**	**$154**	
High	**$207**		**High**	**$182**	
Average	**$168**		**Average**	**$172**	
Median	**$169**		**Median**	**$177**	

Conclusion

We compared the sites based on their buildable area. All adjustments are percentages. A positive adjustment to a sale indicates an inferior characteristic relative to the subject. A negative adjustment indicates a superior characteristic relative to the subject. After adjustments, the comparable sales exhibited a range between $154 per buildable square foot to $182 per buildable square foot with an average of $172 per buildable square foot and a median of $177 per buildable square foot. In our conclusion, we have emphasize all sales as they are good indicators of value for the subject property. However, we gave most reliance to Comparables 1 and 2 as they are the most recent transactions (reflective of current conditions). Thus, considering the elements of comparison noted above, our opinion of Fair Value is $180 per buildable square foot.

Fair Value of the Land

Concluded Value Per Buildable SF		$180
Buildable Area		325,500
Land Value as if Vacant		**$58,590,000**
As Is Land Value		**$58,590,000**
As Is Land Value (Rounded)	**December 31, 2023**	**$58,600,000**

As Is Fair Value Conclusion

To obtain the As Is fair value of the subject via the Cost Approach, we add all costs spent to date to the As Is land value.

We have also applied a profit factor of 20%.

This is presented as follows:

As Is Fair Value of the Land		**$58,590,000**
Plus: Costs Spent to Date		$100,659,866
Plus: Profit Factor		$20,131,973
Fair Value of the Land As Is		**$179,381,839**
Fair Value of the Land As Is (Rounded)	**December 31, 2023**	**$179,500,000**

Replacement Cost New

In estimating the replacement cost new for the subject, the following data sources have been utilized:

- The subject's actual construction costs
- The comparative unit method, utilizing the Marshall Valuation Service (MVS) cost guide; a nationally recognized cost service

Subject Actual Costs

The following is a summary of the actual construction costs for the subject. As the project is complete, all costs have been spent and these presents costs represent the true costs to building the subject. The total construction costs are outlined in the following table with a detailed breakdown provided in the addenda.

Total Construction Costs

	Total	Per SF	% of Total
Hard Cost	$96,957,752	$274	80%
Soft Costs	$13,060,274	$37	11%
Landlord Contributions to Tenant Work	$11,815,935	$33	10%
Total	**$121,833,961**	**$344**	**100%**

As a test of reasonableness, we have compared the developer's actual construction costs using the Marshall Valuation Service cost manual for valuing the improvements.

Marshall Valuation Service

Direct Cost / Hard Costs

The MVS base unit cost estimates include the following hard costs, as well as other costs typically considered site costs and soft costs (indirect costs):

- Materials, sales taxes on materials, and labor costs
- Typical site preparation including finish grading and excavation for foundation and backfill;
- Utilities from structure to lot line
- Typical architect's and engineer's fees for plans, plan check, building permits and survey
- Typical contractor's overhead and profit, including job supervision, workmen's compensation, fire and liability insurance, equipment, temporary facilities, security, etc.
- Normal interest in building funds during the period of construction plus processing fees or service charges

Base unit building costs in MVS are adjusted to reflect the physical characteristics of the subject. Making these adjustments, including the appropriate local and current cost multipliers, reflect the total basic structure cost estimate for the subject property. In order to test the subject's actual construction costs, we have compared the MVS cost estimate to the subject's adjusted hard costs, inclusive of the above typical site and soft costs included within the MVS basic structure cost estimate.

MVS Analysis and Conclusion

Our MVS estimate considers Construction Class C of Good Quality Rating for Office Buildings (Section 15 / Page 17), Construction Class CDS of parking for Office Buildings Basements (Section 15 / Page 19). The full MVS calculations are shown at the end of this section. As previously indicated, we have adjusted the subject's hard costs to include site preparation, utilities from the structure to the lot line, architect and engineering fees, contractor's overhead and profit, and financing costs and fees, which are similarly included in the MVS cost estimate. The concluded MVS basic structure cost estimate is compared to the subject's adjusted hard cost estimate in the following chart:

MVS Conclusion

Cost Estimate	Subject Total	Per SF
MVS Base Structure Cost	$127,907,097	$361.14
Subject's Adjusted Hard Cost	$108,773,687	$307.12

The MVS cost of $127,907,097 or $361.14 per square foot is approximately 18% higher than the subject's actual (adjusted) hard cost of $108,773,687 or $307.12 per square foot. It is worth pointing out that MVS base cost for Good Quality/Class C office buildings (section 15 / page 17) has increased year over year. This may be the result of supply-side challenges including labor and material shortages. In addition, 82.9% of the hard costs have been spent already.

Overall, we believe the developer's construction cost to be overall reasonable when compared to the above indicated cost from Marshall and Swift's before depreciation and we have relied upon the provided costs from the developer.

Additions

Items not included in the MVS base unit building cost are estimated separately using the segregated cost sections of the MVS cost guide.

Site Costs

Site costs include on- and off-site costs that make it suitable for its intended use or development. Site costs not included in the MVS base unit cost estimate include parking and walkways, signage, landscaping, drainage and miscellaneous site improvements.

Indirect Costs / Soft Costs

Several indirect cost items are not included in the base unit building cost derived through the MVS cost guide. These items include developer's overhead (general and administrative costs), professional fees, property taxes, legal and insurance costs, local development fees and contingencies, lease-up and marketing costs and miscellaneous costs.

The subject's actual indirect/soft costs equates to a total of $13,060,274. The subject's soft costs comprise about 12.0% of hard costs, which is overall reasonable. In our MVS comparison analysis, we have similarly projected soft costs at 10% of the total hard costs new projected via MVS, or $12,790,710.

Our MVS comparison analysis is presented in detail on the following pages.

Office Buildings - Section 15, Page 17, Class C Good, manual dated November 2021

Base Unit Cost New PSF			$203.00
Refinements:			
Add HVAC / Climate Adjustment			
Elevator (Addition or Deduction)			
Other [Specify]			
Add Sprinklers		+	$2.00
Adjusted Base Unit Cost New PSF			**$205.00**
Multipliers:			
Number of Stories Multiplier	1.020		
Height/Story Multiplier	1.055		
Floor Area/Perimeter Multiplier	1.000		
Current Cost Multiplier	1.120		
Local Multiplier	1.350		
Complex/Congested Sites Multiplier	x 1.050		
Total Multiplier		x	1.71
Adjusted Replacement Cost New PSF			**$350.23**
Area		x	354,176
Replacement Cost New			**$124,041,488**

Basements - Office Buildings Section 15, Page 19, Class CDS Parking , manual dated November 2021

Base Unit Cost New PSF			$53.50
Refinements:			
Add HVAC / Climate Adjustment			
Elevator (Addition or Deduction)			
Other [Specify]			
Add Sprinklers		+	$3.88
Adjusted Base Unit Cost PSF			**$57.38**
Number of Stories Multiplier	1.020		
Height/Story Multiplier	1.055		
Floor Area/Perimeter Multiplier	1.000		
Current Cost Multiplier	1.120		
Local Multiplier	1.350		
Complex/Congested Sites Multiplier	x 1.050		
Total Multiplier		x	1.71
Adjusted Replacement Cost New PSF			**$98.03**
Area		x	39,433
Replacement Cost New			**$3,865,608**
Add Soft Costs at 10%			**$12,790,710**
Total Replacement Cost New			**$140,697,806**

Direct, Indirect & Site Cost Conclusion

Based on the above analysis, the subject's budgeted cost was given most consideration towards the estimated replacement cost new conclusion for the subject. In addition, the developer's cost is generally supported by the MVS cost. The replacement cost new, inclusive of all hard, site and soft costs, is therefore estimated at $121,833,961 or $344 per square foot, presented as follows:

	Total	Per SF	% of Total
Hard Cost	$96,957,752	$274	80%
Soft Costs	$13,060,274	$37	11%
Landlord Contributions to Tenant Work	$11,815,935	$33	10%
Total	**$121,833,961**	**$344**	**100%**

Furniture, Fixtures and Equipment

At the subject, there is not an amount allocated for FF&E in the developer's hard cost budget. The cost of fixtures is included in the construction budget; however, developers and investors typically do not view these costs as a separate FF&E cost.

Entrepreneurial Profit

Entrepreneurial profit, also known as developer's profit, represents the expected return or reward to the developer and is separate from contractor's overhead and profit. It is the financial reward that a developer would expect to receive in addition to recovering all direct, indirect and site costs. It is the expected compensation that would motivate a developer to undertake a project. The client-provided construction costs did not include a line item for developer's profit. Based on the location, asset type and expected developer's profit for similar properties based on discussions with other developers, the expected developer's profit for similar properties is in the 5% to 30% range (although not always achieved), however, given expectations, we have estimated a developer's profit of 20% of the total construction costs. This equates to an entrepreneurial profit of $24,366,792 for the subject property.

Depreciation

There are essentially three sources of accrued depreciation:

- Physical deterioration, both curable and incurable;
- Functional obsolescence, both curable and incurable; and
- External obsolescence

Physical Deterioration / Economic Life

The subject will represent new construction once completed, and thus we have assumed no physical deterioration. We assume a total economic life of 60 years. The remaining economic life would also be 60 years.

Functional Obsolescence

Based on a review of the architect's plans, no forms of curable functional obsolescence were noted. Because replacement cost considers the construction of the subject improvements utilizing modern materials and current standards, design and layout, functional incurable obsolescence is generally not applicable.

External Obsolescence

The subject property has a good location within Broadway Junction in proximity to supporting community services and employment centers. No elements of external obsolescence were observed.

Conclusion

We believe the developer's construction costs are overall reasonable given the construction costs of similar commercial projects and that fact that these represent the actual costs as well as when compared to the indicated cost of $140,697,806 from Marshall and Swift's. Therefore, we have relied upon the provided costs from the developer.

As mentioned, the subject is currently under construction. Therefore, to estimate our Prospective Market Value As Stabilized, we add the land value (exclusive of demolition costs as they are accounted for in the budget) of $58,590,000 to the developer's total costs of $121,833,961 and consider an entrepreneurial profit of $24,366,792, which is 20% of the total construction costs.

Additionally, our soft costs did not include lease up costs, $17,239,275, which we must add here to arrive at the As Stabilized value.

Our values estimate via the Cost Approach are summarized as follows:

Prospective Fair Value As Stabilized Opinion

	Date of Value	Value	Final Value (Rd)
Land Value		$58,590,000	
Replacement Cost New		$121,833,961	
Profit on Construction Costs @ 20%		$24,366,792	
Lease Up Costs		$17,239,275	
Prospective Fair Value As Stabilized	**September 30, 2025**	**$222,030,028**	**$222,000,000**

Income Capitalization Approach

In the Income Capitalization Approach, a property's capacity to generate future benefits is analyzed; the forecasted income is capitalized into an indication of present value. Definitions of commonly used measures of anticipated benefits are defined in the Glossary of Terms within the Addenda.

The income capitalization approach supports two methodologies: direct and yield capitalization. Investors in the local market typically utilize both methodologies to value office and retail assets. Given that the owner has an executed Conditional Designation letter for the city to occupy 71.1% of the leasable area, we have chosen the direct capitalization methodology.

The subject is a mixed-use office and retail building under construction, and ownership has an executed Conditional Designation Letter from the New York City Economic Development Corporation and is in the final stages of approval and nears execution for the lease with the Department of Citywide Administrative Services. The preliminary plans distinguish between carpetable area allocated to either the city tenant or non-city tenant, non-carpetable area allocated to either the city tenant or non-city tenant and shared non-carpetable area. According to the lease, the rentable area is calculated by taking the carpetable area and dividing it by a conversion factor of 75.2%. According to the lease, the city tenant will occupy approximately 279,957± square feet on the first, and third through sixth floors in the newly constructed building once construction is complete. This is based off a carpetable area of 210,538 square feet. Additionally, there will be approximately 88,211± square feet of rentable area on the first, second, and third floors. This is based off a carpetable area of 66,335 square feet. A breakdown of the leasable square footage is provided below.

Space	Total Rentable SF	Percentage of GBA
City Tenant	279,957	71.1%
Non-City Tenant	88,211	22.4%
Total Leaseable Area	**368,168**	**93.5%**

Base Commercial Income

A breakdown of the city lease is provided below:

Tenant	SF	Monthly Rent	Annual Rent	Rent PSF	Details
City Lease	279,957	$1,133,333	$13,600,000	$48.58	Demised Premises consists of a portion of the 1st (ground) floor, 3rd floor, the entire leasable portion of the 4th floor, the entire leasable portion of the 5th floor, and the entire leasable portion of the 6th floor. The lease has a 21-year term begining on the Possession Date which is anticipated to be no later than December 1, 2024. Free rent period equal to nine months following the Possession date. Rent increases by 10% in year three and remains flat for five years and repeats throughout the term. Two, five-year renewal options. Pro-rata share of tax increases over the base year established by the possession date. Pro-Rata share of operating expenses over the base year established by the possession date.

Next, we have surveyed recently signed retail and office leases in order to project a market rent for the 88,211 square feet of leasable non-city tenant area on the first (ground) floor, second floor, and third floor. A summary of our findings is presented below.

Comparable Retail Rentals

#	Address	Tenant	Start Date	Sq. Ft.	Base Rent	Comments
1	1606 Pitkin Ave, Brooklyn, NY 11212	H&R Block	Aug-23	1,708	$45.65	Modified Gross
2	1621 Broadway, Brooklyn, NY 11207	Retail	Jul-23	3,466	$37.00	Modified Gross
3	1685 Pitkin Ave, Brooklyn, NY 11212	PT Of The City Brownsville	Jan-23	1,800	$45.00	Modified Gross
4	733 Madison, Brooklyn, NY 11221	Passionfruit Coffee	Nov-22	800	$45.00	Modified Gross - 5 year lease
5	1177 Liberty Ave, Brooklyn, NY 11208	Star Furniture	Nov-22	2,500	$50.40	Modified Gross - 10 year lease
			Min:	**800**	**$37.00**	
			Avg:	**2,055**	**$44.61**	
			Max:	**3,466**	**$50.40**	

Retail Lease Comps Rent Discussion

Comparable 1 is a 1,708 square foot space in Brooklyn. The location is slightly superior in that it is located on a main commercial street. However, the condition is average. The starting rent is $45.65 per square foot for this space at grade level. It is structured on a modified gross basis.

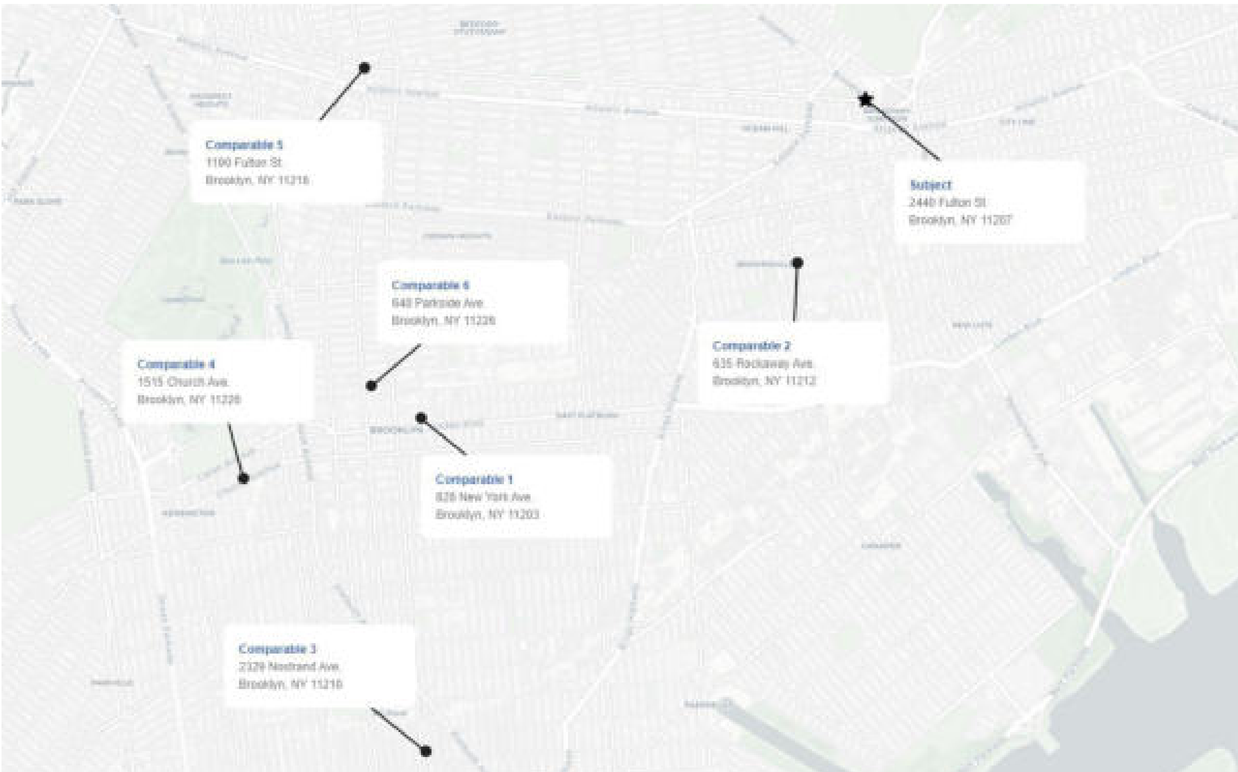
Comparable 2 is a 3,466 square foot space that rented for $37.00 per square foot, modified gross. It is located in Brooklyn in a good commercial area for this neighborhood. It features good street presence along Broadway.

Comparable 3 is an 1,800 square foot space located in the Brooklyn. The location is slightly superior in that it is located on a main commercial street. However, the condition is average. The space was signed at a rate of $45.00 per square foot, modified gross.

Comparable 4 is a 800 square foot space in Bushwick. The location is slightly superior in Bushwick. The starting rent $45.00 per square foot for this mid-block space at grade level. It is structured on a modified gross basis over a 5-year term.

Comparable 5 is a 2,500 square foot space located in the East New York area, similar to the subject. The space was signed at a rate of $50.40 per square foot, full service, for a 10-year term.

Comparable Office Rentals



#	Address	Tenant	Start Date	Term	Sq. Ft.	Base Rent	Lease Terms
1	828 New York Ave	Karefree Training School	Aug-23	5 years	2,700	$37.70	Modified Gross. 1st floor
2	635 Rockaway Ave	ACI Chemical Dependency Treatment Centers	Aug-23	12 years	8,300	$40.00	Modified Gross. 1st floor
3	2329 Nostrand Ave	Office Tenant	May-23	10 years	6,300	$41.00	Modified Gross.
4	1515 Church Ave	Medical Center	Feb-23	N/A	5,000	$36.00	Modified Gross. 1st floor
5	1190 Fulton Street	Eprine Community Services	Mar-22	7 years	6,000	$48.92	Modified Gross. 2nd floor
6	640 Parkside Ave, Brooklyn, NY 11226	Mirimus Inc	Jan-22	4 years	1,691	$35.00	Modified Gross. 4th floor
			Min:		**1,691**	**$35.00**	
			Avg:		**4,999**	**$39.77**	
			Max:		**8,300**	**$48.92**	

Office Rent Discussion

Comparable 1 is a 2,700 square foot space along New York Avenue in Brooklyn. It was signed in Aug 2023 for a 5-year term. It is noted that the space is located at 1st floor level and was leased to an office tenant at a rate of $37.70 per square foot, modified gross.

Comparable 2 is a 8,300 square foot space in Brooklyn that rented for $40.00 per square foot with modified gross terms. The space was located on the 1st floor of the property and was signed for a 12-year term. We note that this is a recently constructed property.

Comparable 3 is a 6,300 square foot space located in Brooklyn. The comparable was leased at a rate of $41.00 per square foot with modified gross terms.

Comparable 4 is a 5,000 square foot medical office space along Church Ave in Brooklyn. It was signed in Feb 2023. It is noted that the space is located at first floor level and was leased to a medical tenant at a rate of $36.00 per square foot, modified gross

Comparable 5 is a 6,000 square foot space in Brooklyn that rented for $48.92 per square foot with modified gross terms. The tenant leased out the 2nd floor space for a 7 year term.

Comparable 6 is a 1,691 square foot space in Brooklyn that rented for $35.00 per square foot with modified gross terms. The space was located on the 4th floor of the property and was signed for a 4-year term.

Non-City Tenant Rent Conclusion

The market survey we conducted provided a range for ground floor spaces from $37.00 to $50.40 per square foot, with an average of $44.61 per square foot and a range of $35.00 to $48.92 per square foot, with an average of $39.77 per square foot for large office spaces. The subject space will have 88,211 square feet of leasable non-city tenant area on the first (ground) floor, second floor, and partial third floor and it will be new construction, specifically built out to tenant specifications.

Based on our research and various conversations with investment sales agents, sellers, buyers and locally based brokers, we conclude to a market rent of $38 per square foot for a 10 year term for the 88,211 square feet of leasable non-city tenant area. We forecast a 24-month lease up period with 12 months of free rent for new tenants. Our market rent forecast equates to a total monthly income of $279,336 and $3,352,036 annually. A presentation of the lease with the city and projected rent gross monthly and annual rent for the non-city space is provided below.

Tenant	SF	Monthly Rent	Annual Rent	Rent PSF	Details
City Lease	279,957	$1,133,333	$13,600,000	$48.58	Demised Premises consists of a portion of the 1st (ground) floor, 3rd floor, the entire leasable portion of the 4th floor, the entire leasable portion of the 5th floor, and the entire leasable portion of the 6th floor. The lease has a 21-year term begining on the Possession Date which is anticipated to be no later than December 1, 2024. Free rent period equal to nine months following the Possession date. Rent increases by 10% in year three and remains flat for five years and repeats throughout the term. Two, five-year renewal options. Pro-rata share of tax increases over the base year established by the possession date. Pro-Rata share of operating expenses over the base year established by the possession date.
Non-City Tenant	88,211	$279,336	$3,352,036	$38	Will consist of space located on the first (ground) floor, second floor, and third floor.
Potential Commercial Income	**368,168**	**$1,412,670**	**$16,952,036**	**$46**	

Lease Up and Free Rent Period

The majority of the leasing brokers we interviewed indicated an uptick in the lease up and free rent period. For our market leasing assumptions, we assume a 24-month lease up period with 12-months' rent loss, and an additional 12 months of free rent for non-city tenants.

Leasing Commissions

Typical brokerage commissions for office leases range from 30%-40% for the annual rent paid in the first year of the lease. We apply the standard leasing commissions of 35% of the year 1 income on new non-city tenant leases. All leasing commissions would be paid in year one of the lease. Our leasing commission equals $1,173,212 which we deduct from our final value.

Expense Reimbursement Income

Office rents in the area are typically structured on modified gross basis, with tenants paying utilities directly and a pro rata share of the real estate taxes over a base year. The city tenant lease will be modified gross lease terms whereby the tenant reimburses the prorate share of tax increases over the base year and operating expenses. The base year is established by possession date.

Under the projected lease terms for the non-city space, the tenants will reimburse for taxes over a base year. Since this reimbursement would not be effective until Lease Year 2, and the amount would likely be nominal, it was excluded since the direct capitalization method which capitalizes a single year of income.

Parking Income

The subject will have an on-site parking component and generate additional income via leased spaces. According to the plans, the subject will have a total of 326 parking spaces and 35 spaces will be allocated to the city tenant. Therefore, the subject will have 291 leasable parking spaces. We have surveyed competitive comparable monthly parking leases in the market. A summary of our findings is provided below.

Address	Type	Monthly Rate	Annual Rate
345 Sheffield Avenue	Underground Garage	$200	$2,400
60 East 92nd Street	Surface	$165	$1,980
256 Utica Avenue	Underground Garage	$225	$2,700
1660 Decatur Street	Surface Valet	$275	$3,300
	Min	**$165**	**$1,980**
	Average	**$216**	**$2,595**
	Max	**$275**	**$3,300**

As indicated, the comparables range from $165 to $275 and average $216 per month. The subject' sparking component will be covered which has a positive effect on achievable rents. We project a monthly parking rate of $200 times the 291 leasable spaces which indicates a total monthly income of $58,200 and an annual income of $698,400. The calculation is provided below.

Parking Income	
Monthly Rate	$200
Number of Leasable Parking Spaces	291
Annual Parking Income	$698,400

We apply a vacancy and collection loss factor equal to 20% and apply this to the annual parking income.

Vacancy and Credit Loss

The CoStar general North Brooklyn Office Submarket vacancy was reported at 18.66% for Q4 2023. The CoStar Market Report reported a vacancy rate of 13.75% in the New York Metro area. The retail vacancy rate was reported at 3.33%.

The subject, upon completion, will be in excellent condition. Additionally, the owner has an executed lease with the city of New York DCAS to occupy 71.1% of the leasable area at the subject. Given that the lease is to DCAS of the City of New York, the prospective cash flow has minimal risk given the strength and quality of this tenancy. Therefore, we apply a vacancy and collection loss of 1% to the income generated by the city lease and a 10% general vacancy rate and collection loss has been applied to the non-city tenant income which is market oriented.

As noted previously, we apply a vacancy and collection loss factor equal to 20% of the annual parking income.

Effective Gross Income Summary

Potential City Tenant Income	$13,600,000
Potential Non-City Tenant Income	$3,352,036
Parking Income	$698,400
Potential Gross Income	**$17,650,436**
Less City Tenant V/C Loss @ 1%	-$136,000
Less Non-City Tenant V/C Loss @ 10%	-$335,204
Less Parking V/C Loss @ 20%	-$139,680
Effective Gross Income	**$17,039,552**

Operating Expense Analysis

No operating expenses were provided since the subject is vacant and awaiting redevelopment. We have estimated operating expenses based on knowledge of similar properties we have appraised. The data, analyzed in terms of nominal and gross square footage, is presented:

Comparable Office Operational Expenses

Below we present operating expenses from regional comparables.

Comparable:	**1**	**2**	**3**	**4**	**Average**
GBA:	598,232	725,991	459,100	309,952	523,319
Market:	NYC Metro	NYC Metro	NYC Metro	NYC Metro	
Operating Expenses					
Insurance	$89,735	$108,899	$247,074	$269,658	$178,841
Utilities	$2,847,584	$965,568	$3,068,499	$753,183	$1,908,709
Water & Sewer	$95,717	$36,300	$79,708	$80,588	$73,078
Repairs & Maintenance	$1,070,835	$1,285,004	$933,153	$387,440	$919,108
Payroll	$2,243,370	$3,143,541	$740,417	$1,636,547	$1,940,969
General, Admin & Misc	$215,364	$413,815	$211,034	$802,776	$410,747
Management	$687,967	$943,788	$309,870	$381,241	$580,717
Total Operating Expenses	**$7,250,572**	**$6,896,915**	**$5,589,755**	**$4,311,432**	**$6,012,168**
Operating Expenses PSF					
Insurance	$0.15	$0.15	$0.54	$0.87	$0.43
Utilities	$4.76	$1.33	$6.68	$2.43	$3.80
Water & Sewer	$0.16	$0.05	$0.17	$0.26	$0.16
Repairs & Maintenance	$1.79	$1.77	$2.03	$1.25	$1.71
Payroll	$3.75	$4.33	$1.61	$5.28	$3.74
General, Admin & Misc	$0.36	$0.57	$0.46	$2.59	$0.99
Management	$1.15	$1.30	$0.67	$1.23	$1.09
Total Operating Expenses	**$12.12**	**$9.50**	**$12.18**	**$13.91**	**$11.93**

Estimated Operating Expenses

Our stabilized annual expense forecast is presented. We note we base these figures on the gross buildable area of 354,176 square feet.

Real Estate Taxes

As presented earlier, we forecasted the tax payment at $2,912,800 annually.

Insurance

Insurance costs vary by the type of coverage. Costs are generally lower (on a per square foot basis) for larger buildings and for multi-building policies. The historical amounts are presented below:

Per SF Summary	Low	Average	High
Comparables	$0.15	$0.43	$0.87
Appraiser			**$0.85**

We have projected this expense at $0.85 per square foot, which is toward the high end of the comparable range. This is reasonable given that market participants have given feedback of rising insurance costs.

Utilities

Per SF Summary	Low	Average	High
Comparables	$1.33	$3.80	$6.68
Appraiser			**$1.00**

This expense covers common area only utilities for the subject property, tenants are directly metered for electricity usage. We have projected this expense at $1.00 per square foot which is beneath the range but as the newly constructed units will have individual HVAC systems that tenants are responsible for.

Water & Sewer

This expense covers the water and sewer charges.

Per SF Summary	Low	Average	High
Comparables	$0.05	$0.16	$0.26
Appraiser			**$0.30**

We have projected this expense at $0.30 per square foot, which equates to $106,253 annually, which is toward the high end of the comparable range.

Repairs & Maintenance

This expense varies depending on building age, management philosophy, services provided, and accounting methodology. Some management companies expense items that are normally included as capital costs. In addition, repair and maintenance costs may change from year to year; in some cases, repairs that require attention may be postponed due to cash flow considerations.

Per SF Summary	Low	Average	High
Comparables	$1.25	$1.71	$2.03
Appraiser			**$1.25**

We have projected this expense at $1.25 per square foot, at the low end of the comparable range, noting the subject will be a brand new building upon completion that will require minimal repairs and maintenance.

Payroll

This expense is for multiple staff that provide services for the building.

Per SF Summary	Low	Average	High
Comparables	$1.61	$3.74	$5.28
Appraiser			**$2.25**

Under a multi-tenant scenario, we assume a minimal payroll expense to clean common areas etc. We have projected this expense at $2.25 per square foot which is beneath the average of the comparable range.

General, Administrative, Professional & Miscellaneous

This expense allows for any expenditure not included in the above categories including permits and dues, miscellaneous charges, office expense, and advertising, etc.

Per SF Summary	Low	Average	High
Comparables	$0.36	$0.99	$2.59
Appraiser			**$0.15**

We have projected this expense at $0.15 per square foot which is at the low end of the comparable range but reasonable due to economies of scale.

Management Fee

Typically, management fees for office properties range from 2% to 6% of effective gross income. We applied a management fee of 2.00% of effective gross income, which is consistent with investor expectations. Typical management fees in the market range between 2% and 6%. Based on our projected effective gross income, the management fee equates to $340,791 or $0.96 per square foot.

Reserves

This expense provides for the periodic replacement of building components that wear out more rapidly than the building itself and that must be replaced periodically during the building's economic life. The comparables did not report any reserve amounts as typically any reserves costs would be captured in annual repairs and maintenance costs. We forecast this expense at $0.10 per leasable area of in total. This item is a non-recoverable.

Total Operating Expenses – Net of Taxes

Per SF Summary	Low	Average	High
Comparables	$9.50	$11.93	$13.91
Appraiser			**$6.86**

Operating expenses, exclusive of real estate taxes, were forecasted at $7.10 per square foot. Excluding real estate taxes, the comparables ranged from $9.50 to $13.91 per square foot with the wide range primarily driven by high utility and payroll costs at the comparables. Our forecast is below the comparable range on a per square foot basis which is reasonable considering the fact that upon completion the subject will be in excellent condition. Thus, this forecast will be applied in our valuation analysis.

Stabilized Income and Expenses

Pro Forma

Pro Forma	**$**	**Per SF**
Income		
Potential City Tenant Income	$13,600,000	$38.40
Potential Non-City Tenant Income	$3,352,036	$9.46
Parking Income	$698,400	$1.97
Potential Gross Income	**$17,650,436**	**$49.84**
Less City Tenant V/C Loss @ 1%	-$136,000	-$0.38
Less Non-City Tenant V/C Loss @ 10%	-$335,204	-$0.95
Less Parking V/C Loss @ 20%	-$139,680	-$0.39
Effective Gross Income	**$17,039,552**	**$48.11**
Real Estate Taxes	$2,912,800	$8.22
Insurance	$301,050	$0.85
Utilities	$354,176	$1.00
Water & Sewer	$106,253	$0.30
Repairs & Maintenance	$442,720	$1.25
Payroll	$796,896	$2.25
General, Admin & Misc	$53,126	$0.15
Reserves	$35,418	$0.10
Management	$340,791	$0.96
Total Operating Expenses	**$5,343,231**	**$15.09**
Total Expenses Excluding RE Taxes	$2,430,431	$6.86
Net Operating Income	**$11,696,321**	**$33.02**
Operating Expense Ratio	31%	

Income Capitalization

In developing an opinion of the overall capitalization rate required by an investor, we will apply several methods of analyses: (1) Band of Investment; (2) Debt Coverage Ratio; (3) Direct Comparable Sales; (4) Investor Surveys; and (5) Personal Surveys.

Band of Investment Technique

We use the Band of Investment technique to estimate a capitalization rate that accounts for the combination of equity and prevailing financing. The rate developed is a weighted average, the weights being percentages of the total value, which are occupied by the mortgage and equity positions.

Mortgage Component

A survey of active lenders in the subject property's influencing market indicates that 25-year and 30-year mortgage commitments are typically 175 to 450 basis points above 10-year treasuries.

Survey of Competitive Rates

Survey of Competitive Rates	Rate
Federal Funds Rate	5.25%-5.50%
5-year CD	5.00-5.70%
10-year Treasury Bond	3.88%
30-year Treasury Bond	4.03%
Corporate Bonds (Moody's Seasoned AAA)	4.61%
Municipal Bonds (AAA, 10-year)	2.30%

Source: Federal Reserve Statistical Release, FRED, bankrate.com, fmsbonds.com

Currently, 10-year treasuries are trading at 3.88% and mortgage rates are roughly 5.75% to 8.25%. The current mortgage market indicates a competitive interest rate, as there is strong demand from mortgage lenders seeking stable deals.

After surveying several commercial mortgage lenders, it is our opinion that a typical creditworthy purchaser could obtain financing from a lending source in an amount equal to 70% percent of value at an annual interest rate of 6.00% and a 30-year payout. Therefore, the mortgage constant is 0.07190.

Equity Component

As a stabilized income pro forma is expressed in constant dollars, an equity divided rate will be applied. The consensus of those actively engaged in the marketplace for apartment buildings is that Year 1 equity rates of return (based upon forecasting techniques and assumptions like those utilized herein) fall within a broad range, depending on numerous risk factors, including among others:

Location – the better the location, the lower the rate of return;

Physical Characteristics– the newer the property, the higher the quality of construction and finishes, and the better the design and layout of the physical structure, the lower the rate of return;

Degree of Growth Forecasted for Income and Expenses – the more aggressive and value enhancing the valuation assumptions, the higher the rate of return;

Amount of Equity Investment Required – the greater the required equity investment (that portion of the total acquisition cost not typically funded by conventional financing), the higher the rate of return;

Type of Investment – the riskier the perceived return on investment for a particular type of real estate, the higher the rate of return.

Applying an appropriate equity dividend rate to the mortgage equity technique is an integral part of the valuation process. As previously stated, the equity rate of return is sensitive to the risk associated with the property, whether it be location, income flows, functional or physical obsolescence, and most important of all, the economic climate. First, we look at national surveys to understand appropriate yield rates. The latest Realty Rates survey indicates an average equity dividend rate of 11.51% and ranges from 7.53% to 16.38%.

Equity Dividend Rate Survey

Survey	**Type of Product**	**Equity Dividend Rates**		
Realty Rates	Office	7.53%	-	16.38%
Fourth Quarter - 2023	CBD Market	11.51%	avg	

Next, we consider the subject property place in the marketplace. 2440 Fulton Street is in a good location in Brooklyn. Based on our discussions with market participants, equity dividend rates for industrial real estate investments typically range from 2.00% to 10.00%, depending on the above noted factors.

We believe an investor in the subject property would accept an initial annual return of 5.00% in anticipation of a stable income flow and property appreciation over time. It should be emphasized that the equity dividend rate is not necessarily the same as an equity yield rate or true rate of return on equity capital. The equity dividend rate is an equity capitalization that reflects all benefits that can be recognized by the equity investor as of the date of purchase. We selected this rate based on the subject's location and its good access and visibility. We summarize the mortgage and equity parameters utilized in our derivation of an overall capitalization rate below:

We summarize the mortgage and equity parameters utilized in our derivation of an overall capitalization rate below:

Selected Loan Terms

Typical Loan Terms	**Value**
Mortgage Rate	6.00%
Amortization Term (Years)	30
Number of Payments	360
Loan-to-Value Ratio (M)	70%
Equity Ratio	30%
Mortgage Constant	**0.07190**

Band of Investment

Band of Investment		**Value**
Loan-to-Value Ratio (M)		70%
Mortgage Constant	x	0.07190
Mortgage Component		**5.0330%**
Equity Ratio		30%
Equity Dividend Rate	x	5.00%
Equity Component		**1.5000%**
Indicated Overall Rate		**6.53%**

The Band of Investment formula of developing an overall capitalization rate suggests a rate of 6.53%.

Debt Coverage Ratio Analysis

Next, we perform a debt coverage ratio analysis. As lenders will lend based on its underwriting standards, this factor plays a role in developing an overall capitalization rate. The most often applied standards are the Debt Service Coverage Ratio (DSCR) and the Loan-to-Value Ratio. The DSCR is a proprietary-underwriting standard, generally established by the lending institution, varying according to property type, age, location, and the quality of stream of income. The Loan-to-Value Ratio is generally an imposition of a regulatory body and therefore is a limiting factor as opposed to an indicator of value. The Debt Service Coverage Ratio will be the focus here. The lender wants the amount of the debt service, the annualized monthly payments on the mortgage loan, to be more than fully covered by the Net Operating Income from the property.

If an investor must meet a Loan-to-Value Ratio standard, iterations employing this method will direct the investor towards the optimum balance of LTV, DSCR, Rate, Term, loan amount and required equity. Employing the Income Capitalization Method using the Loan-Underwriter's Method to determine the capitalization rate will resolve the matter more readily, albeit with complete disregard for the return on equity, which is a secondary by-product. The estimate capitalization rate using the debt service coverage formula is DSCR × LTV × mortgage constant. Below we perform the DCRA analysis:

Debt Coverage Ratio Analysis

Debt Coverage Ratio Analysis	**Value**
Debt Coverage Ratio	1.30
Mortgage Constant	0.07190
Loan To Value	70%
Cap Rate Suggested	**6.54%**

The Debt Coverage Ratio Analysis suggests a capitalization rate of 6.54%.

Direct Capitalization Rates

The following are direct capitalization rates extracted from the comparable sales (to be presented in the Sales Comparison Approach):

Comparable Overall Sale Capitalization Rates

#	**Address**	**Type**	**Sale Date**	**Cap Rate**
1	159-05 Union Tpke, Fresh Meadows, NY 11366	Medical Office	Feb-23	6.36%
2	224 Kings Hwy, Brooklyn, NY 11223	Office	Jan-23	5.28%
3	6010 Bay Pkwy Brooklyn, NY	Medical Office	Sep-22	5.50%
4	75 N 7th St, Brooklyn, NY 11249	Office	Jul-22	5.39%
5	15-02 121st St, Queens, NY 11356	Office	Jun-22	5.03%
6	3554 32nd St, Long Island City, NY 11106	Office	Mar-22	5.50%
			Average	**5.51%**

We analyzed sales of comparable assets within the subject's periphery and they exhibit overall capitalization rates from 5.03% to 6.36% with an average of 5.51%. We have supplemented our cap rate comps with additional comps not used in our sales comparison approach. The additional rates are good indicators for cap rates for the subject and are recent; however, there are differences regarding the comps, which do not justify utilizing the comps in the Sales Comparison approach such as location, size, or date of sale. Further, there is a dearth of sales with capitalization rates for office/retail buildings of this size in this market. Nonetheless, the above-mentioned comps are good indicators of cap rates for a property like the subject although the increased vacancy and decline in market rents will cause cap rates to rise in the near term.

Surveys – Overall Capitalization Rates

Survey	Type of Product	Overall Cap Rate		
PwC	Office - CBD	4.50%	-	10.00%
Fourth Quarter - 2023	Market	6.78%	avg	
Situs - R.E.R.C.	Office - CBD	6.00%	-	9.00%
Fourth Quarter - 2023	Market	7.30%	avg	

The surveyed capitalization rates range from 4.50% to 10.00% and have a central tendency between 6.78% and 7.30%.

Capitalization Rate Conclusion

Overall capitalization rates are influenced by numerous factors, of which the most influential are: investors' perception of risk, the potential for net income growth, and the market for competitive assets. As indicated by the local comparable sales, assets in the submarket tend to trade for going-in returns toward the low to middle of the national range.

In terms of its position within the market range, it is our view that based on the following factors an investor would accept a return above the average of the comparable of the range.

- The subject is located in a good location in Broadway Junction, proximate to public transportation and it will be newly built and in excellent condition. We note that while there is general uncertainty in the current office market due to the interest rate environment, the subject will not be stabilized until 2025, and market participants anticipate a decline in the interest rates which would benefit the commercial real estate market.
- The subject is extremely well positioned in this regard as a majority of the leasable area will be occupied by the City of New York on a long-term basis, which would appeal to investors given the strong income stream. However, the remaining office space is vacant.

Balancing these factors, it is our view that a 5.75% overall rate would be required by an investor.

A Summary of our calculation of value less rent loss and lease up deductions is provided below:

Rent Loss and Lease Up Deductions

In order to arrive at the As Is Fair Value for the subject, we have made various deductions which are outlined below.

- We deduct the remaining construction costs for the subject which are $21,174,095.
- As stated above, we project a 24-month lease up period. Thus, given our assumption of a straight-line lease-up, whereby 50% of the space is expected to be leased halfway through the lease-up period, we deduct 12-months' rent loss. In addition, we include 9-months of free rent on new leases which equates to a total of 21-months of rent loss via absorption and free rent for the non-city tenants.
- We also include a broker's commission equal to 35% of the year 1 income.
- Additionally, we deduct a total of 9-months' rent loss from the income generated by the city tenant lease as stipulated by the lease. The total rent loss and lease up deduction is $17,239,275, calculated below.

Annual Potential Income - Non City		$3,352,036
Lease Up - 24 Months / 2 Years	x	1.75
Rent Loss - Non City		**$5,866,062**
Rent Loss - City Tenant - 9 Months	+	**$10,200,000**
Estimated Rent Loss		**$16,066,062**
Brokerage Commission (Non-City tenant)	+	$1,173,212
Total Rent Loss		**$17,239,275**

- We deduct a profit factor equal to 20.0% of the remaining construction costs. This equates to $4,234,819.

The As Stabilized and As Is Fair Value are provided below.

	Date of Value	Value	Final Value (Rd)
NOI		$11,696,321	
Cap Rate		5.75%	
Indicated Value As Stabilized		$203,414,286	
Add NPV of Tax Benefits		$32,200,000	
Current Stabilized Fair Value Via the Income Capitalization Approach	**December 31, 2025**	**$235,614,286**	**$235,500,000**
Less Remaining Construction Costs		$21,174,095	
Less Absorption / Free Rent (9 Months) & Non-City Leasing Commissions		$17,239,275	
Less Profit on Remaining Construction Cost @ 20%		$4,234,819	
Indicated Value		$192,966,097	
Indicated As Is Fair Value	**December 31, 2023**	**$192,966,097**	**$193,000,000**

Sales Comparison Approach

In the Sales Comparison Approach, an opinion of market value is provided by comparing the subject property to transactions of competitive assets. A major premise is the principle of substitution which holds market value is directly related to the prices of comparable properties as a knowledgeable investor will pay no more for a substitute.

The procedure involved in this Approach is to research the market for sales of improved properties which are comparable, select appropriate units of comparison, adjust the sale prices to the subject, and then reconcile the range of adjusted sale prices into an opinion of value.

Unit of Comparison

In order to analyze comparable sales, it is necessary to convert the sale prices to an appropriate unit of comparison, a process which facilitates price comparisons between properties of different sizes, and it also enables adjustment for qualitative differences. Since investors typically purchase commercial properties in the subject's area in terms of value per square foot, we have applied this unit of comparison. We note that there is a dearth of transactions of similar office buildings. We have expanded our search radius to include surrounding boroughs but have included the most recent comparable sales.

Comparable Sales

The following is a map of the comparable sales to follow:

#	Address	Sale Date	SF	Sale Price	Price Per SF	Cap Rate
1	14302 Jamaica Avenue, Jamaica, NY 11435	Jul-23	15,663	$9,200,000	$587	Not Reported
2	159-05 Union Tpke, Fresh Meadows, NY 11366	Feb-23	79,800	$44,000,000	$551	6.36%
3	6010 Bay Pkwy, Brooklyn, NY 11204	Sep-22	85,567	$77,500,000	$906	5.50%
4	43-10 23rd Street, Long Island City, NY 11101	Dec-21	151,180	$92,500,000	$612	Not Reported

Comparable Sale 1: 14302 Jamaica Avenue, Jamaica, NY 11435

Sale No.	1
Location	14302 Jamaica Avenue Jamaica, NY 11435
Block/ Lot	9983/1
Site Area (SF)	5,213.00
Gross Building Area (SF)	15,663
Property Description	This comparable represents the acquisition of a newly constructed 15,663-square-foot (above grade) office building in Jamaica, NY. The improvements rise 4 stories and contains 5,202 SF of commercial space on the ground floor and 3,487 SF of space on the 2nd, 3rd, and 4th floor. There is also approximately 5,000 SF of below grade space (not included in the GBA). The property was completed in 2023. The property closed in July 2023 for a price of $10,500,000. The property was vacant at the time of sale. The property was acquired by Jamaica Hospital Center, which they plan on owner occupying. The property had a brand new 25-year ICAP which we have valued at $1.3M which we have deducted from the sale price. All details were obtained via CoStar and cross-referenced with public records.

Sale Date	July 5, 2023
Year Built	2023
Grantor	Jamaica Queens Llc
Grantee	MEDISYS HEALTH NETWORK INC
Sale Price	$9,200,000
Price Per SF	$587
NOI	Not Reported
Cap Rate	Not Reported
Document No.	2023000174040

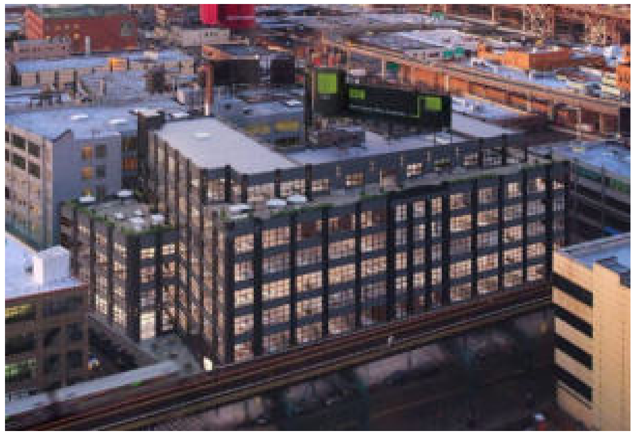
Comparable Sale 2: 159-05 Union Tpke

Sale No.	2
Location	159-05 Union Tpke Fresh Meadows, NY 11366
Block/ Lot	6831 / 22
Site Area (SF)	71,920.00
Gross Building Area (SF)	79,800
Property Description	This comparable represents the acquisition of a 5-story, 79,800-square-foot medical office building at 159-05 Union Tpke in Flushing, NY. The building is fully occupied with 2 tenants on a long-term basis. Cornerstone occupies a portion of the 1st floor and all of floors 2-5 totaling approximately 64,400 SF and operates a first-class substance abuse and addiction treatment facility. HeartShare occupies the remaining space on the 1st floor-approximately 15,400 SF and operates a day rehabilitation program for those with intellectual and developmental disabilities. It traded for $44M at a 6.36% cap rate with an NOI of $2.8M. The property is in average condition. All details were obtained via CoStar, cross-referenced with public records, and confirmed with available news sources.
Sale Date	February 3, 2023
Year Built	1960
Grantor	Lavin Group, LLC
Grantee	Even Pine Union Propco, LLC
Sale Price	$44,000,000
Price Per SF	$551
NOI	$2,798,400
Cap Rate	6.36%
Document No.	2023000038357

Comparable Sale 3: 6010 Bay Pkwy, Brooklyn, NY 11204

Sale No.	3
Location	6010 Bay Pkwy Brooklyn, NY 11204
Block/ Lot	5522 / 36
Site Area (SF)	20,000.00
Gross Building Area (SF)	85,567
Property Description	This comparable represents the acquisition of a 9-story, 144,764-square-foot medical office building at 6010 Bay Pkwy in Brooklyn, NY. However, we note that a portion of the ground floor and the entirety of the 2nd - 4th floor is used for parking per DOB records. The actual leaseable area excluding parking is 85,567 SF which we apply to our analysis. The property is anchored by Maimonides Medical Center. Other tenants include: an urgent care center, a orthopedic department, a pain management center, a pathology lab, a fertility clinic, and 30,000 square feet of private physician office space. The property is currently 100% leased through 14 NNN leases with a weighted average remaining term of approximately 7 years. Major tenants include Maimonides Medical Center (31% GLA), Brooklyn Surgery Center (25% GLA), and RadNet Imaging (11% GLA). It reportedly traded at a 5.5% cap rate indicating an NOI of $4,482,500. There are 177 attended parking spaces. It traded for $81.5M. The property benefits from an ICIP tax exemption which commenced in 2015 and is set to expire in 2029. Using a 6% discount rate, we have valued the benefits at $4M which we have deducted from the purchase price. The adjusted sale price is $77.5M. All details were obtained via CoStar, cross-referenced with public records, and confirmed with available news sources.
Sale Date	September 9, 2022
Year Built	2013
Grantor	BP Group DE LLC
Grantee	Physicians Realty Trust
Sale Price	$77,500,000
Price Per SF	$906
NOI	$4,262,500
Cap Rate	5.50%
Document No.	2022000368311

Comparable Sale 4: 43-10 23rd Street, Long Island City, NY 11101



Location	43-10 23rd Street Long Island City, NY 11101
Block/ Lot	440 / 1
Site Area (SF)	36,649.00
Gross Building Area (SF)	151,180
Property Description	This is the sale of an office building located in Long Island City, NY 11101. The property, built in 1924, contains 151,180 square feet of above grade GBA on 36,649 square feet of land. The building most recently sold for $92,500,000. The buyer, Longfellow Real Estate Partners, will be re-developing the property into a commercial life science office building. The firm is investing an additional $120M to convert the property into a high-tech life sciences building. The renovation is expected to be completed in Q1 2023. All details were obtained via CoStar and cross-referenced with public records.

Sale Date	December 17, 2021
Year Built	1924
Grantor	Maple K 43-10 23rd St Owner LLC
Grantee	Court Square 23rd LLC
Sale Price	$92,500,000
Price Per SF	$612
NOI	Not Reported
Cap Rate	Not Reported
Document No.	2021000513202

Comparable Sales Summary

#	Address	Sale Date	SF	Sale Price	Price Per SF	Cap Rate
1	14302 Jamaica Avenue, Jamaica, NY 11435	Jul-23	15,663	$9,200,000	$587	Not Reported
2	159-05 Union Tpke, Fresh Meadows, NY 11366	Feb-23	79,800	$44,000,000	$551	6.36%
3	6010 Bay Pkwy, Brooklyn, NY 11204	Sep-22	85,567	$77,500,000	$906	5.50%
4	43-10 23rd Street, Long Island City, NY 11101	Dec-21	151,180	$92,500,000	$612	Not Reported

Adjustments for the comparable sales have been considered based on comparison to the subject for financing terms, conditions of sale, market conditions (time), location, size, utility, and age/condition.

Property Rights Appraised The purpose of this adjustment is to account for differences in the property rights transferred with the sale. No property rights adjustments are required.

Financing The purpose of adjusting for financing terms is to determine cash equivalent sale prices for the comparable sales in accordance with the definition of market value for this report. No financing terms adjustments are required.

Conditions of Sale Condition of sale refers to the motivations of the buyer and seller involved in a particular transaction. All sales are arm's length and no adjustment is needed. Comparable 1 was vacant at the time of sale with no credit tenant. An upward adjustment was applied.

Market Conditions (Time) All sales took place in December 2021. Given the recent interest rate hikes, there has been limited commercial office transactions. However, given that Sales 3 – 4 transacted in superior interest rate environments, downward adjustments were applied.

Location The subject property is located in Broadway Junction/Ocean Hill in Kings County. Comparable 3 is in an inferior location and is therefore adjusted up to account for this discrepancy. Comparable 4 is in a superior location and is therefore adjusted down to account for this discrepancy.

Size This adjustment accounts for the difference in size between each of the comparables and the subject property. The sales range in size from 15,663 to 151,180 square feet, while the subject property will contain 354,176 square feet. Comparables 1 through 3 are smaller and are therefore adjusted down to account for the difference in size.

Utility This adjustment reflects building height or number of stories, land to building ratio, views, exterior appeal, corner location and the interior finishes, design and layout of each comparable as compared to the subject property. The subject will have an on-site parking component. Given that Sale 3 included parking space on Floors 1- 4 and we have not included this area, downward adjustments were applied. Sales 1 and 4 do not have on site parking. Upward adjustments were applied.

Condition The subject property will be in excellent condition upon completion of construction. Comparables 2 and 4 are in inferior condition and are therefore adjusted up to account for this difference.

Comparable Sales Adjustment Grid

Sale No.	Subject	1	2	3	4
Address:	2440 Fulton Street, Brooklyn, New York 11233	14302 Jamaica Avenue, Jamaica, NY 11435	159-05 Union Tpke, Fresh Meadows, NY 11366	6010 Bay Pkwy, Brooklyn, NY 11204	43-10 23rd Street, Long Island City, NY 11101
Sale Date:		7/5/2023	2/3/2023	9/9/2022	12/17/2021
No. SF	354,176	15,663	79,800	85,567	151,180
Sale Price		$9,200,000	$44,000,000	$77,500,000	$92,500,000
Price Per SF		**$587**	**$551**	**$906**	**$612**
Property Rights:	Leased Fee Insterest	0%	0%	0%	0%
Financing Terms:	None	0%	0%	0%	0%
Conditions of Sale:	None	5%	0%	0%	0%
Market Conditions (Time):	September 30, 2025	0%	0%	-5%	-5%
Trended Price Per SF		**$617**	**$551**	**$860**	**$581**
Location:	Ocean Hill	0%	0%	5%	-5%
Size:	354,176	-10%	-5%	-5%	0%
Utility:	N/A	5%	0%	-20%	5%
Condition:	Good	0%	15%	0%	15%
Net Adjustments		**-5%**	**10%**	**-20%**	**15%**
Adjusted Price Per SF		**$586**	**$607**	**$688**	**$668**
		Unadjusted			
	Low	**$551**		**Low**	**$586**
	High	**$906**		**High**	**$688**
	Average	**$664**		**Average**	**$637**
	Median	**$600**		**Median**	**$637**

Reconciliation

All adjustments are percentages. A positive adjustment to a sale indicates an inferior characteristic relative to the subject. A negative adjustment indicates a superior characteristic relative to the subject. After adjustments, the comparable sales exhibited a range between $586 and $688 per square foot, with an average of $637 and a median of $637 per square foot. In relation to the subject, we gave reliance to Comparable 1 as it is the most recent sale (reflective of current market conditions) and is also new construction like the subject. Given that the subject features strong tenancy in place, in addition to a superior location, it is reasonable that the concluded fair value for the subject be near that of this comparable.

Overall, considering the elements of comparison noted above, our opinion of fair market value is $575 per square foot, and calculated as follows. We also apply the same adjustments to value as considered in the direct capitalization approach.

The value is calculated below:

Value Conclusion Via Sales Approach

	Date of Value	Value	Final Value (Rd)
Value per SF		$575	
Square Feet		354,176	
Indicated Value As Stabilized		$203,651,321	
Add NPV of Tax Benefits		$32,200,000	
Prospective Fair Value As Stabilized	**December 31, 2025**	**$235,851,321**	**$236,000,000**
Less Construction Costs		$21,174,095	
Less Rent Loss (9 Months), Marketing & Leasing Commissions (35%)		$17,239,275	
Less Profit on Remaining Construction Cost @ 20%		$4,234,819	
Indicated Value Via Sales Approach		$193,203,132	
Current As Is Fair Value Via the Sales Comparison Approach	**December 31, 2023**	**$193,203,132**	**$193,000,000**

Reconciliation & Final Value Opinion

The estimated values arrived at by the approaches to value used in this report are as follows:

Fair Value Opinion

Approach	Value	Interest Appraised	Date of Value	Conclusion
Cost Approach	Prospective Fair Value "As Stabilized"	Leased Fee Interest	December 31, 2025	$222,000,000
Cost Approach	Fair Value "As Is"	Fee Simple	December 31, 2023	$179,500,000
Income Approach	Prospective Fair Value "As Stabilized"	Leased Fee Interest	December 31, 2025	$235,500,000
Income Approach	Fair Value "As Is"	Fee Simple	December 31, 2023	$193,000,000
Sales Approach	Prospective Fair Value "As Stabilized"	Leased Fee Interest	December 31, 2025	$236,000,000
Sales Approach	Fair Value "As Is"	Fee Simple	December 31, 2023	$193,000,000

The **Cost Approach** is traditionally a good indicator of value when properties being appraised are new or close to new. The difficulty in credibly isolating the influence of physical and economic depreciation on value affects the reliability of this approach. However, the subject will complete construction in December 2024 and therefore will have no physical and economic depreciation. As such, we chose to use this approach. However, the subject has a majority of the rentable area leased to the City of New York which will occupy the subject on a long-term basis, adding significant value to the subject that is difficult to quantify using this methodology. Further, investors typically give nominal weight to this analysis if the asset is an income producing property and operating on a stabilized basis. Therefore, no emphasis has been placed on this approach.

The **Income Approach** is a strong indicator of value when market rents, vacancy rates, stabilized expenses, capitalization/discount rates are based on reliable market data. In this case, given the depth of the market, there are numerous transactions from which to glean points of analysis, lending credibility to the results of the approach. mixed-use office assets are generally acquired for their capacity to generate a return on and of capital, which is why this is the methodology primarily applied by investors. Balancing these two factors, most weight is placed on the opinion developed by the Income Approach.

The **Sales Comparison Approach** is reliable when few differences exist between the comparable sales and the subject, and the sales data collected is credible and accurate. Similar property types in competitive locations tend to sell within a consistent range, and this factor makes valuation on a per square foot basis a strong predictor of value. We note that there is a dearth of recent office transactions as a result of the high interest rate environment. Therefore, the Sales Comparison Approach is largely used as a secondary support for our opinion developed in the application of the Income Approach.

Final Value Opinion

Value	Interest Appraised	Date of Value	Conclusion
Fair Value As Is	Fee Simple Interest	December 31, 2023	$193,000,000

The value conclusions are subject to the following **Extraordinary Assumptions**[11] that may affect the assignment results. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

- Our opinion of the prospective market values upon stabilization assume that the subject property will be completed by December 31, 2024, the prospective date of completion, in accordance with the architectural plans and specifications cited within this report, in a good and workmanlike manner, and in conformance with all City of New York zoning and building codes.
- Our opinion of the prospective market values upon completion and upon stabilization assume that there will be no significant changes in the applicable economic conditions that could impact the subject property as currently perceived between the current effective date and our prospective valuation dates.
- The owner provided us with a construction budget of $121,833,961 or $344 per square foot of building area which includes hard costs, soft costs and landlord contributions to tenant work. We make the extraordinary assumption that the budget is sufficient to complete the proposed development and that the project is completed within the estimated time frame provided.

The value conclusions are based on the following **Hypothetical Conditions**[12] that may affect the assignment results.

- None.

The opinion of value expressed herein is subject to the certification, assumptions and limiting conditions, and all other information contained in the following written appraisal report.

[11] *The definition of Extraordinary Assumptions can be found in the Glossary of Terms, which is located in the Addenda.*

[12] *The definition of Hypothetical Conditions can be found in the Glossary of Terms, which is located in the Addenda.*

Certification

We certify to the best of our knowledge:

- The statements of fact contained in this report are true and correct.
- 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.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- We have performed services as an appraiser, regarding the property that is the subject of this report, within the three-year period immediately preceding acceptance of this assignment.
- We have no bias with respect to the property that is the subject of this report or to the parties Involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Jonathan Nathanson has made a personal inspection of the property that is the subject of this report on January 30, 2024. Michelle Zell, MAI and Steve Zheng did not inspect the property.
- No one provided significant real property appraisal assistance to the person signing this certification, assisting in the research and writing of the report.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
- As of the date of this report, Michelle Zell, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.

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Addenda

Glossary of Terms

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

Condominium: A multiunit structure, or a unit within such a structure, with a condominium form of ownership.

Deferred Maintenance: Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of the property, such as a broken window, a dead tree, a leak in the roof, or a faulty roof that must be completely replaced. These items are almost always curable.

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 improvements on the same date.

Direct Capitalization: A method used to convert an estimate of a single year's net operating income expectancy into an indication of value in one direct step, either by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor. This technique employs capitalization rates and multipliers extracted from sales. Only the first year's income is considered. Yield and value change are implied, but not identified overall. This method is most useful when the property is already operating on a stabilized basis.[13]

Discounted Cash Flow: The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analysis specifics the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate.

Effective Date: (1) The date on which the appraisal or review applies. **(2)** In a lease document, the date upon which the lease goes into effect.

Effective Gross Income: The anticipated income from all operations of real property adjusted for vacancy and collection losses.

Entrepreneurial Profit: (1) 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. **(2)** 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.

Equity Dividend: The portion of net income that remains after debt service is paid; this is returned to the equity position.

Exposure Time: (1) The time a property remains on the market. **(2)** The estimated 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. **Note:** Exposure time is a retrospective.

Extraordinary Assumption: An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Fee Simple Interest: 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.

Financial Feasibility: An analysis to determine which of those uses deemed possible and legal can provide a net return to the owner of the site.

[13] *The Appraisal of Real Estate, 14th Edition (Appraisal Institute: 2013)*

Gross Building Area: Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.

Highest and Best Use: (1) The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. **(2)** The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.[14] **(3)** [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future.[15]

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.

Leased Fee Interest: The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest: The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Legally Permissible Use: An investigation into existing zoning regulations, lease terms, and deed restrictions on the site to determine which uses are legally permitted.

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 property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

Net Operating Income: The anticipated net income remaining after all operating expenses are deducted from effective gross income.

Net Rentable Area: For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.

Physically Possible Use: An analysis to determine those uses of the subject which can be deemed physically possible.

Potential Gross Income: The total potential income attributable to the real property at full occupancy before operating expenses are deducted. It may refer to the level of rental income prevailing in the market or that contractually determine by existing leases.

Property Rights Appraised: The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

[14] *Parker, David. International Valuation Standards (John Wiley & Sons, Ltd: 2016)*

[15] *Uniform Appraisal Standards for Federal Land Acquisitions (The Appraisal Foundation: 2016)*

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.

Replacement Costs: The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout.

Reproduction Costs: The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, super-adequacies, and obsolescence of the subject building.

Reversion: A lump-sum benefit an investor expects to receive upon the termination of the investment.

Stabilized Income: **(1)** An estimate of income, either current or forecasted, that presumes the property is at stabilized occupancy. **(2)** The forecast of the subject property's yearly average income (or average- equivalent income) expected for the economic life of the subject property. **(3)** Projected income that is subject to change but has been adjusted to reflect an equivalent, stable annual income.

Stabilized Occupancy: **(1)** The occupancy of a property that would be expected at a particular point in time, considering its relative competitive strength and supply and demand conditions at the time, and presuming it is priced at market rent and has had reasonable market exposure. A property is at stabilized occupancy when it is capturing its appropriate share of market demand. **(2)** An expression of the average or typical occupancy that would be expected for a property over a specified projection period or over its economic life.

Yield Capitalization: The capitalization method used to convert future benefits into present value by discounting each future benefit at an appropriate yield rate. This method explicitly considers a series of cash flows (net income over a holding period) over time together with any reversion value or resale proceeds. Since this technique explicitly reflects the investment's income pattern, it is especially suited to multi-tenant properties with varying leasing schedules as well as properties that are not operating at stabilized occupancy.[16]

[16] *The Appraisal of Real Estate, 14th Edition (Appraisal Institute: 2013)*

Contingent & Limiting Conditions

1. Any legal description or plats reported herein are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. We have made no survey of the property and assume no responsibility in connection with such matters.
2. The appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the appraiser or the appraiser's staff or was obtained or taken from referenced sources and is considered reliable. No responsibility is assumed for the costs of preparation or for arranging geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
3. No responsibility is assumed for matters legal in nature. Title is assumed to be good and marketable and in fee simple unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated.
4. Unless otherwise stated herein, it is assumed there are no encroachments or violations of any zoning or other regulations affecting the subject property and the utilization of the land and improvements is within the boundaries or property lines of the property described and that there are no trespasses or encroachments.
5. Bowery Real Estate Systems, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
6. It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein.
7. It is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
8. Unless otherwise stated within the report, the depiction of the physical condition of the improvements described herein is based on visual inspection. No liability is assumed for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made. No responsibility is assumed for hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during our inspection.
9. If building improvements are present on the site, no significant evidence of termite damage or infestation was observed during our physical inspection, unless so stated in the report. No termite inspection report was available, unless so stated in the report. No responsibility is assumed for hidden damages or infestation.
10. Any proposed or incomplete improvements included in this report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
11. No responsibility is assumed for hidden defects or for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.
12. Responsible ownership and competent property management are assumed.
13. The appraisers assume no responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.

14. The value estimates reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value estimates, unless such proration or division of interests is set forth in the report.
15. Any division of the land and improvement values estimated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
16. Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment.
17. Unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered; unless otherwise stated. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
18. Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are our best estimate of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
19. Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
20. Bowery Real Estate Systems, Inc. representatives are not experts in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraisers are not qualified to detect such substances. The client is urged to retain an expert in this field.
21. We are not experts in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent endangered species impact studies, research, and investigation that may be provided.
22. No environmental impact studies were either requested or made in conjunction with this analysis. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, and investigation that may be provided.
23. The appraisal is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.

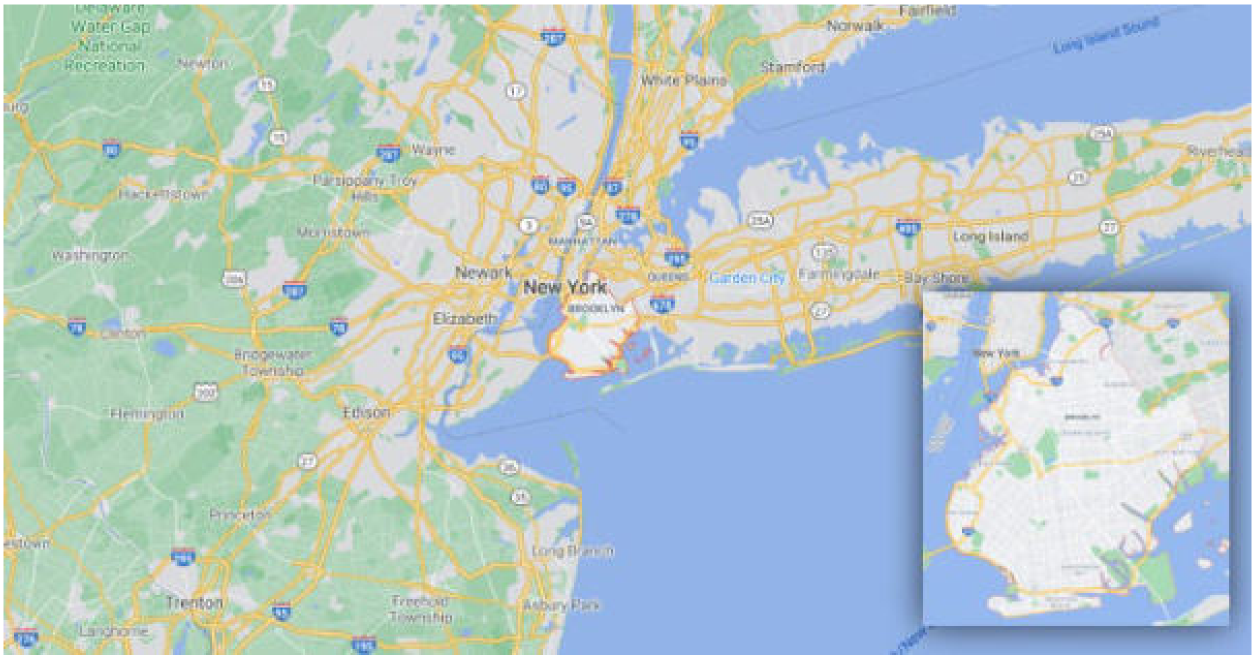
24. Neither all nor any part of the contents of this report or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media, without the prior written consent and approval of the appraisers. This limitation pertains to any valuation conclusions, the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof.

25. Although the appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the appraiser either by the client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or estimates of value.

26. If this report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

Kings County Area Analysis

The following analysis includes pertinent aspects of the surrounding region as it pertains to the subject property. This report was compiled using data as of 2023 Q3 unless otherwise noted. Data is from a number of sources including the U.S. Bureau of Labor Statistics ("BLS"), the U.S. Bureau of Economic Analysis ("BEA"), and the U.S. Census Bureau.



Source: Google Maps

Kings County at a Glance

The subject property is located in Kings County, New York. Kings County, New York is best known as the NYC borough of Brooklyn. It is the most populous county in the state, and the second-most densely populated county in the United States, with an estimated 2.6 million residents in 2020. The economy of Brooklyn is diverse and includes a range of industries such as finance, technology, healthcare, and retail. Housing options in Brooklyn vary greatly, from historic brownstones and townhouses to high-rise apartment buildings. The cost of living in Brooklyn is higher than the national average, but residents enjoy a bustling and diverse community, with a wide range of retailers and businesses, including large chain stores and local shops and restaurants. There are also many community parks and open spaces, such as Prospect Park, which provide residents with opportunities for recreation and relaxation. Brooklyn is well-connected by a network of local corridors and major roads, including the Brooklyn-Queens Expressway (Interstate 278) and the Belt Parkway. The borough is also served by several subway lines, including the B, D, N, Q, and R lines, as well as several bus routes operated by the Metropolitan Transportation Authority (MTA). JFK International Airport is located in nearby Queens and provides air travel options for residents of Brooklyn.

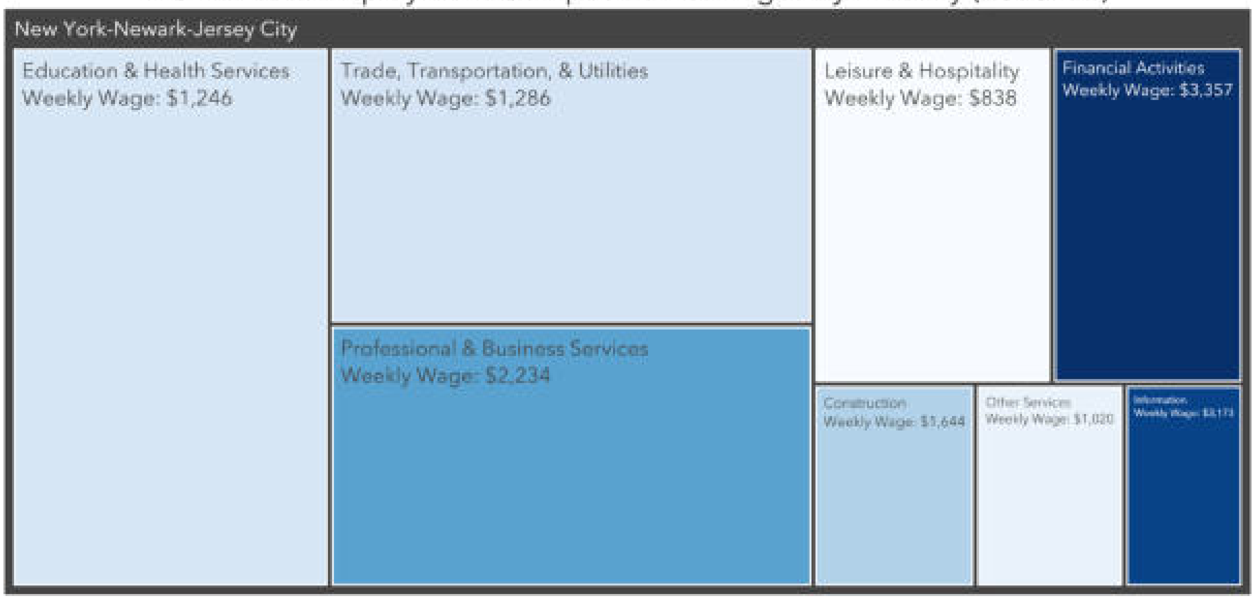
Area Fundamentals

Attribute	County Level Value	5 Year Annualized Growth Rate	Relative to Baseline (MSA)
Employment	1,155,582	-0.7%	Slower than MSA
GDP	$107.3 billion	3.7%	Faster than MSA
Population	2,590,516	-0.0%	Slower than MSA
Per Capita Personal Income	$60,153	6.2%	Faster than MSA

Labor Market Conditions

According to the latest data from the Q2 2023 Quarterly Census of Employment and Wages, New York-Newark-Jersey City employed 8,006,763 private employees, with establishments in the Education & Health Services, Trade, Transportation, & Utilities, and Professional & Business Services industries accounting for the top three employers. These industries employ 2,068,632 (25.6%), 1,611,109 (20.0%), and 1,530,596 (19.0%) private sector workers in the Metro, respectively.

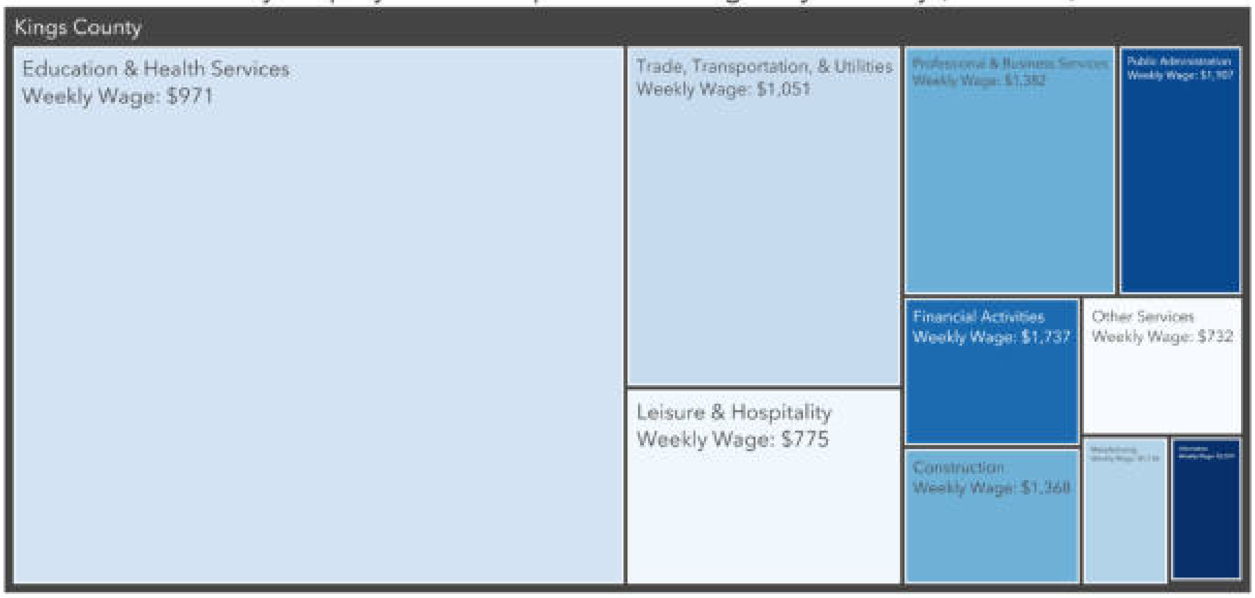
MSA Private Employment Composition & Wages by Industry (2023 Q2)



Source: U.S. Bureau of Labor Statistics

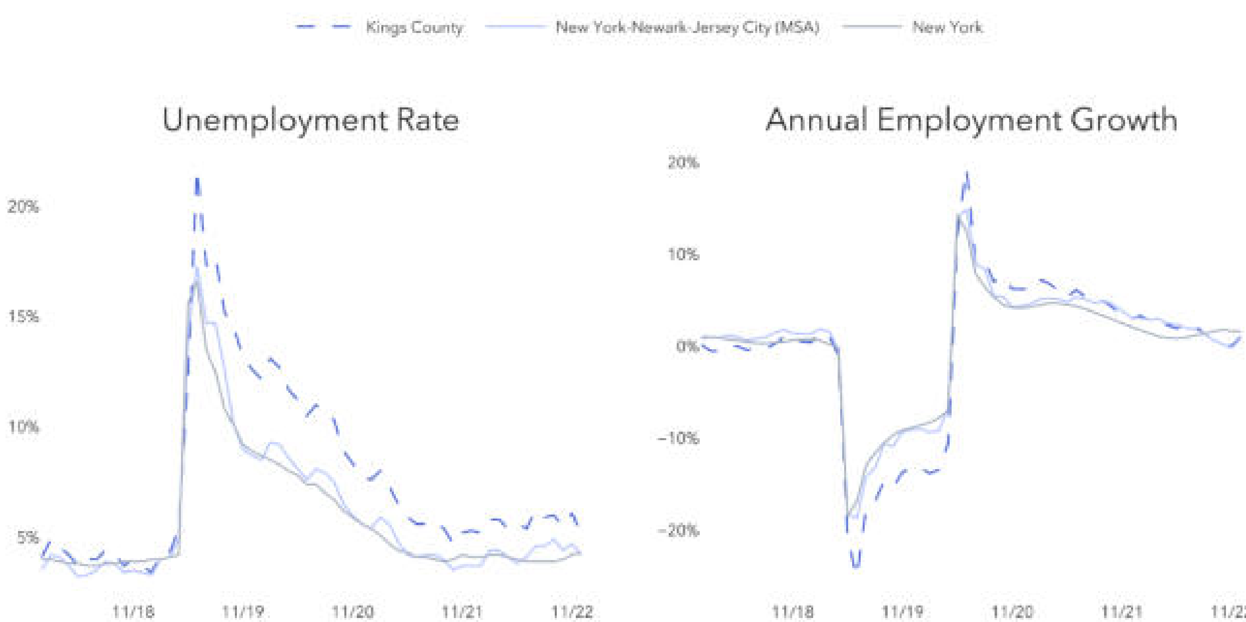
The latest data from the 2023 Q2 Quarterly Census of Employment and Wages, Kings County employed 866,517 employees. Establishments in the Education & Health Services, Trade, Transportation, & Utilities, and Leisure & Hospitality industries accounted for the top three employers. These industries employ 431,941 (49.3%), 123,444 (14.1%), and 71,223 (8.1%) workers in the County, respectively. Kings County has an especially large share of workers in the Education & Health Services industry. In fact, its 49.3% fraction of workers is 2.4 times higher than the National average.

County Employment Composition & Wages by Industry (2023 Q2)



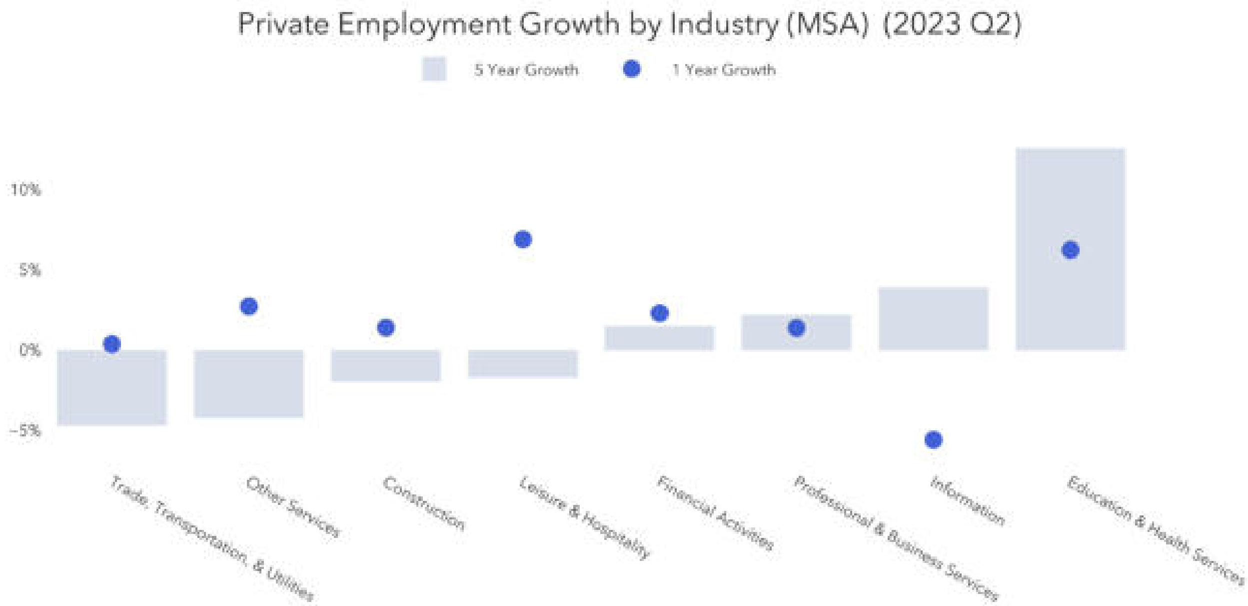
Source: U.S. Bureau of Labor Statistics

At the onset of the pandemic last spring, Kings County area employers shed 21.5% of their workforce, expanding the unemployment rate from 4.3% in February 2020 to 12.4% just two months later. The unemployment rate in Kings County has compressed over the past year to the current rate of 5.1%, just slightly above the New York-Newark-Jersey City rate of 4.2%. As of 11/23, total employment is up 1% on a year-over-year basis. The unemployment rate remains above its pre-pandemic level (Feb 2020) of 4.3%.



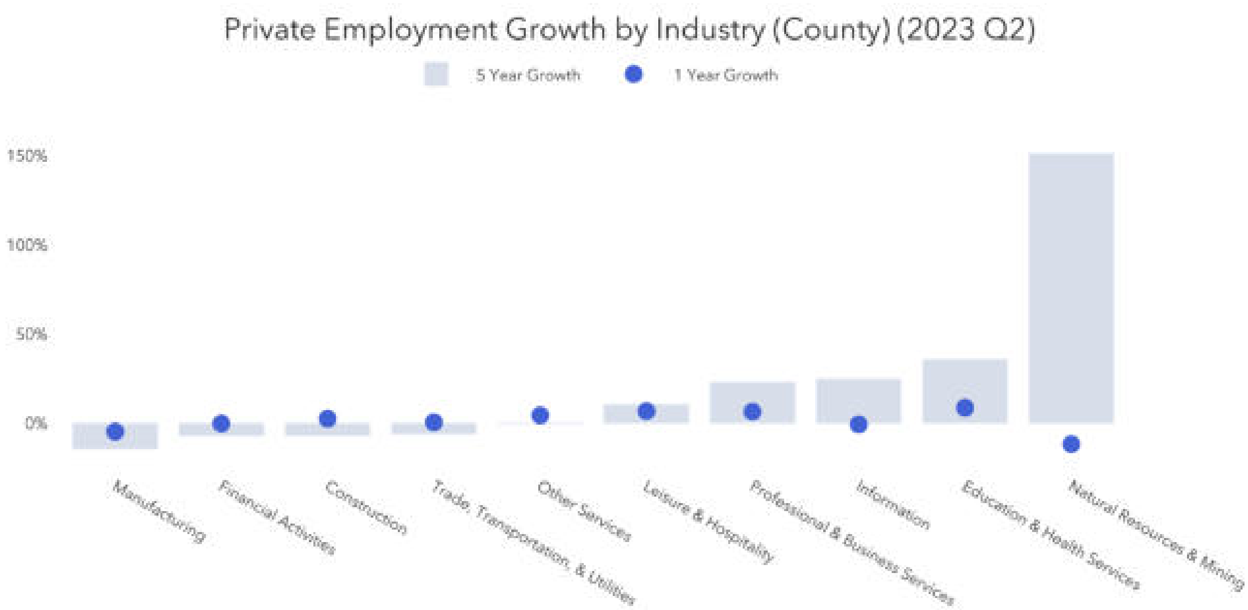
Source: U.S. Bureau of Labor Statistics

According to the latest data from the Q2 2023 Quarterly Census of Employment and Wages, New York-Newark-Jersey City Metro has experienced private employment expand 2.7% (210,049) in total over the last five years. During that time, the Education & Health Services, Information, and Professional & Business Services industries saw the strongest growth, expanding 12.6%, 3.9%, and 2.2%, respectively. Meanwhile, the Trade, Transportation, & Utilities Industry has experienced employment collapse of 4.7% over the previous five years.



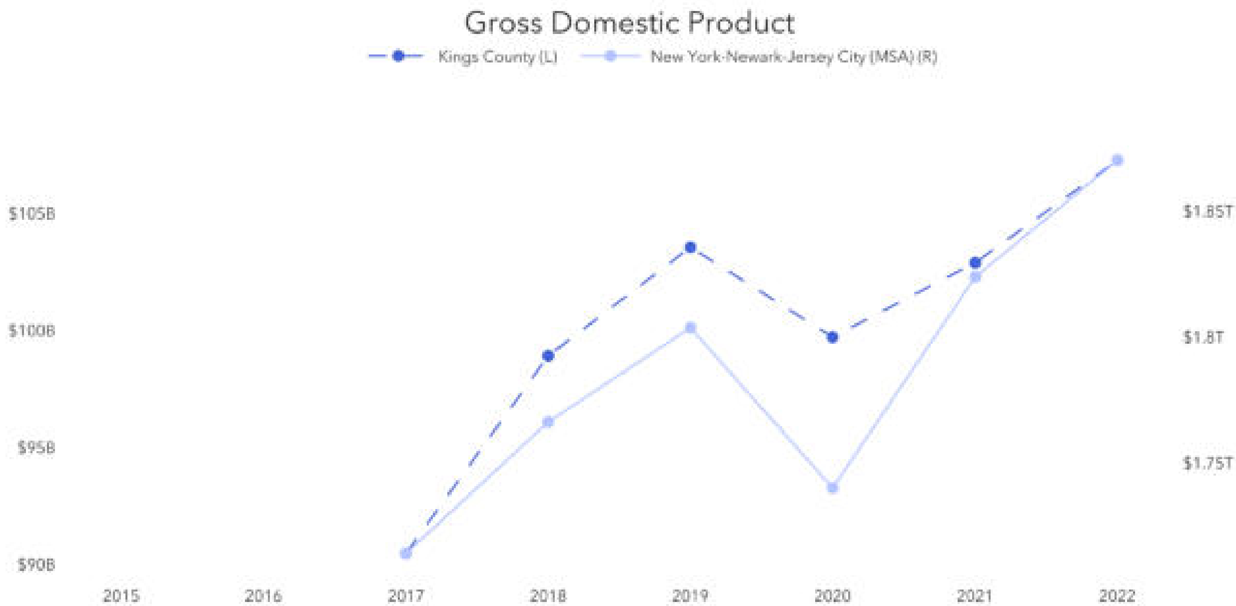
Source: U.S. Bureau of Labor Statistics

According to the latest data from the Q2 2023 Quarterly Census of Employment and Wages, Kings County has experienced private employment expand 16.9% (109,207) in total over the last five years. During that time, the Natural Resources & Mining, Education & Health Services, and Information industries saw the strongest growth, expanding 151.3%, 35.8%, and 25.0%, respectively. Meanwhile, the Manufacturing Industry has experienced employment collapse of 14.6% over the previous five years.



Source: U.S. Bureau of Labor Statistics

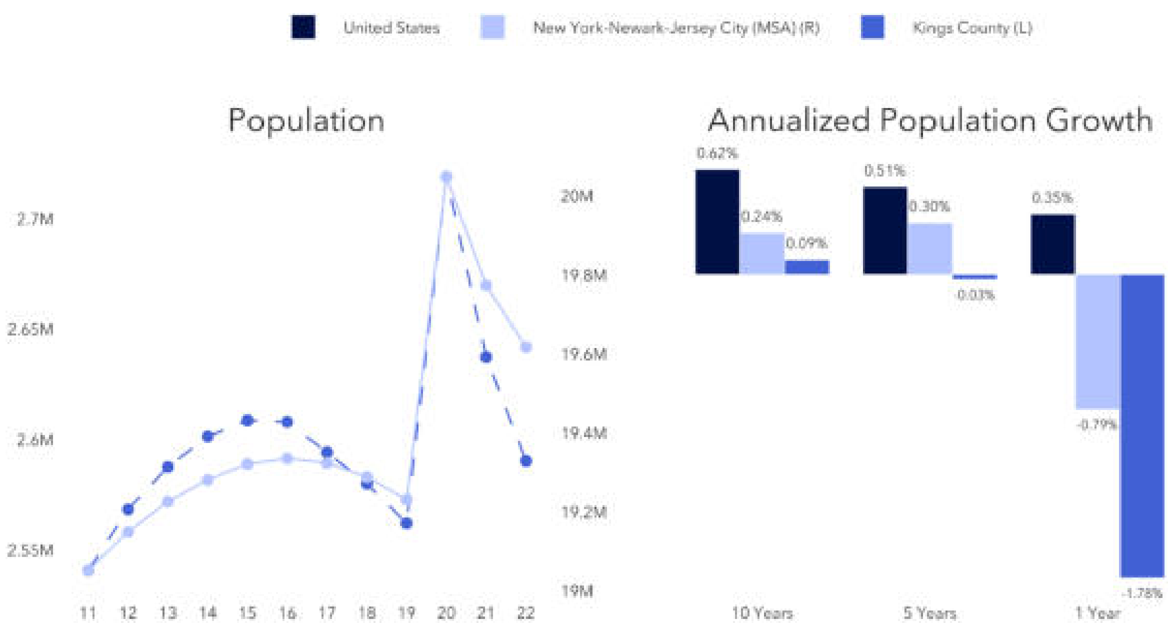
Economic Production



Source: U.S. Bureau of Economic Analysis

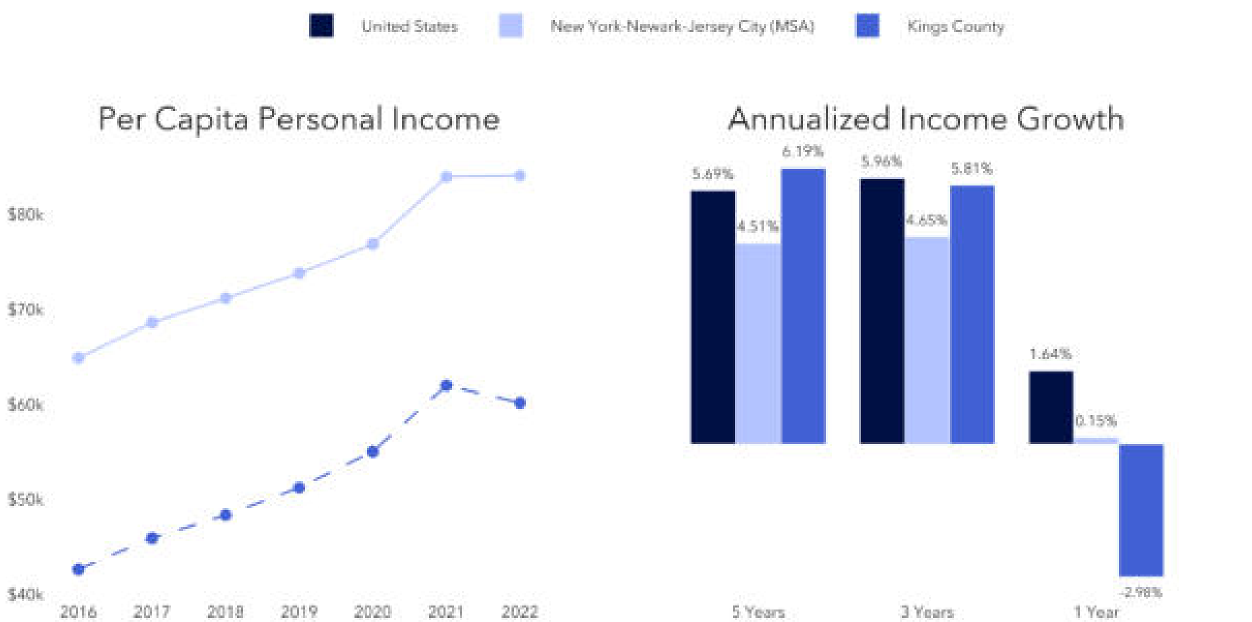
Demographics

Going back ten years, Kings County's population has expanded 0.1% per annum to the 2022 count of 2,590,516. Over the past five years, growth has declined, contracting 0.0% per annum since 2017. This growth rate falls short of the Nation, which has expanded 0.5% per year over the last five years.



Source: U.S. Census Bureau

Going back five years, Kings County residents' per capita personal income has expanded 6.2% per annum to the 2022 level of $60,153. Over the past three years, growth has declined, growing 5.8% per annum since 2019. This growth rate lags the Nation, which has expanded 6.0% per year over the last three years.



Source: U.S. Census Bureau

Infrastructure

Transportation Methods

Most of the limited-access expressways and parkways are in the western and southern sections of Brooklyn, where the borough's two interstate highways are located; Interstate 278, which uses the Gowanus Expressway and the Brooklyn-Queens Expressway, traverses Sunset Park and Brooklyn Heights, while Interstate 478 is an unsigned route designation for the Brooklyn–Battery Tunnel, which connects to Manhattan. Other prominent roadways are the Prospect Expressway (New York State Route 27), the Belt Parkway, and the Jackie Robinson Parkway (formerly the Interborough Parkway). Major thoroughfares include Atlantic Avenue, Fourth Avenue, 86th Street, Kings Highway, Bay Parkway, Ocean Parkway, Eastern Parkway, Linden Boulevard, McGuinness Boulevard, Flatbush Avenue, Pennsylvania Avenue, and Nostrand Avenue. Brooklyn is connected to Manhattan by three bridges, the Brooklyn, Manhattan, and Williamsburg Bridges; a vehicular tunnel, the Brooklyn–Battery Tunnel (also known as the Hugh L. Carey Tunnel); and several subway tunnels. The Verrazzano-Narrows Bridge links Brooklyn with the more suburban borough of Staten Island.

Brooklyn features extensive public transit. Nineteen New York City Subway services traverse the borough. There are three commuter rail stations in Brooklyn: East New York, Nostrand Avenue, and Atlantic Terminal, the terminus of the Atlantic Branch of the Long Island Railroad.

Kings County public bus service is provided by the MTA and offers an extensive route map.

Three international airports serve NYC. JFK and LGA are located in Queens while EWR is located in Newark, New Jersey.

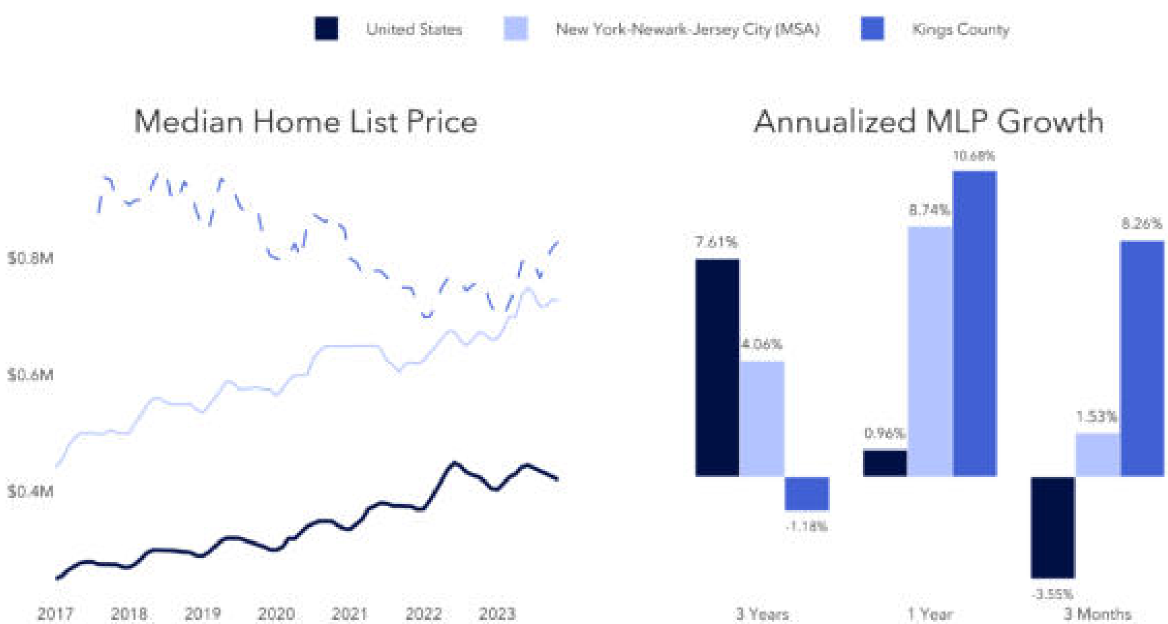
Housing

New York City recently eliminated the 421-a tax break program, which offset the high cost of building in New York. Previously buildings participating in the 421-a program must set aside 25% to 30% of their units for affordable housing at specified household income levels. About 90 percent of all residential construction in the city in the last decade received either 421-a or other tax breaks. The elimination of this program is one of the causes of limited new construction starts which will only further worsen the housing affordability crisis likely until a replacement has been put in place.

The subject property is located in New York City which has a number of housing regulations that could impact the property. In 2019, New York City enacted Local Law 97 to drive deep emissions cuts from buildings. Starting in 2024, Local Law 97 places emissions limits on most individual buildings greater than 25,000 square foot, and levies large fines for exceeding carbon caps. Each buildings carbon limit depends on its size, property type and compliance year. Based on todays energy performance, about 20 percent of properties are over the caps set for 2024, while about 76 percent of properties are over the caps set for 2030.

In 2021, historically low mortgage rates, the desire for more space, and the ability for many to work from home, led to an increase in demand for housing. This, combined with historically low inventory levels, accelerated the growth in values, pushing the medium listing price in the US to a peak of $413,000 in June 2022. However, with persistent inflation, the Fed hiked interest rates at a record pace over the 2nd half of 2022 and for much of 2023, eroded housing affordability and dropping demand considerably. With demand decreasing, values have either declined or experienced limited growth. Demand has improved since though, with growth in values aided by limited inventory in some markets.

In Kings County, Realtor.com data points to continued growth in values over the past year. As of 11/2023, the median home list price sits at $829,000, an increase of 10.7% compared to an increase of 8.7% for the New York-Newark-Jersey City Metro, and an increase of 1.0% across the Nation over the past year. Despite the recent sharp rise in mortgage rates, the county median list price has experienced an increase of 8.3% over the past 3 months, compared to an increase of 1.5% for the New York-Newark-Jersey City Metro in the same period.



Source: Realtor.com

Outlook

The United States economy has recovered from the pandemic, but, with persistent levels of inflation, the Fed repeatedly reaffirmed its commitment to fighting inflation by raising rates, softening economic growth. While the economy remains strong, their actions have led to a slowdown in growth, setting the stage for a mild recession in 2024.

The current unemployment rate in Kings County of 5.1% is below its five-year average. By contrast, that rate is also above the state rate of 4.3%, and above the national rate of 3.7%. Kings County continues to experience population loss with one- and five-year annual growth rates of -1.8% and -0.0%. Considering its declining population, its dependency on one particular industry, and its negative GDP growth over the five years prior to the pandemic, the county lacks the attributes necessary for near- and long-term growth.

Provided Information

LEASE BETWEEN

THE CITY OF NEW YORK
DEPARTMENT OF CITYWIDE ADMINISTRATIVE SERVICES
1 CENTRE STREET, 20TH FLOOR NORTH
NEW YORK, NEW YORK 10007

&

2440 HOLDINGS LLC
1481 47TH STREET
BROOKLYN, NEW YORK 11219

Premises: 2440 Fulton Street a/k/a 1495 Herkimer Street (Block 1554, Lot 16)
Borough of Brooklyn
to be used by the
New York City Human Resources Administration

*****

REVIEWED BY

Attorney: ______________________	**Date:** __________
Negotiator: ______________________	**Date:**
Exec. Dir., Leasing & Acquisitions: ______________	**Date:** __________
Dir./Asst. Dir., D&PM: ______________________	**Date:** __________
Exec. Dir., D&PM, RES: ______________________	**Date:**

i

NY 78289287v2

ARTICLE 2
RENT

2.1 **Base Rent**. (a) Tenant shall make payment to Landlord of the annual fixed rent ("**Base Rent**") as follows:

(i) for the period commencing on the Rent Commencement Date and ending on the day immediately preceding the 3rd anniversary of the Possession Date, at the rate of $13,600,000.08 per annum payable in equal monthly installments of $1,133,333.34;

(ii) for the period commencing on the 3rd anniversary of the Possession Date and ending on the day immediately preceding the 8th anniversary of the Possession Date at the rate of $14,960,000.04 per annum payable in equal monthly installments of $1,246,666.67;

NY 78289287v2

(iii) for the period commencing on the 8th anniversary of the Possession Date and ending on the day immediately preceding the 13th anniversary of the Possession Date at the rate of $16,456,000.08 per annum payable in equal monthly installments of $1,371,333.34;

(iv) for the period commencing on the 13th anniversary of the Possession Date and ending on the day immediately preceding the 18th anniversary of the Possession Date at the rate of $18,101,600.04 per annum, payable in equal monthly installments of $1,508,466.67; and

(v) for the period commencing on the 18th anniversary of the Possession Date and ending on the Expiration Date at the rate of $19,911,760.08 per annum, payable in equal monthly installments of $1,659,313.34.

annum, payable in equal monthly installments of $1,659,315.34.

(b) "**Rent Commencement Date**" means the later of (i) **August 24, 2025**, and (ii) nine (9) months following the Possession Date, subject to postponement in accordance with Section 6.12. The period commencing on the Term Commencement Date and ending on the day preceding the Rent Commencement Date is referred to as the "**Free Rent Period**."

(c) Base Rent shall be payable by Tenant commencing on the Rent Commencement Date and thereafter throughout the Term, and shall be payable in arrears on the last day of the month in which the Rent Commencement Date occurs and on the last day of each calendar month thereafter; provided, that if the Rent Commencement Date is not the first day of a month, then Base Rent for the month in which the Rent Commencement Date occurs shall be prorated and paid on the last day of the month in which the Rent Commencement Date occurs. Any dispute as to the Possession Date and/or Rent Commencement Date shall be resolved by arbitration in accordance with the provisions of Section 7.3(b)(D). Pending the resolution of such dispute, Tenant may pay Base Rent from the date Tenant claims to be the Rent Commencement Date. If such dispute is resolved in favor of Landlord after the Rent Commencement Date (as finally determined), then within 30 days after resolution of the dispute, Tenant shall pay to Landlord all Base Rent theretofore due based on the arbitrator's determination of the Rent Commencement Date, together with interest thereon from the date that such rent obligation was due and payable until paid by Tenant at the Interest Rate.

2.2 **Additional Rent**. All other payments due to Landlord from Tenant under this Lease shall be considered "**Additional Rent**." Base Rent and Additional Rent shall be referred to sometimes as "**rent**" or "**Rent**" in this Lease.

2.3 **Bills and Invoices**. All bills sent by Landlord to Tenant shall have clearly reflected thereon the property address for which the bill is being sent. All bills must be legible and must contain the address to which the payment should be sent. The name, address, and telephone number of the Landlord's contact person for billing inquiries must be provided to Tenant in the manner designated in Article 21 hereof.

2.4 **Manner of Payment**. All rent shall be payable to Landlord either (a) by check drawn upon a New York City bank that is a member of the New York Clearing House Association or any successor thereto at Landlord's address hereinabove set forth (or at such other address as

NY 78289287v2

PROJECT NO. 1517

2440 FULTON STREET
CORE AND SHELL

CLIENT:	**THE LESER GROUP, LTD** 1481 47th Street, Brooklyn, NY 11219
PROJECT ARCHITECT:	**MARVEL ARCHITECTS** 145 Hudson Street, 3rd Floor New York, NY 10013
STRUCTURAL ENGINEER:	**MCNAMARA SALVIA ENGINEERS** 45 W 45th St, 10th Floor New York, NY 10036
BUILDING SYSTEMS:	**VENTROP ENGINEERING GROUP, PLLC** 369 W 34th St, 2nd Floor New York, NY 10001
CIVIL/PARKING ENGINEER:	**PHILIP HABIB & ASSOCIATES** 102 Madison Ave, 10th Floor New York, NY 10016
GEOTECHNICAL ENGINEER:	**ANCORA ENGINEERING, PLLC** 494 8th Ave New York, NY 10001
ELEVATOR CONSULTANT:	**JENKINS & HUNTINGTON** 1451 Avenue of the Americas New York, NY 10020
SUSTAINABILITY ENGINEER:	TBD
ACOUSTICAL CONSULTANT:	TBD
LIGHTING CONSULTANT:	TBD

Marvel Architects

2440 FULTON STREET

TITLE SHEET

T-000

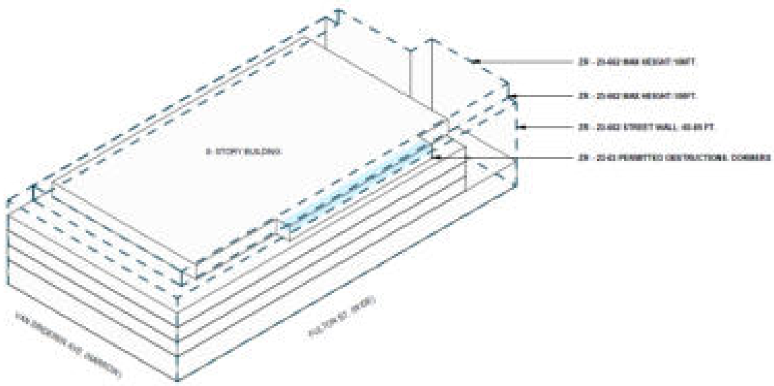


TABLE 2.0 TOTAL GROSS AREA	
Level	Area
07-LEVEL 7	1,487.65 SF
06-LEVEL 6	52,811.66 SF
05-LEVEL 5	67,940.28 SF
03-LEVEL 4	67,902.48 SF
03-LEVEL 3	67,905.28 SF
02-LEVEL 2	34,384.49 SF
01-LEVEL 1 (EL. 75.84)	77,147.32 SF
00-CELLAR	39,500.36 SF
	409,079.51 SF

TABLE 2.1 GROSS PROGRAM AREA EXCLUDING RETAIL	
Level	Area
07-LEVEL 7	1,487.65 SF
06-LEVEL 6	52,811.66 SF
05-LEVEL 5	67,940.28 SF
03-LEVEL 4	67,902.48 SF
03-LEVEL 3	67,905.28 SF
02-LEVEL 2	34,384.49 SF
01-LEVEL 1 (EL. 75.84)	77,147.32 SF
00-CELLAR	39,500.36 SF
Grand total	409,079.51 SF

1 MASSING - LOOKING SOUTHWEST

ZONING CALCULATIONS C4-5D- 2440 FULTON (LOT 16 FULTON ST) **OPT 0 - NEW BUILDING** - EXTERIOR PARKING

		FAR
LOT AREA:	**77,500**	1
COM	325,500.00	4.2
CF	325,500.00	4.2
R	325,500.00	4.2
TOTAL	**325,500.00**	4.2

BLDG HT	LVL	FLR TO FLR HEIGHT	GROSS SQFT		LOT COVERAGE	
85.0	ROOF					
70.0	6	15.00	52,597		68%	52,597
55.0	5	15.00	68,000		88%	68,000
40.0	4	15.00	68,000		88%	68,000
25.0	3	15.00	68,000		88%	68,000
13.0	2	12.00	31,962		41%	31,962
0.0	1	13.00	63,060		81%	63,060
		-15.0	39,221	16,577 LIRR		

		GFA	**351,619**
		4% MECH DEDUCT	**14,064.76**
MAX FAR (4.2)	-	**ZFA**	**337,554**
		FAR	**4.36**

*GFA NOT INCLUDING CELLAR

Subject Property Photos

All subject photos were taken on January 30, 2024.

Subject Property

Subject Property

Subject Property

Subject Property

Subject Property

Interior Space

Interior Space

Interior Space

Interior Space

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Interior Space

Subject Street

Subject Street

Subject Street

Subject Street

Roof

Roof

Roof

Roof

Roof

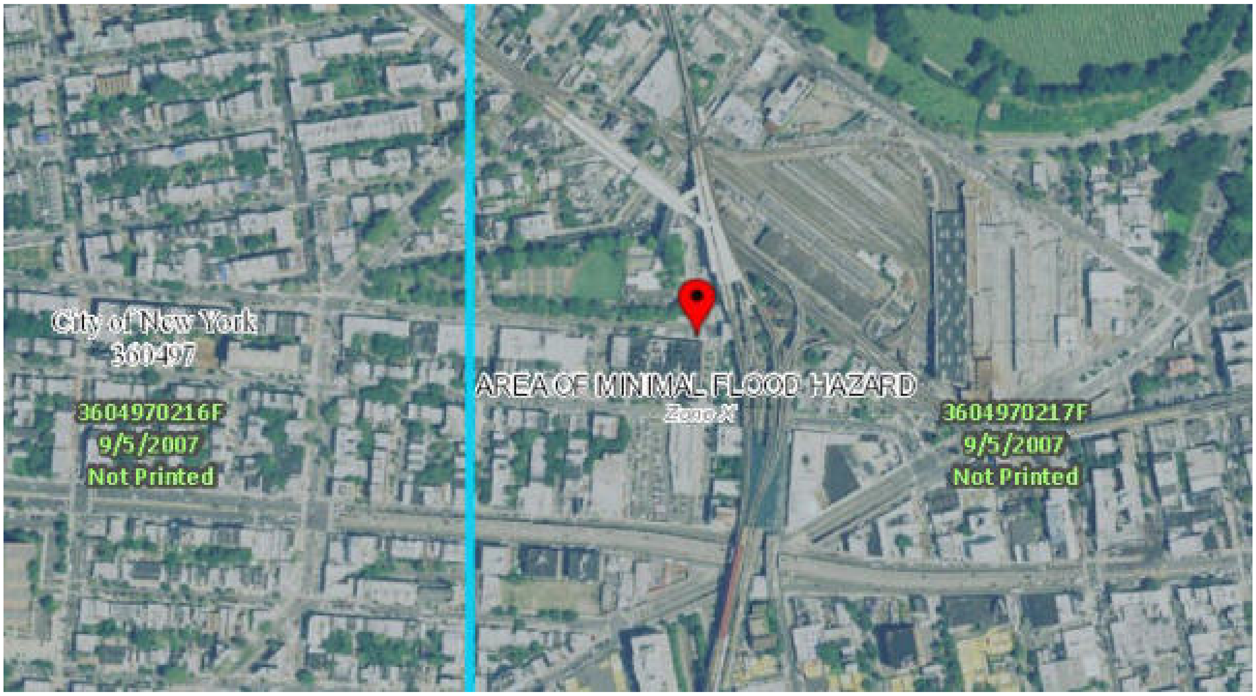
Roof

Roof

Roof

Map Gallery

Flood Map



Qualifications

Michelle Zell, MAI

Senior Vice President

Experience

Michelle Zell is a Senior Vice President at Bowery Valuation, who joined the firm in October 2019. She has worked in the real estate appraisal industry for 16 years.

Ms. Zell has appraised multi-family, condominium and cooperative apartment buildings, retail properties, office buildings, restaurants, industrial properties, hotels, and vacant land properties in New York, New Jersey, Connecticut, Pennsylvania, Texas, and Florida. Ms. Zell specializes in managing large portfolios, appraising large scale existing and proposed developments, appraisals for EB-5 financing, market studies, and appraisals for litigation and condemnation proceedings.

Ms. Zell performs and manages appraisals for Israeli bond issuances in excess of $1B, and has extensive experience with the Israeli bond market since 2012. She specializes in serving a liaison between the appraisers, the audit firms and the Israeli Security Authority.

Significant appraisal assignments include Peter Cooper Village/Stuyvesant Town, a rental apartment complex in New York City with 12,000 units, the condominium conversion of The Apthorp and the Belnord, two large scale prewar landmarked developments in Manhattan, 70 Pine Street, the 1M square foot former AIG headquarters converted to rental apartments, hotel, private club, restaurant and retail space, 701 7th Avenue, a proposed hotel and retail development located in Times Square and valued at $2B, market rent determination for Bell Works- the former Ball Labs in Holmdel, NJ, and multiple large developments for EB-5 financing including The Armature Works in Washington DC (a proposed mixed use retail, apartment and hotel development), 1 Journal Square (a proposed mixed use development in Jersey City), The Retail at Nassau Coliseum (proposed retail and entertainment complex adjacent to Nassau Coliseum), and Pacific Park (a proposed development of 15 land parcels to be developed with high rise residential, condominium, office and school buildings).

Before joining Bowery, Ms. Zell served as a Senior Appraiser at BBG (formerly Leitner Group) in New York City from 2003 through October 2019.

Education

Cornell University	Bachelor of Science
Emory University	Master of Public Health

Certifications & Professional Designations

Appraisal Institute	MAI, Designated Member Currently certified by the Appraisal Institute's voluntary program of continuing education for its designated members.
Certified General Real Estate Appraiser	New York (#46-49921) Florida (#RZ4135) Texas (#TX 1380938G)

Publications

Ms. Zell published an article about the mainstreaming of alternative lending in GlobeSt.com, dated August 5, 2019. https://www.globest.com/2019/08/05/the-mainstreaming-of-alternative-lending/

Licenses

Michelle Zell, MAI, State Certified General Appraiser– New York

UNIQUE ID NUMBER
46000049921

State of New York
Department of State
DIVISION OF LICENSING SERVICES

FOR OFFICE USE ONLY
Control No. 1535266

PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R. E. APPRAISERS

EFFECTIVE DATE

MO.	DAY	YR.
05	09	23

ZELL MICHELLE R
C/O BOWERY VALUATION
61 63 CROSBY ST
3RD FL
NEW YORK, NY 10012

EXPIRATION DATE

MO.	DAY	YR.
05	08	25

HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R. E. GENERAL APPRAISER

In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed.

ROBERT J. RODRIGUEZ
SECRETARY OF STATE

DOS-1096 (Rev. 3/01)

Bowery Valuation
61 Crosby St., 3rd Floor
New York, NY 10012

March 25, 2024

Mr. Avrumie Furst
The Leser Group
1481 47th Street
Brooklyn, NY 11219
af@theleserqroup.com

Re: Value of 7 Unsold Units in 1555-1575 61 Street in Brooklyn as of Q4 2023

Dear Mr. Furst:

We have been asked to provide a value for 7 unsold condominium units within 1555-1575 61 Street in Brooklyn, NY. To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(b) of USPAP. In addition, this appraisal has been prepared in compliance with IFRS 13 (International Financial Reporting Standards 13-fair value measurement).

The client and intended user is The Leser Group. The intended Use is to aid the Company in the preparation of the prospectus and/or financial statements to be published in the Tel Aviv Stock Exchange in 2024. We confirm that we have given our full consent to the inclusion of the valuation in its entirely within the company financial statements and prospectus to be published in the Tel Aviv Stock Exchange in 2024 and any Draft Prospectus to be published or disclosed to the Israeli Security Authority. This letter has been prepared in compliance with IFRS 13 (International Financial Reporting Standards 13-fair value measurement). The depth of analysis discussed in this letter is specific to the needs of the client. The report is intended only for use in the preparation of financial statements.

The 7 units and current pricing is presented below.

1575 61st Street	Price	Bowery Discounted Price
APARTMENT		
3I	$ 950,000	$ 855,000
7I	$ 950,000	$ 855,000
1563 61st Street		
APARTMENT		
6th Floor	$ 1,500,000	$ 1,275,000
1559 61st Street		
APARTMENT		
5E	$ 950,000	$ 855,000
1555 61st Street		
APARTMENT		
1E	$ 1,200,000	$ 1,020,000
1I	$ 1,200,000	$ 1,020,000
6th Floor	$ 1,500,000	$ 1,275,000
Total	$ 8,250,000	$ 7,155,000

bowery

Bowery Valuation
61 Crosby St., 3rd Floor
New York, NY 10012

We apply a 10% discount to the units asking $950,000 and a 15% discount to the units asking more than $1,200,000. The total asking price is $7,155,000. We assume 1 unit sells in Q1 and the remaining 6 units sell over the following 3 quarters at a rate of 2 units per quarter. Thus, all units are sold within one year. We deduct sales costs of 4% of the selling price and legal/transfer fees of 1%. We apply an 8% discount rate which includes carrying costs and developer profit. The net present value for the 7 units is $6,400,000.

Please let me know if you have any questions, and thank you for the opportunity to serve you.

Discounted Cash Flow Analysis							
	Total Sellout	No. Units	Per Unit				
Unsold Units	$7,155,000	7	$1,022,143				
Total Gross Sellout	$7,155,000						
		Quarter	1	2	3	4	Total
Residential Units Closed			1	2	2	2	7
Remaining Residential Units			6	4	2	0	
U/C Units							10
Residential Sales			$1,022,143	$2,044,286	$2,044,286	$2,044,286	$7,155,000
Total Gross Sales:			**$1,022,143**	**$2,044,286**	**$2,044,286**	**$2,044,286**	**$7,155,000**
Expenses:							
Marketing and Sales Commissions:	4.0% Sales		$40,886	$81,771	$81,771	$81,771	$286,200
Legal/Transfer:	1.0% Sales		$10,221	$20,443	$20,443	$20,443	$71,550
Total Expenses:			**$51,107**	**$102,214**	**$102,214**	**$102,214**	**$357,750**
Net Cash Flow:			$971,036	$1,942,071	$1,942,071	$1,942,071	$6,797,250
Discount Rate	8.0% annual		0.980392	0.961169	0.942322	0.923845	
Present Value:			**$951,996**	**$1,866,658**	**$1,830,057**	**$1,794,174**	**$6,442,885**
						"As Is" Net Sellout Value:	$6,442,885
						"As Is" Net Sellout Value, Rounded:	**$6,400,000**

Sincerely,

Mi Zell

Michelle Zell, MAI
Senior Vice President
Michellezell@boweryvaluation.com

APPRAISAL REPORT

60 Prospect Avenue
Middletown, New York 10940

Mixed-Use Property
Bowery Report No. JOB-2400030967

REQUESTED BY

Avrumie Furst

The Leser Group ("TLG")
1481 47th Street
Brooklyn, NY 11219

DATE OF VALUE

December 31, 2023

PREPARED BY

Michelle Zell, MAI

61-63 Crosby Street, 3rd Floor
New York, NY 10012

February 17, 2024

Mr. Avrumie Furst
The Leser Group ("TLG")
1481 47th Street
Brooklyn, NY 11219

Re: Appraisal File No. JOB-2400030967
Mixed Use Property
60 Prospect Avenue
Middletown, New York 10940

Dear Mr. Furst,

In accordance with your request, we have completed an appraisal of 60 Prospect Avenue in Middletown, New York for the purpose of advancing an opinion of the fair value of the leased fee interest of the subject as of December 31, 2023. To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. In addition, this appraisal has been prepared in compliance with IFRS 13 (International Financial Reporting Standards 13-fair value measurement).

The client and intended user is The Leser Group. The Intended Use is to aid the Company in the preparation of the prospectus and/or financial statements to be published in the Tel Aviv Stock Exchange in 2024. We confirm that we have given our full consent to the inclusion of the valuation in its entirety within the company financial statements and prospectus to be published in the Tel Aviv Stock Exchange in 2024 and any Draft Prospectus to be published or disclosed to the Israeli Security Authority. This letter has been prepared in compliance with IFRS 13 (International Financial Reporting Standards 13-fair value measurement). The depth of analysis discussed in this letter is specific to the needs of the client. The report is intended only for use in the preparation of financial statements.

We consent to the appraisal to be attached in any report of the company and in the shelf offering report to be published in 2024.

The subject is the former Horton Hospital Campus located in Middletown, New York. The 371,573 -square foot (gross building area) property consists of five interconnected buildings ranging from 2 to 6 stories, as well as several parking lots. The overall property was built in various periods, 1929 (Horton), 1956 (Circular), 1963 (Morrison), 1971 (Camillo) and 1980 (Tower). The property was re-measured during renovation, which is why the GBA is slightly higher than the previous report.

The subject has a lease with Touro College, the subject's predominant tenant, for a 20-year term for 108,328 square feet of space, which commenced in 2012. The Touro College space, which comprises the basement, 1st and 2nd floors of the Tower Building and the basement of the Morrison Building, was renovated by the tenant at an estimated cost of $20 million and utilized as a medical teaching college. In 2023, Touro College leased an additional 8,800 square feet of space in the Tower Building.

Horizon Student Housing, LLC is an owner-managed student housing entity that manages 160 beds and occupies 80,576 square feet of area. The dormitory space includes a portion of the 3rd floor of the Tower Building, the entire 4th and 5th floors of the Tower Building, and the entire 2nd and 3rd floors of the adjacent Morrison Building.

The Camillo Building, which totals 41,756 square feet, was leased by Paz Management last year, which will be utilizing the building as an assisted living facility. Per the lease agreement, the tenant will have up to 3 years to obtain the necessary local and state licensing and approvals. It is expected the tenant will receive the required approvals within 12 months, and the lease will commence thereafter.

61-63 Crosby Street, 3rd Floor
New York, NY 10012

The Horton Building and the Circle Wing Building are currently vacant. Ownership is currently in the process of converting these two buildings into a student housing facility which will contain 38 one-bedrooms, 19 two-bedrooms, and 4 three-bedrooms units. Estimated construction cost is $10,226,829 and $5,942,248 has been spent to date with $4,284,581 remaining. Construction began in March 2023 and will be completed by June 2024, prior to the start of the 2024 academic school year.

Ownership is currently in the process of negotiating with Regional Economic Community Action Program (RECAP) to lease 15,315 square feet of space in the Morrison Building. Per the draft of the lease agreement, the expected lease commencement date will be on July 1, 2024.

The current vacancies include 11,069 square feet of office space located on the 3rd floor of the Tower Building. The Horton Building also contains 17,038 square feet of vacant space in the basement.

A summary of buildings and their occupancy is included as follows:

Summary of the Subject Property

Tower Building (1980)		GBA (SF)	Occupancy
	Basement/Ground	35,559	Touro College
	1st Floor	30,528	Touro College
	2nd Floor	35,291	Touro College
	3rd Floor (N)	12,526	Horizon Student Housing
	3rd Floor	8,800	Touro College
	3rd Floor (B)	11,069	Vacant
	4th Floor	20,800	Horizon Student Housing
	5th Floor	20,800	Horizon Student Housing
	Subtotal	**175,373**	
Morrison Building (1963)			
	Basement	6,950	Touro College
	1st Floor	15,315	RECAP
	2nd Floor	13,225	Horizon Student Housing
	3rd Floor	13,225	Horizon Student Housing
	Subtotal	**48,715**	
Horton Building (1929) & Circle Wing Building (1956)			
	Basement	17,038	Vacant
	1st Floor	19,523	New Student Housing
	2nd Floor	19,523	New Student Housing
	3rd Floor	19,284	New Student Housing
	4th Floor	9,860	New Student Housing
	Subtotal	**85,228**	
Camillo Building (1971)			
	Basement	11,618	Paz Management
	1st Floor	13,861	Paz Management
	2nd Floor	14,034	Paz Management
	Subtotal	**39,513**	
Common Space			
	Total	22,744	Shared
Total		**371,573**	
Leased		**343,466**	**92%**
Vacant		**28,107**	**8%**

The site contains a total land area of 13.890± acres / 605,048± square feet and is located in R-2 and C-1 zones. A breakdown of the subject's lots, including parcel identification, use, and zoning is included below.

61-63 Crosby Street, 3rd Floor
New York, NY 10012

Address	Parcel	Size (Acres)	Use	Zoning
87-91 Propsect Avenue	36-4-22.1	1.40	Parking	R-2
93-99 Prospect Avenue	36-4-22.2	1.20	Parking	R-2
28 Ridge Street	36-5-13	0.11	Parking	C-1
36 Ridge Street	36-5-14	0.09	Parking	C-1
41 Myrtle Avenue	36-5-16	0.12	Parking	C-1
76-78 Prospect Avenue	36-5-19	0.30	Parking	C-1
29 Forest Avenue	36-6-14	0.11	Parking	C-1
31 Forest Avenue	36-6-15	0.11	Parking	C-1
31 1/2 Forest Avenue	36-6-16	0.11	Parking	C-1
33 Forest Avenue	36-6-17	0.14	Parking	C-1
35 Forest Avenue	36-6-18	0.11	Parking	C-1
34-38 Forest Avenue	36-7-13	0.31	Parking	C-1
52-70 Prospect Avenue	36-7-16	9.20	Campus / Office	C-1
27-29 Hill Street	36-7-18.1	0.56	Parking	C-1
Total		**13.89**		

The highest and best use of 60 Prospect Avenue is continued use as a community facility and residential property. This conclusion is based on its zoning, physical characteristics, location, and forecasted economic conditions.

Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformance with the Standards of Professional Practice and Code of Professional Ethics of the Appraisal Institute, the Uniform Standard of Professional Appraisal Practice (USPAP), and IFRS 13.

After carefully considering all available information and factors affecting value, our opinion is as follows:

Market Value Opinion

Value	Interest Appraised	Date of Value	Conclusion
Fair Value As Is	Leased Fee Interest	December 31, 2023	$36,800,000

The value conclusions are subject to the following **Extraordinary Assumptions**[1] that may affect the assignment results. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

- Ownership provided an estimate that Paz Management will obtain all necessary permits and approvals, and the lease will commence on January 1, 2025. We make the extraordinary assumption that this is accurate.
- Ownership is currently in talks with Regional Economic Community Action Program to lease 15,315 square feet of space. Per the lease draft, the expected lease commencement date is 7/1/2024. We make the extraordinary assumption that Regional Economic Community Action Program will execute the lease agreement and the lease will commence on or before 7/1/2024.

The value conclusions are based on the following **Hypothetical Conditions**[2] that may affect the assignment results.

[1] The definition of Extraordinary Assumptions can be found in the Glossary of Terms, which is located in the Addenda.

[2] The definition of Hypothetical Conditions can be found in the Glossary of Terms, which is located in the Addenda.

- None.

The opinion of value expressed herein is subject to the certification, assumptions and limiting conditions, and all other information contained in the following written appraisal report.

Sincerely,

Michelle Zell, MAI
Senior Vice President
NY Cert. No. 46000049921
michelle.zell@boweryvaluation.com
(917) 533-3141

Summary of Salient Facts & Conclusions

60 Prospect Avenue, Middletown, New York

The subject is the former Horton Hospital Campus located in Middletown, New York. The 371,573 - square foot (gross building area) property consists of five interconnected buildings ranging from 2 to 6 stories, as well as several parking lots. The overall property was built in various periods, 1929 (Horton), 1956 (Circular), 1963 (Morrison), 1971 (Camillo) and 1980 (Tower). The property was re-measured during renovation, which is why the GBA is slightly higher than the previous report.

The subject has a lease with Touro College, the subject's predominant tenant, for a 20-year term for 108,328 square feet of space, which commenced in 2012. The Touro College space, which comprises the basement, 1st and 2nd floors of the Tower Building and the basement of the Morrison Building, was renovated by the tenant at an estimated cost of $20 million and utilized as a medical teaching college. In 2023, Touro College leased an additional 8,800 square feet of space in the Tower Building.

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The Horton Building and the Circle Wing Building are currently vacant. Ownership is currently in the process of converting these two buildings into a student housing facility which will contain 38 one-bedrooms, 19 two-bedrooms, and 4 three-bedrooms units. Estimated construction cost is $10,226,829 and $5,942,248 has been spent to date with $4,284,581 remaining. Construction began in March 2023 and will be completed by June 2024, prior to the start of the 2024 academic school year.

Ownership is currently in the process of negotiating with Regional Economic Community Action Program (RECAP) to lease 15,315 square feet of space in the Morrison Building. Per the draft of the lease agreement, the expected lease commencement date will be on July 1, 2024.

The current vacancies include 11,069 square feet of office space located on the 3rd floor of the Tower Building. The Horton Building also contains 17,038 square feet of vacant space in the basement.

Salient Facts

Tenant(s):	Multi- Tenant	**Zoning**	R-2 and C-1
Year Built	1929 - 1980	**Flood Hazard Zone**	Zone X
Block/Lot	See Above	**Marketing & Exposure Time**	6-12 Months
Site Area (sq. ft./ acres)	605,048± SF/ 13.890± acres	**Property Rights Appraised**	Leased Fee Interest
GBA (sq. ft.)	371,573	**Date of Inspection**	January 30, 2024
Building Type	Community facility / residential	**Date of Report**	February 17, 2024

Financial Indicators (As Is)

Financial Indicators	**Total**	**Per SF-GBA**
Effective Gross Income	$5,250,450	$14.13
Expense Ratio	49%	
Net Operating Income	$2,659,932	$7.16
Capitalization Rate	6.25%	
Income Capitalization Approach As Is	$36,800,000	$99
Sales Comparison Approach As Is	Secondary Support	n/a

Value Opinion Summation

Value	**Interest Appraised**	**Date of Value**	**Conclusion**
Fair Value As Is	Leased Fee Interest	December 31, 2023	$36,800,000

The value conclusions are subject to the following **Extraordinary Assumptions**[3] that may affect the assignment results. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

- Ownership provided an estimate that Paz Management will obtain all necessary permits and approvals, and the lease will commence on July 1, 2023. We make the extraordinary assumption that this is accurate.
- Ownership is currently in talks with Regional Economic Community Action Program to lease 15,315 square feet of space. Per the lease draft, the expected lease commencement date is 7/1/2024. We make the extraordinary assumption that Regional Economic Community Action Program will execute the lease agreement and the lease will commence on or before 7/1/2024.

[3] *The definition of Extraordinary Assumptions can be found in the Glossary of Terms, which is located in the Addenda.*

The value conclusions are based on the following **Hypothetical Conditions**[4] that may affect the assignment results.

- None.

The opinion of value expressed herein is subject to the certification, assumptions and limiting conditions, and all other information contained in the following written appraisal report.

[4] *The definition of Hypothetical Conditions can be found in the Glossary of Terms, which is located in the Addenda.*

Table of Contents

Introduction

Purpose & Date of Value Opinion

The purpose of the appraisal is to provide an opinion of the As Is fair value of the leased fee interest of the subject property as of December 31, 2023, subject to the general underlying assumptions and limiting conditions cited herein, and in compliance with IFRS 13 (International Financial Reporting Standards 13-fair value measurement). According to the International Financial Reporting Standard 13, Fair Value is defined as: "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

Identification of the Client

The Leser Group ("TLG") has engaged us and is our client for this assignment.

Intended Use and User

The Intended User of the report is The Leser Group ("TLG"), and its affiliates. The report is intended for use only by The Leser Group ("TLG") and its related entities, successors, and/or assigns.

We confirm that we have given our full consent to the inclusion of the valuation in its entirety within financial statements and related information to be published by the Company for the Tel Aviv Stock exchange and for the Israeli Security Authority.

Property Rights Appraised

The subject is appraised on the basis of Leased Fee Interest.[5]

Property History

The current owner of record is Danza Leser Group, LLC per Orange County records. The subject has not sold within the past three years. It was acquired by the current owner in shell condition in November 2011.

Michelle Zell, MAI previously appraised the subject property (prior to employment at Bowery Valuation) with an effective date of December 31, 2018.

- The value as of December 31, 2018 was $33,900,000 .
- Our value as of the effective date of December 31, 2019 is $31,100,000.
- Our value as of the effective date of December 31, 2020 is $31,000,000.
- Our value as of the effective date of December 31, 2021 is $31,400,000.
- Our value as of the effective date of December 31, 2022 is $31,900,000.

Our current value is $36,800,000 which is slightly higher than the previous year's value is due to the expansion with Touro College and lease agreement with Regional Economic Community Action Program. In addition, $5,942,248 has been spent to date in the student housing re-development.

[5] *The definition of Leased Fee Interest can be found in the Glossary of Terms, which is located in the Addenda.*

Marketing Time & Exposure Time[6]

It is our opinion that a normal marketing and exposure time for the subject property is between six and twelve months. This conclusion is predicated on interviews with brokers and other real estate industry sources and on information obtained in the verification process. The value reported herein presumes such a marketing time and exposure time.

Definition of Fair Value

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). That definition of fair value emphasis that fair value is a market-based measurement, not an entity-specific measurement.

When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value.

The IFRS explains that a fair value measurement requires an entity to determine the following:

(a) the particular asset or liability being measured;

(b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis;

(c) the market in which an orderly transaction would take place for the asset or liability; and

(d) the appropriate valuation technique(s) to use when measuring fair value. The valuation technique(s) used should maximize the use of relevant observable inputs and minimize unobservable inputs. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability.

Scope of the Appraisal

Within the course of this assignment, we have:

- Inspected the full exterior, common areas, and mechanical systems.
- Researched and investigated the location in terms of its economic activity, development patterns, and future trends and related their impact on the market.
- Determined the highest and best use of the subject property based on an analysis of all relevant factors.
- Conducted a market survey of rent and vacancy levels of similar properties.
- Reviewed historical and projected income and operating expenses for the subject property.
- Researched and analyzed similar operating expense and tax comparables to determine the reasonableness of the existing income and expenses at the subject property.
- Projected the net operating income and applied a market-derived capitalization rate and competitive discount rate to develop an opinion of value by the income approach.
- Researched and analyzed sales of competitive assets and applied the techniques of the sales comparison approach to support the opinion from the income approach.
- Advanced an opinion of the fair value of the identified interest.

[6] *The definitions of Marketing and Exposure Time can be found in the Glossary of Terms, which is located in the Addenda.*

Exposure Time[7]

It is our opinion that a normal exposure time for the subject property is between six months and twelve months. This conclusion is predicated on interviews with brokers and other real estate industry sources and on information obtained in the verification process. The value reported herein presumes such an exposure time.

General Assumptions

Various estimates of gross building area were furnished by the owner, client, and/or their agents. This opinion of value reported herein assumes that the data provided are the most recent and accurate.

We note that our appraisers are not experts in the following domains:

- **Technical Environmental Inspections:** No Environmental Site Assessment report was provided in conjunction with this appraisal. We recommend the services of a professional engineer for this purpose. If a report is commissioned and there are any environmental issues uncovered, they could affect our opinion of value reported.
- **Zoning Ordinances:** We recommend an appropriately qualified land use attorney be consulted if a definitive determination of compliance is required.
- **Building Inspections:** We recommend a building engineer or professional property inspector for the inspection. Any immediate expenditures that a trained professional may determine are needed, could affect our opinion of value reported.

Data Sources

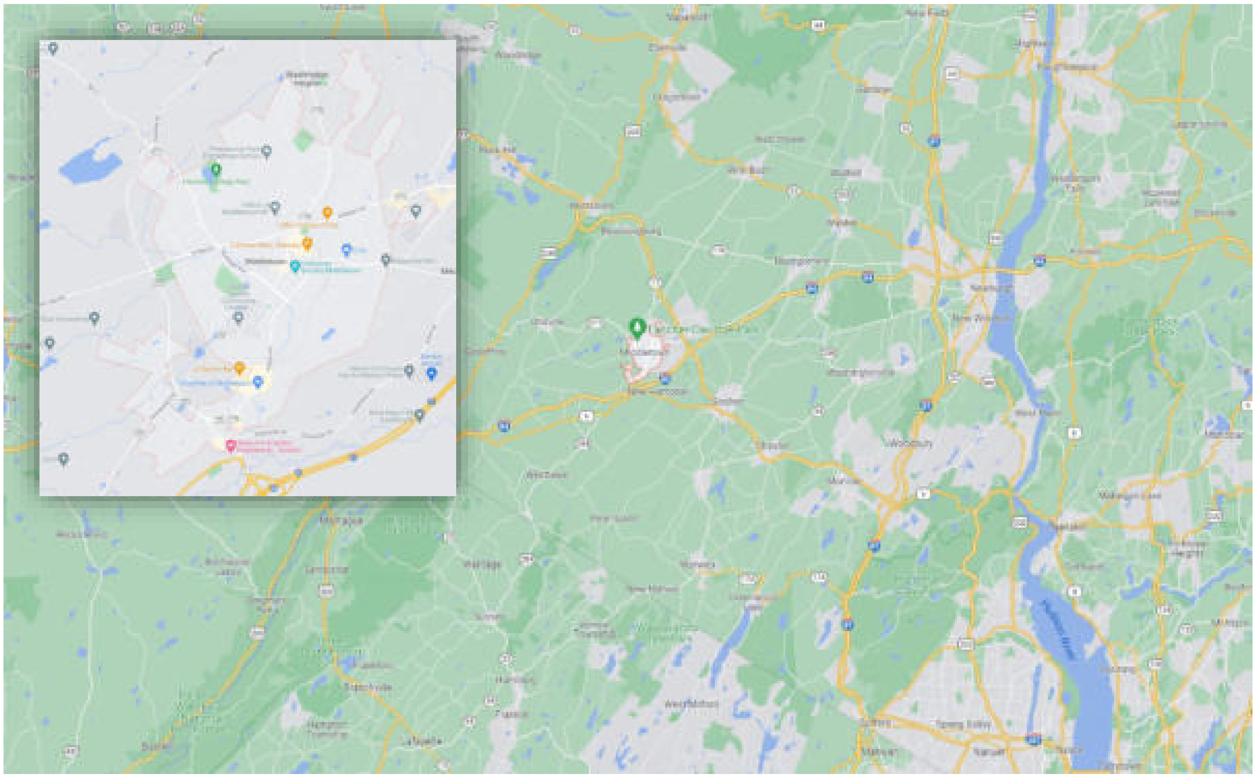
The data contained within this appraisal was compiled from market analysis utilizing the following sources (unless otherwise noted): the tax Assessor, Environics Analytics, CoStar, Federal Reserve, and FEMA. When possible, we have confirmed the reported data with parties to the transactions or those who are intimately familiar with their critical details.

Sources of Data

Site Data	Source/Verification:
Site Size	Public Record
Excess/ Surplus Land	Tax Map
Gross Size/ Units	Owner
Commercial SF	Owner
Residential SF	Owner
Number of Buildings	Inspection
Amenities	Inspection
Deferred Maintenance	Inspection
Income Data	Owner; Market Forecast
Expense Data	Owner; Expense Comparables

[7] *The definition of Exposure Time can be found in the Glossary of Terms, which is located in the Addenda.*

Neighborhood & Demographic Overview



Source: Google Maps

Middletown at a Glance

Middletown is a city in Orange County, New York. It lies in New York's Hudson Valley region, near the Wallkill River and the foothills of the Shawangunk Mountains. Middletown is situated between Port Jervis and Newburgh, New York. It grew in the 19th and early 20th centuries as a stop on several lower New York State railroads, attracting several small manufacturing businesses. Middletown has grown to be a suburban setting, just one hour north of New York City. While the surrounding area is countryside with family farming, downtown Middletown offers a walkable corridor with an active food and beverage scene with small local businesses. Middletown has numerous transportation options including the Metro North train station, access to I-84 and NY-17, and local bus service. Randall Airport is only four miles away as well.

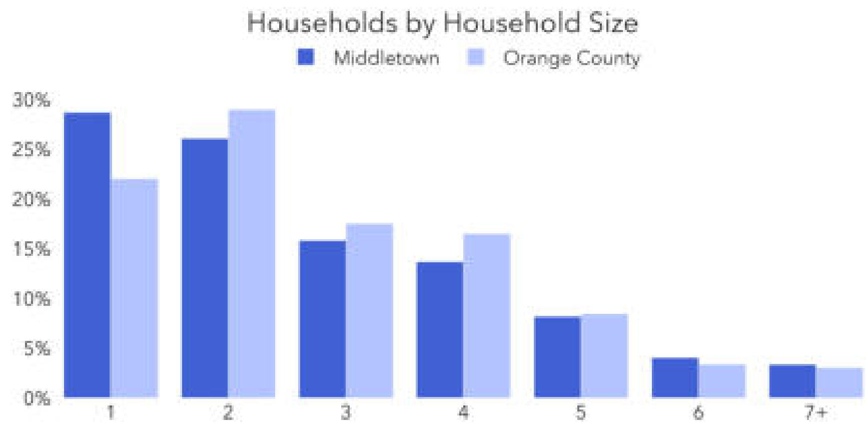
Population and Households

The following demographic profile, created with data from the U.S. Census Bureau, reflects the subject's municipality and market. As of the 2010 Census, Middletown had a population of 28,086 people and 9,976 households. Preliminary 2020 Census data shows its population has grown by 0.8% per year to 30,345 residents.

Population and Household Growth

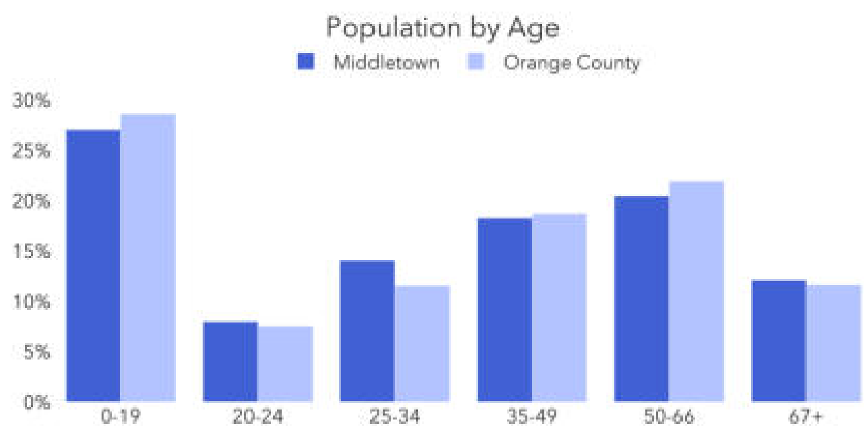
	Area	2010 Census	2020 Census	Annual % Change
Population	Middletown	28,086	30,345	0.8%
	Orange County	372,813	401,310	0.8%
Households	Middletown	9,976	11,011	1.0%
	Orange County	125,925	135,746	0.8%

Households in Middletown are, on average, smaller than those in Orange County. Households in Middletown have an average size of 2.77 people, compared to 2.86 people in Orange County. The most common household size is 1 person compared to 2 people for Orange County.



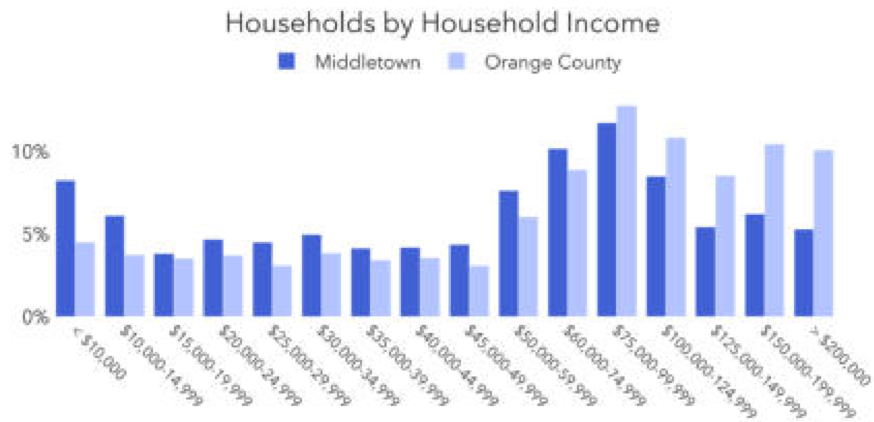
Source: U.S. Census Bureau

The median age of Middletown residents is younger than in Orange County. Residents of Middletown have a median age of 35.6, compared to 37.0 in Orange County. In both Middletown and Orange County, children & teens account for the largest cohort.



Source: U.S. Census Bureau

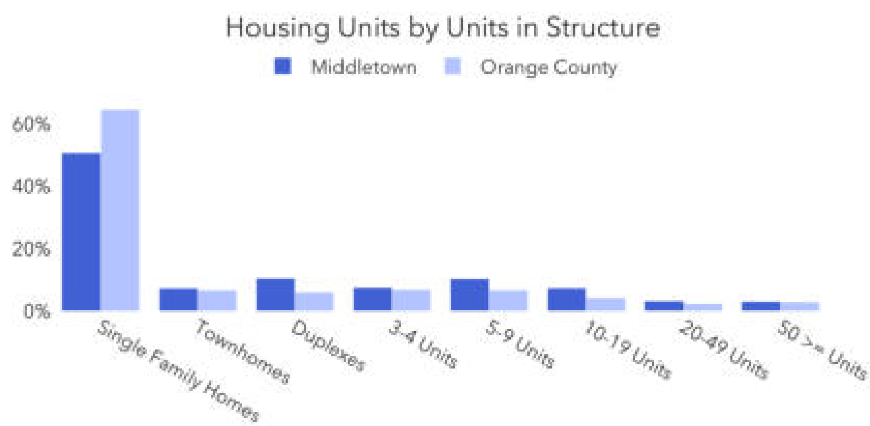
Households in Middletown have a lower median income than those in Orange County. Households in Middletown have a median income of $55,245, compared to $79,944 for households in Orange County. The chart below indicates the share of households by income brackets. In both Middletown and Orange County, the most common household income is between $75k-99,999.



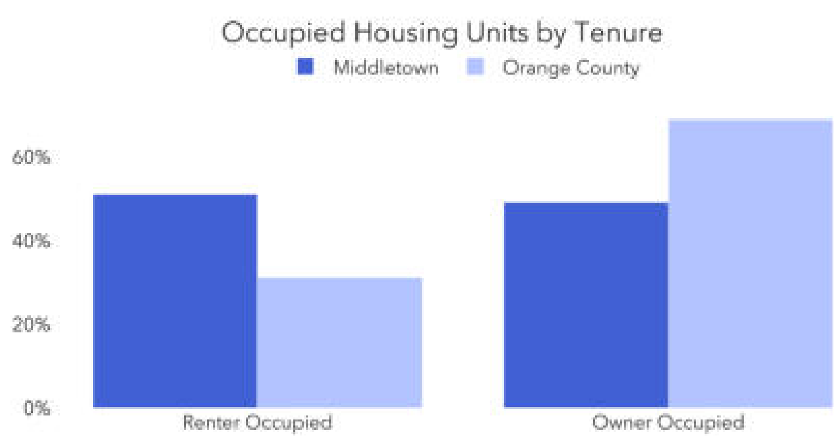
Source: U.S. Census Bureau

Housing

Single-family homes, followed by duplexes then 5-9-unit properties account for the most common forms of housing in Middletown. 49% of the housing units in Middletown are occupied by their owner. This percentage of owner-occupation is lower than the Orange County level of 69%.

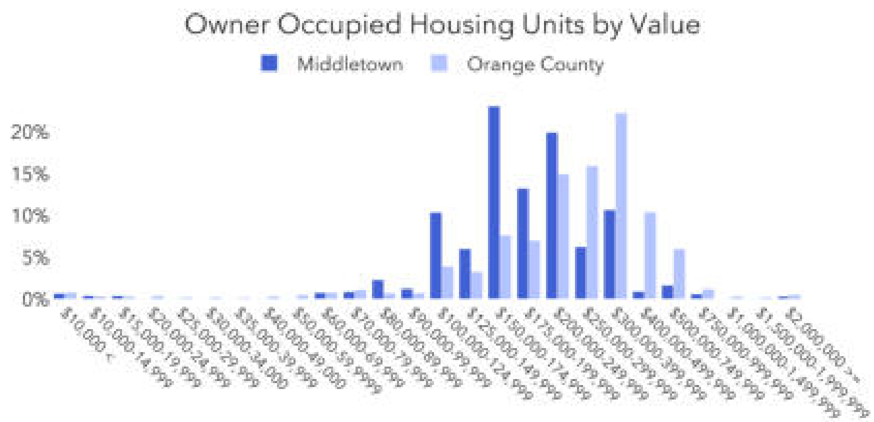


Source: U.S. Census Bureau



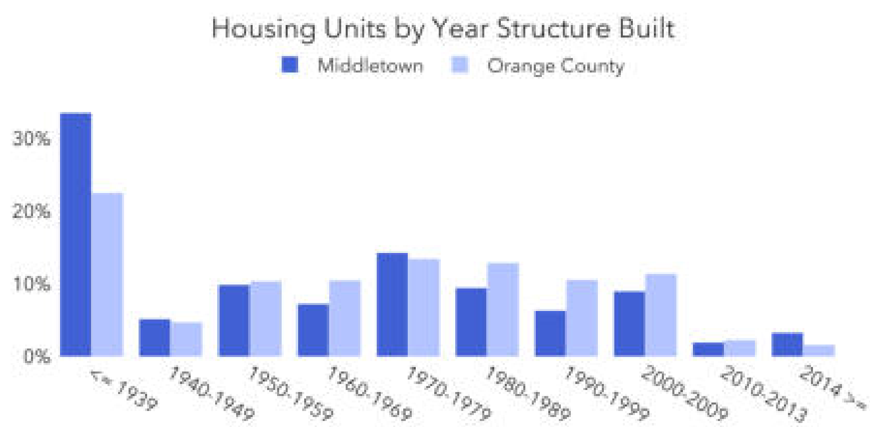
Source: U.S. Census Bureau

Homes in Middletown have a median value of $182,000, compared to $271,200 for Orange County. In Middletown, the most common home value is between $150k - $174k, compared to between $300k - $399k for Orange County.



Source: U.S. Census Bureau

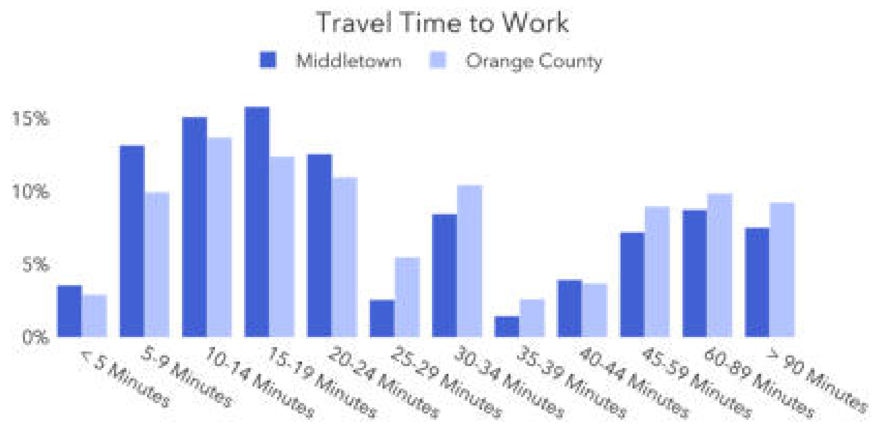
Homes in Middletown have a median year built of 1962, compared to 1972 for Orange County. In both Middletown and Orange County, the largest share of homes were built before WWII.



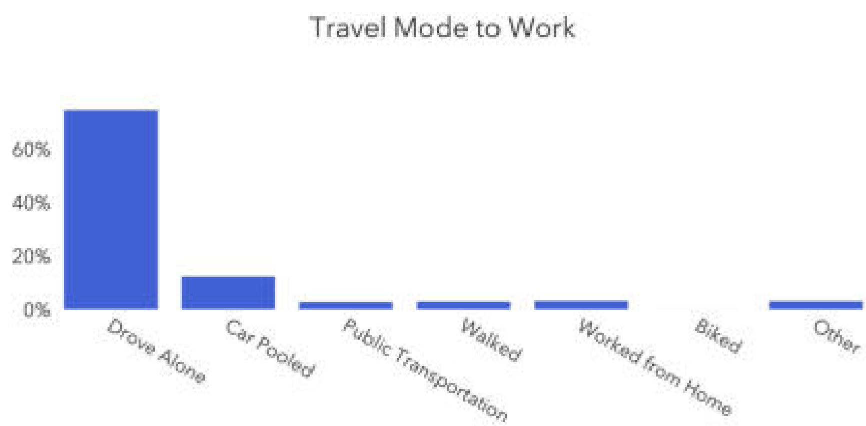
Source: U.S. Census Bureau

Transportation

In Middletown, the majority of residents drive to work. Commuters in Middletown have a median commute time of about 22 minutes. In Middletown, the most common commute time is between 15-19 minutes, compared to 10-14 minutes for Orange County.



Source: U.S. Census Bureau



Source: U.S. Census Bureau

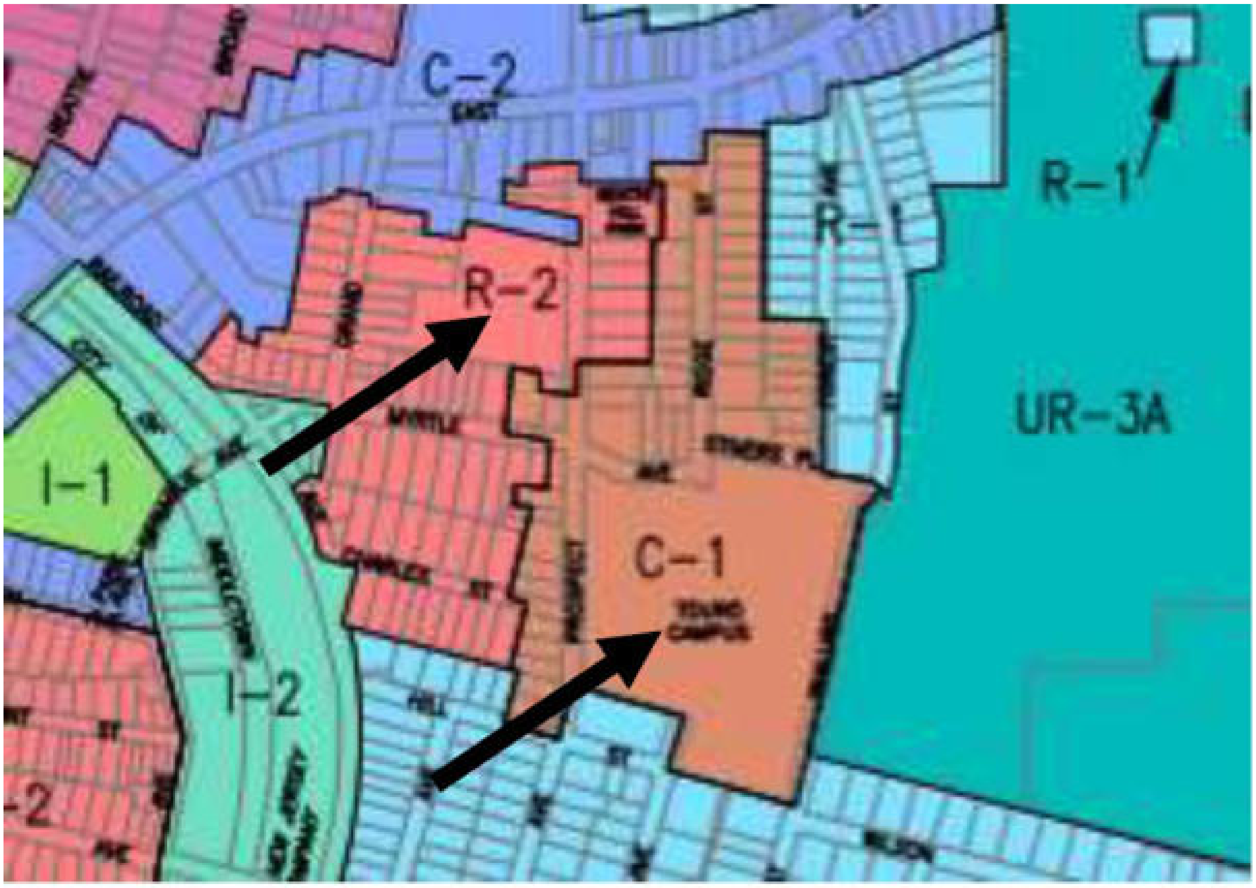
Transportation Methods

- Major roadways to get to Middletown include Interstate 84 and NY 17. State routes 17M and 211 run through the city and US6 parallels I-84 to the south.
- The Metro-North Railroad serves the city on the Port Jervis Line and stopes at the Middletown-Town of Wallkill station.
- The city offers bus service that has routes that run throughout the city and the Route 211 commercial strip.
- The nearest major airport is Randall Airport, which is 4 miles from the center of the city.

Conclusion

Middletown is a suburban city in an area of New York that is largely rural. Given its location within the Hudson Valley, it has become a base for those that are traveling throughout the region. Given its access to multiple interstates and public transportation, it is fairly easy for those that want to commute. Given its suburban nature, Middletown offers access to plenty of retailers and businesses, with shopping and dining options within the downtown area and neighborhoods that comprise the city. The area is expected to see continued growth and has seen demand increase during the pandemic.

Zoning Summary



Two of the subject's parking lots are zoned R-2, with the remaining lots zoned C-1.

Allowable Principal Uses in R-2 Zoning Districts

- One-family dwellings (subject to requirements in R-1 Zone).
- Municipal buildings or uses (subject to requirements in R-2 Zone).
- Two-family dwellings, not to exceed one dwelling building on each lot.

Bulk Requirements in R-2 Zoning Districts

Single-family: 7,500 square feet of site area, 75 feet wide except where the lot area is restricted by adjoining lands owned by others and where such restriction has not been created by the individual or entity seeking to construct a use on such substandard lot, and in such cases the minimum lot area shall be 5,000 square feet and the minimum width shall be 50 feet for existing lots.

Each two-family dwelling shall be located on a lot not less than 7,500 square feet in area.

Yards required:

- Front yard depth: 25 feet.
- Each side yard width: 5 feet.
- Rear yard depth: 20 feet.
- Front yard width: 75 feet.

- Corner lot: On every corner lot in a residential district, there shall be provided on the side street a yard equal in depth to the required front yard depth on said side street.
- No accessory building or structure shall be within five feet of any property line.

Allowable Principal Uses in C-1 Zoning Districts

Permitted and accessory uses. Uses requiring issuance of both a special use permit and site plan approval by the Planning Board:

(1) One-family dwelling

(2) Municipal building and uses

(3) Retail stores

(4) Places of worship

(5) Public or private schools

(6) Public utility building

(7) Membership clubs

(8) Hospitals

(9) Personal service store

(10) Service establishments

(11) Convenience stores

(12) Eating and drinking places

(13) Bakery

(14) Offices

(15) Multiple dwellings

Bulk Requirements in C-1 Zoning Districts

- 2-Stories
- Required lot area: 7,500 square feet
- Yards required:
- Front yard depth: 25 feet.
- Each side yard width: five feet.
- Rear yard depth: 20 feet.
- Front yard width: 75 feet.
- Corner lot. On every corner lot in a residential district, there shall be provided on the side
- street a yard equal in depth to the required front yard depth on said side street.
- No accessory building or structure shall be within five feet of any property line.

PARKING

For office use, at least one parking space for each 300 square feet of office floor area. No discussion relating to parking for college/schools or dormitory is included in the code.

Appraiser's Conclusion on Conformity

Schools, dormitory and general office, are all allowable uses in C-1 zone. Thus, the subject complex conforms to the use regulations of the district. However, the subject exceeds height allowance (2-stories). Therefore, the subject's building improvements are a legal, conforming use and non-complying bulk that either pre-dated current bulk regulations or was granted a variance at the time of construction. Allowance of parking in an R2 zoning is not specific in text. It is noted that the amount of necessary parking cannot be computed based on zoning. However, the 859 provided spaces appear sufficient for the current uses.

It should be noted that we are not experts in the interpretation of complex zoning ordinances. The determination of compliance, however, is beyond the scope of a real estate appraisal. We know of no deed restrictions, private or public, that further limit the subject's use. The research required to determine whether or not such restrictions exist, however, is beyond the scope of this appraisal assignment. Deed restrictions are a legal matter, and only a title examination by an attorney or title company can usually uncover such restrictive covenants. Thus, we recommend a title search to determine if any such restrictions do exist.

Assessed Values & Real Estate Taxes

60 Prospect Avenue is designated on Orange County Tax Maps. The subject's current assessed values are summarized below.

Assessed Values

Address	Parcel	Size (Acres)	Land	Building	Taxable Assessment
87-91 Propsect Avenue	36-4-22.1	1.40	$39,900	$6,100	$46,000
93-99 Prospect Avenue	36-4-22.2	1.20	$29,000	$5,500	$34,500
28 Ridge Street	36-5-13	0.11	$5,500	$0	$5,500
36 Ridge Street	36-5-14	0.09	$4,900	$0	$4,900
41 Myrtle Avenue	36-5-16	0.12	$5,000	$0	$5,000
76-78 Prospect Avenue	36-5-19	0.30	$25,700	$0	$25,700
29 Forest Avenue	36-6-14	0.11	$3,300	$0	$3,300
31 Forest Avenue	36-6-15	0.11	$4,800	$0	$4,800
31 1/2 Forest Avenue	36-6-16	0.11	$4,900	$0	$4,900
33 Forest Avenue	36-6-17	0.14	$4,900	$0	$4,900
35 Forest Avenue	36-6-18	0.11	$5,500	$0	$5,500
34-38 Forest Avenue	36-7-13	0.31	$13,000	$0	$13,000
52-70 Prospect Avenue	36-7-16	9.20	$112,500	$247,500	$360,000
27-29 Hill Street	36-7-18.1	0.56	$20,500	$0	$20,500
Total Taxable Assessment					**$538,500**

The full tax liability for the subject, based on the current millage rate of 274.522 and the combined assessed values noted above is calculated below.

Tax Liability

Taxable Assessed Value		$538,500
Millage Rate	x	274.522
Tax Liability		**$147,830**

IDA Pilot Tax Benefits

As of January 2, 2013, the subject property was approved for PILOT tax benefits by the City of Middletown. The IDA Pilot agreement commenced in 2014 and will end in 2028. It will reduce the tax liability for the subject property and will be phased out through the 14-year term. It should be noted the PILOT agreement includes seven additional tax lots that are not part of the interest being appraised. The PILOT tax savings will be passed through to the medical college and IDA tenants as net leases. To determine the allocation of the PILOT to the subject, we have included assessments of the seven parcels which are included in the PILOT, but not part of the subject, as follows:

Assessed Values: Subject and Non-subject Parcels Included In Pilot

IDA Parcels: Subject Property						Assessment	
Address	Parcel	Size (Acres)	Use	Zoning	Land	Building	Toal
87-91 Prosect Avenue	36-4-22.1	1.40	Parking	R-2	$39,900	$6,100	$46,000
93-99 Prosect Avenue	36-4-22.2	1.20	Parking	R-2	$29,000	$5,500	$34,500
28 Ridge Street	36-5-13	0.11	Parking	C-1	$5,500	$0	$5,500
36 Ridge Street	36-5-14	0.09	Parking	C-1	$4,900	$0	$4,900
41 Myrtle Avenue	36-5-16	0.12	Parking	C-1	$5,000	$0	$5,000
76-78 Prospect Avenue	36-5-19	0.30	Parking	C-1	$25,700	$0	$25,700
29 Forest Avenue	36-6-14	0.11	Parking	C-1	$3,300	$0	$3,300
31 Forest Avenue	36-6-15	0.11	Parking	C-1	$4,800	$0	$4,800
31 1/2 Forest Avenue	36-6-16	0.11	Parking	C-1	$4,900	$0	$4,900
33 Forest Avenue	36-6-17	0.14	Parking	C-1	$4,900	$0	$4,900
35 Forest Avenue	36-6-18	0.11	Parking	C-1	$5,500	$0	$5,500
34-38 Forest Avenue	36-7-15	0.31	Parking	C-1	$13,000	$0	$13,000
52-70 Prospect Avenue	36-7-14	9.20	Campus/Office	C-1	$112,500	$247,500	$360,000
27-29 Hill Street	36-7-18.1	0.56	Parking	C-1	$20,500	$0	$20,500
Sub Total		**13.89**			**$279,400**	**$259,100**	**$538,500**

IDA Parcels: Excluded						Assessment	
Address	Parcel	Size	Use	Zoning	Land	Building	Toal
38 Ridge Street	36-5.18	0.12	Parking	C-1	$5,000	$0	$5,000
80 Prospect Street	36-5-21	0.16	2-Family	C-1	$6,400	$18,200	$24,600
82-84 Prospect Street	36-5-22	0.21	2-Family	C-1	$8,200	$18,300	$26,500
86-88 Prospect Street	36-5-26	0.21	Vacant Lot	R-2	$8,200	$0	$8,200
96 Prospect Street	36-5-24	0.21	Single Family	R-2	$8,200	$12,900	$21,100
37 Forest Avenue	36-6-19	0.32	Commercial	C-1	$4,800	$15,200	$20,000
27-31 Ridge Street	36-6-21	0.11	Office	C-1	$13,400	$61,900	$75,300
Sub Total		**1.35**			**$54,200**	**$126,500**	**$180,700**
Total		**15.24**			**$333,600**	**$385,600**	**$719,200**
IDA to Subject Parcels							**75%**
IDA to Excluded Parcels							**25%**

Based on the above, 75% of the PILOT is applicable to the subject property. The Project (the "Project") will consist of:

(A) the acquisition by the Agency of a leasehold interest in the Land, consisting of approximately 21 parcels of land at Prospect Avenue, Ridge Street and Forest Avenue, Middletown, New York, and the existing improvements located thereon, constituting the former Horton Hospital (collectively, the "Horton Hospital Complex"),

(B) the renovation, reconstruction, refurbishing and equipping by the Company as agent of the Agency of the Horton Hospital Complex for re-adaptive use for medical, educational, residential and commercial purposes, and in order to create, in five (5) phases,

(i) a medical school, ancillary uses and dining facility,

(ii) approximately two hundred fifty (250) dormitory residence units for use by faculty and students,

(iii) an assisted living facility,

(iv) a skilled nursing facility, and

(v) related office and ancillary facilities (the foregoing purposes "(i)" through "(v)" being hereafter sometimes referred to as the "Project Uses"; and the existing improvements, as so renovated and reconstructed, together with the Land, the "Project Real Property");

(C) the acquisition of and installation in and around the Project Real Property of certain machinery, fixtures, equipment and other items of tangible personal property (the "Project Equipment" and, collectively with the Project Real Property, the "Project Facility"); and

(D) the sublease (with an obligation to purchase) of the Agency's interest in the Project Facility back to the Company; all subject to the terms and conditions of this Agreement and the other Project Documents (as hereinafter defined).

The assessor indicated the property would be assessed based on the income or sales comparison approach as the building is older and the cost approach would not be applicable. The assessor indicated a revaluation hasn't taken place since 1973 and there are no talks of reassessments in the future. We have assumed the future tax assessment of $831,300 in 2028, the last year of the IDA, will be the stabilized assessed value. This assumption is consistent with indications provided by tax council for the property. The total taxes for all of the lots above without the IDA abatement are $197,437 . It should be noted that the subject was previously exempt from taxes as it was operated as a hospital.

For our present value of the PILOT, we have utilized all the sites in the PILOT, and then attributed 75% of the value to the subject.

Our present valuation of the PILOT is based on the following:

- The submitted PILOT agreement stipulates the actual PILOT assessments on an annual basis, with the full assessment at the expiration of the PILOT being $831,300 in 2028
- The current market assessment is based on the actual assessment for all lots
- This will increase equally on an annual basis until 2028, at which time, the market assessment will match the end of the PILOT assessment.
- The current market tax payment calculation will utilize the current tax rate per $1000 and the current market assessment of which results in full taxes of $197,437.
- Our PILOT payment will reflect the assessment of the PILOT’s current year and the current tax rate of 274.522
- We will increase our tax rate at ~3% per annum.
- We have utilized a 6.5% discount rate to determine the present value of the benefit.

Tax Benefit Value Calculation

Year	Fixed Pilot Assessment	Market Current Assessment	IDA Year	Pilot Payment	Tax Rate	Full Tax Liability	Tax Savings
2024	$ 593,407	$ 719,200	10	$ 162,904	274.522	$ 197,437	$ 34,533
2025	$ 653,164	$ 745,722	11	$ 179,308	274.522	$ 204,717	$ 25,409
2026	$ 712,543	$ 773,221	12	$ 195,609	274.522	$ 212,267	$ 16,658
2027	$ 771,921	$ 801,735	13	$ 211,910	274.522	$ 220,094	$ 8,185
2028	$ 831,300	$ 831,300	14	$ 228,210	274.522	$ 228,210	$ (0)
						NPV	$ 74,980
						75% Allocation to Subject	$ 56,235
						Less 47% of Benefit Applies to Net Leases (Touro Teaching College, RECAP, Paz Mgmt)	$ 26,430
						Present Value of IDA to Owner	$ 29,804
						Rounded	$ 30,000

We note that Touro, Regional Economic Community Action Program, and Paz Management lease terms are net of real estate taxes. Thus, a 47% portion of the present value of the PILOT is allocated to these leases. The remainder is the present value of the PILOT is value to ownership.

Site Description

Site Summary

Address	Parcel	Size (Acres)	Use	Zoning
87-91 Propsect Avenue	36-4-22.1	1.40	Parking	R-2
93-99 Prospect Avenue	36-4-22.2	1.20	Parking	R-2
28 Ridge Street	36-5-13	0.11	Parking	C-1
36 Ridge Street	36-5-14	0.09	Parking	C-1
41 Myrtle Avenue	36-5-16	0.12	Parking	C-1
76-78 Prospect Avenue	36-5-19	0.30	Parking	C-1
29 Forest Avenue	36-6-14	0.11	Parking	C-1
31 Forest Avenue	36-6-15	0.11	Parking	C-1
31 1/2 Forest Avenue	36-6-16	0.11	Parking	C-1
33 Forest Avenue	36-6-17	0.14	Parking	C-1
35 Forest Avenue	36-6-18	0.11	Parking	C-1
34-38 Forest Avenue	36-7-13	0.31	Parking	C-1
52-70 Prospect Avenue	36-7-16	9.20	Campus / Office	C-1
27-29 Hill Street	36-7-18.1	0.56	Parking	C-1
Total		**13.89**		

Location	The subject property is on the east side of Prospect Avenue, extending two blocks north to south from Myrtle Avenue to Hill Street. The complex also includes frontage on the south side of Myrtle Avenue and Stivers Place, as well as frontage on the north side of Hill Street. In addition, there are some supporting parking lots on non-adjacent lots on Prospect Avenue, Myrtle Avenue Stivers Place, Ridge Street, Forest Avenue and Phillips Avenue. The property is within the city of Middletown, Orange County, New York. Middletown is approximately 50 miles northwest of New York City and is part of the Poughkeepsie-Newburgh-Middletown NY, Metropolitan Statistical Area (MSA).
Surrounding Land Uses	Surrounding land uses include residential and recreational (park) uses.
Easements, Encroachments, and Restrictions	Based upon our review of available public records, there do not appear to be any easements, encroachments, or restrictions that would adversely affect value.
Site Area	13.890± acres./ 605,048± square feet
Shape	Irregular
Frontage	The main complex fronts several streets including Prospect Avenue, Myrtle Avenue, Stivers Place and Hill Street. Several parking areas are located on the main ground of the complex. However, there are additional parking lots on non-adjacent lots fronting Prospect Avenue, Ridge Street, Philips Street and Forest Avenue.
Topography	Sloping, rolling
Drainage	Assumed adequate
Access	A driveway accesses the main lobby from Myrtle Avenue. There are several additional accesses that are currently not utilized for unoccupied buildings. There are also several overhead doors and loading areas located in a rear portion of the complex (accessed via a parking lot from Hill Street in the south portion of the site).
Paving	All roads are paved with asphalt and are in satisfactory condition.
Street Drainage	Street drainage is collected with the utilization of recessed catch basins. The catch basins empty by gravity into the local sewer storm system mains.
Street Lighting	Adequate
Utilities & Services	Water/Sewer and Refuse – Municipal Police & Fire Protection – Municipal Gas & Electric –Orange and Rockland
Hazardous Substances	We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the services of a professional engineer for this purpose.
Flood Hazard Status[8]	The subject property is within Zone X" on the National Flood Insurance Program Rate Map dated August 3, 2009 Community Panel #36071C0258E. Zone X is an area of minimal flooding.
Conclusion	The site is larger than others in the vicinity. However, here are no negative external factors. Based on its current use, it is functionally adequate.

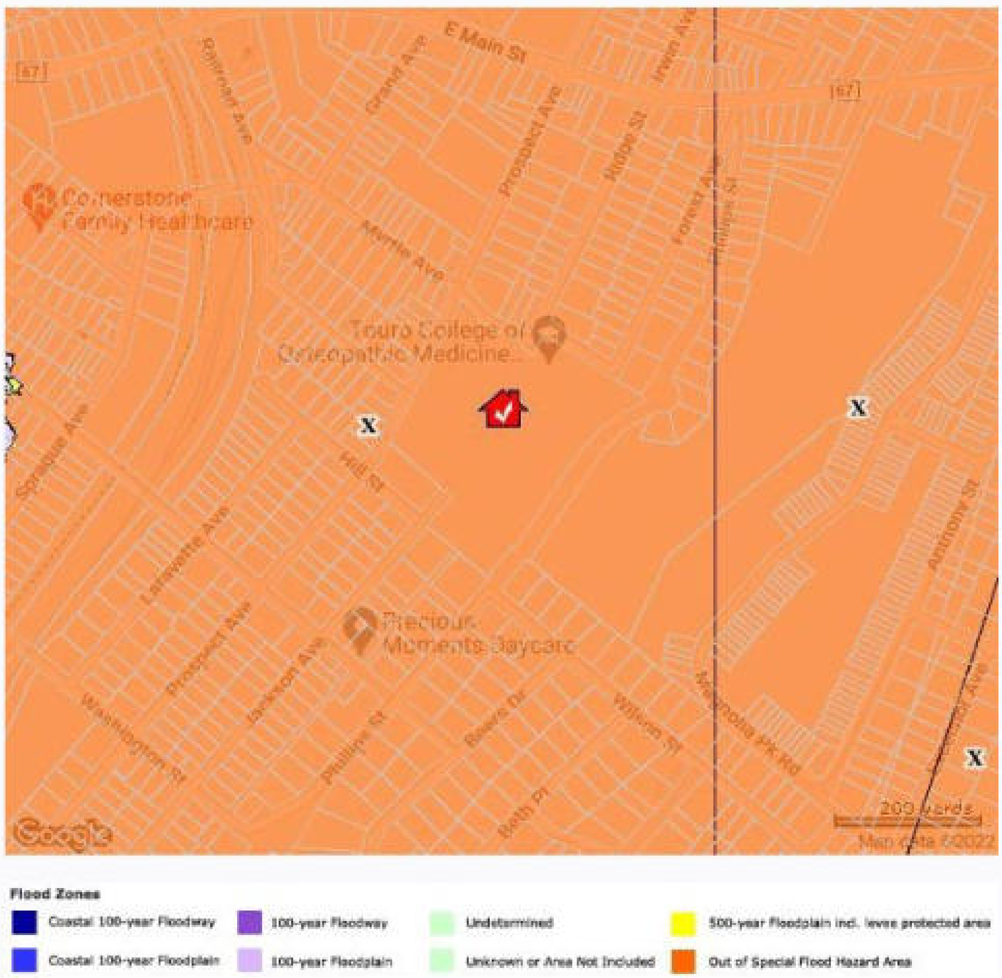
[8] *The flood map can be found in the Map Gallery, which is located in the Addenda.*

Flood Map

Flood Zone Code	Flood Zone Panel	Panel Date
X	360634 - 36071C0281E	08/03/2009
Special Flood Hazard Area (SFHA)	Within 250 ft. of multiple flood zones?	Community Name
Out	No	WALLKILL

Flood Zone Description:

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



Description of Improvements[9]

The subject property consists of five interconnected buildings ranging from 2 to 6 stories, as well as several parking lots. The overall property was built in various periods, 1929 (Horton), 1956 (Circular), 1963 (Morrison), 1971 (Camillo) and 1980 (Tower). A summary of buildings, gross building area (GBA), and occupancy is shown below:

Improvements Overview

		GBA (SF)	Occupancy
Tower Building (1980)			
	Basement/Ground	35,559	Touro College
	1st Floor	30,528	Touro College
	2nd Floor	35,291	Touro College
	3rd Floor (N)	12,526	Horizon Student Housing
	3rd Floor	8,800	Touro College
	3rd Floor (B)	11,069	Vacant
	4th Floor	20,800	Horizon Student Housing
	5th Floor	20,800	Horizon Student Housing
	Subtotal	**175,373**	
Morrison Building (1963)			
	Basement	6,950	Touro College
	1st Floor	15,315	RECAP
	2nd Floor	13,225	Horizon Student Housing
	3rd Floor	13,225	Horizon Student Housing
	Subtotal	**48,715**	
Horton Building (1929) & Circle Wing Building (1956)			
	Basement	17,038	Vacant
	1st Floor	19,523	New Student Housing
	2nd Floor	19,523	New Student Housing
	3rd Floor	19,284	New Student Housing
	4th Floor	9,860	New Student Housing
	Subtotal	**85,228**	
Camillo Building (1971)			
	Basement	11,618	Paz Management
	1st Floor	13,861	Paz Management
	2nd Floor	14,034	Paz Management
	Subtotal	**39,513**	
Common Space			
	Total	22,744	Shared
Total		**371,573**	
Leased		**343,466**	**92%**
Vacant		**28,107**	**8%**

A description of the construction characteristics of the improvements follows.

Structural & Mechanical

Structural

Foundation All buildings have basements with concrete foundations.

[9] *The subject property photos can be found in the Addenda.*

Structural System:	Masonry and structural steel.
Exterior Walls	Brick/masonry
Roo	Built up material, tar and paper. We were not given access to the roof. However, we observed no evidence of interior leaks.
Windows	Fixed, panel and casement in new building. Double-hung windows in vinyl frames in older section.
Access	Currently, the main entrance to the complex is within the Tower Building via multiple glass and metal doors accesses a vestibule, accessing a large lobby that includes a cafeteria, security desk and café. The lobby also accesses an elevator bank (three elevators). There are additional entrances to other buildings.

Mechanicals

Heating/ Cooling Systems/ Hot water	Gas fired boilers with a hot water storage tank provide heating via radiant floor conduits in the classrooms, offices, rooms with roof mounted package units providing heat for the entrance and hallways and cooling for the entire building.
Electric	Heavy duty capacity. Assumed to be adequate.
Plumbing	PVC, copper, and iron.
Fire Safety	Sprinklered throughout
Security	Security cameras throughout

Layout & Finishes

Floor finishes include commercial carpet and vinyl tile, as well as ceramic tiles in some area. Ceilings are generally dropped acoustical tile with recessed lighting. Walls are painted. The renovated portions of the building are in excellent condition. The vacant hospital portion of the building varies in condition from average to good, typical of hospital finishes. It is noted that Orange County Medical Center had continued to maintain the building, including some relative recent renovations, until they relocated in 2013, since the hospital never closed (and relocated to new building).

Functional Utility

From a utility standpoint, the subject is well laid out for school use and adequately accommodates its present utilization. The subject benefits from its good location with good access to mass transit in a desirable neighborhood that has seen significant growth over the past few years.

Furniture, Fixture and Equipment

We note that the furniture, fixtures and equipment are properties of the user and not considered part of the real estate. As such, we do not report a separate FF&E value.

Building Condition

Condition

Based on our inspection, the teaching hospital, the old IDA space and 186-room dormitory space are all recently renovated and in very good condition, with the remaining space ranging in condition from fair to good.

The space leased by Paz Management and the new student dorms at the Horton Building will be in good condition upon the completion of the proposed renovation. We expect that Paz Management will obtain all necessary permits and approvals, and the lease will commence on January 1, 2025.

Deferred Maintenance

We did not receive a Physical Risk Report. Based on our inspection, which included an interior and exterior tour of the building and the mechanical areas, there were no apparent adverse environmental conditions. Based on our site inspection, the overall condition of this asset was average; it appears to be well maintained and there is an effective capital investment strategy.

Remaining Economic Life

60 Prospect Avenue was constructed between 1929 and 1980. Similar buildings have a typical economic life of 60 years and we forecast and effective age of 20 years with a remaining economic life of 40 years.

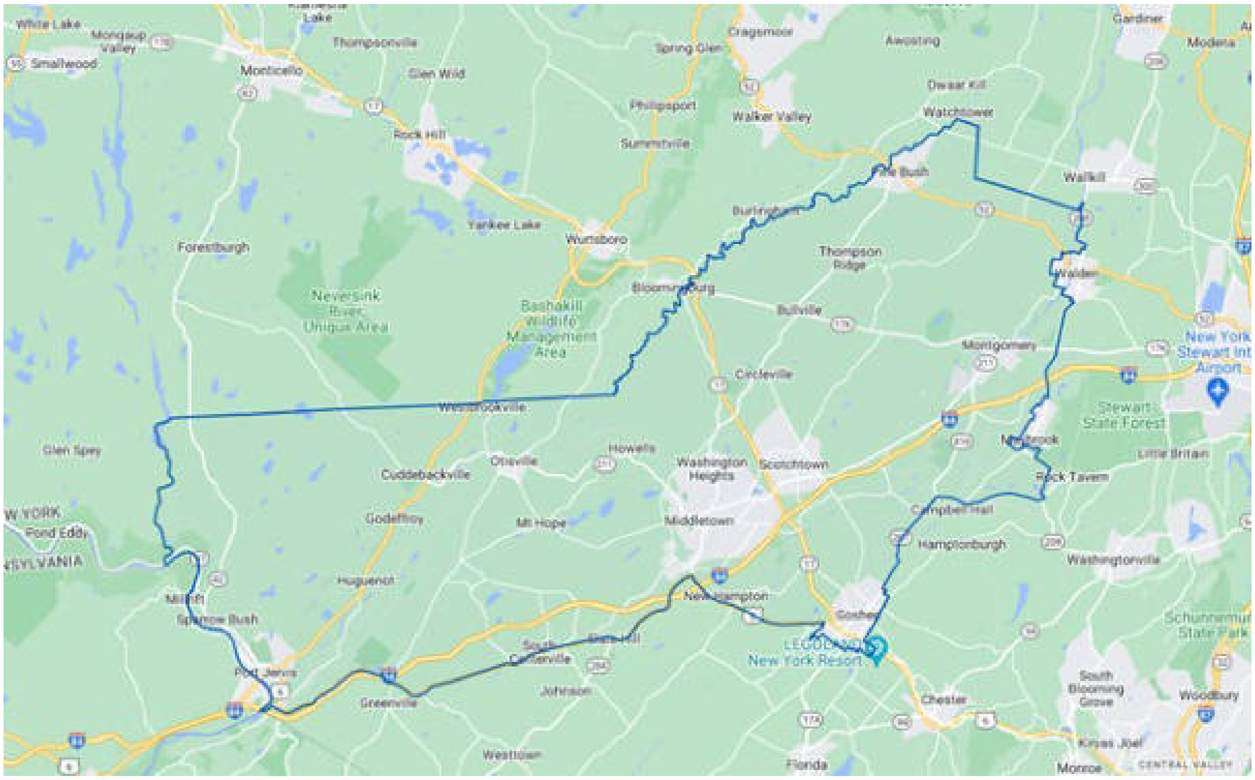
Summary

The subject is improved with five buildings. The current improvements contain a gross building area of 371,573 square feet. The subject improvements are considered to be in average condition overall and relatively well maintained and functional for its use.

The information contained in the sections entitled "Site Description" and "Building Description" was obtained from our field inspection on January 30, 2024, information provided by ownership, CoStar, RealQuest, and zoning and assessment records.

Middletown: Office Submarket Analysis

The information contained in this report was provided using 2023 Q4 CoStar data for the Middletown Office Submarket ("Submarket") located in the New York Market ("Market").



Overview

The subject property is in the Middletown Submarket of the New York Market, defined in the map above. This Submarket accounts for less than 1% of the Markets total inventory with 3.6 million square feet. In the Middletown Submarket, demand remains mixed, although vacancy rates are down yoy and over the past quarter. With continued compression in vacancy rates, rents increased just 0.1% in the latest quarter but are up 0.8% over the past year. Despite positive fundamentals, values decreased -7.6% over the past year after negative growth in the latest quarter, ultimately decreasing to $179/square feet.

Sector Fundamentals

	Middletown	YoY	QoQ	New York	YoY	QoQ
Market Rent/SF	$29.07	0.8%	0.1%	$56.27	0.6%	0.1%
Vacancy Rate	12.77%	-26 bps	-50 bps	13.75%	132 bps	27 bps
Availability Rate	13.2%	-64 bps	-60 bps	16.0%	17 bps	-20 bps
Net Absorption SF	18,084	112.9%	189.9%	-2,130,834	-164.1%	-73.3%
Asset Value/SF	$179	-7.6%	-0.4%	$574	-8.7%	-0.8%
Market Cap Rate	7.58%	53 bps	4 bps	6.51%	48 bps	4 bps
Transaction Count	1	-75%	-50%	156	-30%	-16%
Sales Volume	$0	-100%	-100%	$741,935,872	-70%	-4%

The table below presents historical performance of key indicators for office space in the Submarket including inventory & construction levels, net absorption, vacancy & availability, rental rates, pricing, and cap rates.

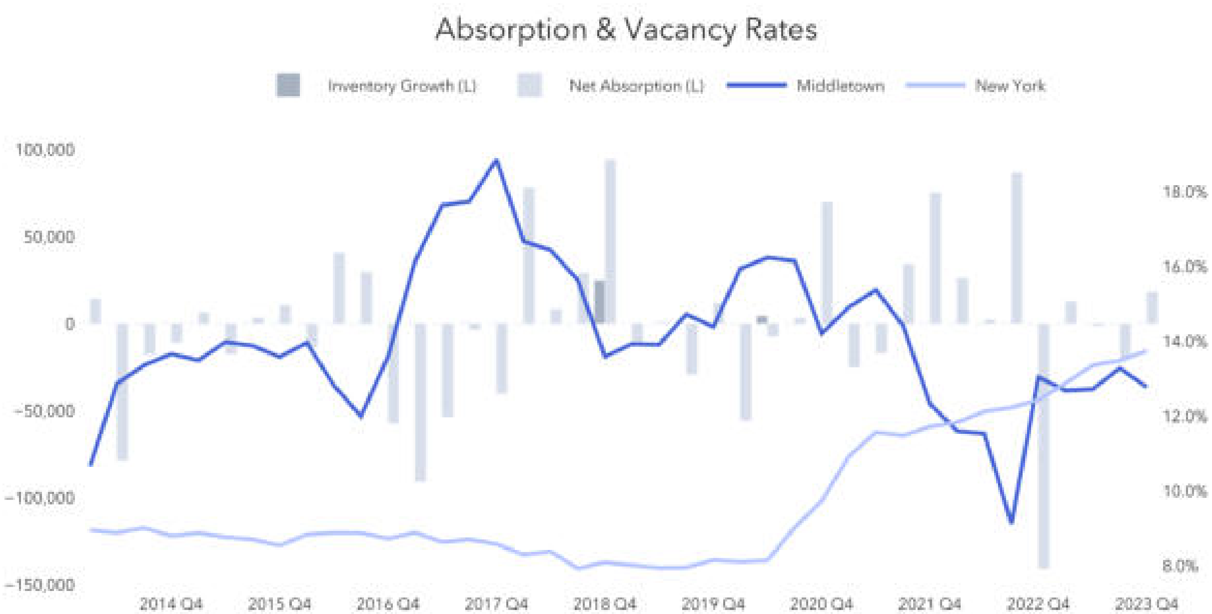
Historical Office Performance: Middletown Submarket

Period	Inventory SF	Under Construction SF	Net Delivered SF 12 Mo	Net Absorption SF 12 Mo	Vacancy Rate	Availability Rate	Market Rent/SF	Market Sale Price Per SF	Market Cap Rate
2023 Q4	3,595,397	0	0	9,501	12.8%	13.2%	$29.07	$180	7.58%
2023 Q3	3,595,397	0	0	-149,309	13.3%	13.8%	$29.04	$180	7.54%
2022	3,595,397	0	0	-25,631	13.0%	13.8%	$28.84	$194	7.05%
2021	3,595,397	0	0	67,882	12.3%	12.9%	$27.75	$209	6.37%
2020	3,595,397	0	4,500	10,082	14.2%	16.2%	$25.48	$205	6.46%
2019	3,590,897	4,500	0	-28,649	14.4%	16.1%	$25.80	$203	6.47%
2018	3,590,897	4,500	25,000	209,649	13.6%	14.6%	$25.64	$199	6.31%
2017	3,565,897	0	0	-187,731	18.9%	19.2%	$24.08	$198	6.08%
2016	3,565,897	0	0	-525	13.6%	14.3%	$23.58	$202	5.79%
2015	3,565,897	0	0	2,945	13.6%	14.1%	$23.29	$199	5.70%
2014	3,565,897	0	0	-92,691	13.7%	15.4%	$23.43	$186	5.80%

Supply & Demand

Vacancy Rates

	2014	2015	2016	2017	2018	2019	2020	2021	2022	23 Q3	23 Q4
National	10.8%	10.2%	9.8%	9.7%	9.4%	9.4%	10.8%	11.8%	12.4%	13.3%	13.5%
Market	8.8%	8.5%	8.7%	8.6%	8.1%	8.2%	9.7%	11.7%	12.4%	13.5%	13.8%
Submarket	13.7%	13.6%	13.6%	18.9%	13.6%	14.4%	14.2%	12.3%	13.0%	13.3%	12.8%



Rents

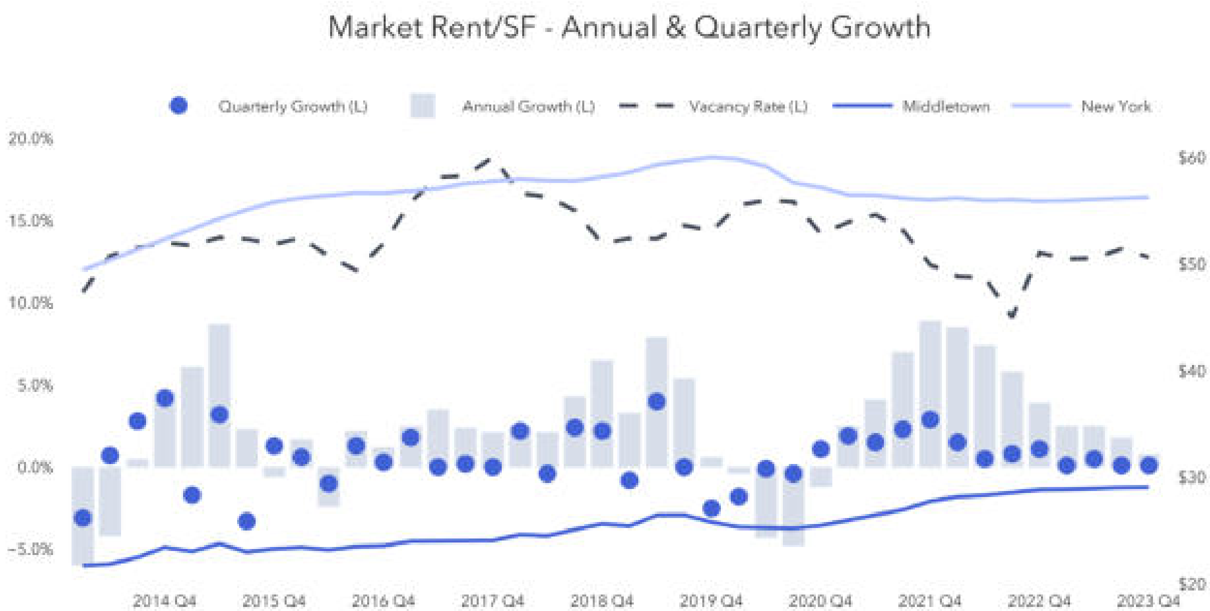
At $29.07/SF, rents in the Middletown Submarket are roughly 48% lower than the Market average of $56.27/SF. Rents in the Submarket have increased 3.4% per annum over the past decade, exceeding the Market, where rents increased 1.4% per annum during that time.

Market Rents

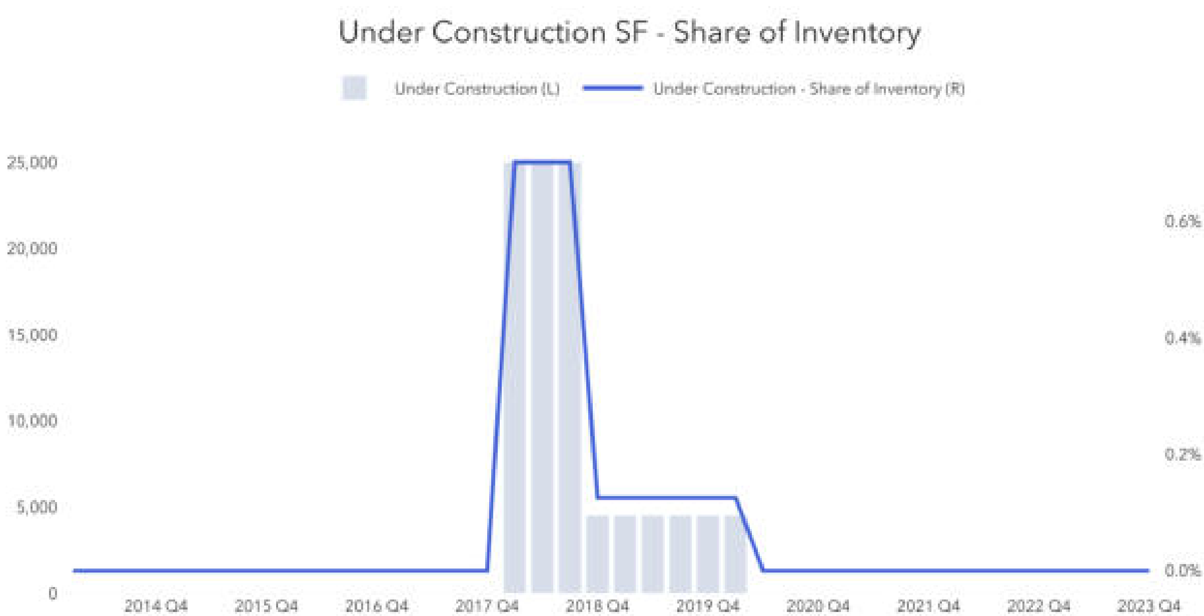
	2014	2015	2016	2017	2018	2019	2020	2021	2022	23 Q3	23 Q4
National	$28.89	$30.55	$31.55	$32.45	$33.53	$34.88	$34.33	$34.53	$34.89	$35.11	$35.16
Market	$52.45	$55.83	$56.64	$57.84	$58.19	$60.03	$57.19	$56.03	$55.91	$56.19	$56.27

Submarket	$23.43	$23.29	$23.58	$24.08	$25.64	$25.80	$25.48	$27.75	$28.84	$29.04	$29.07

Prior to the pandemic, the Middletown Office Submarket experienced softening rent growth. In 2019 Q4, annual rent growth in the Submarket softened below the previous quarter, and was below the historical average, with annual growth of 0.6%. In 2020 Q2, quarterly rent growth reached -0.1%. By the end of 2020, rents had fallen 1.2% from the 2019 Q4 rent level of $25.80/SF. From 2019 Q4 to 2021 Q4, rents increased 7.6%. Quarterly rent growth in 2023 Q4 slowed, increasing 0.1%, softening annual growth to 0.8%.

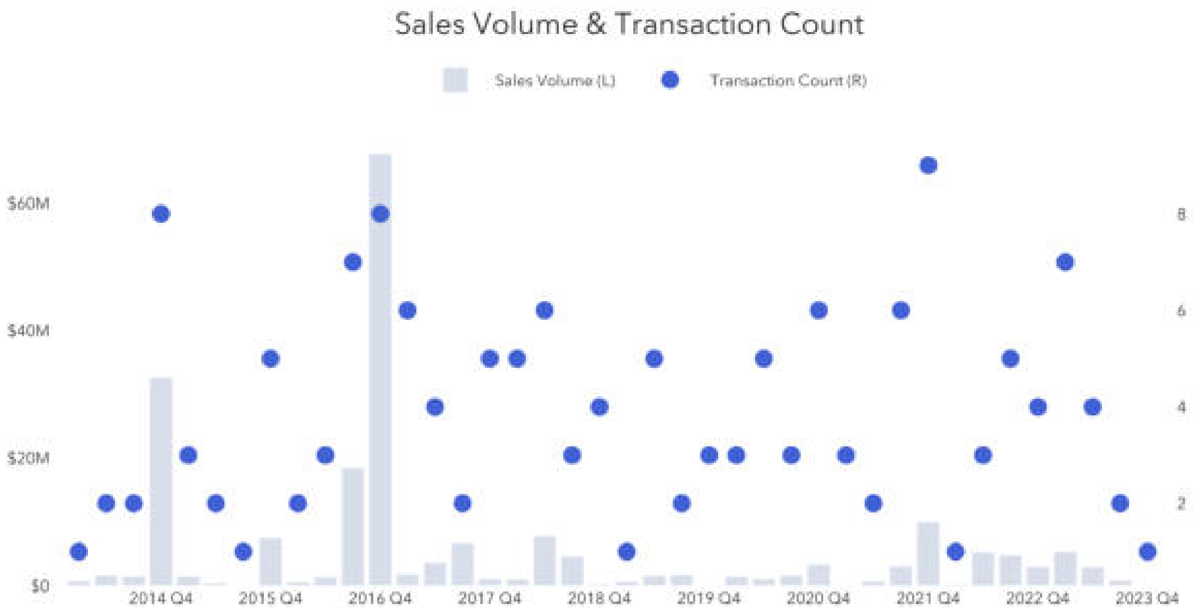


Construction & Future Supply

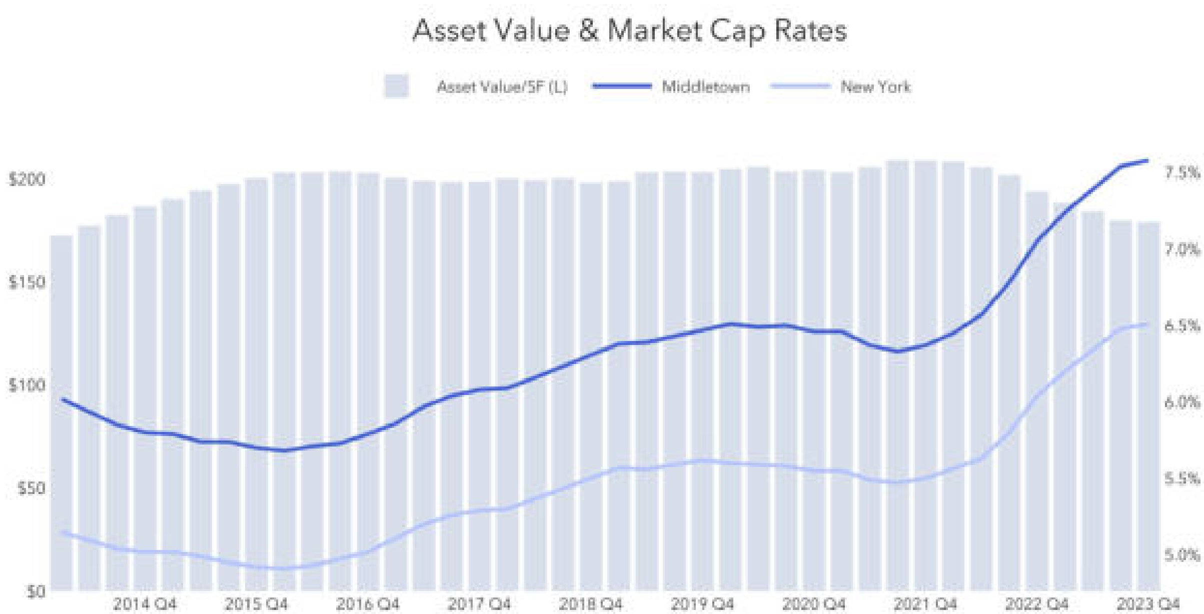


Capital Markets

Investors have been active in the Submarket over the past three years. Going back three years, investors have closed on average, 16 transactions per year with an annual average sales volume of $11.8 million. Over the past year, there were 14 closed transactions across 96.8k square feet, for a total sales volume of $8.9 million. As of 2023 Q4, CoStar data indicates there was 1 sale, compared to $785k in the previous quarter.



Market pricing, based on the estimated price movement of all properties in the Submarket, sat at $179/SF. Values have compressed 7.6% over the past year and continued to fall in the past quarter, decreasing 0.4% in 2023 Q4. Capitalization rates have increased 53 bps over the past year to 7.6% and increased 4 bps in Q4. Higher interest rates and the subsequent cost of debt, along with softening economic growth will weigh on both activity and pricing going forward.

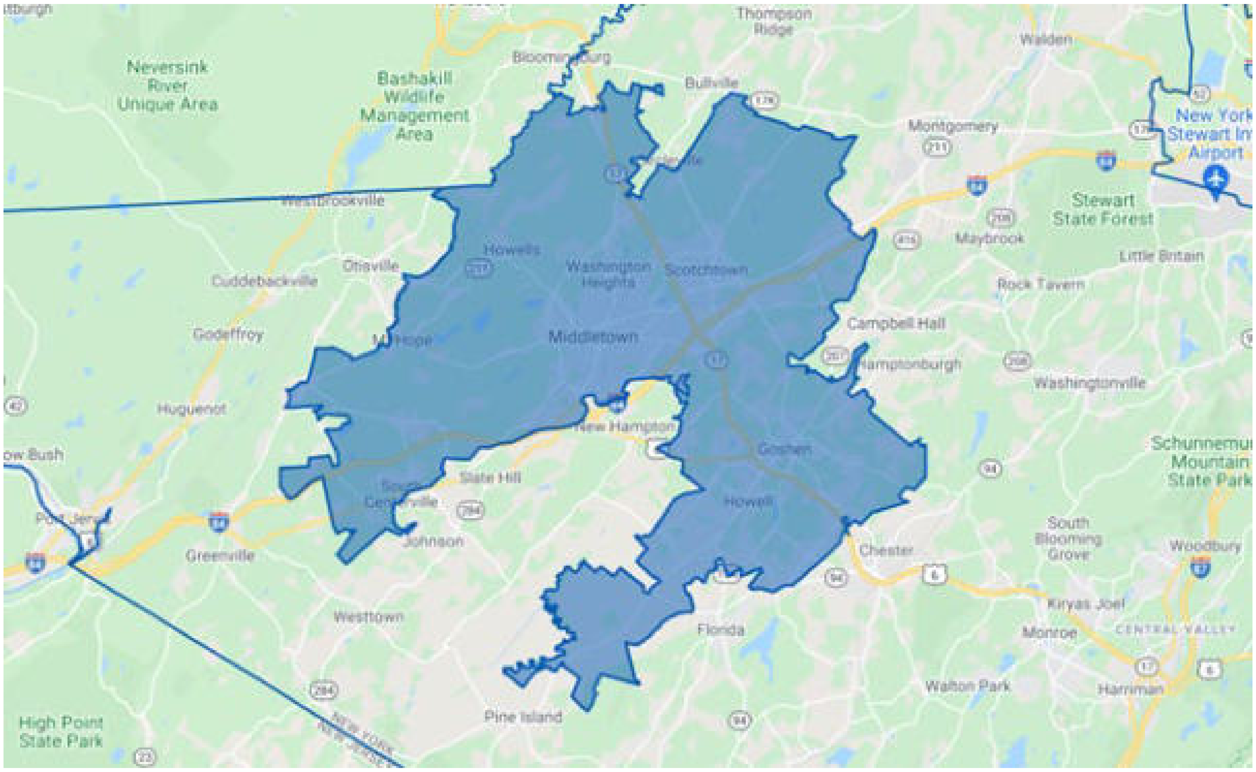


Outlook

Office demand remains well below pre-pandemic levels. Many office markets are contending with elevated vacancy and availability rates. This is occurring at a time of a looming recession, which has resulted in layoffs from many companies, slowing the recovery for the sector. Office market conditions in the Middletown Submarket indicate mixed demand and softening rent growth. With softening market conditions alongside elevated debt costs, values will likely experience downward pressure.

Middletown/Goshen: Multifamily Submarket Analysis

The information contained in this report was provided using 2023 Q4 CoStar data for the Middletown/Goshen Multifamily Submarket ("Submarket") located in the New York Market ("Market").



Overview

The subject property is in the Middletown/Goshen Submarket of the New York Market, defined in the map above. This Submarket accounts for less than 1% of the Markets total inventory with 4.4k units. In the Middletown/Goshen Submarket, demand remains strong with vacancy rates down yoy and over the past quarter. With continued compression in vacancy rates, rents increased 0.8% in the latest quarter and are up 3.2% over the past year. Despite market conditions improving, values experienced no growth over the past quarter and currently sit at $205,594/unit.

Sector Fundamentals

	Middletown/Goshen	YoY	QoQ	New York	YoY	QoQ
Market Rent/Unit	$1,935	3.2%	0.8%	$3,060	2.0%	0.0%
Vacancy Rate	3.24%	-130 bps	-65 bps	2.56%	14 bps	3 bps
Net Absorption Units	29	1350.0%	-37.0%	5,430	24.9%	0.0%
Asset Value/Unit	$205,594	-3.7%	7.2%	$396,924	-11.6%	-2.0%
Market Cap Rate	5.54%	52 bps	-3 bps	5.11%	60 bps	7 bps
Transaction Count	2	NA	NA	202	-33%	-28%
Sales Volume	$32,600,000	NA	NA	$962,639,744	-64%	-49%

The table below presents historical performance of key indicators for multifamily space in the Submarket including inventory & construction levels, net absorption, vacancy & availability, rental rates, pricing, and cap rates.

Historical Multifamily Performance: Middletown/Goshen Submarket

Period	Inventory Units	Under Construction Units	Net Delivered Units 12 Mo	Absorption Units 12 Mo	Vacancy Rate	Market Effective Rent/Unit	Asset Value/Unit	Market Cap Rate
2023 Q4	4,377	224	116	168	3.2%	$1,935	$205,594	5.54%
2023 Q3	4,377	224	274	141	3.9%	$1,919	$191,760	5.57%
2022	4,261	340	158	-15	4.5%	$1,876	$213,534	5.01%
2021	4,103	274	0	20	0.5%	$1,784	$240,258	4.52%
2020	4,103	0	57	101	1.0%	$1,635	$214,366	4.80%
2019	4,046	57	0	36	2.1%	$1,554	$200,539	5.11%
2018	4,046	57	0	-12	3.0%	$1,507	$193,486	5.17%
2017	4,046	0	0	-21	2.7%	$1,458	$188,340	5.15%
2016	4,046	0	309	312	2.1%	$1,424	$180,069	5.20%
2015	3,737	309	192	220	2.4%	$1,392	$186,084	5.20%
2014	3,545	501	0	21	3.3%	$1,340	$194,664	5.19%

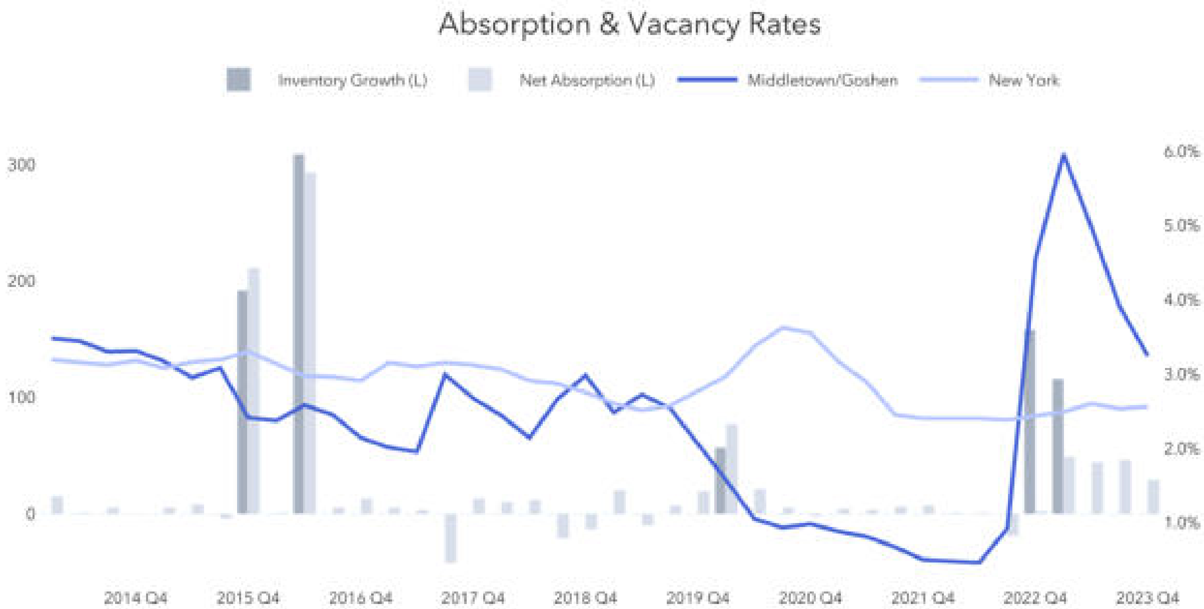
Supply & Demand

The Submarket has 4.4k units of multifamily space, and developers have added, net of demolitions, 832 units over the past ten years, increasing inventory by 23.5% during that time. Despite an increase in supply over the past ten years, absorption levels have outpaced it, and vacancy rates are lower than they were a decade ago, compressing from 3.5% to 3.2%.

Despite an increase in inventory levels over the past year, demand has outpaced it, and vacancy rates have compressed 130 bps over the past year from 4.5% to 3.2% but increased above the 10-year average of 2.4%, and above the Market average by 68 bps. In the fourth quarter, multifamily tenants in the Submarket absorbed 29 units, a decrease from the 46 units absorbed in 2023 Q3, but an improvement from the 2 units absorbed in the same quarter last year.

Vacancy Rates

	2014	2015	2016	2017	2018	2019	2020	2021	2022	23 Q3	23 Q4
National	6.3%	6.2%	6.5%	6.8%	6.5%	6.5%	6.7%	5.0%	6.5%	7.3%	7.6%
Market	3.2%	3.3%	2.9%	3.1%	2.8%	2.8%	3.5%	2.4%	2.4%	2.5%	2.6%
Submarket	3.3%	2.4%	2.1%	2.7%	3.0%	2.1%	1.0%	0.5%	4.5%	3.9%	3.2%
Class A	3.0%	3.8%	2.4%	2.6%	7.9%	2.4%	0.1%	0.0%	18.5%	5.8%	2.1%
Class B	3.8%	2.8%	2.5%	2.6%	1.6%	2.0%	0.6%	0.2%	1.5%	3.6%	2.9%
Class C	3.2%	2.1%	1.9%	2.7%	2.4%	2.0%	1.3%	0.7%	1.9%	3.5%	3.7%



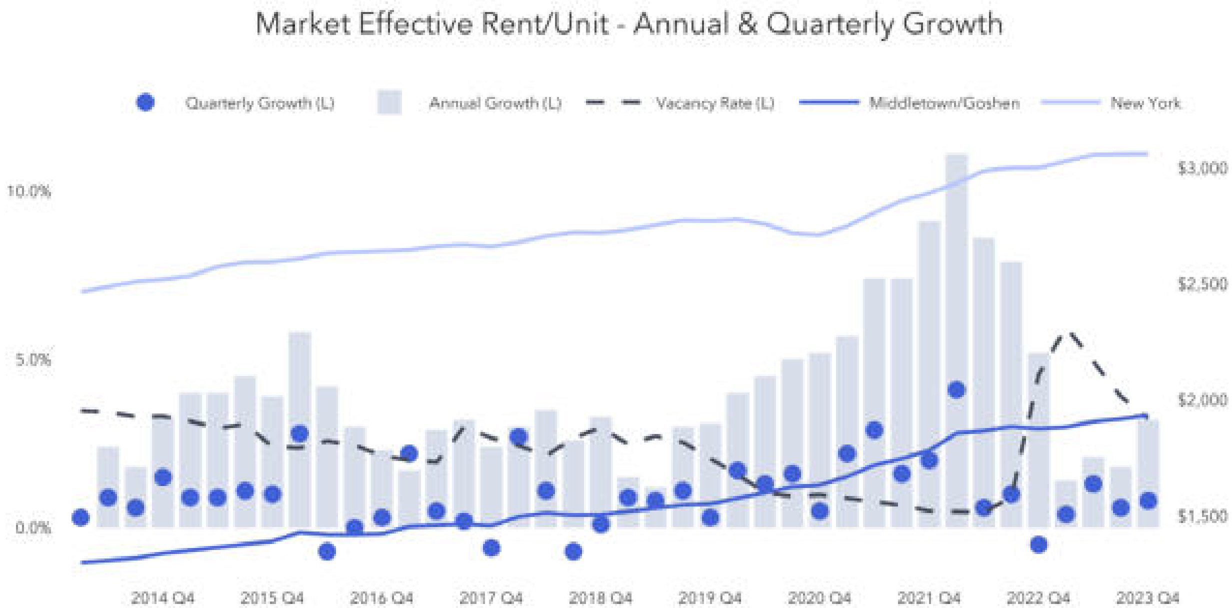
Rents

At $1,935/unit, rents in the Middletown/Goshen Submarket are roughly 37% lower than the Market average of $3,060/unit. Rents vary throughout the Submarket. Class A apartment units are a premium with an average effective rent rate of $2,357/unit, followed by $2,025/unit for Class B and $1,760/unit for Class C units. Rents in the Submarket have increased 4.9% per annum over the past decade, exceeding the Market, where rents increased 2.4% per annum during that time.

Market Rents

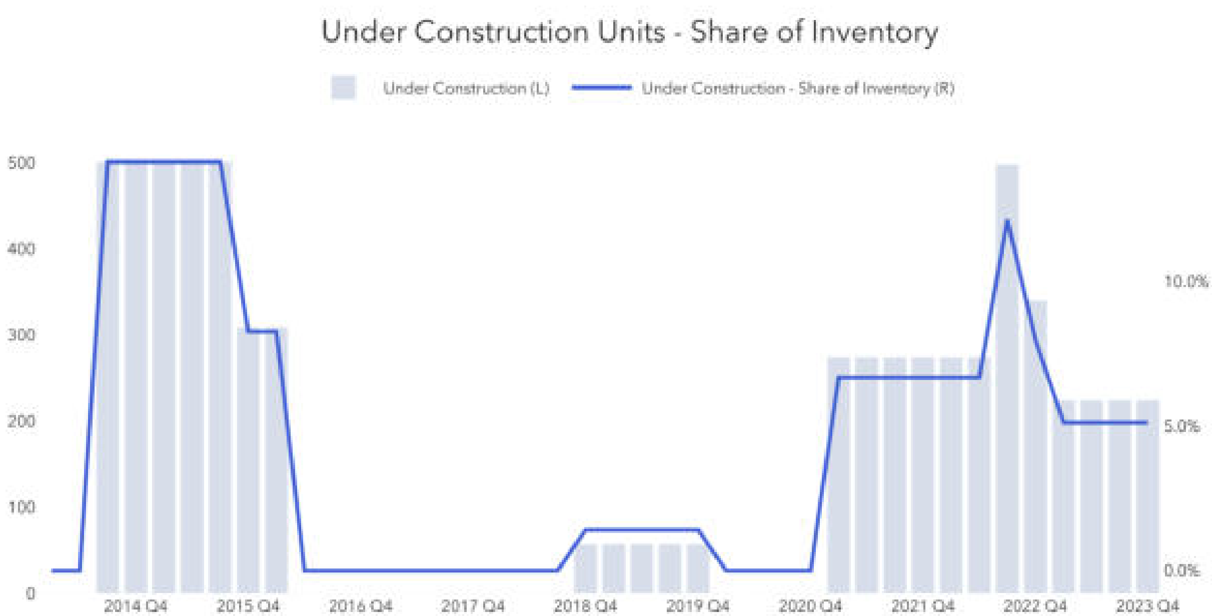
	2014	2015	2016	2017	2018	2019	2020	2021	2022	23 Q3	23 Q4
National	$1,214	$1,265	$1,294	$1,324	$1,366	$1,412	$1,418	$1,578	$1,636	$1,657	$1,647
Market	$2,520	$2,596	$2,637	$2,661	$2,721	$2,772	$2,711	$2,891	$3,001	$3,059	$3,060
Submarket	$1,340	$1,392	$1,424	$1,458	$1,507	$1,554	$1,635	$1,784	$1,876	$1,919	$1,935
Class A	$1,841	$1,894	$1,935	$1,976	$2,019	$2,100	$2,125	$2,212	$2,267	$2,326	$2,357
Class B	$1,385	$1,419	$1,449	$1,501	$1,527	$1,596	$1,655	$1,881	$2,007	$2,020	$2,025
Class C	$1,159	$1,220	$1,250	$1,274	$1,334	$1,361	$1,469	$1,602	$1,692	$1,744	$1,760

Prior to the pandemic, the Middletown/Goshen Multifamily Submarket experienced improving rent growth. In 2019 Q4, annual rent growth in the Submarket accelerated above the previous quarters yoy growth rate, and was above the historical average, with annual growth of 3.1%. In 2020 Q2, quarterly rent growth fell to 1.3%. By the end of 2020, rents had increased 5.2% from the 2019 Q4 rent level of $1,554/unit. From 2019 Q4 to 2021 Q4, rents increased 14.8%. Quarterly rent growth in 2023 Q4 increased 0.8%, pushing annual growth to 3.2%.



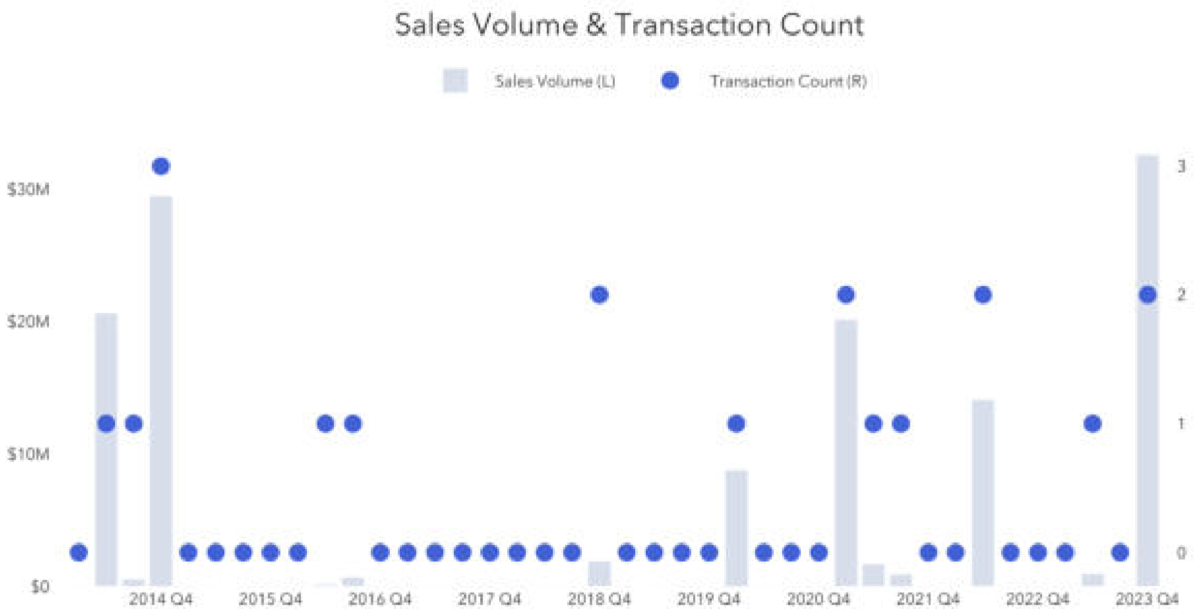
Construction & Future Supply

Developers have been active for much of the past ten years. In fact, they have added 832 units to the Submarket over that time, expanding inventory by 23.5%. Developers remain active in the Submarket despite elevated construction and debt costs. In fact, developers are currently active with 224 units, or the equivalent of 5.1% of existing inventory, underway. Demand in the Middletown/Goshen Submarket has outpaced new deliveries over the past year but could slow along with softening economic growth.

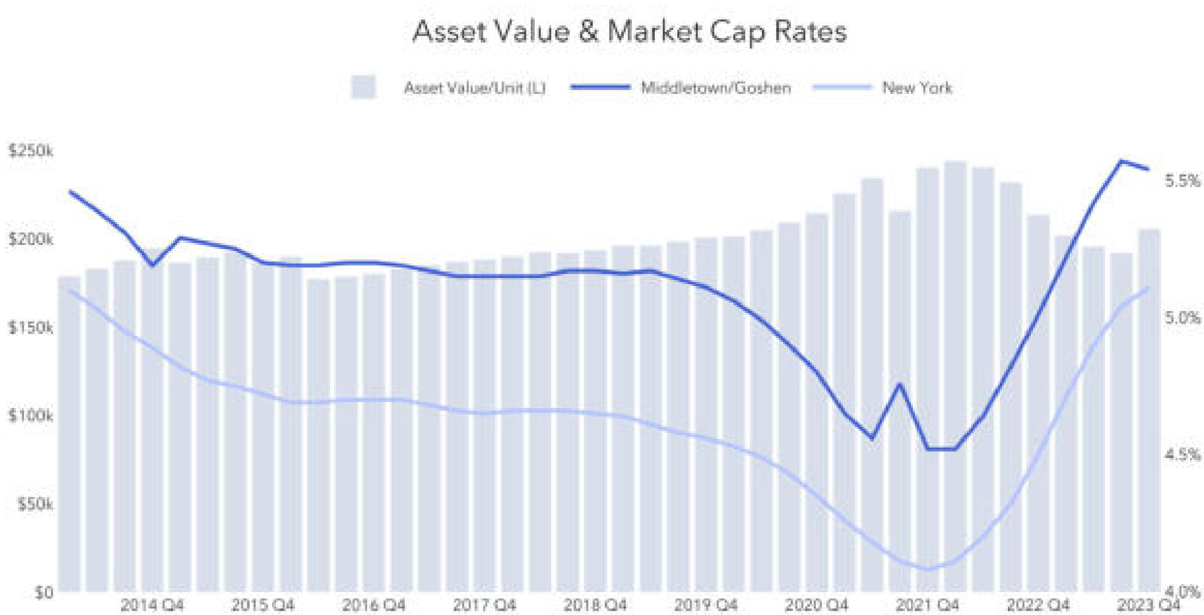


Capital Markets

Investors have not been very active in the market over the past three years and few transactions have occurred. Going back three years, investors have closed on average, 3 transactions per year with an annual average sales volume of $23.4 million. Over the past year, there were 3 closed transactions across 160 units, for a total sales volume of $33.5 million. As of 2023 Q4, CoStar data indicates there were 2 transactions for a total sales volume of $32.6 million, compared to no sales volume in the previous quarter.



Market pricing, based on the estimated price movement of all properties in the Submarket, sat at $205,594/unit. Values have compressed 3.7% over the past year but improved in the past quarter, increasing 7.2% in 2023 Q4. Capitalization rates have increased 52 bps over the past year to 5.5% and compressed 3 bps in Q4. While there is still quite a bit of dry powder available, many investors are likely to remain on the sidelines over the second half of 2023.



Outlook

The U.S. multifamily sector experienced a slowdown in demand over the second half of 2022, which continued into 2023 and even further into the 2nd half of the year. With demand slowing, rent growth has decreased in many markets across the Nation.

Multifamily market conditions in the Middletown/Goshen Submarket indicate positive demand, with vacancy rates decreasing due to a slow in the pipeline. With vacancy rates compressing, quarterly rent growth increased, pushing annual growth to 3.2%. Looking ahead to the near term, it is likely that tenants remain active, although at a slower pace, softening rent growth.

Highest & Best Use

In determining highest and best use, we have considered the current trends of supply and demand on the market, current zoning regulations and other possible restrictions, and Neighboring land uses.

It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

In estimating highest and best use, alternative uses[10], such as the legally permissible use, the physically possible use, the financially feasibility, and the highest and best use, are considered and tested for the subject site.

As Vacant

Legally Permissible	The subject improvements are within a C-1 zone which permits various commercial uses as of right.
Physically Possible	The site is of good size and has good street access. The lots have 605,048 of total square feet with good frontage. The physical characteristics of the site do not appear to impose any unusual restrictions on development and we are not aware of any easement or encroachments that would impact development. All necessary utilities are available and the site appears functional for a variety of permitted uses.
Financially Feasible	The subject is located within a mixed-use district. Rents for all uses are too low to support new development.
Maximally Productive/ Highest and Best Use	All legally permissible, physically possible, and financially feasible uses of the site, as vacant, have been presented and examined. In conclusion, it is our opinion that the highest and best use of the subject, as vacant, would be to hold the property vacant until market conditions improve.

[10] *The definitions of these alternative uses can be found in the Glossary of Terms, which is located in the Addenda.*

As Improved

Legally Permissible The subject is in a C1-1 zone which permits various uses as of right. The current community facility and office uses are legal.

Physically Possible The subject is improved with five buildings. The current improvements contain a gross building area of 371,573 square feet. The subject improvements are considered to be in average condition overall and relatively well maintained and functional for its use.

Financially Feasible The subject has an appraised value of $36,800,000 . This exceeds the value of the land. Since the improvements contribute value to the land, it would be unreasonable to demolish them.

Maximally Productive/ Highest and Best Use All legally permissible, physically possible, and financially feasible uses of the site, as improved, have been presented and examined.

It is our opinion that the highest and best use of the subject, as improved, is its current use as a community facility/school/dormitory building.

Conclusion Based on the above analysis, continued community facility and dormitory use is concluded to be the highest and best use as improved.

Most Probable Buyer The most likely buyer is an owner-occupant or regional investor.

Appraisal Valuation Process

There are three approaches to value we consider: The Cost Approach, the Sales Approach, and the Income Approach.

The **Cost Approach** is traditionally a good indicator of value when properties being appraised are new or close to new. 60 Prospect Avenue was constructed between 1929 and 1980 and has notable physical and economic depreciation. The difficulty in credibly isolating the influence of these factors on value affects the reliability of this approach. Along this line, investors typically give nominal weight to this analysis. Therefore, as a result of the limited reliability of this approach, it has not been applied.

The **Income Approach** is a strong indicator of value when market rents, vacancy rates, stabilized expenses, capitalization/discount rates are based on reliable market data. Given the depth of the market, there are numerous transactions from which to glean points of analysis, lending credibility to the results of the approach. Further, given multi-tenant assets are generally acquired for their capacity to generate a return on and of capital and given that the subject is leased, this methodology is the most reliable approach to value.

The **Sales Comparison Approach** is reliable when few differences exist between the comparable sales and the subject, and the sales data collected is credible and accurate. Similar property types in competitive locations tend to sell within a consistent range, and this factor makes valuation on a per square foot basis a strong predictor of value.

In advancing an opinion of the value of the subject, we considered the two primary approaches to real estate valuation: Income and Sales Comparison. The Cost approach is not used due to the age of the subject and difficulty in estimating depreciation. Additionally, market participants in the area do not use the cost approach when making investment decisions for properties similar to the subject.

Finally, the relative strengths and weaknesses of each approach are discussed, and a final value opinion is offered.

Income Approach

In the Income Capitalization Approach, a property's capacity to generate future benefits is analyzed; the forecasted income is capitalized into an indication of present value. Definitions of commonly used measures of anticipated benefits are defined in the Glossary of Terms within the Addenda.

The income capitalization approach supports two methodologies: direct and yield capitalization. Investors in the local market typically utilize a direct capitalization when making investment decisions for this asset class, therefore we conclude that the direct capitalization method is appropriate to apply to the subject.

Base Rental Income

60 Prospect Avenue is a community facility/teaching school property. The current occupied non-residential component of the subject property is summarized below:

Tenant	SF	Lease Start Date	Annual Rent	Rent PSF	Details	
Touro College	108,328	3/1/2012	$617,100	$5.70	Lease Expiration:	2/28/2032
					Taxes:	Tenant
					Utilities:	Tenant
					Insurance:	Tenant
					Maint:	Tenant
					Rent Increase:	10% increases every 5 years
					Other:	One 10-year option
Paz Management	41,000	1/1/2025	$205,000	$5.00	Lease Expiration:	12/31/2044
					Taxes:	Tenant
					Utilities:	Tenant
					Insurance:	Tenant
					Maint:	Tenant
					Rent Increase:	1.5% annual increase
					Other:	One 49-year option
Touro College	8,800	7/1/2023	$79,200	$9.00	Lease Expiration:	6/30/2028
					Taxes:	Tenant
					Utilities:	Tenant
					Insurance:	Tenant
					Maint:	Tenant
					Rent Increase:	10% increases every 5 years
					Other:	Three 5-year options
Regional Economic Community Action Program	15,315	7/1/2024	$137,835	$9.00	Lease Expiration:	6/30/2044
					Taxes:	Tenant
					Utilities:	Tenant
					Insurance:	Tenant
					Maint:	Tenant
					Rent Increase:	3% increases
					Other:	Two 10-year options
Min:	8,800		$79,200	$5.00		
Average:	43,361		$259,784	$7.17		
Max:	108,328		$617,100	$9.00		
Potential Income:	**173,443**		**$1,039,135**	**$5.99**		

Touro College, Regional Economic Community Action Program (this lease is not finalized yet) and Paz Management are leased on a net basis where they are responsible for their pro-rata share of real estate taxes, insurance, and CAM.

The subject has a lease to Touro College, the subject's predominant tenant, for a 20-year term for 108,328 square feet of space. The Touro College space, which comprises the basement, 1st and 2nd floors of the Tower Building, was renovated (by the tenant for an estimated $20 million) and utilized as a medical teaching college.

In 2023, Touro College signed an additional 8,800 square feet of space at a rental rate of $9 PSF.

Per the lease agreement with Paz Management, the tenant will have up to 3 years to obtain the necessary local and state licensing and approvals. It is expected that the tenant will receive the required approvals within 12 months per ownership, and the lease will commence thereafter. It is an extraordinary assumption that the tenant will receive the required approvals by 1/1/2025.

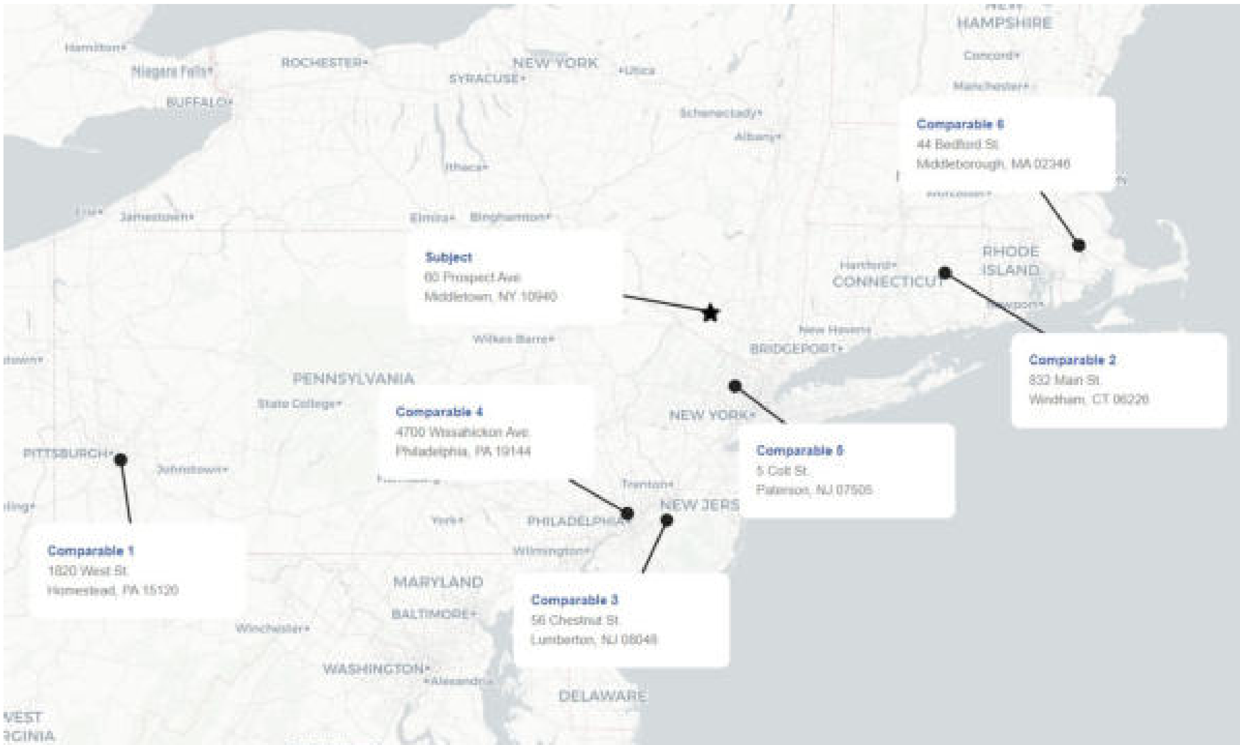
Upon lease commencement, the tenant's rent will be structured in the following manner: $0 PSF during Year 1, $1 PSF during Year 2, $2 PSF during Year 3, $3 PSF during Year 4, $4 PSF during Year 5, and $5 PSF during Year 6. There will be 1.5% annual increases thereafter. For our proforma, we have applied the stabilized $5 PSF and apply the necessary deductions in the rental differences from our final value. Note that ownership is not providing any Tis for the building out of this space, which is why the rent is below market.

Lastly, ownership is currently in talks with Regional Economic Community Action Program to lease 15,315 square feet of space. We have been provided with a draft copy of the lease agreement. The expected lease commencement date will be on 7/1/2024 and the tenant will have a starting base rent of $9 PSF with NNN terms. There are no TI allowances. We make the extraordinary assumption Regional Economic Community Action Program will execute the lease agreement.

Comparable Rentals

In order to determine the market orientation of the in-place leases and to project rent for the vacant area, we have surveyed the following community facility and office comparables. The comparables include school, medical office, government, and hospital use leases.

Comparable Community Facility Lease Summary



#	Address	Type	Tenant	Start Date	Sq. Ft.	Base Rent	Term	Comments
1	1820 West St, Homestead, PA 15120	Community Facility	The Devereux Foundation	Dec-23	60,000	$12.50	NNN	10-year term, 4-story building
2	832-842 Main St, Willimantic, CT 06226	Medical Office	Perception Programs Inc	Jul-22	34,236	$10.00	NNN	15-year term, 3-story building
3	56 Chestnut St, Lumberton, NJ 08048	Community Facility	UHS of Hampton Learning Center	Sep-21	53,406	$10.00	NNN	5-year term, 2-story building
4	4700 Wissahickon Ave, Philadelphia, PA 19144	Community Facility	Resources For Human Development	Sep-21	97,273	$8.23	NNN	3 story building
5	5 Colt St, Paterson, NJ 07505	Community Facility	HARP Academy of Health Science	Jun-21	52,000	$15.00	NNN	10-year term, 7-story building
6	44 Bedford St, Middleboro, MA 02344	Community Facility	READS Academy	Dec-20	40,000	$14.00	NNN	1-story building
				Min:	**34,236**	**$8.23**		
				Avg:	**56,153**	**$11.62**		
				Max:	**97,273**	**$15.00**		

Rent Adjustment Grid

#	Rent	MC	MC Adj.	Location	Condition	Size	Utility	Leasing Terms	Total Adj.	Adjusted
1	$12.50	0%	$12.50	-10%	0%	0%	0%	0%	-10%	$11.25
2	$10.00	0%	$10.00	0%	0%	-5%	0%	0%	-5%	$9.50
3	$10.00	0%	$10.00	0%	0%	0%	0%	0%	0%	$10.00
4	$8.23	0%	$8.23	-10%	0%	0%	0%	0%	-10%	$7.41
5	$15.00	0%	$15.00	0%	-15%	0%	0%	0%	-15%	$12.75
6	$14.00	0%	$14.00	0%	-10%	0%	-15%	0%	-25%	$10.50
Min:	**$8.23**								**Min:**	**$7.41**
Avg:	**$11.62**								**Avg:**	**$10.23**
Max:	**$15.00**								**Max:**	**$12.75**

Adjustment Grid Discussion

Market Conditions: Per the CoStar Market report, office rents have stayed consistent year over year. No adjustments were applied.

Location: Comparable 1 and 4 are located in Pittsburgh and Philadelphia, which are large metropolitan areas. A downward adjustment was applied.

Condition: Comparables 5-6 are in superior condition. Downward adjustments were applied.

Size: Comparable 2 is significantly smaller than the subject's units. A downward adjustment was applied.

Utility: Comparables 6 is located on 1st floor space which is superior to multi-level space. A downward adjustment was applied.

Leasing Terms: The subject and the comparables were leased on a net basis. No adjustments were made.

Rent Conclusion

Before adjustments, the comparables range from $8.23 to $15.00 per square foot, and average $11.62 per square foot prior to adjustments. They were signed since 2020 and range in size between 34,236 to 97,273 square feet.

The adjusted range ranges from $7.41 to $12.75 per square foot with an average of $10.23 per square foot. Based on the comparables, we estimate market rent for the subject's space at $9 per square foot, under triple net lease terms. We note that the Touro College expansion space was signed at $9 PSF NNN and the prospective lease with Regional Economic Community Action Program will be signed at $9 PSF NNN. However, we note that these leases did not come with TI allowances. We deem them market oriented.

Local Office Comparables

Due to the scarcity of large community facility properties in the subject's immediate location, our market rent analysis above was based on leases from similar markets within a five-hundred-mile radius of the subject. We also researched and present the following local comparable office leases from the subject's Middletown market and the nearby Goshen market area.

Comparable Local Office Lease Summary

Comparable Local Office Lease Summary

#	Address	Sign Date	Sq. Ft.	Base Rent	Comments
1	45 Turner Dr, Middletown, NY 10941	Aug-23	2,000	$14.00	Modified gross lease; 5 year term
2	594 E Main St, Middletown, NY 10940	Jul-23	1,300	$20.00	Modified gross lease
3	14 Silver Lake Scotchtown Rd, Middletown, NY 10940	Oct-22	2,280	$12.00	Modified gross lease; 2 year term
4	100 Crystal Run Rd, Middletown, NY 10941	Sep-22	1,573	$20.00	Modified gross lease; 5 year term; within a 45,000 SF office
5	726 E Main St, Middletown, NY 10940	May-22	1,160	$20.00	Modified gross lease; 5 year term
		Min:	**1,160**	**$12.00**	
		Avg:	**1,663**	**$17.20**	
		Max:	**2,280**	**$20.00**	

The comparables show a rental range of $12.00 to $20.00 with an average of $17.20 per square foot. Based on the local office comparables, we estimate market rent for the subject space, if leased to smaller local office tenants, to be around $15 per square foot – modified gross.

These comparables are presented as additional support to our market rent conclusion of $9 per square foot NNN for the subject's large community facility space.

Market Rent Vs Contract Rent

The contract rent for Touro College is $5.18 per square foot. This lease was signed in 2012 at a time when the property was fully vacant following the departure of the hospital that previously occupied the space. Also, according to ownership, the tenant paid extensive costs ($20 million) to build out the space. Thus, it is reasonable that the current lease is well below market levels. However, Touro College signed an additional 8,800 SF of space in 2023 at a rental rate of $9 PSF NNN which is more aligned with our market rent projections. It is noted no TI allowances were provided.

The lease with Paz Management, which is expected to commence on 1/1/2025 stabilizes at $5.00 PSF at Year 6. The space is fully vacant and the tenant is responsible for building out the space. Therefore, it is reasonable that its base rent is below market.

Lastly, ownership is currently in talks with Regional Economic Community Action Program to lease 15,315 square feet of space. We have been provided with a draft copy of the lease agreement. The expected lease commencement date will be on 7/1/2024 and the tenant will have a starting base rent of $9 PSF with NNN terms. There are no TI allowances.

The contract rents are supported by our market survey. Therefore, we will apply the contract rents for the subject's leases in our pro forma. An estimated $1,039,135 will be applied to the potential income of Touro College, Regional Economic Community Action Program, and Paz Management.

Vacant Space

Based on the analysis above, we will apply our market rent conclusion of $15.00 to the subject's vacant office area which is summarized below. However, since many of the local office comparables presented above were based on modified gross lease terms, we will assume modified gross terms with the tenant paying only tax increases over a base year.

The current vacancies include 11,069 square feet of office space located on the 3rd floor of the Tower Building. The Horton Building also contains 17,038 square feet of vacant space in the basement.

Given that Tower 3 is above grade space, we have projected a base rent of $15.00 PSF modified gross for this space.

Horton 0 is basement space / below grade space, and given the inferiority of below grade space compared to a grade or above grade space, we applied a 33% discount and project a market rent of $10.00 PSF modified gross for this space.

We will deduct anticipated leasing costs (TI's and brokerage fees) and rent loss from our capitalized value.

Our calculation of potential income for the vacant space is shown as follows:

Vacant Suite	SF	Lease Start Date	Monthly Rent	Annual Rent	Rent PSF	Lease & Terms	
Horton 0 (Basement)	17,038	TBD	$14,198	$170,380	$10.00	Lease Expiration:	TBD
						Taxes:	Landlord
						Electric:	Tenant
						Insurance:	Landlord
						CAM:	Landlord
						Other:	--
Tower 3	11,069	TBD	$13,836	$166,035	$15.00	Lease Expiration:	TBD
						Taxes:	Landlord
						Electric:	Tenant
						Insurance:	Landlord
						Maint:	Landlord
						Other:	--
Min:	11,069		$13,836	$166,035	$10.00		
Average:	14,054		$14,017	$168,208	$12.50		
Max:	17,038		$14,198	$170,380	$15.00		
Potential Commercial Income			**$28,035**	**$336,415**	**$11.97**		

Student Housing Rentals

Horizon Student Housing, LLC is an owner-managed student housing entity that manages 160 beds and occupies 80,576 square feet of area. The dormitory space includes a portion of the 3rd floor of the Tower Building, the entire 4th and 5th floors of the Tower Building, and the entire 2nd and 3rd floors of the adjacent Morrison Building. Per ownership, all 160 beds are occupied. Each bed is priced at $4,125 per semester or $8,250 per academic year. Horizon Student Housing is generating in income for ownership each year. The rent is flat.

# of Beds	Sq. Ft.	Rent / Year	Total Rent	Occupancy	Total Rent
160	80,576	$8,250	$1,320,000	100%	$1,320,000

Comparable Rentals

In order to determine the reasonableness of the subject's Horizon Student Housing dorm rentals, we have surveyed the following comparables:

#	Address	Type	College	Year	Cost Per Year
1	330 Powell Ave, Newburgh, NY 12550	Student Dorms	Mount Saint Mary College	2023	$11,180
2	1 Hawk Dr, New Paltz, NY 12561	Student Dorms	SUNY at New Paltz	2023	$10,466
3	124 Raymond Ave, Poughkeepsie, NY 12604	Student Dorms	Vassar College	2023	$17,415
4	505 Ramapo Valley Rd, Mahwah, NJ 07430	Student Dorms	Ramapo College	2022	$10,048
				Min:	**$10,048**
				Avg:	**$12,277**
				Max:	**$17,415**

The surveyed comparables are located at nearby universities and they range from $10,048 per year to $17,415 per year with an average of $12,277 per year. Given the range of the comparables, we deem the rents at Horizon Student Housing to be market oriented.

Proposed Student Housing – Horton Building

The Horton Building and the Circle Wing Building are currently vacant. Ownership is currently in the process of converting these two buildings into a student housing facility which will contain 38 one-bedrooms, 19 two-bedrooms, and 4 three-bedrooms units. Estimated construction cost is $10,226,829 and $5,942,248 has been spent to date with $4,284,581 remaining. Construction commenced in March 2023 and will be completed by June 2024, prior to the start of the 2024 academic school year.

The owner's projected rent roll is illustrated below:

Unit	No. of Units	Rental Range Per Month			Total Annual Rent	Avg. Rent Per Month
One-Bedroom	38	$1,394	-	$1,467	$651,204	$1,428
Two-Bedroom	19	$1,813	-	$2,152	$448,212	$1,966
Three-Bedroom	4	$2,520	-	$2,520	$120,960	$2,520
Totals/Average	**61**				**$1,220,376**	**$1,667**

				60 Prospect Avenue				
#	Unit	# Rooms	# Bedroom	Type	Comment	Monthly Rent	SF	Rent Per SF
1	1	3	1	Typical	Market Rate	$1,424.00	605	$28.24
2	2	3	1	Typical	Market Rate	$1,424.00	605	$28.24
3	3	3	1	Typical	Market Rate	$1,424.00	605	$28.24
4	4	3	1	Typical	Market Rate	$1,424.00	605	$28.24
5	5	3	1	Typical	Market Rate	$1,424.00	605	$28.24
6	6	3	1	Typical	Market Rate	$1,424.00	605	$28.24
7	7	3	1	Typical	Market Rate	$1,424.00	605	$28.24
8	8	3	1	Typical	Market Rate	$1,424.00	605	$28.24
9	9	3	1	Typical	Market Rate	$1,424.00	605	$28.24
10	10	3	1	Typical	Market Rate	$1,424.00	605	$28.24
11	11	3	1	Typical	Market Rate	$1,424.00	605	$28.24
12	12	3	1	Typical	Market Rate	$1,424.00	605	$28.24
13	13	4	2	Typical	Market Rate	$1,813.00	770	$28.25
14	14	4	2	Typical	Market Rate	$1,813.00	770	$28.25
15	15	4	2	Typical	Market Rate	$1,813.00	770	$28.25
16	16	3	1	Typical	Market Rate	$1,394.00	592	$28.26
17	17	3	1	Typical	Market Rate	$1,394.00	592	$28.26
18	18	3	1	Typical	Market Rate	$1,394.00	592	$28.26
19	19	3	1	Typical	Market Rate	$1,394.00	592	$28.26
20	20	3	1	Typical	Market Rate	$1,394.00	592	$28.26
21	21	3	1	Typical	Market Rate	$1,394.00	592	$28.26
22	22	3	1	Typical	Market Rate	$1,394.00	592	$28.26
23	23	3	1	Typical	Market Rate	$1,394.00	592	$28.26
24	24	3	1	Typical	Market Rate	$1,394.00	592	$28.26
25	25	3	1	Typical	Market Rate	$1,453.00	617	$28.26
26	26	3	1	Typical	Market Rate	$1,453.00	617	$28.26
27	27	3	1	Typical	Market Rate	$1,453.00	617	$28.26
28	28	3	1	Typical	Market Rate	$1,467.00	623	$28.26
29	29	3	1	Typical	Market Rate	$1,467.00	623	$28.26
30	30	3	1	Typical	Market Rate	$1,467.00	623	$28.26
31	31	3	1	Typical	Market Rate	$1,467.00	623	$28.26
32	32	3	1	Typical	Market Rate	$1,467.00	623	$28.26
33	33	3	1	Typical	Market Rate	$1,467.00	623	$28.26
34	34	4	2	Typical	Market Rate	$2,152.00	914	$28.25
35	35	4	2	Typical	Market Rate	$2,152.00	914	$28.25
36	36	4	2	Typical	Market Rate	$2,152.00	914	$28.25
37	37	4	2	Typical	Market Rate	$2,152.00	914	$28.25
38	38	4	2	Typical	Market Rate	$2,152.00	914	$28.25
39	39	4	2	Typical	Market Rate	$2,152.00	914	$28.25
40	40	4	2	Typical	Market Rate	$1,851.00	786	$28.26
41	41	4	2	Typical	Market Rate	$1,851.00	786	$28.26
42	42	4	2	Typical	Market Rate	$1,851.00	786	$28.26
43	43	5	3	Typical	Market Rate	$2,520.00	1,070	$28.26
44	44	5	3	Typical	Market Rate	$2,520.00	1,070	$28.26
45	45	5	3	Typical	Market Rate	$2,520.00	1,070	$28.26
46	46	4	2	Typical	Market Rate	$1,921.00	816	$28.25
47	47	4	2	Typical	Market Rate	$1,921.00	816	$28.25
48	48	4	2	Typical	Market Rate	$1,921.00	816	$28.25
49	49	4	2	Typical	Market Rate	$1,921.00	816	$28.25
50	50	4	2	Typical	Market Rate	$1,921.00	816	$28.25
51	51	4	2	Typical	Market Rate	$1,921.00	816	$28.25
52	52	3	1	Typical	Market Rate	$1,434.00	609	$28.26
53	53	3	1	Typical	Market Rate	$1,434.00	609	$28.26
54	54	3	1	Typical	Market Rate	$1,434.00	609	$28.26
55	55	3	1	Typical	Market Rate	$1,434.00	609	$28.26
56	56	3	1	Typical	Market Rate	$1,434.00	609	$28.26
57	57	3	1	Typical	Market Rate	$1,434.00	609	$28.26
58	58	3	1	Typical	Market Rate	$1,434.00	609	$28.26
59	59	3	1	Typical	Market Rate	$1,434.00	609	$28.26
60	60	4	2	Typical	Market Rate	$1,921.00	816	$28.25
61	61	5	3	Typical	Market Rate	$2,520.00	1,070	$28.26
Totals		**210**	**88**	**Total Monthly Income:**		**$101,698**	**43,193**	**$28.25**
Annual				**Total Annual Income:**		**$1,220,376**		

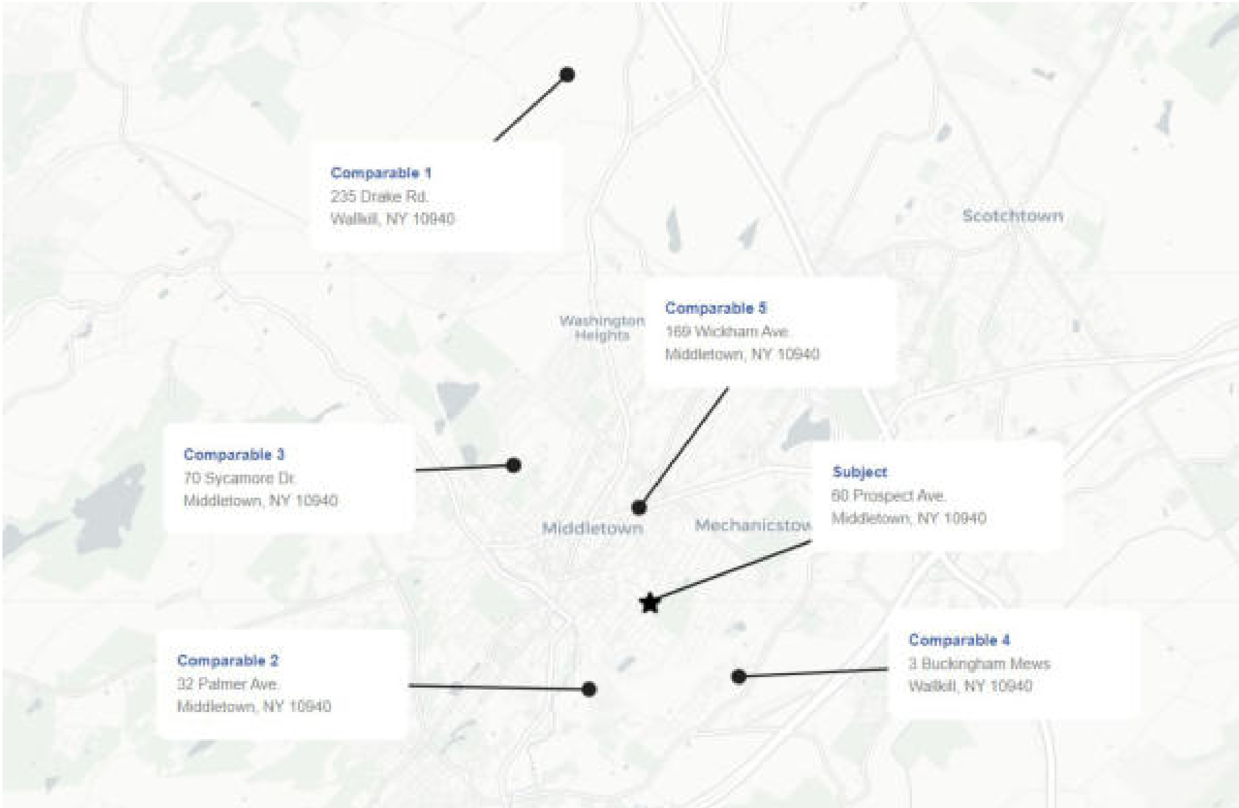
Comparable 1 BD Rentals

Address	Rooms	Beds	Bathrooms	Size (Sq. Ft.)	Monthly Rent	Rent / SF
200 Tower Dr, Middletown, NY 10941	3	1	1	835	$2,250	$32.34
5 Schindler Ct, Middletown, NY 10940	3	1	1	997	$2,185	$26.30
225 Berkman Dr, Middletown, NY 10941	3	1	1	772	$2,020	$31.40
66 Spring St, # 2, Goshen, NY 10924	3	1	1	650	$1,750	$32.31
644 Silver Lake Scotchtown Rd, Middletown, NY	3	1	1	650	$1,875	$34.62
			Min	**650**	**$1,750**	**$26.30**
			Average	**781**	**$2,016**	**$31.39**
			Max	**997**	**$2,250**	**$34.62**

Comparable 2 BD Rentals

Address	Rooms	Bedrooms	Bathrooms	Size (Sq. Ft.)	Monthly Rent	Rent / SF
700 Stratford Ln, Middletown, NY 10940	4	2	1	750	$2,075	$33.20
36 East Ave, APT 1, Middletown, NY 10940	4	2	2	800	$1,800	$27.00
225 Berkman Dr, Middletown, NY 10941	4	2	2	915	$2,250	$29.51
23 James P Kelly Way, Middletown, NY 10940	4	2	2	1,231	$2,804	$27.33
430 E Main St, Middletown, NY 10940	4	2	2	985	$2,500	$30.46
			Min	**750**	**$1,800**	**$27.00**
			Average	**936**	**$2,286**	**$29.50**
			Max	**1,231**	**$2,804**	**$33.20**

Comparable 3 BD Rentals



Address	Rooms	Bedrooms	Bathrooms	Size (Sq. Ft.)	Monthly Rent	Rent / SF
235 Drake Rd, Middletown, NY 10940	5	3	2	1,460	$3,100	$25.48
32 Palmer Ave, Middletown, NY 10940	5	3	1	1,100	$2,400	$26.18
70 Sycamore Dr, Middletown, NY 109401	3	3	2.5	1,521	$2,850	$22.49
3 Buckingham Mews, Middletown, NY 10940	3	3	2	1,604	$3,000	$22.44
169 Wickham Ave, Middletown, NY 10940	5	3	1	1,480	$2,650	$21.49
			Min	**1,100**	**$2,400**	**$21.49**
			Average	**1,433**	**$2,800**	**$23.62**
			Max	**1,604**	**$3,100**	**$26.18**

Comparable Discussion

The owner projects a base rent of $28.25 PSF for the subject's one-bedroom, two-bedroom, and three-bedroom units.

The comparable one-bedroom rentals indicate a base rent ranging from $26.30 PSF to $34.62 PSF with an average of $31.39 PSF. The comparable two-bedroom rentals indicate a base rent ranging from $27.00 PSF to $33.20 PSF with an average of $29.50 PSF. The comparable three-bedroom rentals indicate a base rent ranging from $21.49 PSF to $26.18 PSF with an average of $23.62 PSF.

Typically, in most markets, there is an inverse relationship between number of bedrooms and rent per square foot, in that units with larger bedroom count often command a lower rent per square foot. However, for student housing, this relationship is less apparent given that students will proportionally split the rent in bedrooms larger than 1-bedrooms. Given the range of the comparables, we conclude to a market rent of $28.25 PSF for all 61 residential units. Therefore, we apply the owner's projected annual rent of $1,220,376 into our analysis.

Tenant Reimbursements

Touro College, Regional Economic Community Action Program, and Paz Management reimburse their pro rata share of RE taxes (47% in total). Based on the projected tax payment (after tax savings from Pilot), the reimbursement is calculated to be $76,565.

Touro College, Regional Economic Community Action Program, and Paz Management reimburse for their pro rata share of CAM charges (including management expense). Based on this projection, the total CAM expenses are $2,386,952. Touro College and Paz Management will be responsible for reimbursing 47% of this expense.

In addition, the property owner has noted that they will be billing the new residents at the new student housing residence (Horton Building) for utility usage fees. They also plan on billing tenants at the Horizon Student Housing for a utility surcharge. The vacant office tenants will also be responsible for paying a share of the utilities. Therefore, we have projected $1,114,719 in total utility expense (as indicated in our expense projection section of this report), we apply a conservative 35% reimbursement for the remainder of the property. This implies a total utility reimbursement of 63% across the entire subject property.

CAM Expenses	
Insurance	$315,837
Utilities (Combined)	$1,114,719
Repairs & Maintenance	$222,944
Payroll	$520,202
General, Admin & Misc	$55,736
Management Fees	$157,514
Total CAM Expenses:	**$2,386,952**
Touro College, RECAP, & Paz Management (%)	47%
Touro College & Paz Management - CAM Reimbursements	$1,121,867
Utility Reimbursement - 35%	$390,152
Total CAM Reimbursements:	**$1,512,019**

Therefore, we have projected a total reimbursement of $1,512,019.

Vacancy and Collection Loss

According to CoStar, the office vacancy rate in Middletown is 12.77% although this factor may be inflated to the large amount of vacant space at the subject which comprises a significant share of the market. The subject has a current vacancy of 8% based on square footage although the property is not considered stabilized. We also considered that Touro College and Paz Management incurred or will incur very significant build out costs and have leases below market levels. Finally, we note that we have applied a deduction from our capitalized value for the anticipated lease up time of the vacant space. Considering these factors but also the high vacancy rate of the submarket, we project a stabilized vacancy and collection loss of 6% for the subject's commercial & community facility income and reimbursements.

We project a vacancy and collection loss of 3% for the subject's residential / student housing income given the strong demand for student housing per ownership. We also note that the CoStar Market Report indicates a 0.31% vacancy rate for multifamily housing.

Effective Gross Income Summary

Effective Gross Income

In Place Community Facility Income	$1,039,135
Student Housing Income	$2,540,376
Vacant Office Projection	$336,415
Real Estate Tax Reimbursements	$76,565
CAM Reimbursement	$1,512,019
Potential Gross Income	**$5,504,510**
Less Residential V/C Loss @ 3%	-$76,211
Less Commercial & Reimbursement V/C Loss @ 6%	-$177,848
Effective Gross Income	**$5,250,450**

Operating Expense Analysis

We were provided with the prior year's historical operating expenses. Due to the complex and specific uses at the subject, we have solely relied on the historical expenses and our market knowledge in our expense forecasts.

Historical Expenses

Operating Expenses	2020	2021	2022	2023	AVG
Real Estate Taxes	$0	$118,312	$132,522	$126,147	$94,245
Insurance	$208,445	$247,074	$258,239	$300,000	$253,439
Utilities (Combined)	$828,711	$809,339	$888,115	$1,083,990	$902,539
Repairs and Maintenance	$108,318	$87,726	$148,104	$635,460	$244,902
Payroll	$353,914	$377,932	$369,800	$2,176	$275,956
General, Admin & Misc	$114,704	$17,306	$17,423	$87,696	$59,282
Management	$36,300		$48,000		$42,150
Total Operating Expenses (Excl. Taxes)	**$1,650,392**	**$1,539,377**	**$1,729,682**	**$2,109,323**	**$1,757,193**

Operating Expenses PSF	2020	2021	2022	2023	AVG
Real Estate Taxes	$0.00	$0.32	$0.36	$0.34	$0.25
Insurance	$0.56	$0.66	$0.69	$0.81	$0.68
Utilities (Combined)	$2.23	$2.18	$2.39	$2.92	$2.43
Repairs and Maintenance	$0.29	$0.24	$0.40	$1.71	$0.66
General, Admin & Misc	$0.31	$0.05	$0.05	$0.24	$0.16
Management	$0.10		$0.13		$0.11
Total Operating Expenses PSF (Excl. Taxes)	**$4.44**	**$4.14**	**$4.66**	**$5.68**	**$4.73**

Estimated Operating Expenses

Our analysis is presented:

Real Estate Taxes

As discussed in the real estate taxes, we have applied the unabated tax burden of $147,830.

Insurance

Per SF Summary	2020	2021	2022	2023
Subject	$0.56	$0.66	$0.69	$0.81
Appraiser				**$0.85**

Insurance costs vary by the type of coverage. Costs are generally lower (on a per square foot basis) for larger buildings and for multi-building policies. The 2023 historical expense was $0.81 per square foot. We project this expense at $0.85 per square foot, or $315,837 annually.

Utilities

Per SF Summary	2020	2021	2022	2023
Subject	$2.23	$2.18	$2.39	$2.92
Appraiser				**$3.00**

The 2023 historical utilities expense (including water/sewer) was $2.92 per square foot. Thus, we have projected this expense at $3.00 per square foot given that our utility projection assumes the full stabilization of the new student housing residences at the Horton Building.

Repairs & Maintenance

Per SF Summary	2020	2021	2022	2023
Subject	$0.29	$0.24	$0.40	$1.71
Appraiser				**$0.60**

This expense varies depending on building age, management philosophy, services provided, and accounting methodology. Some management companies expense items that are normally included as capital costs. In addition, repair and maintenance costs may change from year to year; in some cases, repairs that require attention may be postponed due to cash flow considerations. The 2023 historical expense was reported at $1.71 per square foot. The 2022 historical expense was reported at $0.40 per square foot. Thus, we have projected this expense at $0.60 per square foot or $222,944 annually given that our projection assumes the full stabilization of the new student housing residences at the Horton Building.

Payroll

Per SF Summary	2020	2021	2022	2023
Subject	$0.95	$1.02	$1.00	$0.01
Appraiser				**$1.40**

The subject's historical payroll expense is summarized above. We have included a payroll expense of $1.40 per square foot or $520,202 annually given that our projection assumes the full stabilization of the new student housing residences at the Horton Building.

General, Administrative, and Miscellaneous

Per SF Summary	2020	2021	2022	2023
Subject	$0.31	$0.05	$0.05	$0.24
Appraiser				**$0.15**

This expense totaled $0.05 per square foot in 2022 and $0.24 per square foot in 2023. Also considering market norms, we have projected this expense at $0.15 per square foot or $55,736 annually.

Management Fee

Management fees for commercial properties typically range from 1% to 5% of effective gross income in the local market. We have estimated a stabilized management expense at 3% of EGI which totals $157,514.

Total Operating Expenses Current Date – Net of Taxes

Per SF Summary	2020	2021	2022	2023
Subject	$4.44	$4.14	$4.66	$5.68
Appraiser				**$6.57**

Net of taxes, we forecast operating expenses at $2,442,687, or $6.57 per square foot. This projection is significantly higher than the historical expenses given that our projection assumes the full stabilization of the new student housing residences at the Horton Building.

Stabilized Income and Expenses

Forecasted Pro Forma

Pro Forma	**$**	**Per SF**
Income		
In Place Community Facility Income	$1,039,135	$2.80
Student Housing Income	$2,540,376	$6.84
Vacant Office Projection	$336,415	$0.91
Real Estate Tax Reimbursements	$76,565	$0.21
CAM Reimbursement	$1,512,019	$4.07
Potential Gross Income	**$5,504,510**	**$14.81**
Less Residential V/C Loss @ 3%	-$76,211	-$0.21
Less Commercial & Reimbursement V/C Loss @ 6%	-$177,848	-$0.48
Effective Gross Income	**$5,250,450**	**$14.13**
Operating Expenses		
Real Estate Taxes	$147,830	$0.40
Insurance	$315,837	$0.85
Utilities (Combined)	$1,114,719	$3.00
Repairs & Maintenance	$222,944	$0.60
Payroll	$520,202	$1.40
General, Admin & Misc	$55,736	$0.15
Reserves	$55,736	$0.15
Management	$157,514	$0.42
Total Operating Expenses	**$2,590,518**	**$6.97**
Total Expenses Excluding RE Taxes	$2,442,687	$6.57
Net Operating Income	**$2,659,932**	**$7.16**
Operating Expense Ratio	49%	

Income Capitalization

In developing an opinion of the overall capitalization rate required by an investor, we will apply several methods of analyses: (1) Band of Investment; (2) Debt Coverage Ratio; (3) Direct Comparable Sales; and (4) Investor Surveys.

Band of Investment Technique

We use the Band of Investment technique to estimate a capitalization rate that accounts for the combination of equity and prevailing financing. The rate developed is a weighted average, the weights being percentages of the total value, which are occupied by the mortgage and equity positions.

Mortgage Component

A survey of active lenders in the subject property's influencing market indicates that 25-year and 30-year mortgage commitments are typically 100 to 300 basis points above 10-year treasuries.

Survey of Competitive Rates

Survey of Competitive Rates	Rate
Federal Funds Rate	5.25% - 5.50%
5-year CD	5.00 - 5.70%
10-year Treasury Bond	4.05%
30-year Treasury Bond	4.21%
Corporate Bonds (Moody's Seasoned AAA)	4.89%
Municipal Bonds (AAA, 10-year)	2.40%

Source: Federal Reserve Statistical Release, FRED, bankrate.com, fmsbonds.com

Currently, 10-year treasuries are trading at 4.05% suggesting mortgage rates of roughly 5.50% to 8.50%. The current mortgage market indicates a competitive interest rate, as there is strong demand from mortgage lenders seeking stable deals. After surveying several commercial mortgage lenders, it is our opinion that a typical creditworthy purchaser could obtain financing from a lending source in an amount equal to 70% percent of value at an annual interest rate of 6.00% and a 30-year payout. Therefore, the mortgage constant is 0.07190.

Equity Component

As a stabilized income pro forma is expressed in constant dollars, an equity divided rate will be applied. The consensus of those actively engaged in the marketplace for apartment buildings is that Year 1 equity rates of return (based upon forecasting techniques and assumptions like those utilized herein) fall within a broad range, depending on numerous risk factors, including among others:

Location – the better the location, the lower the rate of return;

Physical Characteristics– the newer the property, the higher the quality of construction and finishes, and the better the design and layout of the physical structure, the lower the rate of return;

Degree of Growth Forecasted for Income and Expenses – the more aggressive and value enhancing the valuation assumptions, the higher the rate of return;

Amount of Equity Investment Required – the greater the required equity investment (that portion of the total acquisition cost not typically funded by conventional financing), the higher the rate of return;

Type of Investment – the riskier the perceived return on investment for a particular type of real estate, the higher the rate of return.

Applying an appropriate equity dividend rate to the mortgage equity technique is an integral part of the valuation process. As previously stated, the equity rate of return is sensitive to the risk associated with the property, whether it be location, income flows, functional or physical obsolescence, and most important of all, the economic climate. First, we look at national surveys to understand appropriate yield rates. The latest Realty Rates survey indicates an average equity dividend rate of 15.78% and ranges from 9.93% to 20.56%.

Equity Dividend Rate Survey

Survey	Type of Product	Equity Dividend Rates		
Realty Rates	Special Purpose - All Types	9.93%	-	20.56%
Fourth Quarter - 2023	Market	15.78%	avg	

Next, we consider the subject property place in the marketplace. 60 Prospect Avenue is a community facility, office, and student housing property in a market with a high office vacancy rate. Based on our discussions with market participants, equity dividend rates for commercial real estate investments typically range from 4.00% to 12.00%, depending on the above noted factors.

We believe an investor in the subject property would accept an initial annual return of 7.00% in anticipation of a stable income flow and property appreciation over time. It should be emphasized that the equity dividend rate is not necessarily the same as an equity yield rate or true rate of return on equity capital. The equity dividend rate is an equity capitalization that reflects all benefits that can be recognized by the equity investor as of the date of purchase. We selected this rate based on the subject's location in an average area, and its good access and visibility, as well as its good condition. We summarize the mortgage and equity parameters utilized in our derivation of an overall capitalization rate below:

Selected Loan Terms

Typical Loan Terms	Value
Mortgage Rate	6.00%
Amortization Term (Years)	30
Number of Payments	360
Loan-to-Value Ratio (M)	70%
Equity Ratio	30%
Mortgage Constant	**0.07190**

Band of Investment

Band of Investment		Value
Loan-to-Value Ratio (M)		70%
Mortgage Constant	x	0.07190
Mortgage Component		**5.0330%**
Equity Ratio		30%
Equity Dividend Rate	x	7.00%
Equity Component		**2.1000%**
Indicated Overall Rate		**7.1330%**

Debt Coverage Ratio Analysis

Next, we perform a debt coverage ratio analysis. As lenders will lend based on their underwriting standards, this factor plays a role in developing an overall capitalization rate. The most often applied standards are the Debt Service Coverage Ratio (DSCR) and the Loan-to-Value Ratio. The DSCR is a proprietary-underwriting standard, generally established by the lending institution, varying according to property type, age, location, and the quality of stream of income. The Loan-to-Value Ratio is generally an imposition of a regulatory body and therefore is a limiting factor as opposed to an indicator of value. The Debt Service Coverage Ratio will be the focus here. The lender wants the amount of the debt service, the annualized monthly payments on the mortgage loan, to be more than fully covered by the Net Operating Income from the property.

If an investor must meet a Loan-to-Value Ratio standard, iterations employing this method will direct the investor towards the optimum balance of LTV, DSCR, Rate, Term, loan amount and required equity. Employing the Income Capitalization Method using the Loan-Underwriter's Method to determine the capitalization rate will resolve the matter more readily, albeit with complete disregard for the return on equity, which is a secondary by-product. The estimate capitalization rate using the debt service coverage formula is DSCR × LTV × mortgage constant. Below we perform the DCRA analysis:

Debt Coverage Ratio Analysis

Debt Coverage Ratio Analysis	Value
Debt Coverage Ratio	1.30
Mortgage Constant	0.07190
Loan To Value	70%
Cap Rate Suggested	**6.54%**

The Debt Coverage Ratio Analysis suggests a capitalization rate of 6.54%.

Direct Comparable Sales

Below we present a summary of capitalization rate comparables:

Comparable Capitalization Rates - Office

#	Address	Type	Sale Date	Cap Rate
1	1591 Route 22, Brewster, NY 10509	Office	Nov-23	7.43%
2	29 Fox Road, Poughkeepsie, NY	Office	Mar-23	7.50%
3	210 E Main St, Middletown, NY 10940	Office	Feb-23	6.64%
4	621 Route 52-1, Beacon, NY 12508	Medical Office	Oct-22	6.91%
5	219 Westchester Ave, Port Chester, NY 10573	Office	Jul-22	5.39%
6	440 Old Hook Rd, Emerson, NJ 07630	Medical Office	Jun-22	6.90%
			Average	**6.80%**

Comparable Capitalization Rates – Community Facility

#	Address	Type	Sale Date	Cap Rate
1	302 S Branch Rd, Hillsborough, NJ 08844	Day Care Center	Dec-23	7.00%
2	380 Washington St, Norwell, MA 02061	Day Care Center	Sep-23	6.76%
3	561 Taylor Rd, Enfield, CT 06082	Day Care Center	Jun-23	6.53%
4	105 Clinton Ave, Eatontown, NJ 07724	Day Care Center	Oct-22	6.00%
5	1541 State Route 31, Clinton, NJ 08809	School	Feb-22	6.61%
			Average	**6.58%**

Comparable Capitalization Rates – Student Housing

#	Address	Type	Sale Date	Cap Rate
1	2 Morningstar Ln, Shippensburg, PA 17257	Student Housing	Aug-23	6.00%
2	518 W Biddle St, West Chester, PA 19380	Student Housing	May-23	6.50%
3	104 Howe St, New Haven, CT 06511	Student Housing	Nov-22	6.20%
4	5 Claremont St, Worcester, MA 01610	Student Housing	Jun-22	5.16%
5	1000 Diamond St, Philadelphia, PA 19122	Student Housing	May-22	6.09%
6	280 Benefit St, Providence, RI 02903	Student Housing	Apr-22	5.50%
			Average	**5.91%**

There is a general dearth of capitalization rates for this asset class since few specialized buildings trade each year. For cap rate comparables, we have identified other office, community facility, and student housing cap rates. Therefore, the above sales were researched in order to determine a rate for the subject.

Investor Surveys

The PwC Real Estate and Situs – RERC Investor surveys summarize the expectations of institutional investors:

Investment Survey Yield Trends

Survey	Type of Product	Overall Cap Rate		
PwC	National Suburban Office	5.00%	-	8.00%
Fourth Quarter - 2023	Market	6.72%	avg	
PwC	National Student Housing	5.00%	-	8.00%
Fourth Quarter - 2023	Market	6.15%	avg	
Situs - R.E.R.C.	Special Purpose - All Types	4.50%	-	10.00%
Fourth Quarter - 2022	Market	6.90%	avg	

Capitalization Rate Conclusion

Overall capitalization rates are influenced by numerous factors, of which the most influential are: investors' perception of risk, the potential for net income growth, and the market for competitive assets. As indicated by the local comparable sales, assets in the submarket tend to trade for going-in returns below the national range.

Capitalization Rate Summary

Survey	Type of Product	Overall Cap Rate		
Band of Investment				7.13%
DCRA				6.54%
PwC	National Suburban Office	5.00%	-	8.00%
Fourth Quarter - 2023	Market	6.72%	avg	
PwC	National Student Housing	5.00%	-	8.00%
Fourth Quarter - 2023	Market	6.15%	avg	
Comparable Sales		5.16%	-	7.50%
		6.42%	avg	

Overall capitalization rates are influenced by numerous factors, of which the most influential are investors' perception of risk, the potential for net income growth and the market for competitive assets.

Income spikes are primarily derived from spaces turning over, potentially being renovated and being leased at market rates. This dynamic typically leads investors to accept a lower "going-in" return with the expectation of capturing increases in net income during the holding period. Absent this opportunity, an investor will demand a higher "going in" return to justify the fact that income growth, though positive, will be more stable.

In terms of its position within the market range, it is our view that an investor would accept a return toward the middle of the comparable and surveyed range for the subject property. In order to further support our cap rate conclusion, we have bifurcated the subject's unit type and its percentage of its income to the total income (excluding reimbursements). For each unit type, we have concluded to a different cap rate conclusion:

	% of Income	Concluded Cap Rate	Total
Community Facility Income	27%	6.25%	1.66%
Student Housing Income	65%	6.00%	3.89%
Vacant Office Income	9%	7.25%	0.62%
Implied Cap Rate:			**6.17%**

As indicated above, we have concluded to a 6.25% for the subject's community facility income (Touro College, RECAP, and Paz Management) given that these leases are below market and the quality of the tenants. For the student housing portion of the subject property, we have concluded to a 6.00% cap rate given that the student housing within the Horton Building will be in good condition upon completion of renovation. For the vacant office units, we have concluded to a 7.25% cap rate. Based each asset type's contribution to total income, excluding reimbursements, the implied cap rate is 6.17%.

Balancing these factors, it is our view that a 6.25% overall rate would be required by an investor. We have made the following adjustments to our capitalized value.

PV of Pilot Tax Benefits

To our capitalized value we will add the NPV of the subject's in-place tax benefits ($30,000), the calculation of which is shown in the Real Estate Tax section.

Rooftop / Antenna Income

As cellular and other antenna technologies continue to evolve, the future of antenna income is uncertain. Therefore, this income cannot be considered in perpetuity. The Verizon lease expires 2024, and the AT&T lease expires in December 2025. The Orange County lease expires in 2027 and the T-Mobile lease expires in 2032. While renewal of these leases is highly speculative, the income for the reaming lease is considered very secure based on the credit rating of the tenants. We have selected a discount rate of 5.00% to value the remaining income from these leases. The following illustrates the present value of the antenna income.

Year Ending	Verizon	AT&T	Orange County	T-Mobile	Total
Dec-24	$ 39,283	$ 63,207	$ 31,827	$ 51,000	$ 185,317
Dec-25		$ 65,103	$ 32,782	$ 52,530	$ 150,415
Dec-26			$ 33,765	$ 54,106	$ 87,871
Dec-27			$ 31,880	$ 55,729	$ 87,609
Dec-28				$ 57,401	$ 57,401
Dec-29				$ 59,123	$ 59,123
Dec-30				$ 60,897	$ 60,897
Dec-31				$ 62,724	$ 62,724
Dec-32				$ 59,222	$ 59,222
Total					$ 810,578
NPV @ 5%					$ 673,906
Rounded					$ 670,000

Deductions

There are multiple deductions to consider as summarized below:

Construction Cost	$4,284,581
Profit Factor	$428,458
Rent Loss - Paz Management	$820,000
Rent Loss - RECAP	$68,918
Rent Loss - Vacant Office	$336,415
Leasing Commission - Vacant Office	$100,925
Tenant Improvements - Vacant Office	$421,605
Total Deductions:	$6,460,901

- The property contact noted that the total remaining construction cost to convert the Horton Building into student housing is $4,284,581 which we have deducted from our value.
- We also have considered a profit factor of 10% of the total construction cost or $428,458.
- As noted above, Paz Management's lease is expected to commence on 7/1/2023. Upon lease commencement, the tenant's rent will be structured in the following manner: $0 PSF during Year 1, $1 PSF during Year 2, $2 PSF during Year 3, $3 PSF during Year 4, $4 PSF during Year 5, and $5 PSF during Year 6. Given that its base rent does not stabilize until Year 6 and given that we have applied its stabilized base rent of $5 PSF in our analysis, we deduct the rental difference in the first 6 years which is $820,000 summarized below:

Year	Rent PSF	Sq. Ft.	Total Rent	Total Rent	Rent Difference
0 (12/31/23 - 12/31/24)	$0.00	41,000	$0	$205,000	$205,000
1	$0.00	41,000	$0	$205,000	$205,000
2	$1.00	41,000	$41,000	$205,000	$164,000
3	$2.00	41,000	$82,000	$205,000	$123,000
4	$3.00	41,000	$123,000	$205,000	$82,000
5	$4.00	41,000	$164,000	$205,000	$41,000
				Total:	**$820,000**

- We deduct one year of rent loss for the vacant office units which is $336,415. This assumes an absorption period of 2 years as the space will be leased gradually over that period.

- We also apply a leasing commission of 30% of one year's of income for the vacant office units or $100,925.
- We apply a tenant improvement allowance of $15 PSF for the vacant office units which is $421,605.

No rent loss for the proposed student housing residences at the Horton Building will be considered given that the building is currently vacant and is generating zero income and is considered in the construction cost/profit.

Our value is calculated as follows:

	Date of Value	Value	Final Value (Rd)
NOI		$2,659,932	
Cap Rate		6.25%	
Indicated Value As Stabilized		$42,558,919	
Add NPV of Tax Benefits		$30,000	
Add NPV of Antenna Income		$670,000	
Less Deductions		$6,460,901	
Fair Value As Is	**December 31, 2023**	**$36,798,018**	**$36,800,000**

Sales Comparison Approach

In the Sales Comparison Approach, an opinion of market value is provided by comparing the subject property to transactions of competitive assets. A major premise is the principle of substitution which holds market value is directly related to the prices of comparable properties as a knowledgeable investor will pay no more for a substitute.

The procedure involved in this approach is to research the market for sales of improved properties which are comparable, select appropriate units of comparison, adjust the sale prices to the subject, and then reconcile the range of adjusted sale prices into an opinion of value.

Limitations of the Sales Approach

The subject is a unique property that includes a teaching hospital that underwent a $20 million renovation, dormitories, office space, assisted living facility, and vacant office/community facility space. It is also somewhat unique as a leased multi-tenant community facility property; such properties often trade for owner occupancy. In the following sales approach, we present a survey of similar large community facility/medical/school use properties. Due to the difficulty of applying adjustments to these unique properties given the range of uses and also the difficulty in adjusting for differences in property rights, we have not adjusted these sales. The Sales Approach is presented as support for our Income Approach value.

In order to analyze comparable sales, it is necessary to convert the sale prices to an appropriate unit of comparison, a process which facilitates price comparisons between properties of different sizes, and it also enables adjustment for qualitative differences. Since investors and owners typically purchase community use buildings in terms of value per square foot, we have applied this unit of comparison.

Comparable Sales Summary

#	Address	Sale Date	GBA	Sale Price	Price Per SF	Cap Rate	Note
1	30 Seminary Dr, Barrytown, NY 12507	Dec-23	151,992	$14,000,000	$92	Not Reported	School Facility
2	336 Prospect Ave, Hackensack, NJ 07601	Sep-23	133,868	$18,600,000	$139	Not Reported	Skilled Nursing Facility
3	280 Locke Dr, Marlborough, MA 01752	Apr-23	150,000	$15,057,769	$100	Not Reported	School Facility
4	190 Park Ave, Morristown, NJ 07960	Apr-23	118,736	$8,618,000	$73	Not Reported	Religious Facility
5	2 Franklin Town Blvd, Philadelphia, PA 19103	Oct-22	420,200	$55,600,000	$132	None	Continuing Care Facility
6	800 W Miner St, West Chester, PA 19382	Oct-22	102,887	$10,010,000	$97	school building	Skilled Nursing Facility
7	111 Orient Ave, Boston, MA 02128	Oct-22	126,168	$9,850,000	$115	Not Reported	Skilled Nursing Facility
8	5000 Fairbanks Ave, Alexandria, VA 22311	Aug-22	167,240	$20,000,000	$120	Not Reported	Assisted Living Facility
				Min	$73		
				Avg	$109		
				Max	$139		

The comparable sales show a value range from $73 to $139 with an average of $109 per square foot. The sales are similar community facility use properties in similar markets to the subject. Our As Is Market Value via the Income Approach value of $99 per square foot is within the range of the comparables and thus is supported by the Sales Comparison Approach.

Reconciliation & Final Value Opinion

The estimated values arrived at by the approaches to value used in this report are as follows:

Market Value Opinion

Approach	Value	Interest Appraised	Date of Value	Conclusion
Cost Approach	Fair Value As Is	Leased Fee Interest	December 31, 2023	N/A
Income Approach	Fair Value As Is	Leased Fee Interest	December 31, 2023	$36,800,000
Sales Approach	Fair Value As Is	Leased Fee Interest	December 31, 2023	Secondary Support

The **Cost Approach** is traditionally a good indicator of value when properties being appraised are new or close to new. 60 Prospect Avenue has notable physical and economic depreciation. The difficulty in credibly isolating the influence of these factors on value affects the reliability of this approach. Along this line, investors typically give nominal weight to this analysis. Therefore, as a result of the limited use of this approach, it has not been applied.

The **Income Approach** is a strong indicator of value when market rents, vacancy rates, stabilized expenses, capitalization/discount rates are based on reliable market data. Given the depth of the market, there are numerous transactions from which to glean points of analysis, lending credibility to the results of the approach. Further, given multi-tenant assets are often acquired for their capacity to generate a return on and of capital and that the subject is leased under long-term leases, this is considered the most applicable approach. Thus, we place most weight on this approach.

The **Sales Comparison Approach** is reliable when few differences exist between the comparable sales and the subject, and the sales data collected is credible and accurate. Similar property types in competitive locations tend to sell within a consistent range, and this factor makes valuation on a per square foot basis a strong predictor of value. The subject is a unique asset given its multiple uses which include: teaching college, dormitories, office, and assisted living. The sales used to advance an opinion of value of the subject property were comparable in most respects and were good indicators of value. However, locational and other differences are difficult to estimate. Therefore, the Sales Comparison Approach is largely used as secondary support for our opinion developed in the application of the Income Approach.

Final Value Opinion

Value	Interest Appraised	Date of Value	Conclusion
Fair Value As Is	Leased Fee Interest	December 31, 2023	$36,800,000

The value conclusions are subject to the following **Extraordinary Assumptions**[11] that may affect the assignment results. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

- Ownership provided an estimate that Paz Management will obtain all necessary permits and approvals, and the lease will commence on July 1, 2023. We make the extraordinary assumption that this is accurate.
- Ownership is currently in talks with Regional Economic Community Action Program to lease 15,315 square feet of space. Per the lease draft, the expected lease commencement date is 7/1/2024. We make the extraordinary assumption that Regional Economic Community Action Program will execute the lease agreement and the lease will commence on or before 7/1/2024.

The value conclusions are based on the following **Hypothetical Conditions**[12] that may affect the assignment results.

[11] *The definition of Extraordinary Assumptions can be found in the Glossary of Terms, which is located in the Addenda.*

[12] *The definition of Hypothetical Conditions can be found in the Glossary of Terms, which is located in the Addenda.*

- None.

The opinion of value expressed herein is subject to the certification, assumptions and limiting conditions, and all other information contained in the following written appraisal report.

Certification

We certify to the best of our knowledge:

- The statements of fact contained in this report are true and correct.
- 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.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- Michelle Zell previously appraised the subject property prior to working at Bowery Valuation. We have performed services regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- We have no bias with respect to the property that is the subject of this report or to the parties Involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- John Tuohy made a personal inspection of the property that is the subject of this report. Michelle Zell, MAI and Steve Zheng have not made a personal inspection of the property that is the subject of this report.
- Steve Zheng provided significant real property appraisal assistance to the person signing this certification.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
- As of the date of this report, Michelle Zell, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, Michelle Zell, MAI has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.

Michelle Zell, MAI
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(917) 533-3141

Addenda

Provided Information

	A	B	C	D	E	F	G	H	I	J	K	L
1					Rent Roll							
2					Property: danza From Date: 01/01/2024 By Property							
3	Property	Unit(s)	Lease	Lease Type	Area	Lease From	Lease To	Term	Monthly	Monthly	Annual	Annual
4									Rent	Rent	Rent	Rent
5										Per Area		Per Area
6	danza - Danza Lease Group LLC,Middletown											
7	Current Leases											
8	danza		Verizon Wireless	Rooftop	0.00	10/1/2011	9/30/2024	156.00	4,364.77	0.00	52,377.24	0.00
9	danza		AT&T Cingular Wireless	Rooftop	0.00	11/1/2011	12/31/2025	170.00	5,267.25	0.00	63,207.00	0.00
10	danza		County of Orange	Rooftop	0.00	12/1/2021	11/30/2028	80.00	2,652.25	0.00	31,827.00	0.00
11			T Mobile	Rooftop		12/1/2022	11/30/2032	120.00	4,250.00		51,000.00	
12	danza	HORTON1, HORTON2, HORTON3, HORTON4	Horizon Acres Associates Inc.	Other Other	68,190.00	9/1/2023	8/31/2033	120.00	108,333.33	0.00	1,300,000.00	0.00
13	danza	HORIZON0, HORIZON3, TOWER3B, TOWER4, TOWER5	Horizon Student Housing	Other Other	80,376.00	7/1/2014	6/30/2033	228.00	110,000.00	1.37	1,320,000.00	16.38
14	danza	TOWER0, TOWER1, TOWER2, TOWER3	Touro College	School Other	117,400.00	3/1/2012	3/31/2043	373.00	58,025.00	0.49	696,300.00	5.93
15	danza	CAMILLA0	Paz Management		11,618.00			0.00	0.00	0.00	0.00	0.00
16	danza	CAMILLA1	Paz Management		13,861.00			0.00	0.00	0.00	0.00	0.00
17	danza	CAMILLA2	Paz Management		14,034.00			0.00	0.00	0.00	0.00	0.00
18	danza	HORTON0	VACANT		17,538.00			0.00	0.00	0.00	0.00	0.00
19	danza	HORIZON0	Vacant /Lease Draft with Recap		18,315.00			0.00	0.00	0.00	0.00	0.00
20	danza	TOWER3B	VACANT		11,069.00			0.00	0.00	0.00	0.00	0.00
21	Total Current				349,181.00				293,892.60		3,514,711.24	5.94

Danza Leser Group LLC (danza)

Income Statement

Period = Jan 2023-Dec 2023

Book = Accrual ; Tree = ysi_is

	Period to Date
REVENUE	
RENT REVENUE	
Rent Income	2,098,446.17
Deferred Rent Income	388,693.56
NET RENT REVENUE	2,487,139.73
REIMBURSED EXPENSE INCOME	
CAM Estimate	557,428.08
Utility Reimbursement	-7,346.84
Misc. Income	219.16
TOTAL REIMBURSED EXPENSE INCOME	550,300.40
TOTAL REVENUE	**3,037,440.13**
OPERATING EXPENSES	
ADMINISTRATIVE EXPENSES	
Tony's Consulting Fee	48,000.00
Auto Expenses	11,240.91
Banking Fees	420.00
Rent Expense	14,777.93
Licenses, Fees & Permits	3,334.33
Office Expense	4,491.76
Office Supplies	401.83
Misc. Expense	5,029.36
TOTAL ADMINSTRATIVE EXPENSES	87,696.12
PAYROLL EXPENSES	
Bonuses	266.90
Workers Compensation Premium	1,878.00
Other Payroll Expenses	31.50
TOTAL PAYROLL EXPENSES	2,176.40
UTILITY EXPENSES	
Electric	702,729.12
Gas	271,164.36
Water & Sewer	61,828.64
Cable	7,740.80
Telephone	40,527.53
TOTAL UTILITIES	1,083,990.45

REPAIRS & MAINTENANCE	
Repairs & Maintenance	12,249.55
Roof Repairs	15,029.38
Cleaning-Supplies	210.12
Electrical	4,546.09
Elevator-Contract	3,056.26
Elevator-Repairs	7,816.76
Plumbing	6,836.25
R & M Supplies-Other	21,206.65
Security-Payroll, Taxes & Fringes	421,286.96
Sprinkler-Inspections	810.94
Fire Extinguishers	5,586.59
Exterminating	1,765.28
General Repairs & Maintenance	378.88
Fire Alarm-Monitoring	2,940.24
Fire Alarm-Inspections	810.94
Fire Alarm-Repairs	7,158.73
Trash Removal	17,610.94
Cafeteria	9,008.23
Hardware Maintenance & Supplies	1,630.05
Plumbing Repairs & Parts	16,297.72
Equipment Repairs & Maintenance	-334.71
Equipment Supplies	14.03
Parking Lot Repairs	60,632.00
Landscaping	5,460.33
TOTAL REPAIRS & MAINTENANCE	622,008.21
HVAC	
HVAC-Contract	1,434.82
HVAC-Supplies	470.04
HVAC-Repairs	11,546.70
TOTAL HVAC	13,451.56
INSURANCE	
General Liability	31,913.36
Other Insurance	5,376.60
TOTAL INSURANCE	37,289.96
PROPERTY TAXES	
Real Property Taxes	61,985.88
Other Taxes	1,500.00
School Tax	62,660.79
TOTAL PROPERTY TAXES	126,146.67
TOTAL OPERATING EXPENSES	1,972,759.37
NET OPERATING INCOME	**1,064,680.76**

Orange County Area Analysis

The following analysis includes pertinent aspects of the surrounding region as it pertains to the subject property. This report was compiled using data as of 2023 Q3 unless otherwise noted. Data is from a number of sources including the U.S. Bureau of Labor Statistics ("BLS"), the U.S. Bureau of Economic Analysis ("BEA"), and the U.S. Census Bureau.

Source: Google Maps

Orange County at a Glance

Orange County, New York is in the state's Mid-Hudson Region of the Hudson Valley Area and is part of the Poughkeepsie–Newburgh–Middletown metropolitan statistical area, which belongs to the larger New York–Newark–Bridgeport, NY–NJ–CT–PA Combined Statistical Area. Orange County, New York is located in the southeast part of the state, approximately 60 miles from New York City. Orange County is a mix of suburban, rural, and urban areas, and is known for its scenic countryside, abundant natural resources, and strong economy. The economy of Orange County is diverse and robust, with major industries including healthcare, education, and manufacturing. Major employers in the area include Orange Regional Medical Center, Crystal Run Healthcare, and International Business Machines (IBM), among others. The county is also home to a thriving retail and commercial sector, with numerous shopping centers, restaurants, and other businesses. Housing options in Orange County range from single-family homes and small farms to larger estates and suburban properties. The county offers a range of rental options for residents, including both small and large multifamily properties. Orange County is home to several large parks and open spaces, including the Harriman State Park, the Monroe-Woodbury Community Park, and the Bear Mountain State Park, all of which offer ample opportunities for residents to enjoy the great outdoors and to participate in a variety of recreational activities. In terms of transportation, Orange County is served by several major roads, including the New York State Thruway (Interstate 87), the New York State Route 17, and the New York State Route 17K, which provide convenient access to other areas of the county and to nearby cities and regions. The nearest airport to Orange County is Stewart International Airport, located in Newburgh, New York, approximately 30 miles from the county.

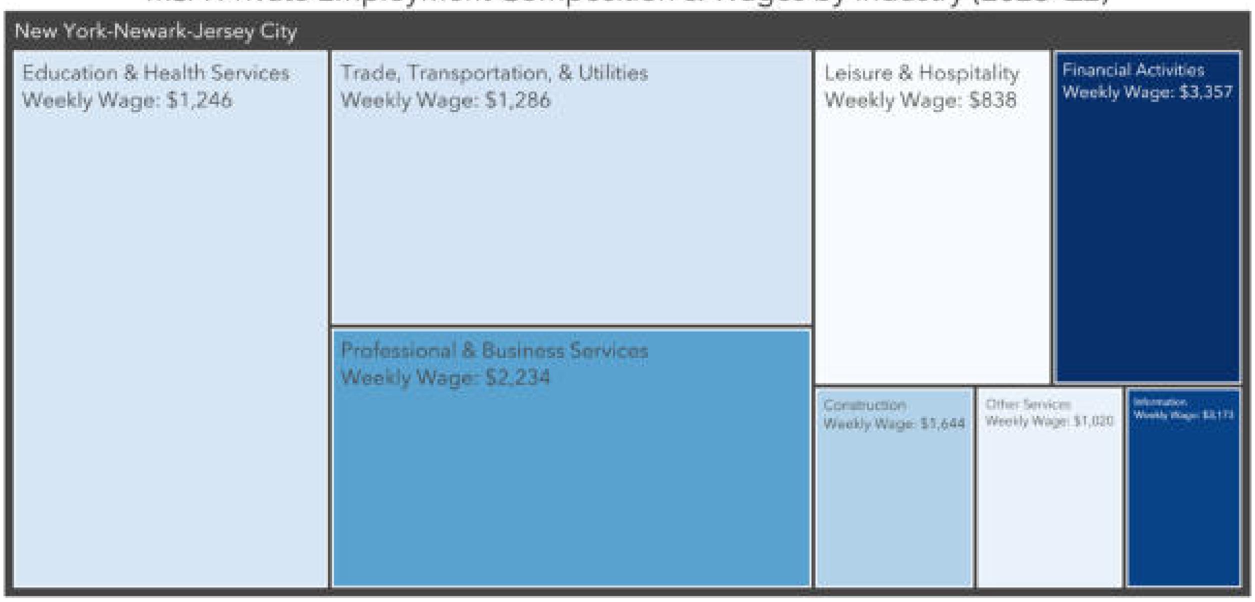
Area Fundamentals

Attribute	County Level Value	5 Year Annualized Growth Rate	Relative to Baseline (MSA)
Employment	188,271	0.6%	Faster than MSA
GDP	$20.7 billion	3.2%	Faster than MSA
Population	405,941	1.4%	Faster than MSA
Per Capita Personal Income	$58,136	4.1%	Slower than MSA

Labor Market Conditions

According to the latest data from the Q2 2023 Quarterly Census of Employment and Wages, New York-Newark-Jersey City employed 8,006,763 private employees, with establishments in the Education & Health Services, Trade, Transportation, & Utilities, and Professional & Business Services industries accounting for the top three employers. These industries employ 2,068,632 (25.6%), 1,611,109 (20.0%), and 1,530,596 (19.0%) private sector workers in the Metro, respectively.

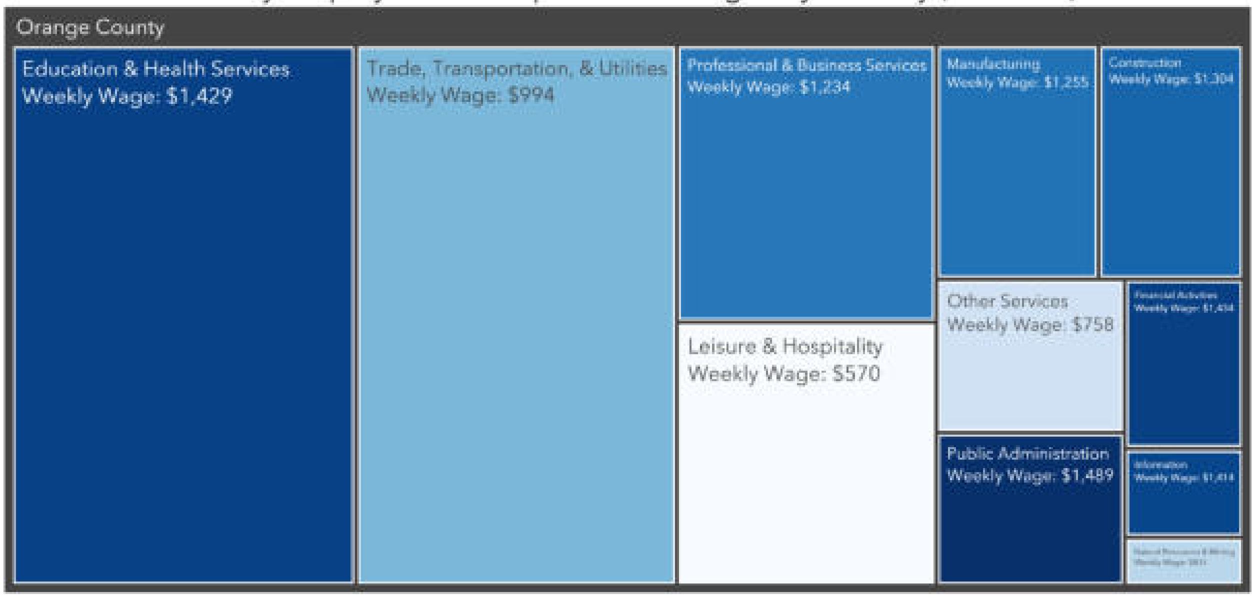
MSA Private Employment Composition & Wages by Industry (2023 Q2)



Source: U.S. Bureau of Labor Statistics

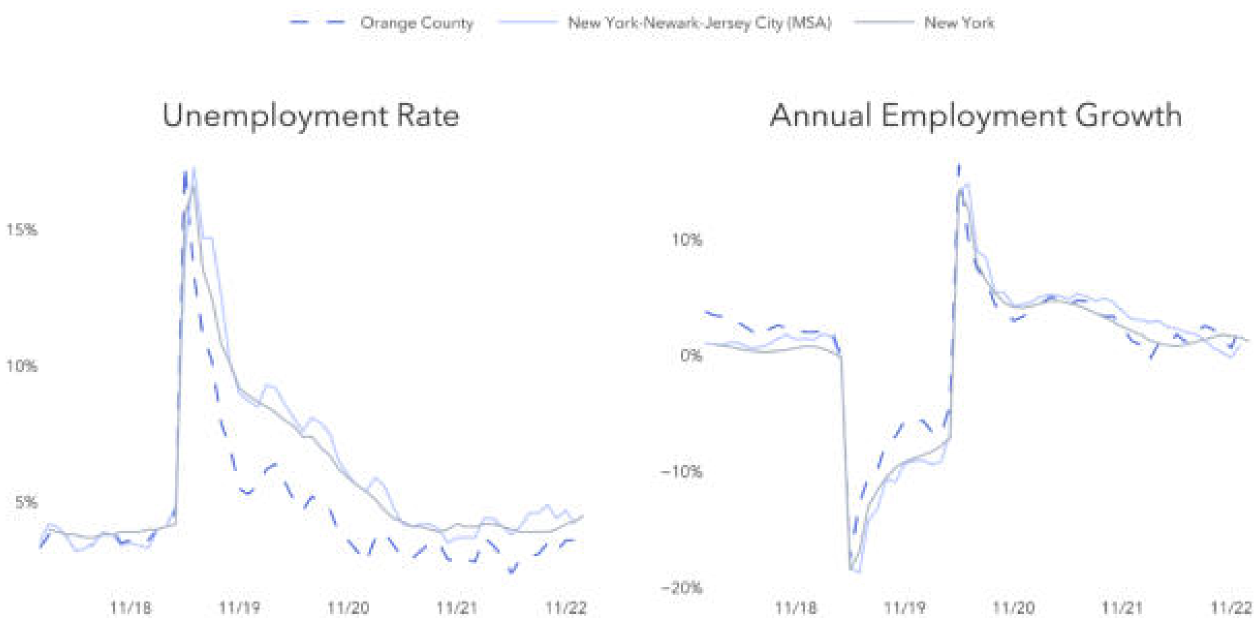
The latest data from the 2023 Q2 Quarterly Census of Employment and Wages, Orange County employed 153,054 employees. Establishments in the Education & Health Services, Trade, Transportation, & Utilities, and Professional & Business Services industries accounted for the top three employers. These industries employ 42,798 (27.7%), 39,867 (25.8%), and 16,505 (10.7%) workers in the County, respectively.

County Employment Composition & Wages by Industry (2023 Q2)



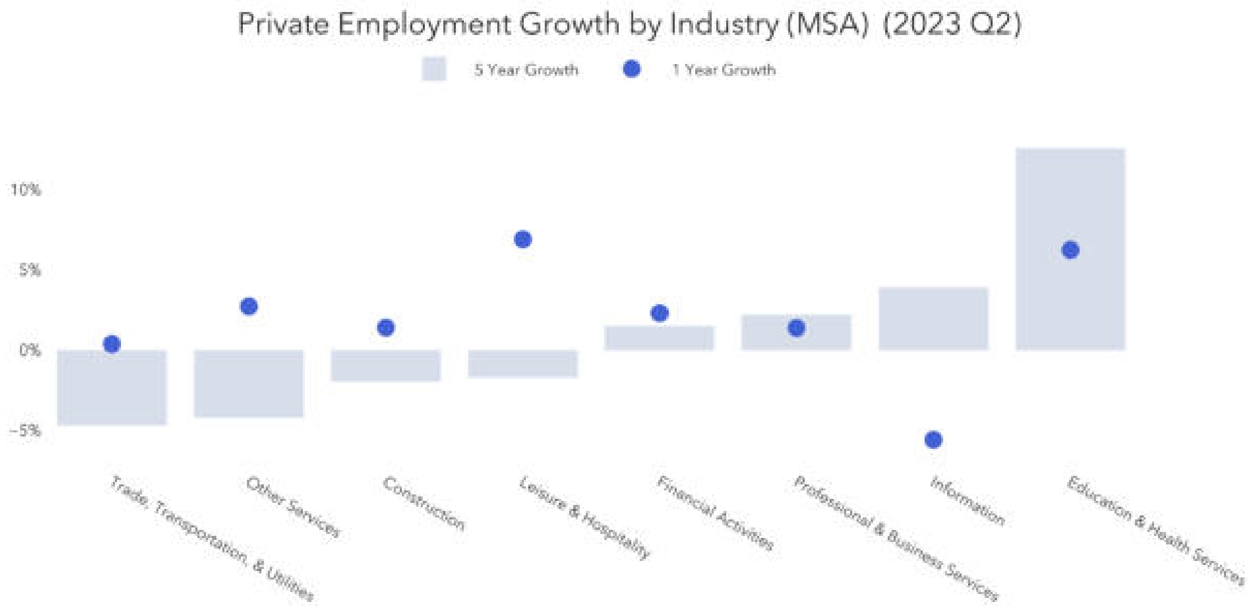
Source: U.S. Bureau of Labor Statistics

At the onset of the pandemic last spring, Orange County area employers shed 18.3% of their workforce, expanding the unemployment rate from 4.1% in February 2020 to 17.4% just two months later. The unemployment rate in Orange County has expanded over the past year to the current rate of 3.6%, just slightly below the New York-Newark-Jersey City rate of 4.2%. As of 11/23, total employment is up 3% on a year-over-year basis. The unemployment rate has moved below its pre-pandemic level (Feb 2020) of 4.1%.



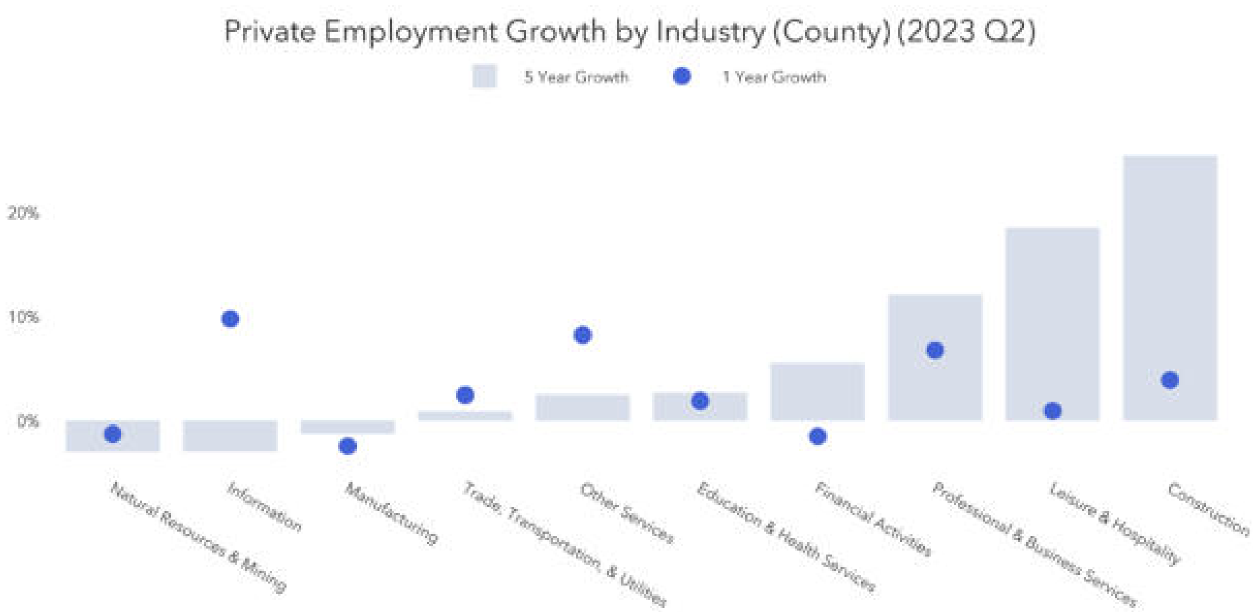
Source: U.S. Bureau of Labor Statistics

According to the latest data from the Q2 2023 Quarterly Census of Employment and Wages, New York-Newark-Jersey City Metro has experienced private employment expand 2.7% (210,049) in total over the last five years. During that time, the Education & Health Services, Information, and Professional & Business Services industries saw the strongest growth, expanding 12.6%, 3.9%, and 2.2%, respectively. Meanwhile, the Trade, Transportation, & Utilities Industry has experienced employment collapse of 4.7% over the previous five years.



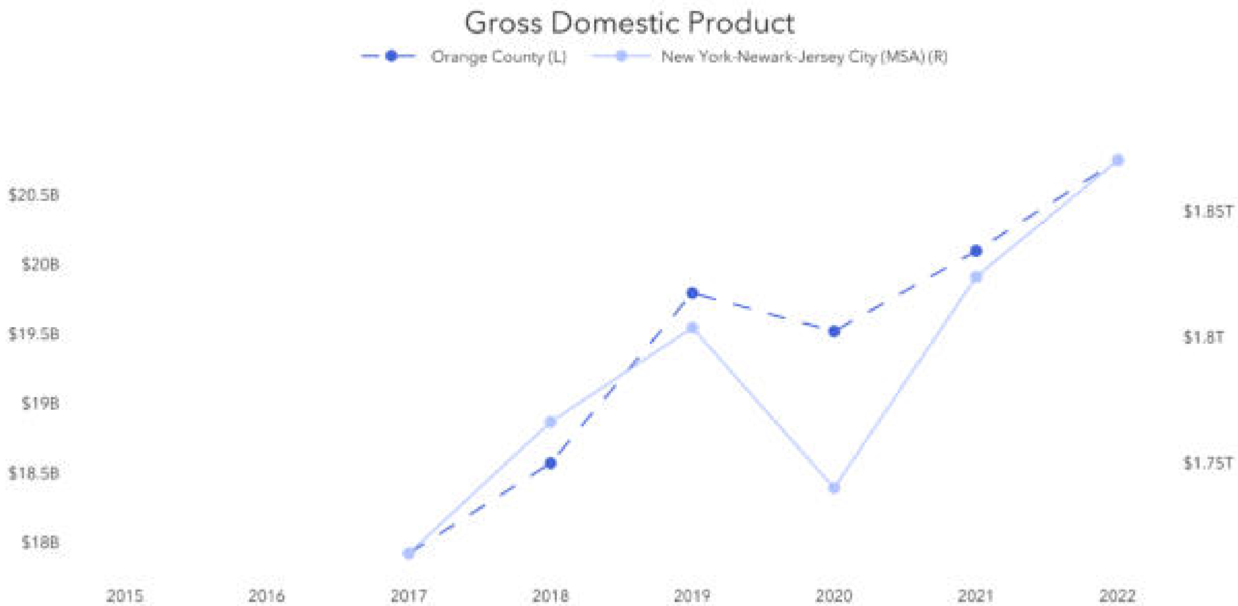
Source: U.S. Bureau of Labor Statistics

According to the latest data from the Q2 2023 Quarterly Census of Employment and Wages, Orange County has experienced private employment expand 6.6% (7,978) in total over the last five years. During that time, the Construction, Leisure & Hospitality, and Professional & Business Services industries saw the strongest growth, expanding 25.5%, 18.6%, and 12.1%, respectively. Meanwhile, the Natural Resources & Mining Industry has experienced employment collapse of 3.0% over the previous five years.



Source: U.S. Bureau of Labor Statistics

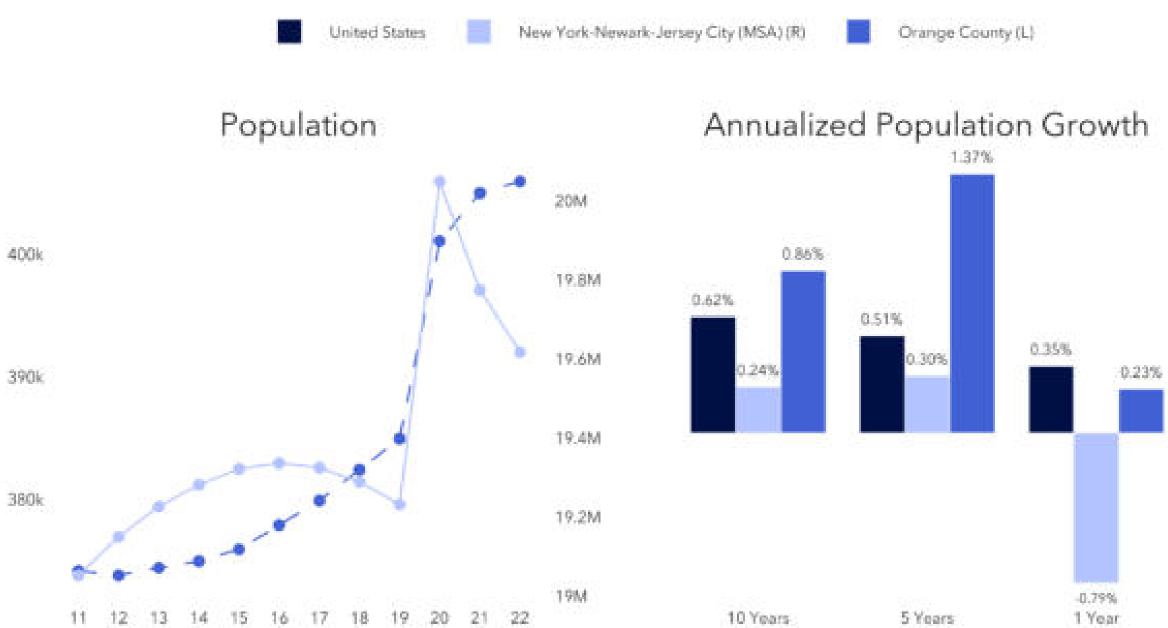
Economic Production



Source: U.S. Bureau of Economic Analysis

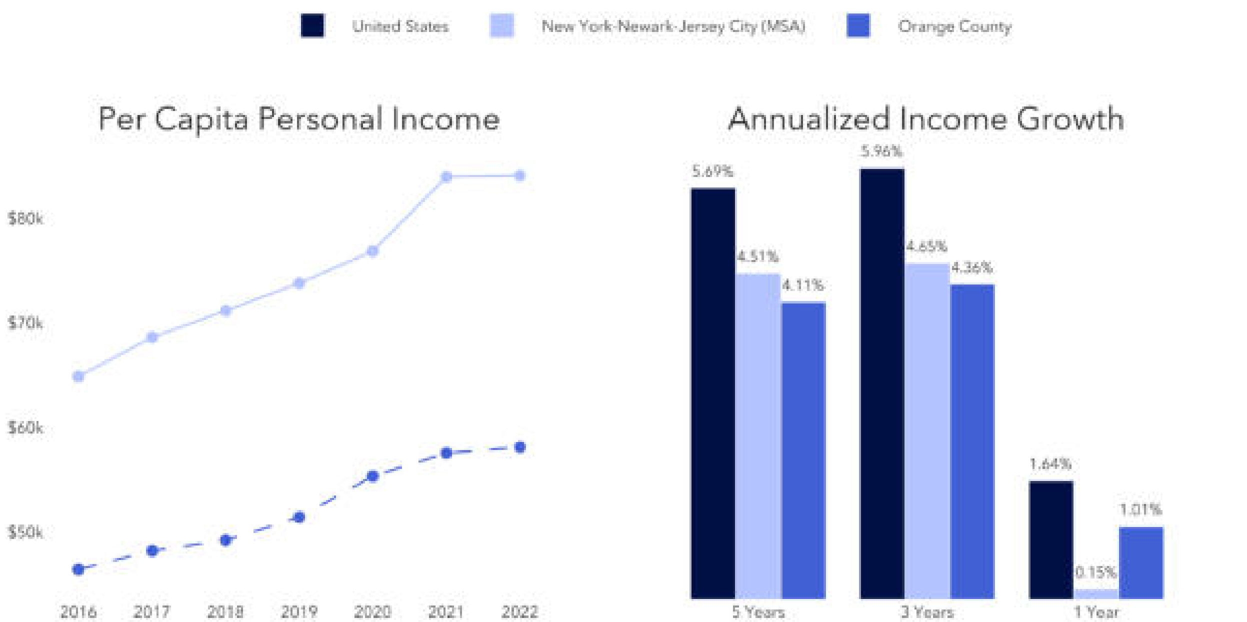
Demographics

Going back ten years, Orange County's population has expanded 0.9% per annum to the 2022 count of 405,941. Over the past five years, growth has expanded, growing 1.4% per annum since 2017. This growth rate exceeds the Nation, which has expanded 0.5% per year over the last five years.



Source: U.S. Census Bureau

Going back five years, Orange County residents' per capita personal income has expanded 4.1% per annum to the 2022 level of $58,136. Over the past three years, growth has expanded, growing 4.4% per annum since 2019. This growth rate lags the Nation, which has expanded 6.0% per year over the last three years.



Source: U.S. Census Bureau

Infrastructure

Transportation Methods

There are multiple major highways that links the area with major destinations. Interstates 87 and 84 connects Orange County with the rest of New York State and New Jersey State as well as major destinations to the north, all the way to the Canadian highway system at Montreal. In addition, there are multiple highways that provide north-south and east-west routes across Orange County and in to neighboring regions of New York, New Jersey, and Pennsylvania. These include State Route 17, the Palisades Interstate Parkway, US Route 6, US Route 9W and US Route 209. The Bear Mountain Bridge and the Newburgh-Beacon Bridge are the two Hudson River crossings in Orange County.

Additionally, NJ Transit offers rail services and Metro-North Railroad's Port Jervis Line, a commuter line, goes through the county. These rail services go through multiple towns and hamlets within Orange County and connections to multiple bus lines, ferries and PATH trains to New York City are possible.

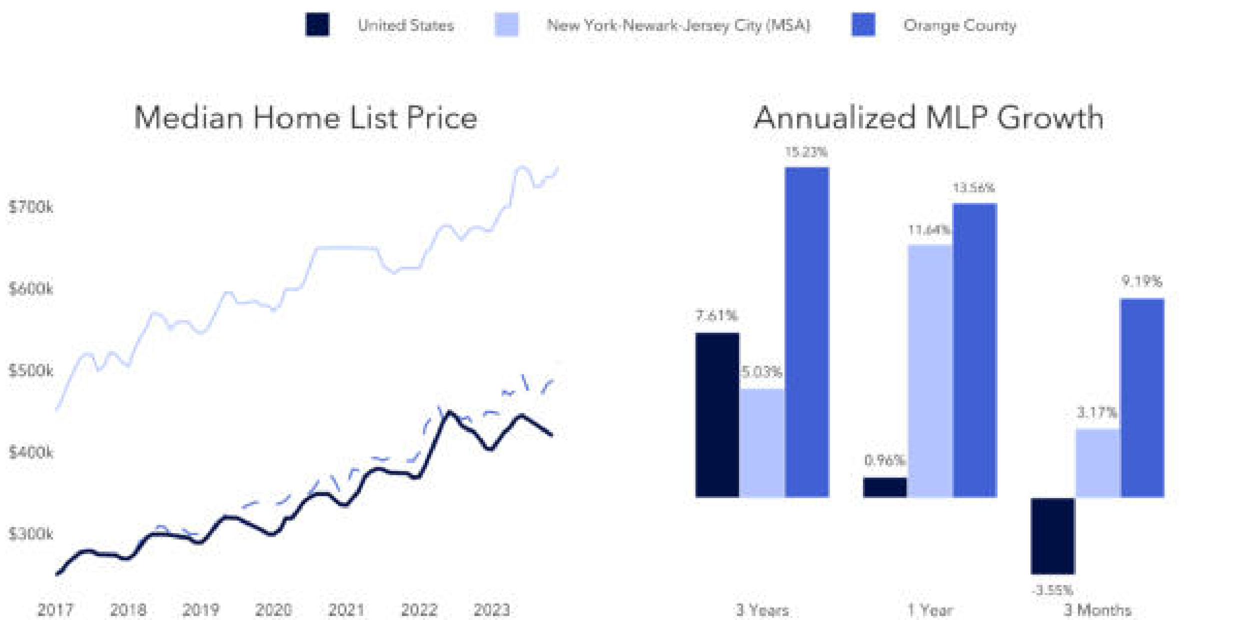
Short Line Bus, Leprechaun Lines, Monsey Trails and NJ Transit provide bus routes across the county. There are also connections to commuter bus lines that take passengers into northern New Jersey as well as New York City.

Orange County is served by Stewart International Airport, which is located two miles west of Newburgh, New York and serves major American airlines in addition to Norwegian Air Shuttle. In New York, there is also: John F. Kennedy International Airport, LaGuardia Airport and Westchester County Airport. In New Jersey, the airports are Newark Liberty International Airport and Teterboro Airport.

Housing

In 2021, historically low mortgage rates, the desire for more space, and the ability for many to work from home, led to an increase in demand for housing. This, combined with historically low inventory levels, accelerated the growth in values, pushing the medium listing price in the US to a peak of $413,000 in June 2022. However, with persistent inflation, the Fed hiked interest rates at a record pace over the 2nd half of 2022 and for much of 2023, eroded housing affordability and dropping demand considerably. With demand decreasing, values have either declined or experienced limited growth. Demand has improved since though, with growth in values aided by limited inventory in some markets.

In Orange County, Realtor.com data points to continued growth in values over the past year. As of 12/2023, the median home list price sits at $509,900, an increase of 13.6% compared to an increase of 11.6% for the New York-Newark-Jersey City Metro, and an increase of 1.0% across the Nation over the past year. Despite the recent sharp rise in mortgage rates, the county median list price has experienced an increase of 9.2% over the past 3 months, compared to an increase of 3.2% for the New York-Newark-Jersey City Metro in the same period.



Source: Realtor.com

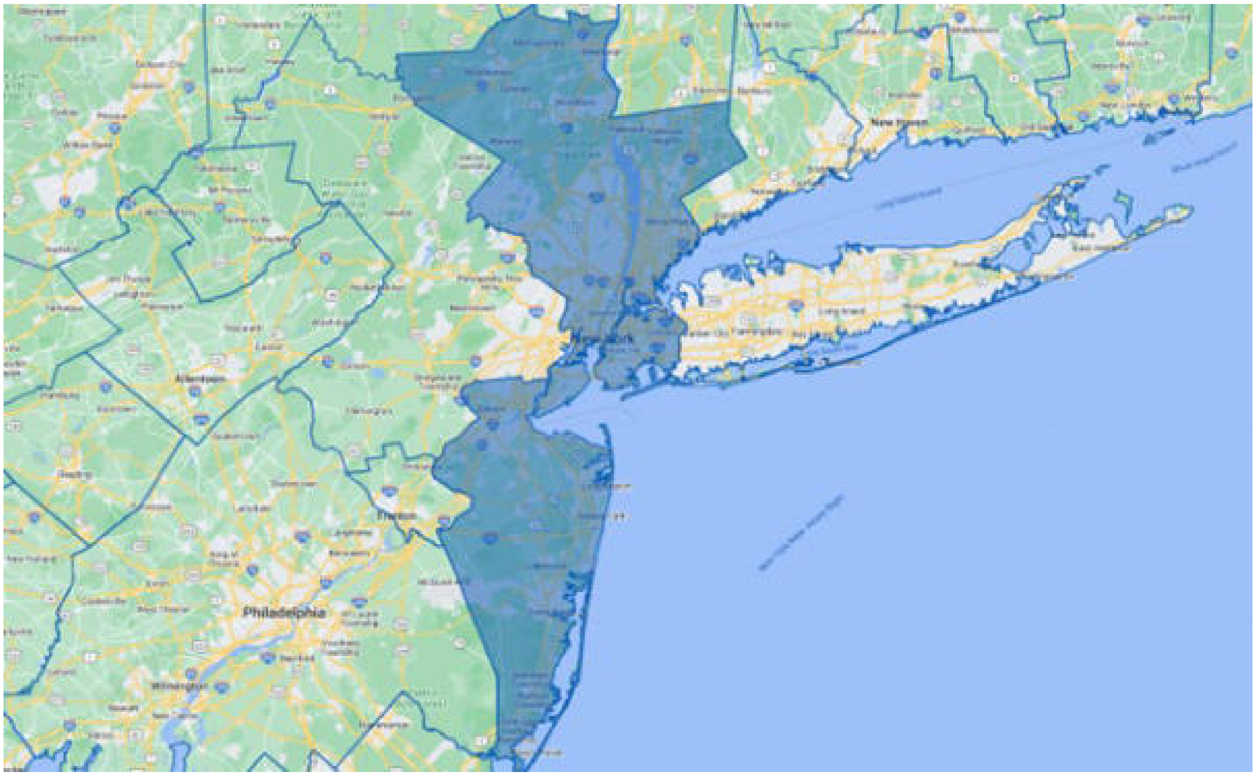
Outlook

The United States economy has recovered from the pandemic, but, with persistent levels of inflation, the Fed repeatedly reaffirmed its commitment to fighting inflation by raising rates, softening economic growth. While the economy remains strong, their actions have led to a slowdown in growth, setting the stage for a mild recession in 2024.

The current unemployment rate in Orange County of 3.6% is below its five-year average. By contrast, that rate is also below the state rate of 4.5%, and below the national rate of 3.7%. Orange County continues to experience population gains with one- and five-year annual growth rates of 0.2% and 1.4%. Despite its diversified economy, and its continuously growing population, when considering its negative GDP growth over the five years prior to the pandemic, the county faces a large hurdle before it can be well positioned for near- and long term growth.

New York: Office Market Analysis

The information contained in this report was provided using 2023 Q4 CoStar data for the New York Office Market ("Market").



Overview

The subject property is in the New York Market defined in the map above, which includes 977.4 million square feet of office space. Issues that have plagued the New York office market since the onset of the pandemic, such as high vacancies and low demand, persist at the start of 2024. When leasing does occur, however, it has been driven by a flight to quality. Sizable occupiers in the financial and legal sectors are relocating to trophy office buildings in Midtown Manhattan. These buildings can be categorized as those that have been either recently built or renovated, contain a host of amenities, and have modern infrastructure. On the space front, the availability rate stands at an elevated total of 16.2% compared to the 11% observed during the start of 2020 while the amount of available sublet space, at 27.2 million SF, has risen by 40% over this span. Limited leasing activity and elevated availability have provided tenants with leverage at the negotiating table. While nominal office rents have been relatively unchanged, market participants note concessions have grown increasingly generous as owners fiercely compete for tenants. Outside of trophy office buildings with strong rent rolls, potential buyers and lenders have shown little appetite for the office sector.

Sector Fundamentals

	New York	YoY	QoQ	National	YoY	QoQ
Market Rent/SF	$56.27	0.6%	0.1%	$35.16	0.8%	0.1%
Vacancy Rate	13.75%	132 bps	27 bps	13.46%	108 bps	13 bps
Availability Rate	16.0%	17 bps	-20 bps	16.5%	81 bps	-9 bps
Net Absorption SF	-2,130,834	-164.1%	-73.3%	-2,196,218	20.1%	85.6%
Asset Value/SF	$574	-8.7%	-0.8%	$293	-7.6%	-0.9%
Market Cap Rate	6.51%	48 bps	4 bps	8.31%	54 bps	5 bps

Transaction Count	156	-30%	-16%	3,434	-24%	-1%
Sales Volume	$741,935,872	-70%	-4%	$8,952,859,648	-36%	32%

The table below presents historical performance of key indicators for office space in the Market including inventory & construction levels, net absorption, vacancy & availability, rental rates, pricing, and cap rates.

Historical Office Performance: New York Market

Period	Inventory SF	Under Construction SF	Net Delivered SF 12 Mo	Net Absorption SF 12 Mo	Vacancy Rate	Availability Rate	Market Rent/SF	Market Sale Price Per SF	Market Cap Rate
2023 Q4	977,424,772	9,231,982	3,962,990	-9,402,409	13.8%	16.0%	$56.27	$569	6.51%
2023 Q3	976,860,750	9,979,457	9,396,951	-3,946,951	13.5%	16.2%	$56.19	$573	6.48%
2022	973,461,782	13,266,859	7,453,785	-340,263	12.4%	15.9%	$55.91	$621	6.04%
2021	966,007,997	19,767,548	2,499,899	-16,965,192	11.7%	15.9%	$56.03	$673	5.50%
2020	963,497,524	17,179,522	2,852,036	-12,750,521	9.7%	14.6%	$57.19	$669	5.55%
2019	960,584,587	21,690,880	9,805,153	8,516,949	8.2%	11.7%	$60.03	$653	5.62%
2018	950,775,034	26,754,308	2,459,410	6,893,606	8.1%	10.9%	$58.19	$634	5.51%
2017	948,246,624	22,401,494	640,867	1,686,538	8.6%	11.4%	$57.84	$631	5.29%
2016	947,545,757	17,546,660	2,131,743	417,696	8.7%	11.7%	$56.64	$645	5.02%
2015	945,410,514	16,242,882	-2,291,569	288,843	8.5%	11.4%	$55.83	$643	4.92%
2014	947,702,083	8,989,457	1,230,784	2,558,766	8.8%	11.3%	$52.45	$588	5.02%

Supply & Demand

A variety of factors such as weakness in the tech sector, a lack of job growth within office-using industries, and occupiers who are still unsure what their true office space needs have led to leasing activity taking a step backward in recent quarters.

The number of new office leases signed in 2023 declined by 7% compared to the year prior while posting a 4% drop when compared with 2021. Total leasing volume decreased by about 21% year over year and an 11% decline compared to 2021. Large occupiers have opted to renew rather than relocate, as a 44% year-over-year decline in new leasing activity was observed among deals sized above 100,000 SF.

Many of the sizable new leases have occurred in more recently built trophy buildings such as One Vanderbilt, 30 Hudson Yards, and 3 World Trade Center, along with buildings that have undergone significant capital improvement programs such as 550 Madison ($300 million) and One Penn Plaza ($200 million). New leasing activity has been driven by tenants in the law and financial sectors looking to lease space in the highest quality of buildings located near mass transit. These characteristics have allowed Midtown Manhattan to capture the lion's share of demand with recent examples including Paul Weiss committing to 765,000 SF and Clayton, Dubilier & Rice relocating to 170,000 SF. This flight to quality has been a theme recognized across the U.S., with 5 Star office buildings being the only tranche to witness positive absorption since the onset of the pandemic.

Vacancy Rates

	2014	2015	2016	2017	2018	2019	2020	2021	2022	23 Q3	23 Q4
National	10.8%	10.2%	9.8%	9.7%	9.4%	9.4%	10.8%	11.8%	12.4%	13.3%	13.5%
Market	8.8%	8.5%	8.7%	8.6%	8.1%	8.2%	9.7%	11.7%	12.4%	13.5%	13.8%

Rents

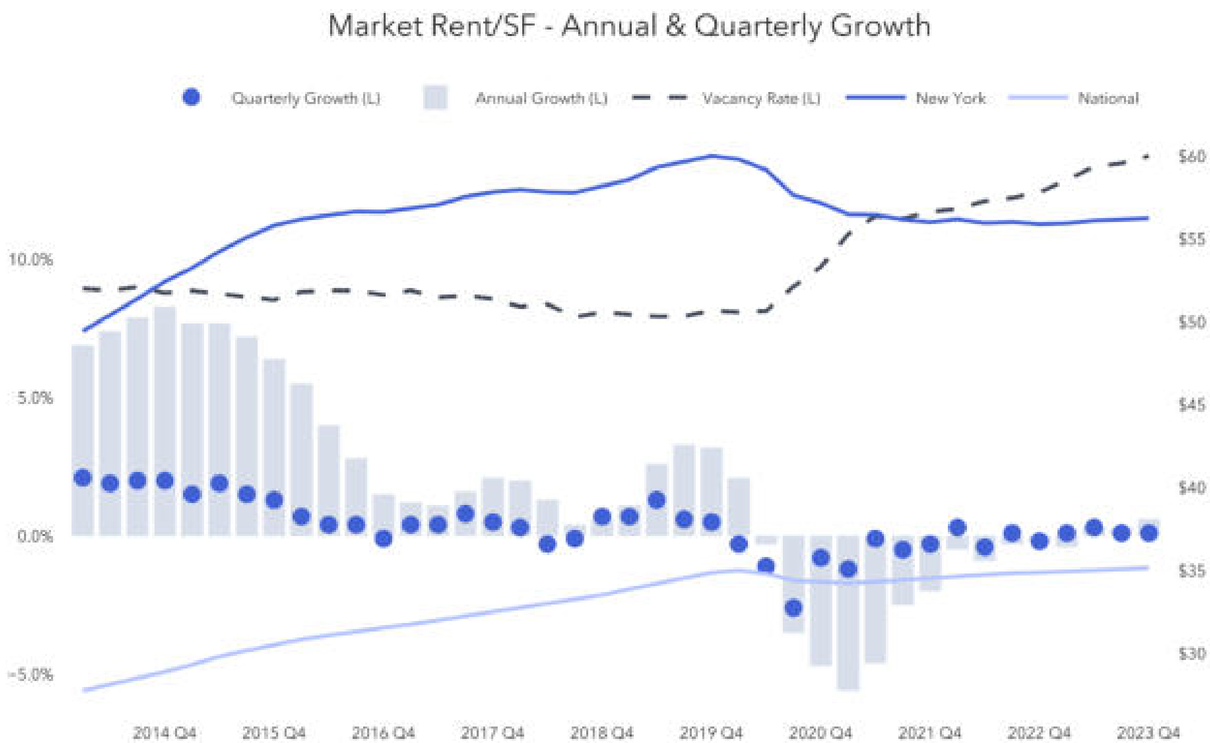
At $56.27/SF, rents in the New York Market are roughly 60% higher than the National average of $35.16/SF. Rents in the Market have grown 1.4% per annum over the past decade, falling short of the National average, where rents increased 2.7% per annum during that time.

Market Rents

	2014	2015	2016	2017	2018	2019	2020	2021	2022	23 Q3	23 Q4
National	$28.89	$30.55	$31.55	$32.45	$33.53	$34.88	$34.33	$34.53	$34.89	$35.11	$35.16
Market	$52.45	$55.83	$56.64	$57.84	$58.19	$60.03	$57.19	$56.03	$55.91	$56.19	$56.27

Prior to the pandemic, the New York Office Market experienced softening rent growth. In 2019 Q4, annual rent growth in the Market softened below the previous quarter, and was below the historical average, with annual growth of 3.2%. With demand softening during the initial stages of the pandemic, quarterly rent growth decreased 1.1% in 2020 Q2. By the end of 2020, rents fell 4.7% from the 2019 Q4 rent level of $60.03/SF. From 2019 Q4 to 2021 Q4, rents decreased -6.7%. Quarterly rent growth in 2023 Q4 increased just 0.1%, softening annual growth to 0.6%.

Rental growth would be worse, except landlords are typically hesitant to drop their asking rents, opting to instead apply discounts to the starting rent or offer generous concession packages to secure long-term commitments. Market participants note that tenants are receiving up to 25% of their rent via concessions when signing sizable leases in 4 and 5 Star buildings.

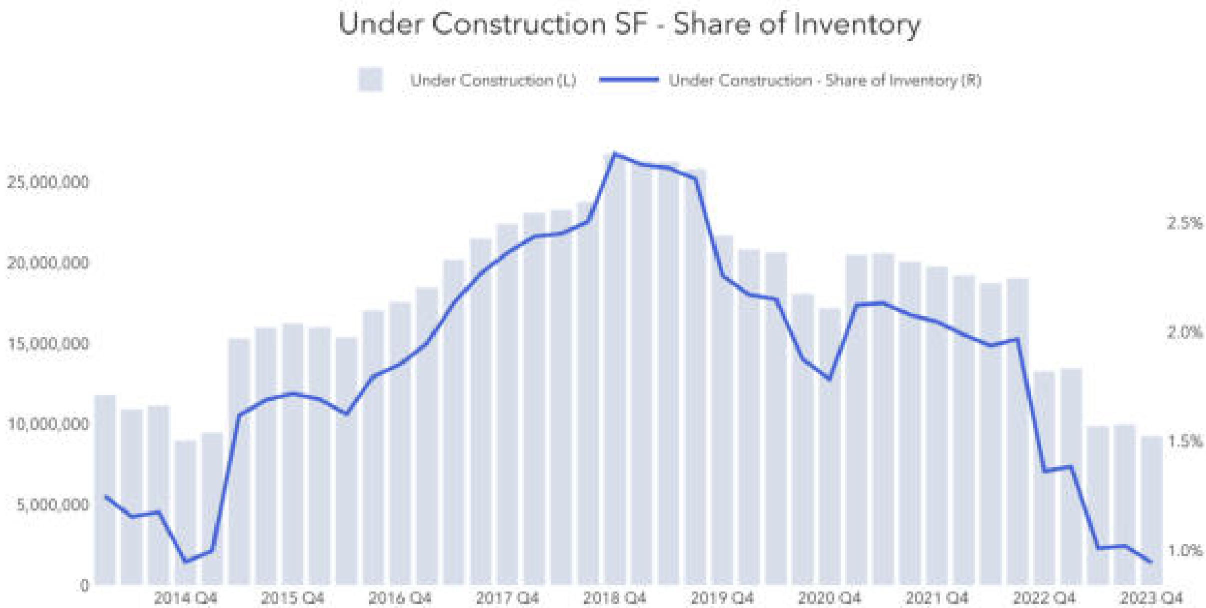


Construction & Future Supply

A dramatic slowdown in construction activity is underway while the potential for increasing amounts of demolition activity continues to rise. In New York, about 9.2 million SF of office space remains under construction which is well below the 21 million SF underway at the start of 2020. Upcoming office completions are not expected to significantly impact vacancy levels as the largest projects underway are of the non-speculative variety. At 270 Park Ave., JPMorgan plans to fully occupy the 1.8 million-SF tower, and at 4 Hudson Square, Disney will be the sole occupier of the 1.2 million-SF building.

About 3.9 million SF has delivered over the past 12 months. Recent completions include the Spiral at 66 Hudson Blvd. (2.8 million SF) and Two Manhattan West (2.9 million SF), both of which are located at the Hudson Yards development. Buildings in Hudson Yards include not only a host of luxury amenities centered around wellness but also an abundance of natural light through the addition of outdoor terraces, floor-to-ceiling windows, and column-free floors. Both recently delivered buildings witnessed sizable leasing take place over the past year as a flight to quality continues to motivate occupiers.

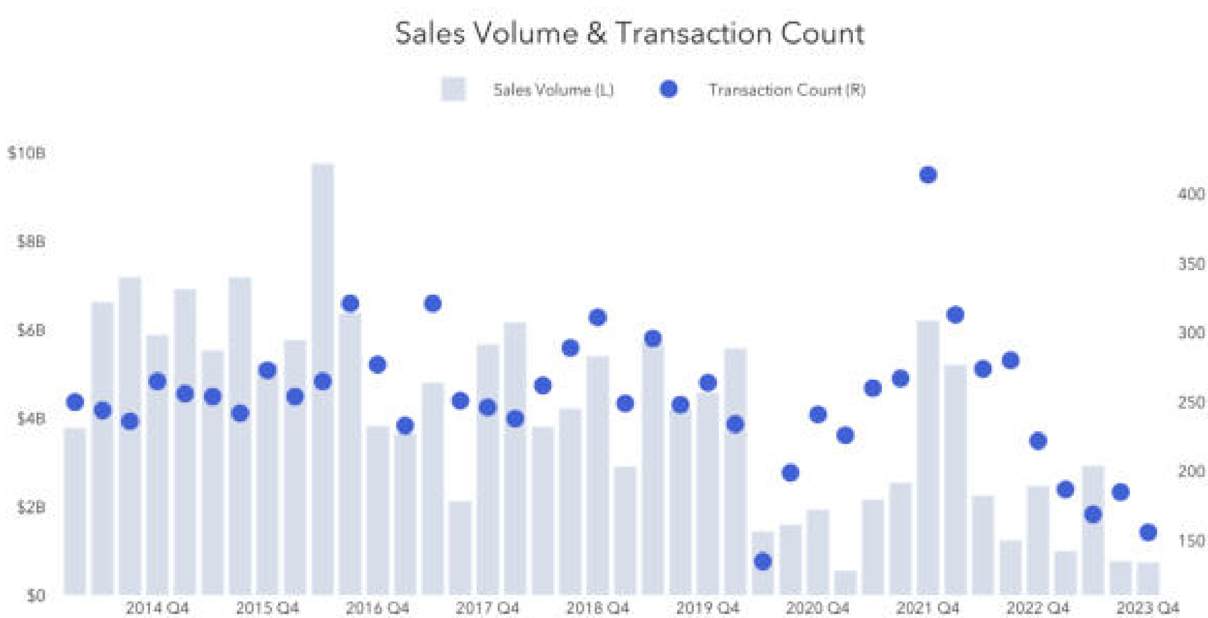
While tenant relocations are largely driven by a flight to quality, the current leasing slowdown has impacted buildings of all types. At the start of 24Q1, office buildings built since 2018 sport an availability rate of 23%. These elevated levels of availability are largely why developers are unlikely to break ground on speculative skyscrapers in the near future.



Capital Markets

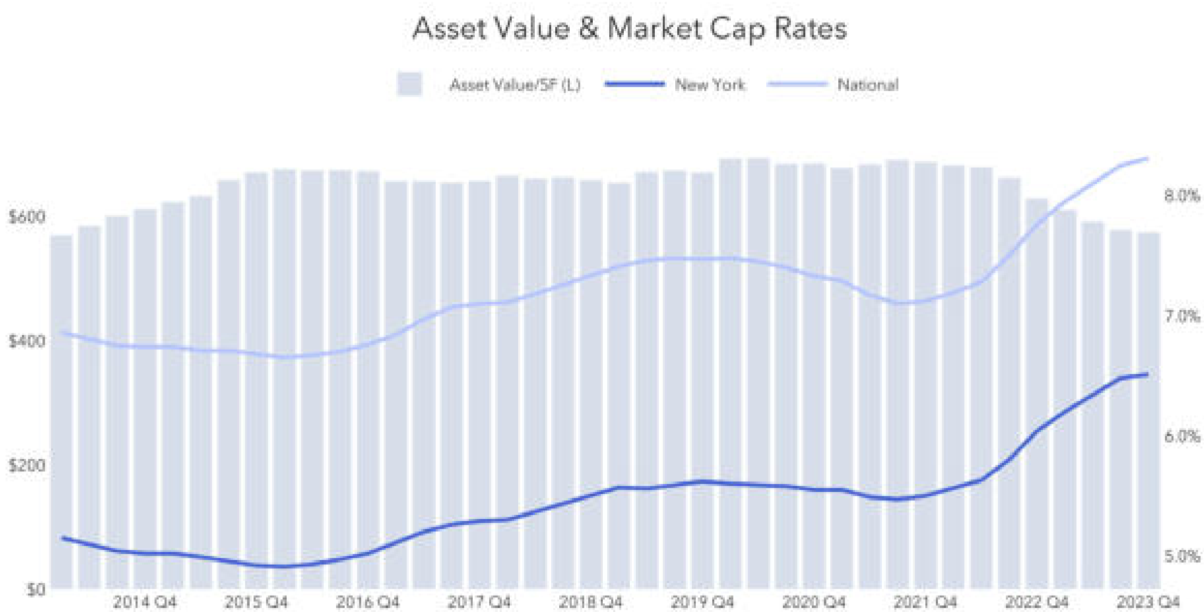
Investors have been active in the Market over the past three years. Going back three years, investors have closed on average, 984 transactions per year with an annual average sales volume of $9.4 billion. Over the past year, there were 697 closed transactions across 18.5 million square feet, for a total sales volume of $5.4 billion. As of 2023 Q4, CoStar data indicates there were 156 transactions for a total sales volume of $741.9 million, compared to $771.9 million in the previous quarter.

Market participants expect minimal sales activity in the near term, as factors such as borrowing costs being at their highest level in over a decade and the rising levels of distress contribute to an overall slowdown in transactions. Not helping matters is that regional banks, already under financial stress and prone to collapse, are not actively looking to finance office acquisitions, instead opting to reduce their exposure to the office sector. In the meantime, some potential buyers patiently wait for more loan maturations to come due in the hopes that transactions take place and price discovery follows.



Market pricing, based on the estimated price movement of all properties in the Market, sat at $574/SF. Values have compressed 8.7% over the past year and continued to fall in the past quarter, decreasing 0.8% in 2023 Q4. Office valuations have been negatively impacted across the board, regardless of building quality or rent roll. An example is the $998 million minority interest sale of 245 Park Ave, a 5 Star tower that was 85% leased, from SL Green to Mori Trust. The sale values the building at $2 billion which is roughly 10% less than the $2.2 billion paid for the building in 2017. While the ability to secure a high valuation in the current environment was lauded, it has since been reported that the seller agreed to sell the buyer more than $500 million worth of the building's debt at a roughly 6% discount which impacted the final price.

Capitalization rates have increased 48 bps over the past year to 6.5% and increased 4 bps in Q4. Higher interest rates and the subsequent cost of debt, along with softening economic growth will weigh on both activity and pricing going forward.



Outlook

Office demand remains well below pre-pandemic levels. Many office markets are contending with elevated vacancy and availability rates. This is occurring at a time of a looming recession, which has resulted in layoffs from many companies, slowing the recovery for the sector.

Office market conditions in the New York Market indicate a decrease in demand along with rising inventory levels. Despite vacancy rates expanding, rent growth remains in positive territory, although concessions have increased. Looking ahead to the near term, it is likely that tenant demand remains weak with limited growth in rents. With market conditions expected to soften amidst slowing economic growth and elevated debt costs, values will likely experience continued declines.

Appendix

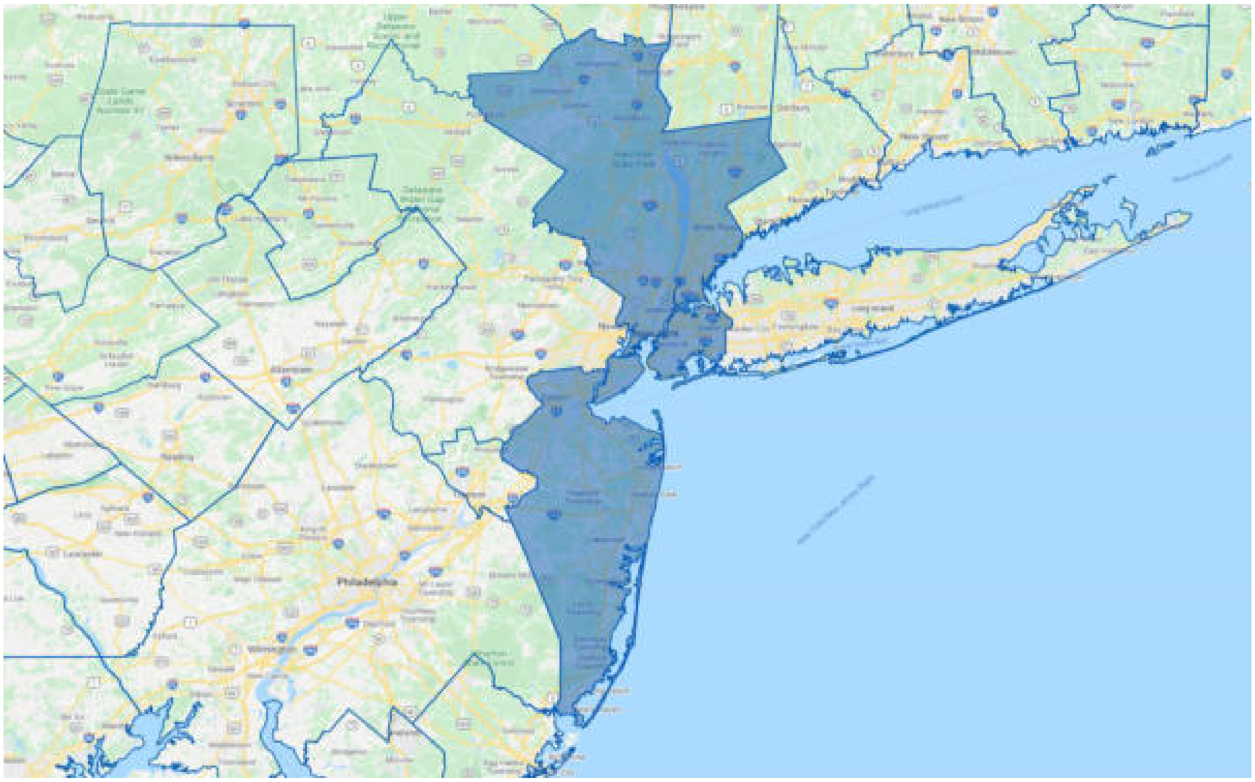
New York Office Market Overview

Submarket	Inventory SF	Vacancy Rate	Availability Rate	Under Construction SF	Market Rent/SF	Market Sale Price Per SF	Market Cap Rate
Plaza District	91,857,770	13.3%	14.5%	2,500,000	$89.56	$933	5.49%
Penn Plaza/Garment	87,873,673	17.7%	19.0%	0	$66.08	$776	5.55%
Grand Central	57,891,711	15.8%	17.2%	0	$74.08	$774	5.62%
Times Square	50,457,405	13.8%	18.2%	212,000	$77.36	$845	5.50%
Chelsea	45,784,450	16.1%	18.5%	337,192	$62.25	$768	5.50%

Financial District	41,167,000	21.4%	24.7%	0	$54.35	$571	5.67%
World Trade Center	38,318,590	13.8%	17.2%	0	$61.61	$692	5.54%
Columbus Circle	36,195,062	10.5%	12.6%	260,000	$74.02	$811	5.64%
Hudson Waterfront	30,641,317	17.9%	24.1%	173,147	$39.92	$313	8.17%
Gramercy Park	29,085,129	16.3%	19.5%	0	$71.98	$757	5.60%
Downtown Brooklyn	24,625,663	19.6%	18.6%	475,966	$50.13	$449	5.82%
Northwest Queens	21,992,088	17.4%	19.9%	92,740	$44.02	$421	5.98%
North Brooklyn	20,022,427	18.7%	16.5%	396,936	$43.41	$397	6.39%
City Hall	19,563,005	6.4%	6.2%	0	$53.61	$589	5.70%
South Brooklyn	19,000,785	10.5%	13.0%	72,326	$36.20	$346	6.75%
Eastern Monmouth	17,577,727	6.6%	8.6%	0	$28.16	$174	9.52%
Murray Hill	16,557,187	18.4%	24.1%	36,500	$54.12	$615	5.69%
Bronx	15,553,044	9.4%	11.7%	252,865	$38.06	$303	6.94%
Hudson Square	14,783,433	15.8%	17.6%	1,200,000	$70.48	$779	5.56%
East I-287 Corridor	14,039,852	15.3%	17.8%	30,000	$32.64	$168	7.56%
Insurance District	13,889,834	17.9%	19.1%	230,000	$52.45	$562	5.66%
Northeast Queens	13,446,216	4.4%	5.5%	163,068	$44.11	$361	6.43%
Soho	12,727,676	15.1%	20.7%	36,233	$66.34	$845	5.71%
Brunswick West	10,860,782	21.7%	23.5%	0	$33.04	$191	9.47%
Ocean County	9,908,670	4.1%	5.3%	147,842	$28.08	$173	9.41%
Tribeca	9,436,076	9.2%	13.5%	0	$68.96	$731	5.58%
West I-287 Corridor	9,349,337	12.0%	16.5%	13,000	$32.32	$154	7.89%
White Plains CBD	8,969,772	14.3%	17.2%	0	$37.39	$200	7.50%
North Edison/Woodbridge	8,864,945	12.5%	22.0%	25,958	$36.73	$185	9.04%
Brunswick	8,839,147	6.4%	7.1%	779,000	$29.47	$165	9.41%
Harlem/North Manhattan	8,434,115	15.9%	18.6%	566,295	$45.36	$600	5.93%
Meadowlands	8,414,232	13.6%	19.3%	0	$30.20	$160	9.51%
GW Bridge	8,393,211	6.9%	8.3%	0	$30.94	$196	9.22%
Greenwich Village	7,769,546	14.0%	19.5%	165,963	$69.36	$822	5.64%
Staten Island	7,587,971	7.2%	10.0%	79,100	$34.40	$289	7.45%
South Edison	7,438,825	7.0%	10.1%	0	$28.85	$158	9.42%
Route 287 East	7,223,533	11.5%	12.9%	0	$25.15	$147	9.62%
Passaic Rt 46/23	6,955,078	11.3%	13.8%	0	$30.62	$139	9.91%
South Queens	6,899,525	5.3%	6.7%	0	$41.97	$309	6.64%
Route 4/17	6,465,700	11.3%	12.6%	0	$30.27	$163	9.62%
Western Monmouth	6,405,058	8.2%	9.7%	119,101	$26.24	$159	9.71%
Southeast	6,105,080	7.1%	7.7%	0	$30.33	$167	8.00%
North	5,325,669	13.0%	13.4%	0	$32.88	$191	7.30%
U.N. Plaza	5,122,605	6.3%	9.8%	0	$60.34	$682	5.67%
North 17 Corridor	5,035,153	5.6%	6.6%	0	$27.52	$153	9.82%
Central Queens	5,029,613	5.2%	8.9%	0	$42.51	$355	6.50%
Southwest	4,995,370	6.6%	5.7%	0	$33.47	$161	7.63%
Southern Monmouth	4,886,922	10.8%	10.1%	0	$28.54	$180	9.31%
Hackensack	4,790,267	10.5%	13.0%	51,750	$27.40	$173	9.20%
Upper East Side	4,635,705	2.4%	7.4%	635,000	$67.08	$951	5.54%
Upper Parkway	4,599,980	19.4%	22.4%	0	$30.61	$151	10.18%
Route 3/GSP	3,672,704	7.9%	8.3%	0	$30.25	$152	9.60%
Middletown	3,595,397	12.8%	13.2%	0	$29.07	$180	7.58%
Newburgh	3,282,505	6.0%	6.5%	40,000	$27.87	$184	7.71%
Passaic Urban Region	3,137,474	9.3%	13.2%	0	$30.01	$146	9.87%
North Central Bergen	3,068,066	5.3%	7.9%	0	$28.70	$188	9.33%
Orangetown	2,854,491	20.1%	22.3%	0	$27.34	$229	7.01%
Northwest	2,835,319	9.5%	9.7%	0	$31.63	$144	8.43%
Ramapo	2,753,649	1.8%	2.8%	140,000	$31.23	$205	7.22%
Teaneck/Ridgefield	2,671,012	8.9%	15.1%	0	$33.27	$185	9.12%
Route 46 Corridor	2,455,836	12.8%	14.1%	0	$30.23	$164	9.09%
Monroe	2,439,693	2.1%	2.2%	0	$27.97	$164	7.25%
Clarkstown	2,363,949	4.5%	6.0%	0	$29.56	$161	7.70%
Western Bergen	2,200,164	0.8%	0.9%	0	$33.06	$171	9.58%
Route 208 Corridor	2,109,798	3.4%	5.9%	0	$27.81	$170	9.50%
Palisades	2,088,940	7.8%	14.9%	0	$25.28	$183	9.12%
Upper West Side	1,960,937	23.6%	21.1%	0	$58.19	$785	5.59%
Northeast	1,385,441	3.3%	6.1%	0	$36.95	$189	7.39%
Upper Suburban Passaic	547,809	3.5%	3.5%	0	$29.31	$143	10.79%

New York: Multifamily Market Analysis

The information contained in this report was provided using 2023 Q4 CoStar data for the New York Multifamily Market ("Market").



Overview

The subject property is in the New York Market defined in the map above, which includes 1.5 million units of multifamily space. At the start of 2024, the New York apartment market continues to be defined by many renters competing for a limited number of units. The vacancy rate, at 2.6%, stands at near historic lows and remains the tightest among U.S. markets with at least 100,000 units. Clear signs exist, however, that the apartment market is slightly slowing down. Absorption totals have declined for the second consecutive year in 2023 as supply outpaced demand, with 23,300 units delivered, compared to 20,700 units absorbed over the past 12 months. While annual rent growth is positive at 2.0% no growth occurred in the latest quarter. With softening fundamentals, values decreased in the past quarter and -11.6% yoy, ultimately decreasing to $396,924/unit.

Sector Fundamentals

	New York	YoY	QoQ	National	YoY	QoQ
Market Rent/Unit	$3,060	2.0%	0.0%	$1,647	0.7%	-0.6%
Vacancy Rate	2.56%	14 bps	3 bps	7.56%	108 bps	29 bps
Net Absorption Units	5,430	24.9%	0.0%	71,148	1369.8%	-20.2%
Asset Value/Unit	$396,924	-11.6%	-2.0%	$236,627	-11.3%	-1.8%
Market Cap Rate	5.11%	60 bps	7 bps	5.88%	60 bps	6 bps
Transaction Count	202	-33%	-28%	2,834	-39%	-14%
Sales Volume	$962,639,744	-64%	-49%	$19,361,206,272	-52%	-24%

The table below presents historical performance of key indicators for multifamily space in the Market including inventory & construction levels, net absorption, vacancy & availability, rental rates, pricing, and cap rates.

Historical Multifamily Performance: New York Market

Period	Inventory Units	Under Construction Units	Net Delivered Units 12 Mo	Absorption Units 12 Mo	Vacancy Rate	Market Effective Rent/Unit	Asset Value/Unit	Market Cap Rate
2023 Q4	1,546,897	69,163	23,273	20,675	2.6%	$3,060	$396,924	5.11%
2023 Q3	1,540,793	65,063	22,324	19,592	2.5%	$3,059	$404,986	5.04%
2022	1,523,624	61,047	28,189	27,229	2.4%	$3,001	$448,930	4.50%
2021	1,495,434	53,619	20,482	37,182	2.4%	$2,891	$500,189	4.08%
2020	1,474,953	54,535	16,855	5,029	3.5%	$2,711	$452,896	4.35%
2019	1,458,098	51,286	20,406	19,614	2.8%	$2,772	$440,985	4.56%
2018	1,437,692	46,089	24,178	28,818	2.8%	$2,721	$425,682	4.65%
2017	1,413,514	49,922	29,519	25,829	3.1%	$2,661	$424,474	4.65%
2016	1,383,992	58,593	15,290	20,133	2.9%	$2,637	$413,297	4.70%
2015	1,368,699	54,585	14,648	12,573	3.3%	$2,596	$395,266	4.72%
2014	1,354,051	40,955	11,652	11,663	3.2%	$2,520	$365,570	4.89%

Supply & Demand

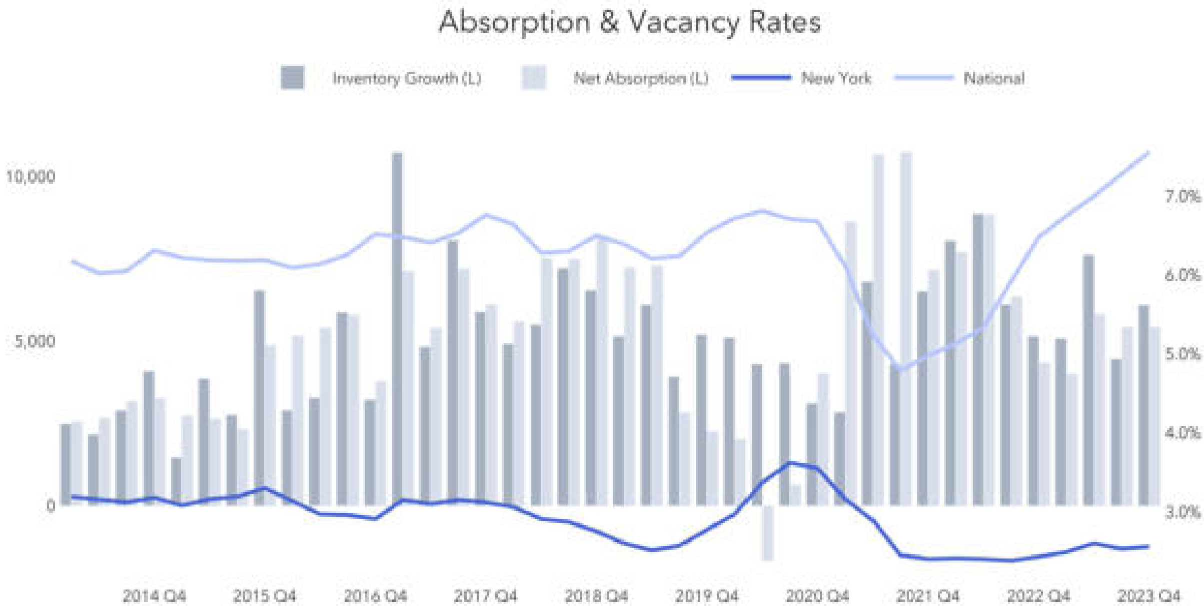
The Market has 1.5 million units of multifamily space, and developers have added, net of demolitions, 202k units over the past ten years, increasing inventory by 15.0% during that time. Despite an increase in supply over the past ten years, absorption levels have outpaced it, and vacancy rates are lower than they were a decade ago, compressing from 3.2% to 2.6%. Renters continue to relocate here despite the exorbitant costs of living. Despite initial worries that a decline in office utilization would hamper the apartment market, it's apparent that the dining, culture, and arts scene in New York City are proving to be more influential drivers of demand for renters. The increase in hybrid work arrangements has instead greatly benefited submarkets located outside of New York City.

More recently, demand has softened compared to elevated demand in 2021 and over the first half of 2022. Combined with a rise in inventory levels for the Market, vacancy rates have increased 14 bps over the past year from 2.4% to 2.6%, remaining below the 10-year average of 2.9%, and below the National average by 500 bps. In the fourth quarter, multifamily tenants in the Market absorbed 5.4k units, an increase from the 5.4k units absorbed in 2023 Q3, and an improvement from the 4.3k units absorbed in the same quarter last year.

Still, much of what is slated to be delivered is located in submarkets that are popular with renters and that have a history of absorbing new construction such as Brooklyn, Jersey City, and Long Island City. This creates a possibility that the vacancy rate may be relatively unchanged when compared over the long term. However, if a near-term recession were to come to fruition, submarkets that are less popular, have had a sizable amount of new projects deliver over the past year, and contain a fair amount of units under construction, such as those in the Bronx, Westchester County, and Bergen County, may drive vacancy expansion across the metro.

Vacancy Rates

	2014	2015	2016	2017	2018	2019	2020	2021	2022	23 Q3	23 Q4
National	6.3%	6.2%	6.5%	6.8%	6.5%	6.5%	6.7%	5.0%	6.5%	7.3%	7.6%
Market	3.2%	3.3%	2.9%	3.1%	2.8%	2.8%	3.5%	2.4%	2.4%	2.5%	2.6%
Class A	7.4%	10.0%	6.9%	8.5%	6.3%	6.1%	8.5%	6.0%	6.2%	6.2%	6.1%
Class B	3.2%	3.3%	3.1%	3.2%	2.9%	3.1%	3.7%	2.3%	2.3%	2.4%	2.5%
Class C	2.7%	2.6%	2.3%	2.3%	2.1%	2.0%	2.5%	1.7%	1.6%	1.7%	1.7%



Rents

At $3,060/unit, rents in the New York Market are roughly 86% higher than the National average average of $1,647/unit. Rents vary throughout the Market. Rents in popular submarkets in Manhattan and Brooklyn easily top $4,000/month. A notable amount of submarkets located in the Bronx, Queens, and Westchester County continue to be considered value plays among renters as rent totals are below $2,500/month. While these submarket rents are below the metro average, they are still more expensive than 90% of U.S. metro markets.

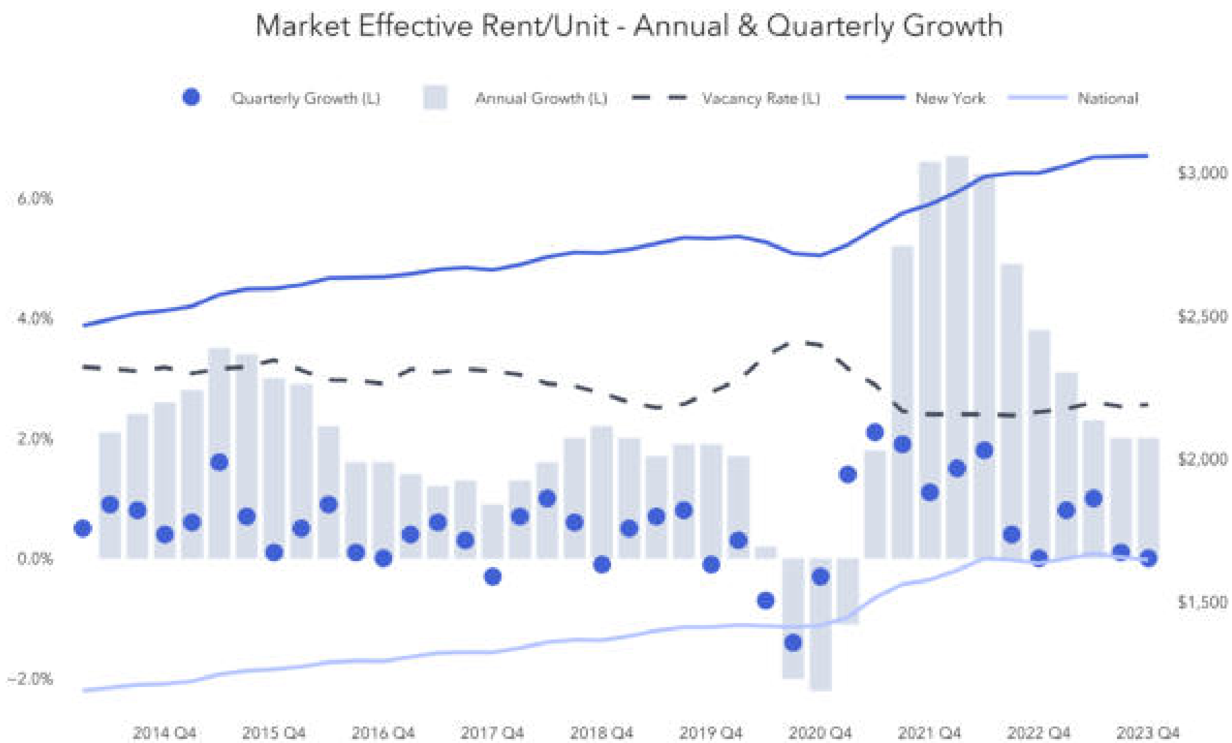
Class A apartment units are a premium with an average effective rent rate of $4,124/unit, followed by $3,266/unit for Class B and $2,138/unit for Class C units. Rents in the Market have grown 2.4% per annum over the past decade, falling short of the National average, where rents increased 3.8% per annum during that time.

Market Rents

	2014	2015	2016	2017	2018	2019	2020	2021	2022	23 Q3	23 Q4
National	$1,214	$1,265	$1,294	$1,324	$1,366	$1,412	$1,418	$1,578	$1,636	$1,657	$1,647
Market	$2,520	$2,596	$2,637	$2,661	$2,721	$2,772	$2,711	$2,891	$3,001	$3,059	$3,060
Class A	$3,355	$3,444	$3,478	$3,501	$3,595	$3,675	$3,517	$3,859	$4,046	$4,129	$4,124
Class B	$2,698	$2,787	$2,832	$2,855	$2,914	$2,965	$2,908	$3,101	$3,205	$3,265	$3,266
Class C	$1,779	$1,835	$1,877	$1,904	$1,940	$1,970	$1,974	$2,030	$2,093	$2,133	$2,138

In 2019 Q4, annual rent growth in the Market remained stable, but was below the historical average, with annual growth of 1.9%. With demand softening during the initial stages of the pandemic, quarterly rent growth decreased 0.7% in 2020 Q2. By the end of 2020, rents fell 2.2% from the 2019 Q4 rent level of $2,772/unit. From 2019 Q4 to 2021 Q4, rents increased 4.3%. Quarterly rent growth in 2023 Q4 stalled, softening annual growth to 2.0%. At the start of 2024, the largest annual rent gains had occurred in submarkets located in New Jersey such as Hackensack/Teaneck, North Middlesex County, and Greater Bergen County.

Concessions are typically not part of the equation for much of the metro's apartment buildings. Still, there has been a slow but steady uptick in the number of buildings offering concessions over the past 12 months. By the close of December, an average of 24% of all multifamily properties in the New York area were offering some sort of concession, an increase from the 13% concession rate observed a year ago. This practice has largely been observed in recently completed buildings in an attempt to quickly stabilize occupancy levels, with up to two months of free rent offered. This can be seen as a response to the moderating absorption levels witnessed in recent quarters.

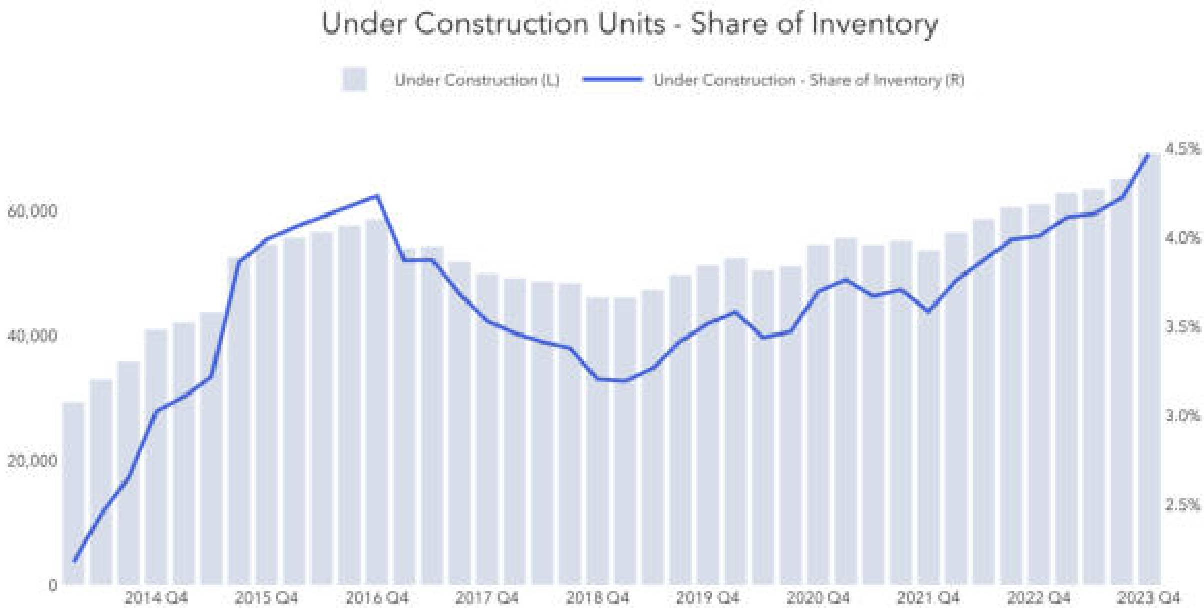


Construction & Future Supply

Developers have been active for much of the past ten years. In fact, they have added 209.1k units to the Market over that time, expanding inventory by 15.0%. Developers remain active in the Market despite elevated construction and debt costs. In fact, developers are currently active with 69.2k units, or the equivalent of 4.5% of existing inventory, underway. A significant amount of units are underway in Brooklyn and Long Island City. These are popular neighborhoods where a supply wave has been ongoing for more than five years as renters continue to target modern apartment buildings located just outside of Manhattan.

With construction costs, acquisition costs of development sites, and competition in popular submarkets all rising, development activity has spread to more suburban parts of the metro where lower barriers to entry exist. This has resulted in an influx of transit-oriented development built to attract renters who work in New York City, but would rather rent in a considerably more affordable building that has been recently built.

Submarkets utilizing this trend include those in Hudson County, where apartment buildings are located in proximity to NJ Transit lines, and in Westchester County, where new apartments are located within walking distance of Metro North train stations. However, proximity to mass transit is not the sole motivating factor. To further attract renters, recently delivered buildings are typically built to a high standard with modern amenity offerings that are geared towards health and wellness.



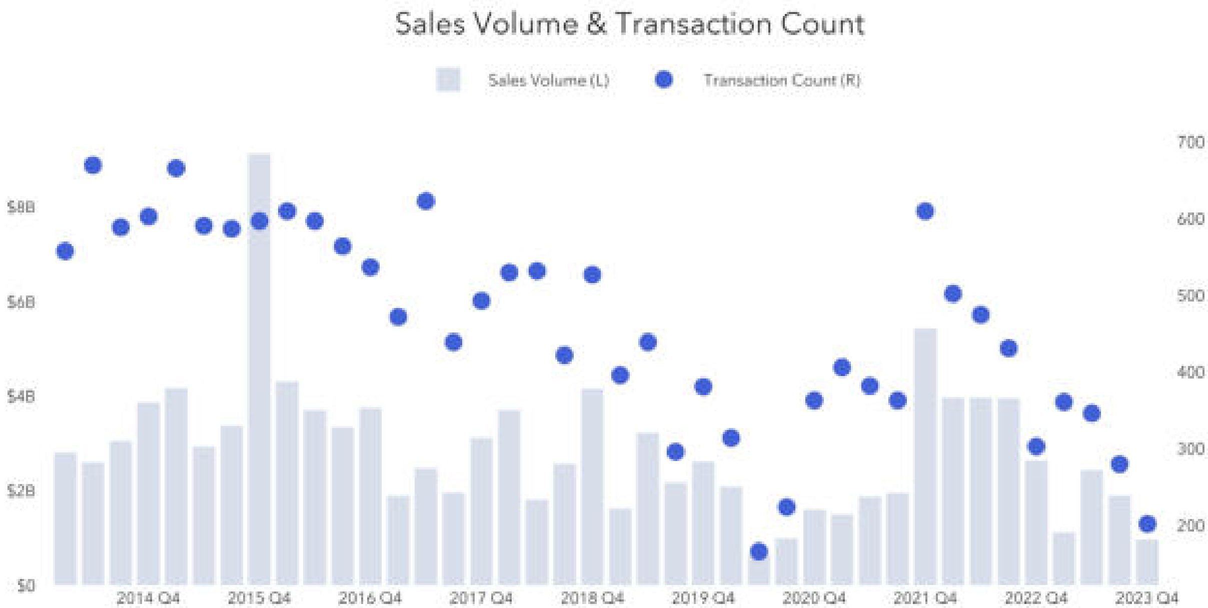
Capital Markets

Investors have been active in the Market over the past three years. Going back three years, investors have closed on average, 1,554 transactions per year with an annual average sales volume of $10.6 billion. Over the past year, there were 1,189 closed transactions across 26.4k units, for a total sales volume of $6.4 billion. As of 2023 Q4, CoStar data indicates there were 202 transactions for a total sales volume of $962.6 million, compared to $1.9 billion in the previous quarter.

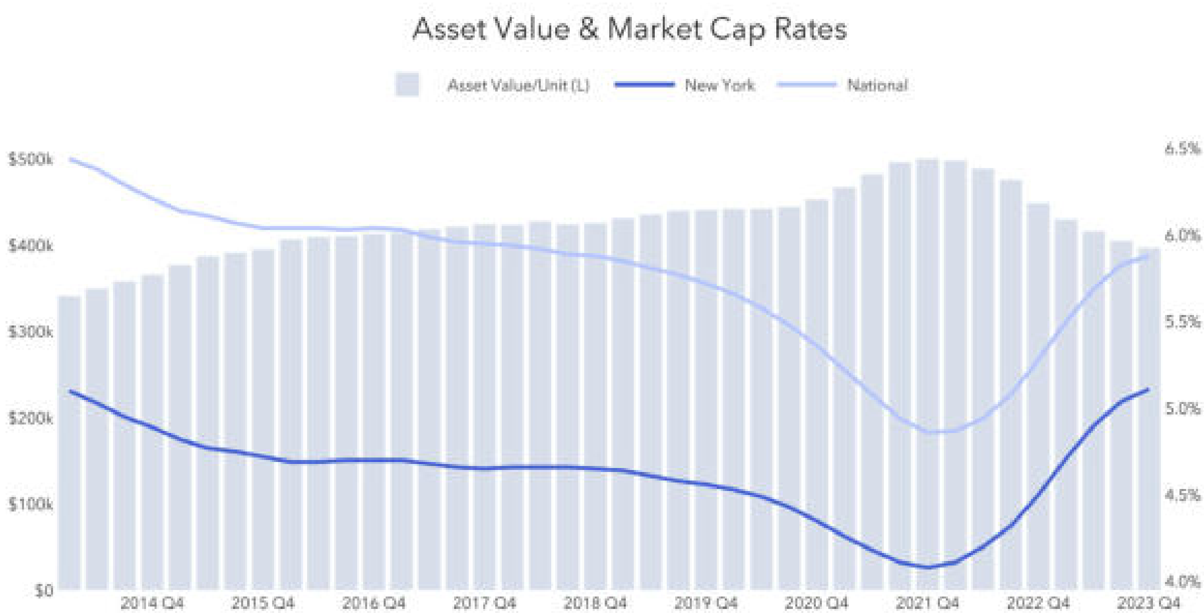
Apartment buildings built within the past decade or that are located in popular renter neighborhoods in Brooklyn and Manhattan remain in heavy demand and are driving recent transaction activity. There is a growing desire to manage risk through owning better-quality assets where unexpected capital expenses are less likely or fear of absorption totals cratering is minimal.

An example of this was the $402 million purchase of the Solow Tower Apartments, a 4 Star building with 322 units, by GO Partners. The pricing ($1.2 million/unit) reflects the building's desirable location in Manhattan's Upper East Side, its 100% occupancy rate, and its substantial renovation performed in 2015. Similar characteristics were found in the sale of 8 Marcy Ave, a Class B property that sold for $97 million or $792,000/unit. The Carlyle Group was motivated by the building's location in Williamsburg, its brand-new build, and its 100% occupancy rate.

Some buyers have shown a willingness to transact on quality buildings located outside city limits at elevated valuation levels despite where interest rates currently are. This was witnessed during the $115 million sale, or $261,000/unit, of the Addison at Princeton Meadows in Plainsboro, NJ, and the $151 million sale, or $324,000/unit, of Mountain View Crossing in Wayne, NJ. In both instances, the buyers lauded the fact that the buildings were located in areas featuring both desirable demographics and high barriers to entry which should allow room for future rent growth.



Market pricing, based on the estimated price movement of all properties in the Market, sat at $396,924/unit. Values have compressed 11.6% over the past year and continued to fall in the past quarter, decreasing 2.0% in 2023 Q4. Capitalization rates have increased 60 bps over the past year to 5.1% and increased 7 bps in Q4. While there is still quite a bit of dry powder available, many investors are likely to remain on the sidelines over the second half of 2023.



Outlook

The U.S. multifamily sector experienced a slowdown in demand over the second half of 2022, which continued into 2023 and even further into the 2nd half of the year. With demand slowing, rent growth has decreased in many markets across the Nation.

Multifamily market conditions in the New York Market indicate strong demand, although it has fallen short of the pipeline. With vacancy rates increasing over the past year, rent growth has been minimal. Looking ahead to the near term, it is likely that tenant demand improves in early spring, with the slowing pipeline aiding absorption rates. Still, with market conditions expected to soften amidst slowing economic growth and elevated debt costs, values will likely experience limited growth.

Appendix

New York Multifamily Market Overview

Submarket	Inventory Units	Vacancy Rate	Under Construction Units	Market Effective Rent/Unit	Asset Value/Unit	Market Cap Rate
West Bronx	92,775	0.5%	2,400	$1,514	$165,580	6.06%
South Bronx	66,132	3.5%	1,972	$2,054	$198,001	5.86%
Prospect Park	62,851	1.8%	4,174	$2,851	$372,573	5.03%
Flatbush	60,747	1.5%	887	$2,025	$252,244	5.13%
Upper East Side	58,301	2.2%	13	$4,222	$636,903	4.39%
Upper West Side	57,807	2.9%	294	$4,928	$669,020	4.44%
Upper Manhattan	55,318	1.0%	2,371	$2,159	$327,734	5.02%
Bushwick	51,907	2.6%	1,080	$2,640	$326,904	5.22%
Harlem	48,534	2.3%	624	$2,436	$374,537	4.80%
Central Queens	47,065	1.0%	1,239	$2,148	$273,269	5.13%
Northwestern Queens	41,280	1.0%	1,597	$2,357	$288,743	5.06%
Williamsburg	40,249	4.3%	4,203	$4,116	$533,912	4.82%
Southwest Brooklyn	39,195	1.5%	31	$1,737	$228,776	5.37%
North Middlesex County	36,293	4.4%	502	$2,188	$257,126	5.55%
East Village	33,907	1.5%	0	$4,207	$518,539	4.34%
Greater Hudson County	33,626	7.2%	2,845	$2,440	$315,360	5.68%
Yonkers/Mt Vernon/New Rochelle	32,949	4.5%	2,273	$2,266	$267,106	5.75%
Midtown West	32,576	3.1%	920	$4,407	$767,278	4.32%
South Shore Brooklyn	30,902	0.9%	1,504	$1,918	$277,933	4.98%
Lower West Side	29,945	2.5%	18	$4,797	$844,851	4.16%
Southeast Queens	27,270	2.4%	2,309	$1,965	$290,283	5.11%
Chelsea	27,050	3.5%	1,202	$5,083	$868,564	4.30%
Southeast Bronx	26,332	0.6%	50	$1,556	$168,634	5.80%
Downtown Brooklyn	26,017	3.2%	4,726	$4,315	$673,428	4.53%
Northeast Queens	25,980	1.4%	190	$1,981	$239,432	5.27%
Greater Bergen County	24,199	2.5%	1,038	$2,191	$263,554	5.34%
Jersey City Waterfront	23,569	2.9%	6,247	$3,843	$609,297	4.93%
Long Island City	23,241	3.7%	5,299	$3,840	$779,015	4.43%
East Monmouth County	22,968	2.3%	207	$2,067	$228,802	5.56%
East Harlem	22,294	4.7%	453	$2,901	$471,967	4.69%
North Hudson County	21,128	3.1%	704	$2,910	$300,589	5.68%
Jersey City/Journal Square	21,037	4.5%	5,381	$2,649	$450,015	5.15%
Passaic County	20,524	2.5%	401	$1,908	$202,719	6.02%
Murray Hill/Kips Bay	19,810	6.2%	0	$4,548	$683,054	4.37%
East Bronx	18,144	0.5%	416	$1,548	$164,651	6.01%
Midtown South	17,174	2.3%	85	$4,806	$794,965	4.39%
Turnpike West	16,540	3.7%	0	$2,140	$246,202	5.48%
Hackensack/Teaneck	15,376	4.3%	963	$2,248	$314,763	5.28%
Lower East Side	15,275	2.7%	845	$4,095	$676,109	4.27%
Midtown East	15,253	2.2%	291	$4,728	$753,503	4.45%
Financial District	14,723	5.1%	2,391	$4,559	$945,107	4.44%
Bergen County Waterfront	14,449	2.6%	415	$3,024	$370,522	5.25%
Turnpike East	13,923	4.6%	268	$2,088	$263,782	5.29%
East New York	11,649	0.4%	978	$1,428	$323,222	5.32%
North Ocean County	11,457	1.8%	560	$1,821	$207,435	5.46%
Hoboken	10,018	3.0%	216	$4,072	$405,350	5.44%
Northwest Bronx	9,583	1.0%	26	$2,605	$217,215	5.45%
Staten Island	9,543	1.1%	221	$1,788	$234,290	5.55%

Rockland County	9,121	5.0%	104	$2,365	$254,322	5.41%
Westchester County South	9,014	4.4%	18	$2,786	$283,472	5.25%
Westchester County North	8,620	4.8%	1,069	$2,599	$340,163	5.34%
South Shore Queens	8,390	1.9%	237	$1,729	$241,541	5.24%
Little Italy/Chinatown	7,957	1.7%	0	$3,860	$497,986	4.38%
White Plains	6,263	9.8%	1,891	$3,008	$548,895	4.74%
Middletown/Goshen	4,377	3.2%	224	$1,935	$205,594	5.54%
Outlying Orange County	4,150	1.9%	149	$1,688	$177,426	5.37%
Morningside Heights	4,133	2.7%	0	$3,978	$592,246	4.50%
Roosevelt Island	3,119	1.5%	357	$3,959	$648,912	4.33%
West Monmouth County	2,222	3.3%	285	$2,424	$295,227	5.23%
Newburgh	1,636	2.4%	0	$1,990	$205,815	5.41%
South Ocean County	1,010	3.3%	0	$2,241	$243,767	5.52%

Subject Property Photos

All subject photos were taken on 1/29/2024.

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Contingent & Limiting Conditions

1. Any legal description or plats reported herein are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. We have made no survey of the property and assume no responsibility in connection with such matters.
2. The appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the appraiser or the appraiser's staff or was obtained or taken from referenced sources and is considered reliable. No responsibility is assumed for the costs of preparation or for arranging geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
3. No responsibility is assumed for matters legal in nature. Title is assumed to be good and marketable and in fee simple unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated.
4. Unless otherwise stated herein, it is assumed there are no encroachments or violations of any zoning or other regulations affecting the subject property and the utilization of the land and improvements is within the boundaries or property lines of the property described and that there are no trespasses or encroachments.
5. Bowery Real Estate Systems, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
6. It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein.
7. It is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
8. Unless otherwise stated within the report, the depiction of the physical condition of the improvements described herein is based on visual inspection. No liability is assumed for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made. No responsibility is assumed for hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during our inspection.
9. If building improvements are present on the site, no significant evidence of termite damage or infestation was observed during our physical inspection, unless so stated in the report. No termite inspection report was available, unless so stated in the report. No responsibility is assumed for hidden damages or infestation.
10. Any proposed or incomplete improvements included in this report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
11. No responsibility is assumed for hidden defects or for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.
12. Responsible ownership and competent property management are assumed.
13. The appraisers assume no responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.

14. The value estimates reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value estimates, unless such proration or division of interests is set forth in the report.
15. Any division of the land and improvement values estimated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
16. Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment.
17. Unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered; unless otherwise stated. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
18. Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are our best estimate of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
19. Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
20. Bowery Real Estate Systems, Inc. representatives are not experts in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraisers are not qualified to detect such substances. The client is urged to retain an expert in this field.
21. We are not experts in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent endangered species impact studies, research, and investigation that may be provided.
22. No environmental impact studies were either requested or made in conjunction with this analysis. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, and investigation that may be provided.
23. The appraisal is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.

24. Neither all nor any part of the contents of this report or copy thereof shall be conveyed to the public through advertising, public relations, news, sales, or any other media, without the prior written consent and approval of the appraisers. This limitation pertains to any valuation conclusions, the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof.
25. Although the appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the appraiser either by the client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or estimates of value.
26. If this report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

Qualifications

Michelle Zell, MAI

Senior Vice President

Experience

Michelle Zell is a Senior Vice President at Bowery Valuation, who joined the firm in October 2019. She has worked in the real estate appraisal industry for 19 years.

Ms. Zell has appraised multi-family, condominium and cooperative apartment buildings, retail properties, office buildings, restaurants, industrial properties, hotels, and vacant land properties all over the United States. Ms. Zell specializes in managing large portfolios, appraising large scale existing and proposed developments, appraisals for EB-5 financing, litigation and condemnation proceedings, as well as trust and estate needs.

Ms. Zell performs and manages appraisals for Israeli bond issuances in excess of $1B, and has extensive experience with the Israeli bond market since 2012. She specializes in serving a liaison between the appraisers, the audit firms and the Israeli Security Authority.

Significant appraisal assignments include Peter Cooper Village/Stuyvesant Town, a rental apartment complex in New York City with 12,000 units, the condominium conversion of The Apthorp and the Belnord, two large scale prewar landmarked developments in Manhattan, 70 Pine Street, the 1M square foot former AIG headquarters converted to rental apartments, hotel, private club, restaurant and retail space, 701 7th Avenue, a proposed hotel and retail development located in Times Square and valued at $2B, market rent determination for Bell Works- the former Ball Labs in Holmdel, NJ, and multiple large developments for EB-5 financing including The Armature Works in Washington DC (a proposed mixed use retail, apartment and hotel development), 1 Journal Square (a proposed mixed use development in Jersey City), The Retail at Nassau Coliseum (proposed retail and entertainment complex adjacent to Nassau Coliseum), and Pacific Park (a proposed development of 15 land parcels to be developed with high rise residential, condominium, office and school buildings).

Before joining Bowery, Ms. Zell served as a Senior Appraiser at BBG (formerly Leitner Group) in New York City from 2003 through October 2019.

Education

Cornell University	Bachelor of Science
Emory University	Master of Public Health

Certifications & Professional Designations

Appraisal Institute	MAI, Designated Member Currently certified by the Appraisal Institute's voluntary program of continuing education for its designated members.	
Certified General Real Estate Appraiser	New York (46-49921) Florida (RZ4135) Texas (TX 1380938G) Georgia (CG404989) Louisiana (G4507) Pennsylvania (GA004611) New Hampshire (NHCG-1055)	Maine (CG 4769) Massachusetts (1000274) Tennessee (6208)

Steve Zheng

Valuation Associate

Experience

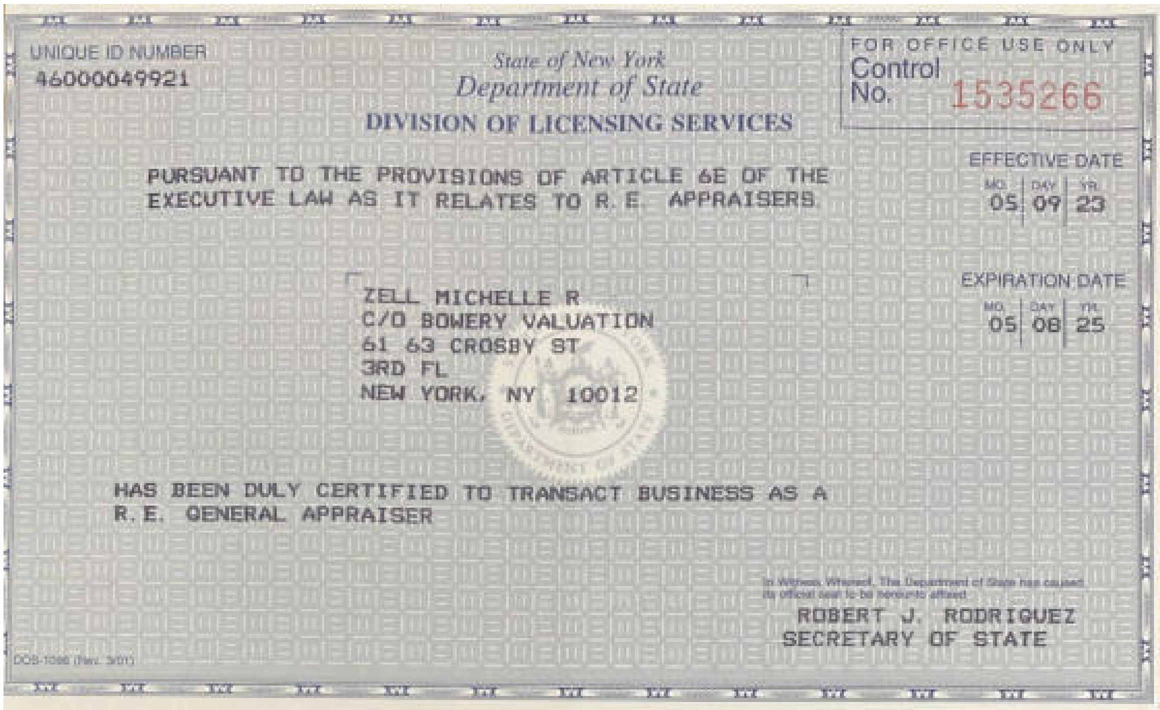
Steve Zheng is a Valuation Associate at Bowery Valuation who joined the firm in August 2019. He has appraised multi-family and mixed-use properties in New York and New Jersey.

Prior to joining Bowery, Mr. Zheng held internship positions at Bridge Partners, a value-add multi-family real estate investment firm based in the Bay Area, and Clay Cove Capital, a real estate investment firm based in Philadelphia.

Education

University of Pennsylvania, The Wharton School	Bachelor of Science in Economics with concentrations in real estate and finance
Appraisal Institute	Basic Appraisal Principles Basic Appraisal Procedures

Licenses



UNIQUE ID NUMBER
46000049921

State of New York
Department of State
DIVISION OF LICENSING SERVICES

FOR OFFICE USE ONLY
Control No. 1535266

PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R.E. APPRAISERS

EFFECTIVE DATE
MO. 05 DAY 09 YR. 23

EXPIRATION DATE
MO. 05 DAY 08 YR. 25

ZELL MICHELLE R
C/O BOWERY VALUATION
61 63 CROSBY ST
3RD FL
NEW YORK, NY 10012

HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R.E. GENERAL APPRAISER

In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed.

ROBERT J. RODRIGUEZ
SECRETARY OF STATE

DOS-1086 (Rev. 3/01)

Glossary of Terms

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

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, according to the Interagency Appraisal and Evaluation Guidelines (Federal Deposit Insurance Corporation: 2010). Note: The use of the "as is" phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States.

Condominium A multiunit structure, or a unit within such a structure, with a condominium form of ownership.

Deferred Maintenance Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of the property, such as a broken window, a dead tree, a leak in the roof, or a faulty roof that must be completely replaced. These items are almost always curable.

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 improvements on the same date.

Direct Capitalization A method used to convert an estimate of a single year's net operating income expectancy into an indication of value in one direct step, either by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor. This technique employs capitalization rates and multipliers extracted from sales. Only the first year's income is considered. Yield and value change are implied, but not identified overall. This method is most useful when the property is already operating on a stabilized basis, according to The Appraisal of Real Estate, 14th Edition (Appraisal Institute: 2013).

Discounted Cash Flow The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analysis specifics the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate.

Effective Date (1) The date on which the appraisal or review applies. (2) In a lease document, the date upon which the lease goes into effect.

Effective Gross Income The anticipated income from all operations of real property adjusted for vacancy and collection losses.

Entrepreneurial Profit (1) 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. (2) 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.

Equity Dividend The portion of net income that remains after debt service is paid; this is returned to the equity position.

Excess Land	Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. Dictionary of RE Appraisal, pp. 80-81.
Exposure Time	(1) The time a property remains on the market. (2) The estimated 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. Note: Exposure time is a retrospective.
Extraordinary Assumption	An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.
Fee Simple Interest	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.
Financial Feasibility	An analysis to determine which of those uses deemed possible and legal can provide a net return to the owner of the site.
Gross Building Area	Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.
Highest and Best Use	(1) The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. (2) The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid, according to David Parker's International Valuation Standards (John Wiley & Sons, Ltd: 2016). (3) The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future, according to the Uniform Appraisal Standards for Federal Land Acquisitions (The Appraisal Foundation: 2016).
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.
Insurable Value	A type of value for insurance purposes.
Leased Fee Interest	The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.
Leasehold Interest	The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.
Legally Permissible Use	An investigation into existing zoning regulations, lease terms, and deed restrictions on the site to determine which uses are legally permitted.

Liquidation Value (also known as Disposition Value)	The most probable price that a specified interest in real property should bring under the following conditions: • Consummation of a sale within a short time period. • The property is subjected to market conditions prevailing as of the date of valuation. • Both the buyer and seller are acting prudently and knowledgeably. • The seller is under extreme compulsion to sell. • The buyer is typically motivated. • Both parties are acting in what they consider to be their best interests. • A normal marketing effort is not possible due to the brief exposure time. • Payment will be made in cash in US dollars or in terms of financial arrangements comparable thereto. • 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.
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 property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).
Net Operating Income	The anticipated net income remaining after all operating expenses are deducted from effective gross income.
Net Rentable Area	For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.
Physically Possible Use	An analysis to determine those uses of the subject which can be deemed physically possible.
Potential Gross Income	The total potential income attributable to the real property at full occupancy before operating expenses are deducted. It may refer to the level of rental income prevailing in the market or that contractually determine by existing leases.
Property Rights Appraised	The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.
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.
Replacement Cost for Insurance Purposes	The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design, and layout for insurance coverage purposes guaranteeing that damaged property is replaced with new property (i.e., depreciation is not deducted).
Replacement Costs	The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout.

Reproduction Costs The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, super-adequacies, and obsolescence of the subject building.

Retrospective Value Opinion A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion".

Reversion A lump-sum benefit an investor expects to receive upon the termination of the investment.

Stabilized Income (1) An estimate of income, either current or forecasted, that presumes the property is at stabilized occupancy. (2) The forecast of the subject property's yearly average income (or average- equivalent income) expected for the economic life of the subject property. (3) Projected income that is subject to change but has been adjusted to reflect an equivalent, stable annual income.

Stabilized Occupancy (1) The occupancy of a property that would be expected at a particular point in time, considering its relative competitive strength and supply and demand conditions at the time, and presuming it is priced at market rent and has had reasonable market exposure. A property is at stabilized occupancy when it is capturing its appropriate share of market demand. (2) An expression of the average or typical occupancy that would be expected for a property over a specified projection period or over its economic life.

Surplus Land Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. Dictionary of RE Appraisal, pp. 227-228.

Yield Capitalization The capitalization method used to convert future benefits into present value by discounting each future benefit at an appropriate yield rate. This method explicitly considers a series of cash flows (net income over a holding period) over time together with any reversion value or resale proceeds. Since this technique explicitly reflects the investment's income pattern, it is especially suited to multi-tenant properties with varying leasing schedules as well as properties that are not operating at stabilized occupancy, according to The Appraisal of Real Estate, 14th Edition (Appraisal Institute: 2013).

APPRAISAL REPORT

25 Oakland Avenue
Chester, NY 10918

Industrial Building

JOB-2400030981

REQUESTED BY

Avrumie Furst

The Leser Group
1481 47th Street
Brooklyn, NY 11219

DATE OF VALUE

As Is: December 31, 2023

PREPARED BY

Michelle Zell, MAI

Diana Zlatkina

61-63 Crosby Street, Floor 3
New York, NY 10012

March 11, 2024

Avrumie Furst
The Leser Group
1481 47th Street
Brooklyn, NY 11219

Re: Appraisal File No. 2400030981
Industrial Building
25 Oakland Avenue
Chester, NY 10918

Dear Mr. Furst,

In accordance with your request, we have completed an appraisal of 25 Oakland Avenue for the purpose of advancing an opinion of the As Is Fair Value of the Interest Appraised in the subject. To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. In addition, this appraisal has been prepared in compliance with IFRS 13 (International Financial Reporting Standards 13-fair value measurement).

The purpose of the appraisal is to aid the intended user in the preparation of Financial Statements and a Prospectus, or additional Prospectuses, to be published with the Israeli Security Authority. The report is intended for use only by The Leser Group and its related entities, successors, and/or assigns.

We confirm that we have given our full consent to the inclusion of the valuation in its entirety within financial statements and related information to be published by the Company for the Tel Aviv Stock exchange and for the Israeli Security Authority.

The subject is a vacant, industrial warehouse/manufacturing building with 271,813 squares feet of gross building area as indicated on the site plan. Built in 1942 and renovated in the first half of 2022, the subject is currently vacant with 8 loading docks, 11 drive-in doors, 12' clear height and 16’ high to roof deck, 171 parking spaces, and features 13,000 square foot office space. Based on our inspection, overall, the subject is in good condition with no visible items of deferred maintenance. The subject is on the market for $30,000,000 for sale or $8.99 psf NNN for lease. Ownership received an LOI for purchase in February 2024 for $26,000,000.

The subject is situated on three adjacent parcels, which are appraised as one economic unit: SBL 104-1-6, 104-1-7, and 120-1-1. The property spans across the first two lots, and the third lot is currently undeveloped. Altogether, this is a 33.4-acre parcel in an M-2: Manufacturing zone and is identified in the city of Chester, Orange County tax maps as Tax ID 104-1-6 / 104-1-7 / 120-1-1, with an APN number: 332201-104-000-0001-006.000-0000 / 332201-104-000-0001-007.000-0000 / 332201-120-000-0001-001.000-0000. The subject property is located in the Village of Chester in the Chester Township of Orange County. Based on the subject property's zoning, physical characteristics, location, and forecasted economic conditions, continued industrial use is concluded to be the highest and best use as improved.

Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformance with the Standards of Professional Practice and Code of Professional Ethics of the Appraisal Institute, the Uniform Standard of Professional Appraisal Practice (USPAP), and applicable state appraisal regulations. To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP.

After carefully considering all available information and factors affecting value, our opinion is:

Final Value Conclusion

Value Premise	Date of Value	Interest Appraised	Value Conclusion
As Is Fair Value	December 31, 2023	Leased Fee Interest	$26,000,000

61-63 Crosby Street, Floor 3
New York, NY 10012

As with any appraisal, the reader is reminded that the opinion of value is only valid as of the effective date(s). Our conclusions are predicated on the attitudes and expectations prevalent in the subject submarket and market on the date(s) of value. Bowery Valuation continuously monitors the markets where we are active and appropriate steps have been taken to ensure our analysis is based on the most recent, relevant data available. Changes in market conditions or associated with other unanticipated future events could impact value.

The value conclusions are subject to the following **Extraordinary Assumptions**[1]. We note the use of this/these extraordinary assumption(s) may have affected the assignment results. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions:

- None.

The value conclusions are based on the following **Hypothetical Conditions**[2]. We note the use of this/these hypothetical conditions(s) may have affected the assignment results:

- None.

The opinion of value expressed herein is subject to the certification, assumptions and limiting conditions, and all other information contained in the following written appraisal report.

Thank you for the opportunity to serve you.

Sincerely,

Michelle Zell, MAI
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[1] *The definition of Extraordinary Assumptions can be found in the Glossary of Terms, which is located in the Addenda.*

[2] *The definition of Hypothetical Conditions can be found in the Glossary of Terms, which is located in the Addenda.*

Summary of Salient Facts & Conclusions

25 Oakland Avenue, Chester, New York





The subject is a vacant, industrial warehouse/manufacturing building with 271,813 squares feet of gross building area as indicated on the site plan. Built in 1942 and renovated in the first half of 2022, the subject is currently vacant with 8 loading docks, 11 drive-in doors, 12' clear height and 16' high to roof deck, 171 parking spaces, and features 13,000 square foot office space. Based on our inspection, overall, the subject is in good condition with no visible items of deferred maintenance. The subject is on the market for $30,000,000 for sale or $8.99 psf NNN for lease. Ownership received an LOI for purchase in February 2024 for $26,000,000.

Salient Facts

Property

Address	25 Oakland Avenue
City	Chester
State	New York
County	Orange County
Tax ID	104-1-6 / 104-1-7 / 120-1-1
Highest and Best Use – Vacant	Industrial
Highest and Best Use – As Improved	Industrial
Date of Inspection	February 1, 2024
Report Date	March 11, 2024
Effective Date(s) of Value As Is	December 31, 2023

Building Characteristics

Property Type	Industrial Warehouse
GBA	271,813 sq. ft.
Year Built/Renovated	1942/2022
No. of Floors	1

Industrial Units	1
Occupancy	0% (vacant)
Condition	Good
Total Economic Life	50 years
Effective Age	10 years
Remaining Economic Life	40 years

Site Characteristics

Site Area (acres/sq. ft)	33.4 acres (combined)
Site Shape	rectangular
Topography	Generally level at street grade
Zoning	M-2: Manufacturing
Flood Zone	Zone X

SWOT

Strengths

- The building is in good condition as it was recently renovated in 2022, thereby suggesting limited risk of unscheduled capital maintenance.
- The subject, like most industrial properties, is likely to be leased under triple-net terms, thereby passing limited to no expenses to the property owner.
- The subject property has good highway access and is in close proximity to schools, parks, shopping centers, and employment.

Weaknesses

- The subject property is located in a primarily residential neighborhood with the overall complex occupying most of the manufacturing zones already in place. As such, further expansion of the property may be limited.
- The subject has a 12' ceiling, which is considered low for warehouses by today's standards.
- The subject is currently vacant.

Opportunities

- There has been increased demand for similar assets as investors from prime New York Metro submarkets seek higher returns increasing pricing for similar assets.
- The Federal Reserve Board met on Jan 31, 2024 and voted, for the 4th meeting in a row, to leave its policy rate unchanged. The FOMC noted that job growth and economic growth remain strong. While inflation has come down, it still remains above their target rate of 2%. The decision leaves the overnight lending target rate for banks between 5.25% and 5.5%, where it has been since the Committee's meeting in July. The FOMC meets again in March 2024 and signaled that rate cuts are not likely in that meeting. Committee members still expect the federal funds rate to fall to 4.6% by the end of 2024, suggesting rate cuts totaling 75 basis points during the year, with cuts possibly starting with their meeting in May.

Threats

- Rising unemployment and overall economic risk.

Financial Indicators

	Total	Per SF - GBA
Potential Gross Income	$2,539,971	$9.34
Effective Gross Income	$2,387,573	$8.78
Operating Expense Ratio	21%	-
Net Operating Income	$1,875,914	$6.90
Capitalization Rate	6.50%	-
Stabilized Commercial Occupancy	94%	-
Income Capitalization Approach As Is	$26,000,000	$95.65
Sales Comparison Approach As Is	$25,600,000	$94.18

Value Conclusion

Final Value Conclusion

Value Premise	Date of Value	Interest Appraised	Value Conclusion
As Is Fair Value	December 31, 2023	Leased Fee Interest	$26,000,000

The value conclusions are subject to the following **Extraordinary Assumptions**[3]. We note the use of this/these extraordinary assumption(s) may have affected the assignment results. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions:

- None.

The value conclusions are based on the following **Hypothetical Conditions**[4]. We note the use of this/these hypothetical conditions(s) may have affected the assignment results:

- None.

[3] *The definition of Extraordinary Assumptions can be found in the Glossary of Terms, which is located in the Addenda.*

[4] *The definition of Hypothetical Conditions can be found in the Glossary of Terms, which is located in the Addenda.*

Table of Contents

Introduction

Purpose & Date of Value

Value Premise	Date of Value	Interest Appraised
As Is Fair Value	December 31, 2023	Leased Fee Interest

Identification of the Client

The Leser Group has engaged Bowery Valuation and is Bowery Valuation's client for this assignment.

Intended Use & User

The Intended User is The Leser Group and its affiliates. The report is intended for use only by The Leser Group and its related entities, successors, and/or assigns.

We confirm that we have given our full consent to the inclusion of the valuation in its entirety within financial statements and related information to be published by the Company for the Tel Aviv Stock exchange and for the Israeli Security Authority.

Property Rights Appraised[5]

In this appraisal we provide an opinion of As Is Fair Value of the leased fee interest.

Property History

According to public record, the owner of 25 Oakland Avenue is 25 Oakland LLC. The subject property was sold for $13,100,000 on 11/23/2021 from NEXANS ENERGY USA INC to 25 Oakland LLC.

We have spoken with the listing broker, Robert W. Scherreik from Pyramid Brokerage Company, who confirmed the sale price, date, and arms-length transaction of this sale. He noted that the property was listed in May 2021 and received approximately 15 offers. The seller decided to sell the property as their business' no longer required this space as they relocated. It was sold vacant with several of the seller's equipment in place.

Property History

Address	Tax ID	Unique Sale ID	Sale Date	Sale Price	Seller
25 Oakland Avenue	104-1-6 / 104-1-7 / 120-1-1	20220002690	11/23/2021	$13,100,000	NEXANS ENERGY USA INC

In addition, we note that per the property contact, the property has already received multiple off-market bids around $28,500,000. We were provided with a copy of the Letter of Intent from Superior Pack Group/Cushman Wakefield to purchase the property for $30,000,000, dated October 21, 2022. Ownership received an LOI for purchase in February 2024 for $26,000,000. In addition, it is also noted that the owner has yet to determine whether to lease or sell the entire building. The property appears to still be on the market for sale ($30,000,000) and for lease ($8.99 per square foot NNN). It has been on the market for 205 days as of the date of this report.

Since the time of the previous sale, the subject's value has appreciated significantly from the sale price. Based on discussions with the owner and our research of the industrial market since that time, this increase in value is primarily attributable to market appreciation and capital expenditure. More specifically, we note that during the previous sale,

[5] *The definitions of the various interests appraised can be found in the Glossary of Terms, which is located in the Addenda.*

the seller was motivated to dispose the property as it no longer was a business necessity, thereby setting a significantly lower price point. It was also delivered completely vacant, thereby having no tenants in place. In addition, upon acquisition, the current owner has invested approximately $2,500,000 worth of renovations which included updating the warehouse finishes, office space, and installing new roofs. Finally, we note that our value conclusion assumes a triple-net tenant to occupy long-term and is in line with the current offers ranging between $28,000,0000 to $30,000,000 as informed by the listing broker and property contact. It is noted that these offers have a mixture of investment and owner-user purposes. Given the extended time on the market, we consider our value supported and reasonable although it represents a decrease from last year's value of $28,700,000.

Exposure Time[6]

It is our opinion that given the current economic conditions, the exposure time for the subject property is between 9 months and 12 months. This conclusion is predicated on interviews with local brokers and other real estate industry sources, on information obtained in the verification process of recent sale transactions for similar properties, and our analysis of supply and demand forces in the local market. The value reported herein presumes such an exposure time.

General Assumptions

Various estimates of gross building area/gross leasable area and net rentable area were provided by the owner/client and/or their agents. This opinion of value reported herein assumes that the data provided are the most recent and accurate.

We note that our appraisers are not experts in the following domains:

- Technical Environmental Inspections: No Environmental Site Assessment report was provided in conjunction with this appraisal. If a report is commissioned and there are any environmental issues uncovered, they could affect our opinion of value reported. We recommend the services of a professional engineer for this purpose.
- Zoning Ordinances: We recommend an appropriately qualified land use attorney if a definitive determination of compliance is required.
- Building Inspections: We recommend an inspection by a building engineer or professional property inspector if a more thorough examination of the subject's improvements is required. Any immediate expenditures that a trained professional may determine are needed, could affect our opinion of value reported.
- Easements, Encroachments, and Restrictions: Within our research and analysis we will examine the tax map, deed, legal description, and survey (if available) to determine the existence of any easements, encroachments or restrictions impacting the subject property. However, further research required to determine whether or not such restrictions exist is beyond the scope of this appraisal assignment. Deed restrictions are a legal matter and only a title examination by an attorney or title company can uncover such restrictive covenants. Thus, we recommend a title search to definitively determine if any such restrictions do exist.
- Building Health and Fire Codes: Our valuation assumes there are no known code violations.

Definition of Fair Value

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). That definition of fair value emphasis that fair value is a market-based measurement, not an entity-specific measurement.

[6] *The definition of Exposure Time can be found in the Glossary of Terms, which is located in the Addenda.*

When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value.

The IFRS explains that a fair value measurement requires an entity to determine the following:

(a)the particular asset or liability being measured; (b)for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c)the market in which an orderly transaction would take place for the asset or liability; and (d)the appropriate valuation technique(s) to use when measuring fair value. The valuation technique(s) used should maximize the use of relevant observable inputs and minimize unobservable inputs. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability.

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest;
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.

Scope of the Appraisal

Within the course of this assignment, we have:

- Inspected the building facade, exterior entrance, interior hallways, common areas, mechanical/electrical systems and roof of the subject property.
- Researched and investigated the location in terms of its economic activity, development patterns, and future trends and related their impact in the market.
- Determined the Highest and Best Use of the subject property based on an analysis of all relevant factors.
- Conducted a market survey of rent and vacancy levels of similar buildings.
- Projected the net operating income under stabilized operation and applied a market-derived capitalization rate to develop an opinion of value by the income capitalization approach.
- Researched and analyzed sales of competitive assets and applied the techniques of the sales comparison approach in providing an opinion of value.
- Advanced an opinion of the As Is fair value of the identified interest.

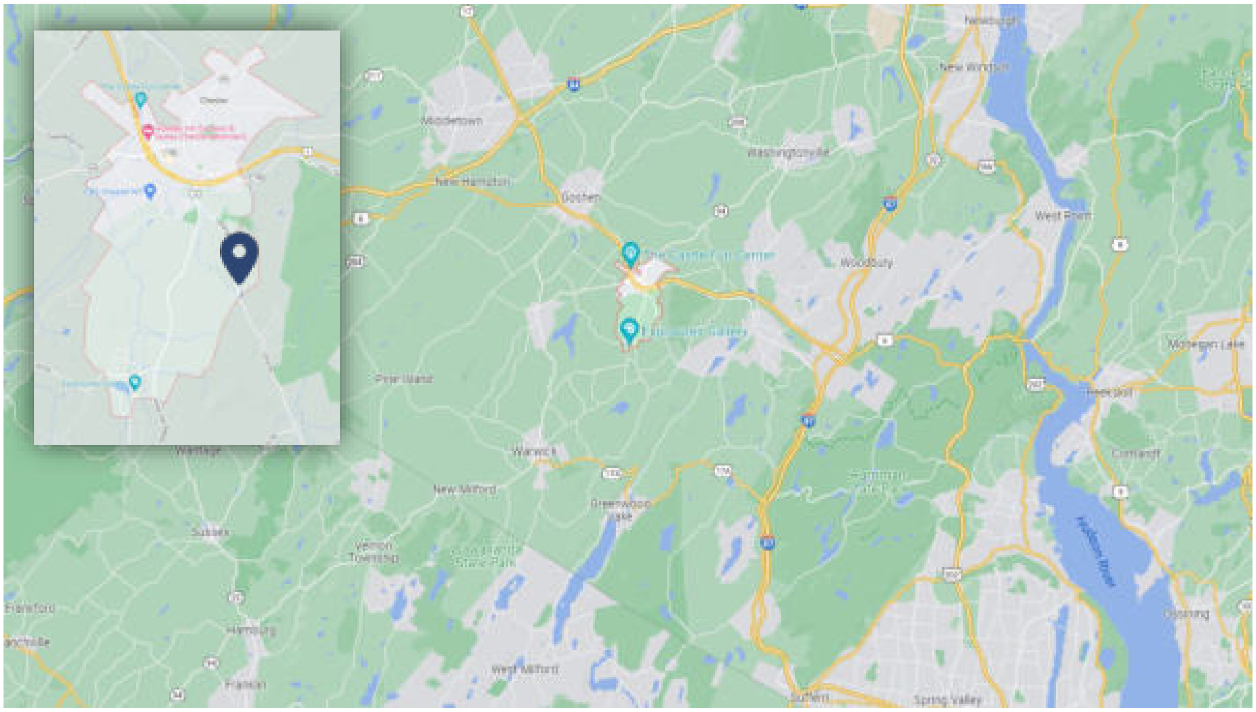
Data Sources

The data contained within this appraisal was compiled from market analysis utilizing the following sources (unless otherwise noted): the Village/Town Tax Assessor, state and county tax records, the Zoning Board, Claritas, CoStar, Attom, Federal Reserve, and FEMA. The subject photos were taken by David Rochkind on 2/1/2024, while those used for the comparable rentals and sales were sourced from the public domain. When possible, we have confirmed the reported data with parties to the transactions or those who are intimately familiar with their critical details.

Resource Verification

Data	Source/Verification
Site Size	Public Record; Site Plan
Excess/Surplus Land	Tax Map; Site Plan
Gross Size/Units	Public Record; Inspection
Industrial SF	Owner; Inspection; Site Plan
Number of Buildings	Inspection
Amenities	Inspection
Deferred Maintenance	Inspection
Area Analysis	Bureau of Labor Statistics
Income Data	Owner; Market Forecast
Expense Data	Owner; Expense Comparables
Comparable Rental Data	CoStar; Primary Source; Loopnet.com
Comparable Sales Data	CoStar; Public Record; Primary Source

Neighborhood & Demographic Overview



Source: Google Maps

Chester at a Glance

Chester is a small town in Orange County, New York. Chester contains a village, also called Chester. Chester is located along conjoined NY Route 17 and U.S. Route 6, about halfway between Interstate 87 and Interstate 84. Chester is largely rural with pockets of density along its main corridors. Here, there are a few retailers, such as Lowes Home Improvement, ShopRite, Walgreens, and a few services such as banks and restaurants.

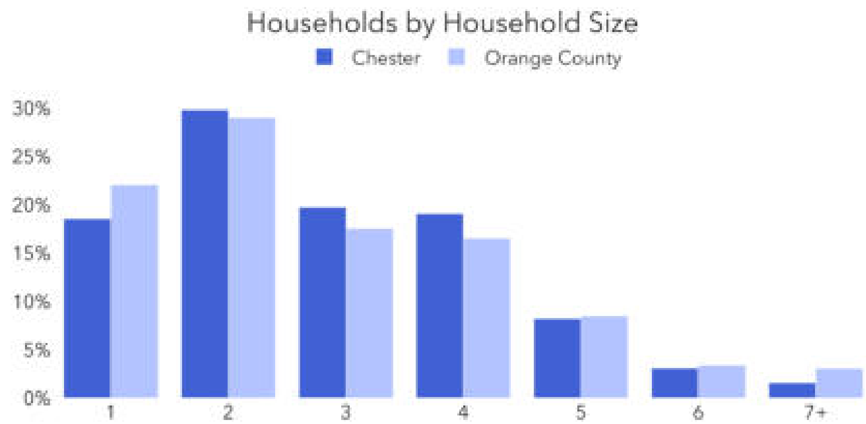
Population and Households

The following demographic profile, created with data from the U.S. Census Bureau, reflects the subject's municipality and market. As of the 2010 Census, Chester had a population of 11,981 people and 4,135 households. Preliminary 2020 Census data shows its population has grown by 0.6% per year to 12,646 residents.

Population and Household Growth

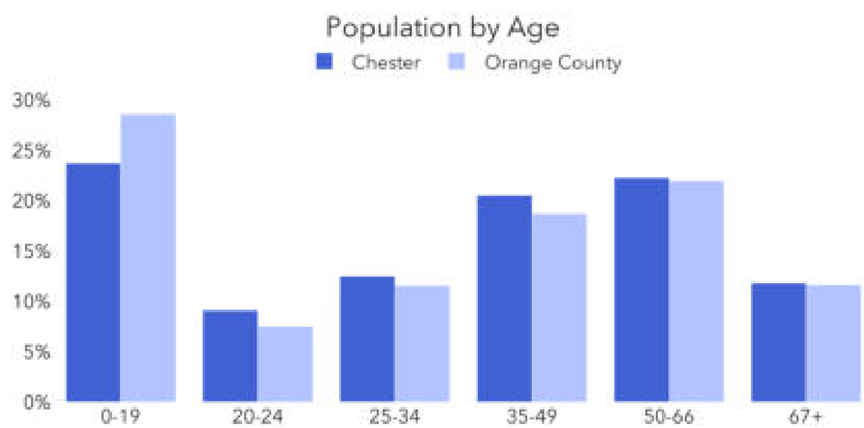
	Area	2010 Census	2020 Census	Annual % Change
Population	Chester	11,981	12,646	0.6%
	Orange County	372,813	401,310	0.8%
Households	Chester	4,135	4,356	0.5%
	Orange County	125,925	135,746	0.8%

Households in Chester are, on average, smaller than those in Orange County. Households in Chester have an average size of 2.85 people, compared to 2.86 people in Orange County. 2 person households account for the largest share in both Chester and Orange County.



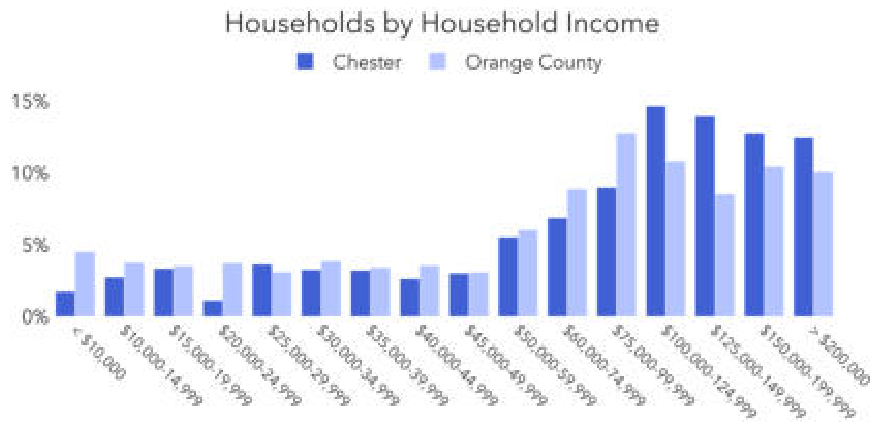
Source: U.S. Census Bureau

The median age of Chester residents is older than in Orange County. Residents of Chester have a median age of 39.0, compared to 37.0 in Orange County. In both Chester and Orange County, children and teens account for the largest cohort.



Source: U.S. Census Bureau

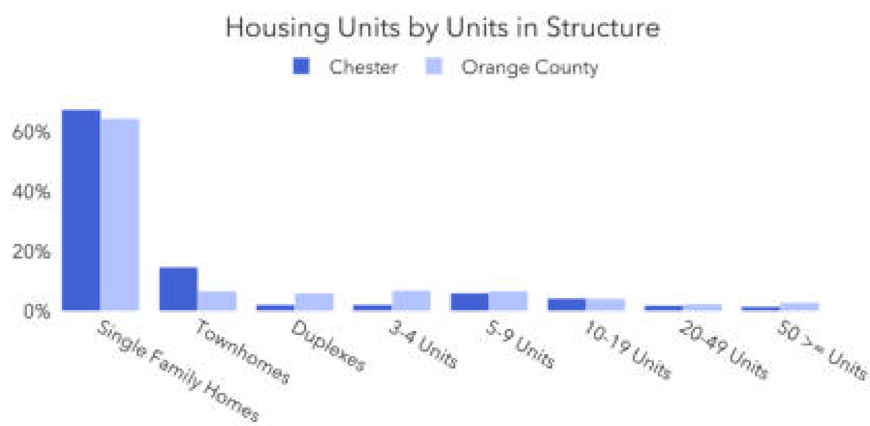
Households in Chester have a higher median income than those in Orange County. Households in Chester have a median income of $107,396, compared to $79,944 for households in Orange County. The chart below indicates the share of households by income brackets. In Chester, the most common household income is between $100k-124,999, compared to between $75k-99,999 for Orange County.



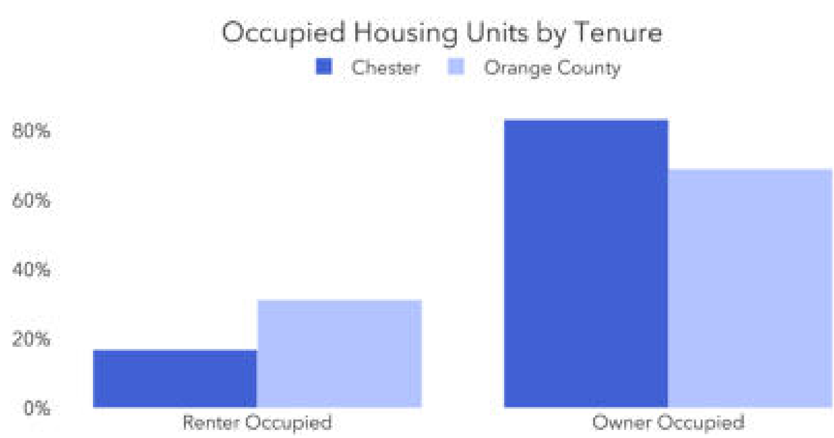
Source: U.S. Census Bureau

Housing

Single-family homes, followed by townhomes then 5-9-unit properties account for the most common forms of housing in Chester. 83% of the housing units in Chester are occupied by their owner. This percentage of owner-occupation is higher than the Orange County level of 69%.

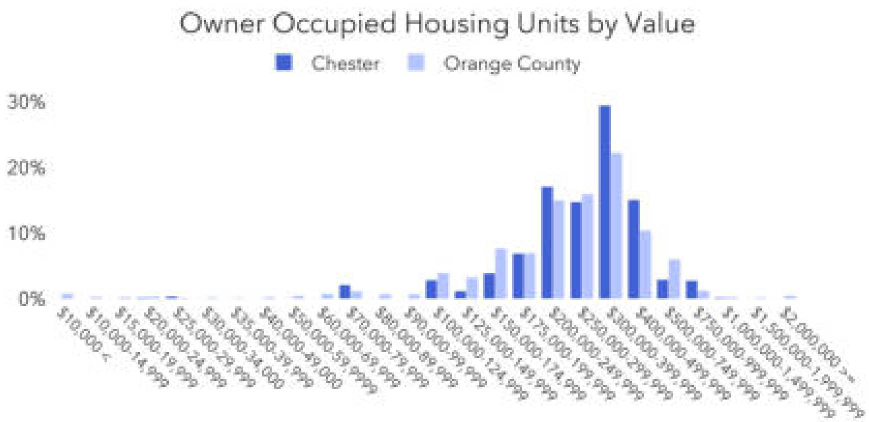


Source: U.S. Census Bureau



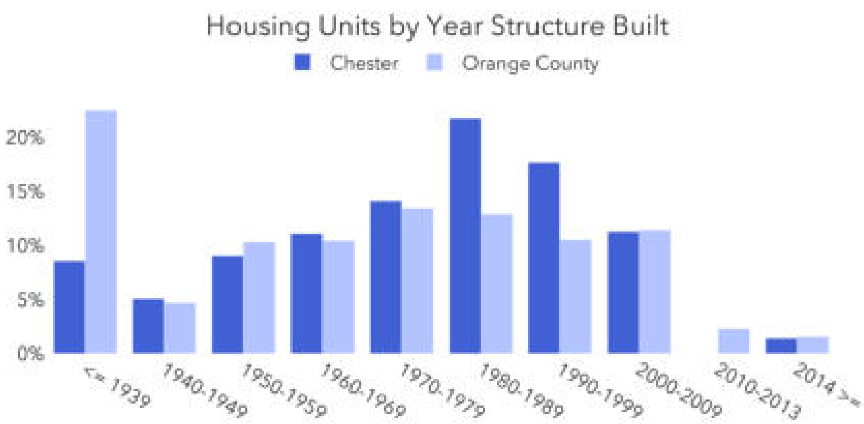
Source: U.S. Census Bureau

Homes in Chester have a median value of $301,800, compared to $271,200 for Orange County. In both Chester and Orange County, the most common home value is between $300k - $399k.



Source: U.S. Census Bureau

Homes in Chester have a median year built of 1981, compared to 1972 for Orange County. In Chester, the largest share of homes were built between 1980-1989, compared to before WWII for Orange County.



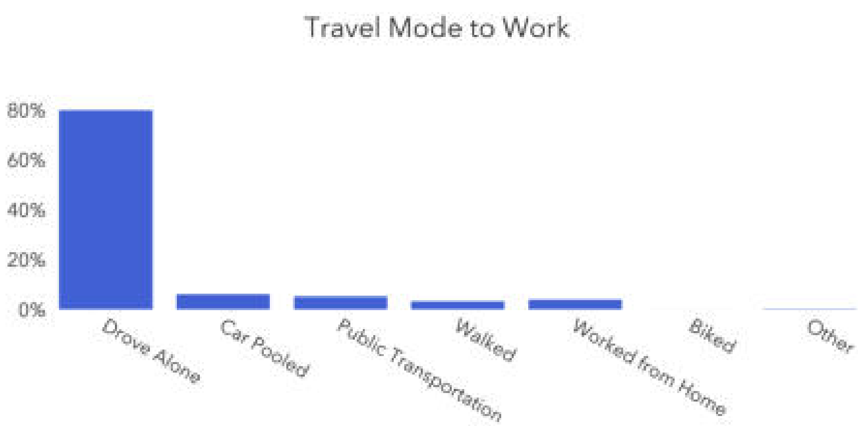
Source: U.S. Census Bureau

Transportation

In Chester, the majority of residents drive alone with 80% choosing to do so. The second most common method is carpooling with 6%.

Commuters in Chester have a median commute time of about 32 minutes. In Chester, the most common commute time is between 20-24 minutes, compared to 10-14 minutes for Orange County.

Source: U.S. Census Bureau



Source: U.S. Census Bureau

Transportation Methods

Conjoined NY-17 and US-6 pass through the northern part of Chester. NY-94 crosses NY-17 south of Chester village.

Conclusion

Chester is a Town in Orange County, New York with limited access to interstate highways, public transportation, and a small housing stock. It does, however, offer access to outdoor recreational amenities, and retailers and businesses for everyday use. Chester has experienced moderate population growth over the past decade, a trend that may continue in the near-term with a recent rise in demand for vacation homes here.

Zoning Summary

25 Oakland Avenue is in a M-2: Manufacturing zone. Below is a summary of the subject property's compliance with regard to use and bulk regulations.

Zoning Summary

Authority	Classification
Property Jurisdiction	Chester[7]
Existing Zoning Classification	M-2: Manufacturing
Special Permitting or Condition(s) (i.e., site plan approval, PUD, or other variance)	None known

Summary of Use and Bulk Regulations

	Required	Actual	Status
Current Use	Wholesale storage and warehouse facilities, gasoline and fuel storage tanks located entirely underground, lumber/wood/feed/other similar storage yards or junk yards, manufacturing/processing/producing/fabricating operations which do not produce any noises/fumes/odors/or vibrations, and trucking terminals with repair and servicing facilities within a fully enclosed structure	Industrial warehouse/manufacturing	Conforming
Minimum Lot Size	1 acre	33.4 acres	Complying
Minimum Lot Width	150 ft	> 150 ft	Complying
Minimum Front Setback	50 ft	> 50 ft	Complying
Minimum Setback (One Side)	30 ft	> 30 ft	Complying
Minimum Setback (Both Sides)	60 ft	> 60 ft	Complying
Minimum Rear Yard	30 ft	> 30 ft	Complying
Maximum Height	40 ft/2 stories	1 story	Complying
Maximum Lot Coverage	60%	> 60%	Complying
Min. Parking Required	0	171	Complying

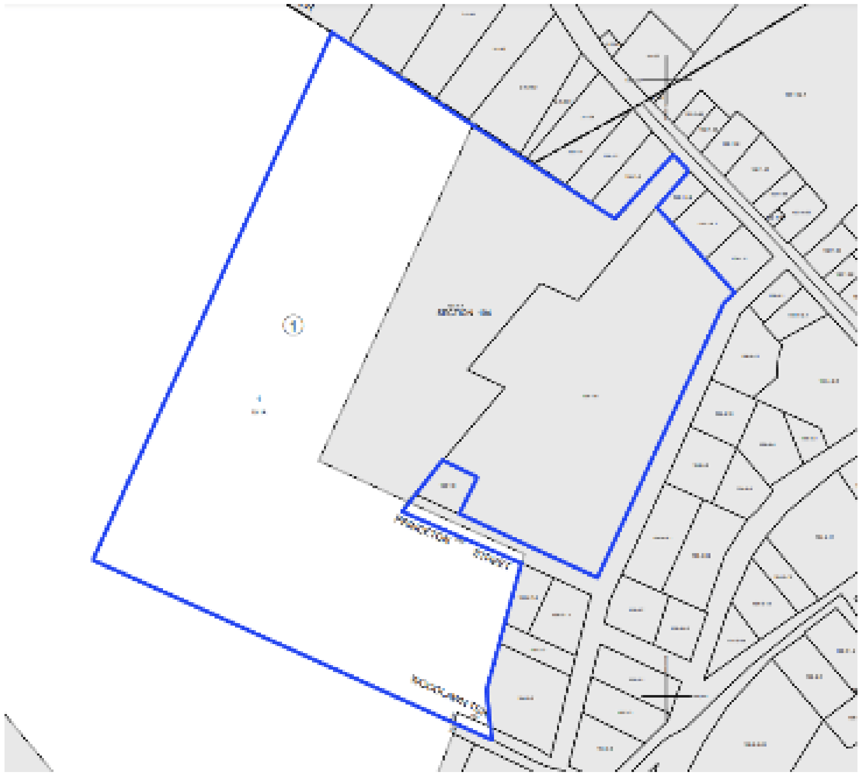
The land uses in the M-2: Manufacturing zone, which permits wholesale storage and warehouse facilities, gasoline and fuel storage tanks located entirely underground, lumber/wood/feed/other similar storage yards or junk yards, manufacturing/processing/producing/fabricating operations which do not produce any noises/fumes/odors/or vibrations, and trucking terminals with repair and servicing facilities within a fully enclosed structure uses as of right. 25 Oakland Avenue is an industrial warehouse property and thus, is conforming with regards to the allowable uses.

The subject is complying with regards to bulk regulations.

Based on the subject's current zoning regulations, no parking spaces are required on the subject property as it is vacant with no employees currently working. The subject has 171 available and thus is complying with regards to parking regulations. depends on use:

[7] *The zoning map can be found in the Map Gallery, which is located in the Addenda.*

Assessed Value & Real Estate Taxes



Current Tax Liability

25 Oakland Avenue is located in Chester, Orange County, NY. It is designated on the tax maps as Tax ID 104-1-6 with an APN number of: 332201-104-000-0001-006.000-0000. In addition, we note that the owner of the property also owns the two adjacent lots, 104-1-7 and 120-1-1, with respective APN numbers: 332201-104-000-0001-007.000-0000 / 332201-120-000-0001-001.000-0000. For the purpose of this analysis, we consider the three lots as one economic unit and therefore, combine the assessed taxes for all three lots.

A detailed breakdown of assessed values and levied taxes are as follows:

Tax Assessment (104/1/6)

		Actual
Land		$562,500.00
Building	+	$4,112,500.00
Total		**$4,675,000.00**

Tax Assessment (104/1/7)

		Actual
Land		$357,000.00
Building	+	$28,600.00
Total		**$385,600.00**

Tax Assessment (120/1/1)

		Actual
Land		$286,500.00
Building	+	$0.00
Total		**$286,500.00**

Tax Liability (104/1/6)

		Total
Taxable Assessed Value		$4,675,000.00
Tax Rate (County, Town, Library, Fire)		1.302545%
Tax Rate (School)	×	4.0210445%
Tax Liability		$248,877.81
Village Tax	+	$70,652.49
Combined Tax Liability		**$319,530.30**

Tax Liability (104/1/7)

		Total
Taxable Assessed Value		$385,500.00
Tax Rate (County, Town, Library, Fire)		1.302545%
Tax Rate (School)	×	4.0210445%
Tax Liability		$20,527.76
Village Tax	+	$5,827.51
Combined Tax Liability		**$26,355.27**

Tax Liability (120/1/1)

		Total
Taxable Assessed Value		$286,500.00
Tax Rate (County, Town, Library, Fire)		1.302545%
Tax Rate (School)	×	4.0210445%
Tax Liability		$15,252.08
Village Tax	+	$4,329.83
Combined Tax Liability		**$19,581.91**

Total Tax Liability

104/1/6	$319,530.30
104/1/7	$26,355.27
120/1/1	$19,581.91
Total	**$365,467.49**
Total PSF	**$1.34**

Comparable Tax Liability

In order to support the forecasted real estate tax liability, we surveyed those of comparable buildings in the area.

	Year Built	GBA	Taxes PSF
24 Elizabeth Dr.	1989	101,174	$1.91
29 Elizabeth Dr.	1999	400,400	$1.55
47 Elizabeth Dr.	2001	896,000	$1.63
1 Andrews Ln.	1990	51,400	$1.26
		Min	**$1.26**
		Average	**$1.59**
		Max	**$1.91**

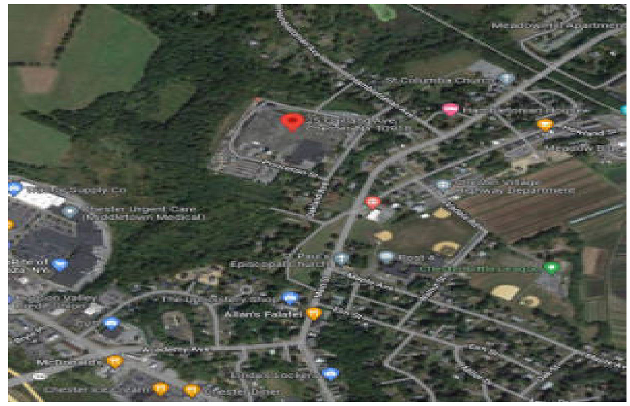
Conclusion

Tax Liability Summary

	Taxes PSF
Comp Min.	$1.26
Comp Avg.	$1.59
Comp Max.	$1.91
Appraiser Conclusion	**$1.34**

The projection for the subject property's taxes per square foot falls within the market range and is considered reasonable. Thus, we apply the projected tax liability of $365,467.49 in our analysis. Note this is an increase from last year, but does not affect the value as we assume a triple net lease.

Site Description



Location	The subject property is located in the Village of Chester in the Chester Township of Orange County, New York. Occupying three different tax lots, the subject is situated between Hambletonian Avenue and Oakland Avenue, with primarily access from Princeton Street. To the west of the property is the Chester Mall and US-Highway 6, and to the east is the village center of Chester.
Surrounding Uses	It is located on a primarily industrial block.
Transportation	Primary transportation are personal vehicles, and the nearest highway is US-Highway 6. Primary access to the highway is on the intersection between Summerville Way, which is approximately a 5-minute drive away. The property is also near I-86/Route 17 - Exit 126, NYS Thruway (I-87) - Exit 16, I-84 - Exit 19, 20 minutes from Stewart International Airport and 45 Minutes to NYC.
Site Area	33.4 acres (Section 104-1-6: 7.5 acres, Section 104-1-7: 6.8 acres, Section 120-1-1: 19.10 acres)
Shape	Rectangular
Frontage	Hambletonian Avenue: 60 feet, Oakland Ave/Princeton Street: 600 feet
Access	The primary access is from Oakland Avenue
Topography	Generally level at street grade
Drainage	Assumed adequate
Paving	All roads are paved with asphalt and are in satisfactory condition.
Street Lighting	Adequate
Hazardous Substances	We observed no evidence of toxic or hazardous substances during our inspection of the site. However, environmental issues are beyond our scope of expertise. It is assumed that the property is not adversely affected by environmental hazards.

Easements, Encroachments, and Restrictions	Based upon a review of the tax map, deed, legal description, and/or property survey, there do not appear to be any easements, encroachments, or restrictions that would adversely affect value. We know of no deed restrictions, private or public, that further limit the subject property's use. It is noted that any further research required to determine whether or not such restrictions exist, is beyond the scope of this appraisal assignment. Our valuation assumes no adverse impacts from easements, encroachments or restrictions, and further assumes that the subject has clear and marketable title.
Utilities & Services	Water/Sewer and Refuse – Village Police & Fire Protection – Village Gas – National Grid Electricity – National Grid
Flood Hazard Status	According to National Flood Insurance Program Rate Map dated August 3, 2009 Community Panel #36071C0457E the subject is located within a Zone X flood zone. Zone X is an area of minimal flooding. These areas are determined to be outside the 500-year floodplain and are determined to be outside the 1% and 0.2% annual chance floodplains.
Conclusion	The site is similar to others in the vicinity, and there are no known negative external factors. Based on its current use, it is functionally adequate.

Description of Improvements

Building Description

The subject is an industrial warehouse/manufacturing building with 271,813 square feet of gross building area as indicated on the site plan. Built in 1942 and renovated in the first half of 2022, the subject is currently vacant with 8 loading docks, 11 drive-in doors, 12' clear height and 16’ high to roof deck, 171 parking spaces, and features 13,000 square foot office space. The building is also 100% sprinkled with a wet system, with an incoming 125 psi water pressure from water tank next to the building. Finally, primary electrical service is from Orange and Rockland Utilities to 10,000 KVA primary transformer that feeds the four, 3,000 amp, 3 phase, 480-volt secondary switchgear. Based on our inspection, overall, the subject is in good condition with no visible items of deferred maintenance.

Building Inspection

On February 1, 2024, David Rochkind of Bowery Valuation conducted an interior and exterior inspection of the subject property. The inspection included a tour of the building facade, exterior entrance, interior hallways, common areas, mechanical/electrical systems, and roof. We were able to inspect the stairs to the basement, and they are in average condition. We were unable to inspect the roof but assume it is in good condition. Nevertheless, we recommend a roof inspection by a qualified professional. Moreover, we did not observe any hazardous substances on the improvements or adverse environmental or physical conditions.

Structural

Foundation	Concrete Block
Structural System	Structural steel and concrete
Exterior Walls	Brick, Masonry, and Concrete
Framing	Structural steel with masonry concrete encasement
Windows	Double-hung
Roof	Flat built-up roof

Utilities

Electricity	Master electric meter is located in the basement.
Hot Water	Individual tanks located in the basement.
Gas	Master gas meter is located in the basement.
Heating/Cooling	HVAC is located in the basement for heating/cooling of the office space. There are gas fired blowers for heating in the warehouse space.

Mechanicals

Elevators	None
Plumbing	PVC, Iron
Sprinklers	Fully sprinklered

Layout & Finishes

Basement	The basement is accessed from the interior of the building and is unfinished. It houses the mechanicals.
Entry & Hallways	The entryway and interior hallways are in good condition.
Stairwell	1 interior stairwell to the unfinished basement space.
Security	Security cameras, Buzzer, and Door locks

Amenities

Building Amenities

Storage Units	There are no storage units in the building.
Parking	There are 171 parking spaces on the property site.
Loading	The building features a loading area.
Warehouse Space	The building features a warehouse space.
Ceiling Height	12’ clear height, 16’ high to roof deck
Loading Doors	8 loading docks and 11 drive-in doors
Column Spacing	48’ x 25’
Storage Yard	2 acre secured storage yard
FF&E	There are several remains of the previous tenant’s machinery in place. They have been removed during renovations and do not contribute to value.

Industrial Space

Industrial Unit Distribution Summary

Tenant Name	Floor	SF
Vacant	Ground Floor	271,813
Total		**271,813**

Upon entry from Oakland Avenue, there are 6 loading docks spaces on the corner between Princeton Street, and on-site parking spaces. Following Oakland Avenue inwards, the entrance to the finished office space is located. Princeton street circles around the bulk of the warehouse space, and on the top right corner is an additional lot which is currently used for outdoor storage space.

Condition, Deferred Maintenance & Remaining Economic Life

Condition

Based on our inspection, the subject is in good condition. The subject was constructed in 1942. The subject was most recently renovated in 2022. The renovation was primarily comprised of installation of new roofs and interior upgrades/clean-up. The owner reported a total budget of $2,500,000.

Deferred Maintenance

No Property Condition Report was given in conjunction with this appraisal.

The subject is in good condition. During our visit to the building, we noticed no significant items of deferred maintenance.

Remaining Economic Life

While the improvements were originally constructed in 1942, we estimate the effective age to be 10 years; given a useful life of 50 years, the remaining economic life of the building is estimated as 40 years.

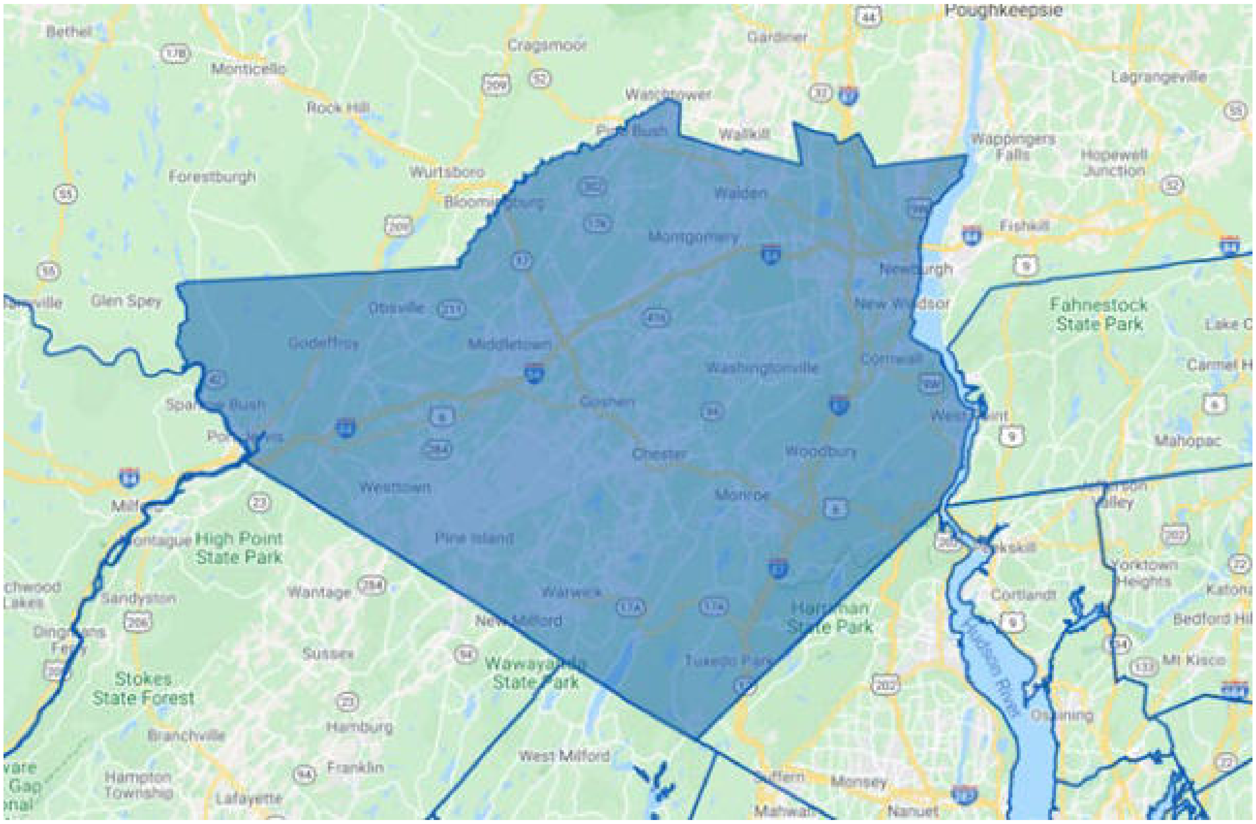
Summary

The subject is a vacant, industrial warehouse/manufacturing building with 271,813 squares feet of gross building area as indicated on the site plan. Built in 1942 and renovated in the first half of 2022, the subject is currently vacant with 8 loading docks, 11 drive-in doors, 12' clear height and 16' high to roof deck, 171 parking spaces, and features 13,000 square foot office space. Based on our inspection, overall, the subject is in good condition with no visible items of deferred maintenance.

Submarket Analyses

Orange County: Industrial Submarket Analysis

The information contained in this report was provided using 2023 Q4 CoStar data for the Orange County Industrial Submarket ("Submarket") located in the New York Market ("Market").



Overview

The subject property is in the Orange County Submarket of the New York Market, defined in the map above. This Submarket accounts for 4.3% of the Markets total inventory with 37.6 million square feet. U.S. Industrial performance downshifted over the course of 2023. A moderation in absorption rates, coupled with near-record completions of new industrial developments, caused the U.S. industrial market vacancy rate to end the quarter higher. With demand slowing, rent growth has started to soften as well but still remains elevated compared to the historical average. While industrial property owners are facing a more challenging market environment in 2023 than they did in 2022, the sector remains highly sought after by investors. In the Orange County Submarket, demand has softened over the past year, leading to rising vacancy rates. Despite this, rents are up 6.4% over the past year after increasing 1.0% in the latest quarter. With softening fundamentals, values increased just 0.6% over the past quarter and annual growth remains negative, decreasing -2.1% to $122/square feet.

Sector Fundamentals

	Orange County	YoY	QoQ	New York	YoY	QoQ
Market Rent/SF	$11.85	6.4%	1.0%	$19.54	6.5%	1.2%
Vacancy Rate	6.91%	155 bps	87 bps	5.86%	199 bps	47 bps
Availability Rate	8.9%	-75 bps	99 bps	8.7%	213 bps	56 bps
Net Absorption SF	-219,612	-224.5%	-36.9%	-2,203,626	-1605.0%	-7.1%

Asset Value/SF	$122	-2.1%	0.6%	$272	-0.5%	0.8%
Market Cap Rate	6.92%	51 bps	4 bps	5.81%	40 bps	3 bps
Transaction Count	3	-75%	-62%	111	-58%	-47%
Sales Volume	$1,706,800	-83%	-94%	$815,067,648	-73%	-3%

The table below presents historical performance of key indicators for industrial space in the Submarket including inventory & construction levels, net absorption, vacancy & availability, rental rates, pricing, and cap rates.

Historical Industrial Performance: Orange County Submarket

Period	Inventory SF	Under Construction SF	Net Delivered SF 12 Mo	Net Absorption SF 12 Mo	Vacancy Rate	Availability Rate	Market Rent/SF	Market Sale Price Per SF	Market Cap Rate
2023 Q4	37,607,362	3,680,255	943,175	311,454	6.9%	8.9%	$11.85	$111	6.92%
2023 Q3	37,493,422	3,794,195	903,705	707,422	6.0%	8.0%	$11.73	$110	6.88%
2022	36,664,187	4,106,426	-109,545	-753,376	5.4%	9.7%	$11.14	$110	6.42%
2021	36,773,732	323,674	2,733,357	2,532,616	3.6%	6.3%	$10.03	$106	6.00%
2020	34,040,375	2,637,342	88,760	463,188	3.3%	4.8%	$9.15	$90	6.47%
2019	33,951,615	88,760	155,913	-98,705	4.4%	4.6%	$8.57	$81	6.76%
2018	33,795,702	134,913	114,000	554,767	3.7%	4.8%	$8.00	$76	6.81%
2017	33,681,702	114,000	827,004	1,240,537	5.0%	7.0%	$7.50	$72	6.73%
2016	32,854,698	813,370	640,516	620,625	6.4%	7.5%	$7.02	$71	6.45%
2015	32,214,182	490,000	4,000	177,096	6.5%	9.3%	$6.50	$71	6.32%
2014	32,210,182	4,000	500,000	628,060	7.0%	10.3%	$6.07	$60	6.89%

Supply & Demand

Vacancy Rates

	2014	2015	2016	2017	2018	2019	2020	2021	2022	23 Q3	23 Q4
National	6.7%	6.0%	5.2%	5.0%	4.7%	5.1%	5.4%	4.1%	3.9%	5.2%	5.7%
Market	6.1%	5.5%	4.5%	4.3%	4.0%	4.0%	4.4%	3.4%	3.9%	5.4%	5.9%
Submarket	7.0%	6.5%	6.4%	5.0%	3.7%	4.4%	3.3%	3.6%	5.4%	6.0%	6.9%

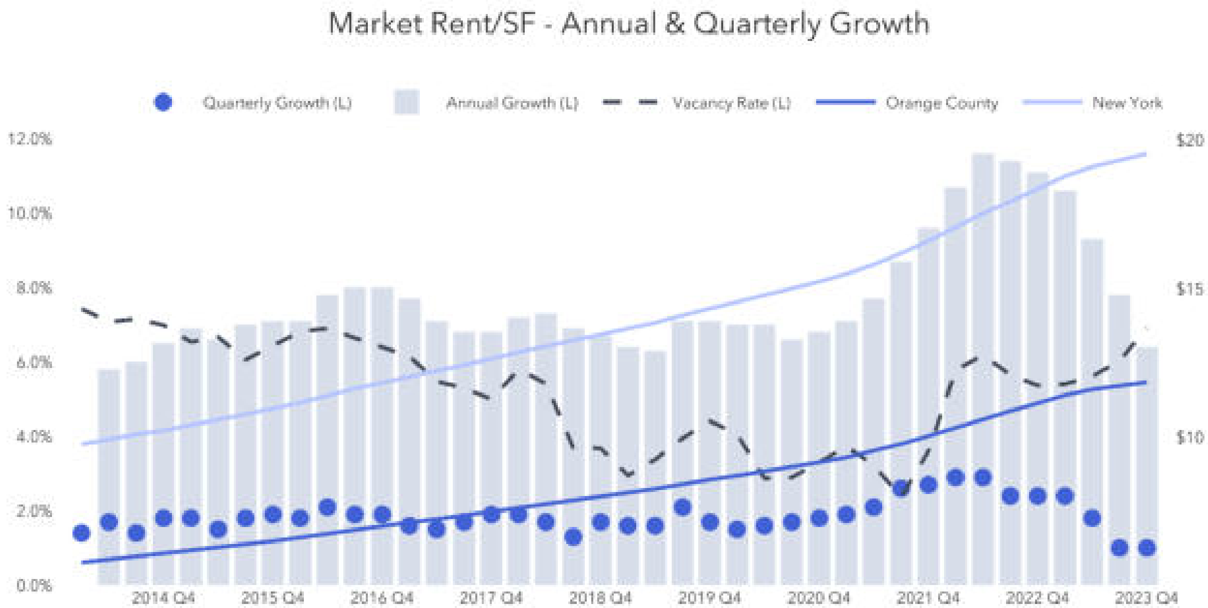
Rents

At $11.85/SF, rents in the Orange County Submarket are roughly 39% lower than the Market average of $19.54/SF. Rents in the Submarket have increased 10.5% per annum over the past decade, exceeding the Market, where rents increased 10.0% per annum during that time.

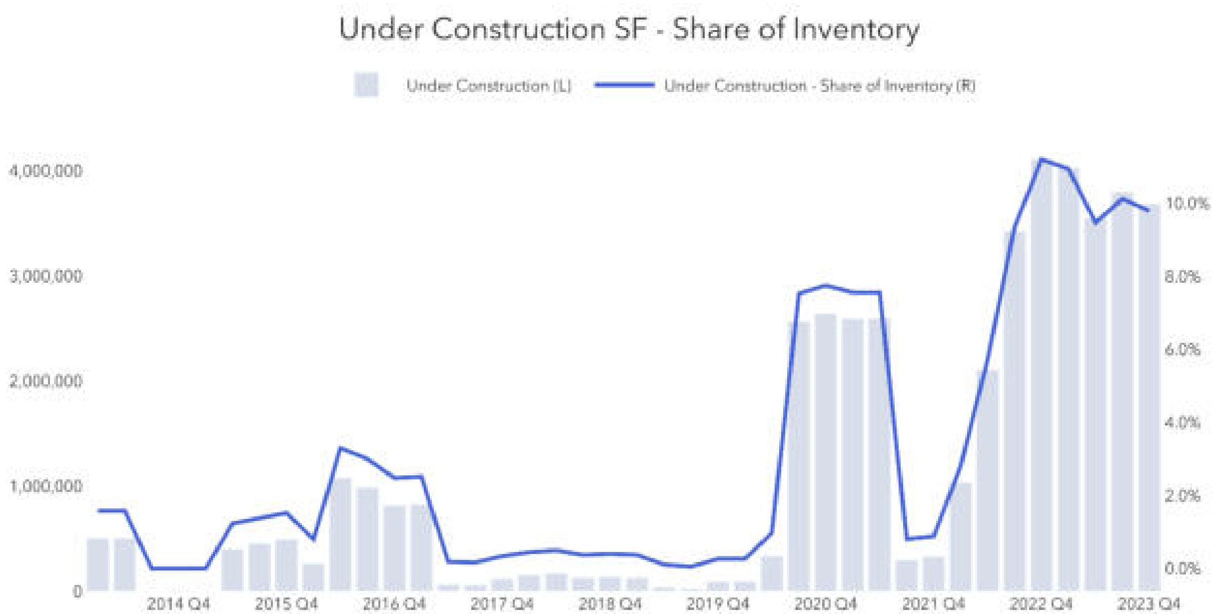
Market Rents

	2014	2015	2016	2017	2018	2019	2020	2021	2022	23 Q3	23 Q4
National	$6.55	$6.91	$7.31	$7.75	$8.21	$8.68	$9.20	$10.06	$11.13	$11.75	$11.85
Market	$10.22	$10.96	$11.83	$12.63	$13.44	$14.32	$15.23	$16.60	$18.35	$19.31	$19.54
Submarket	$6.07	$6.50	$7.02	$7.50	$8.00	$8.57	$9.15	$10.03	$11.14	$11.73	$11.85

In 2019 Q4, annual rent growth in the Submarket remained stable, and was above the historical average, with annual growth of 7.1%. In 2020 Q2, quarterly rent growth reached 1.6%. By the end of 2020, rents had increased 6.8% from the 2019 Q4 rent level of $8.57/SF. From 2019 Q4 to 2021 Q4, rents increased 17.0%. Quarterly rent growth in 2023 Q4 slowed, increasing 1.0%, softening annual growth to 6.4%.

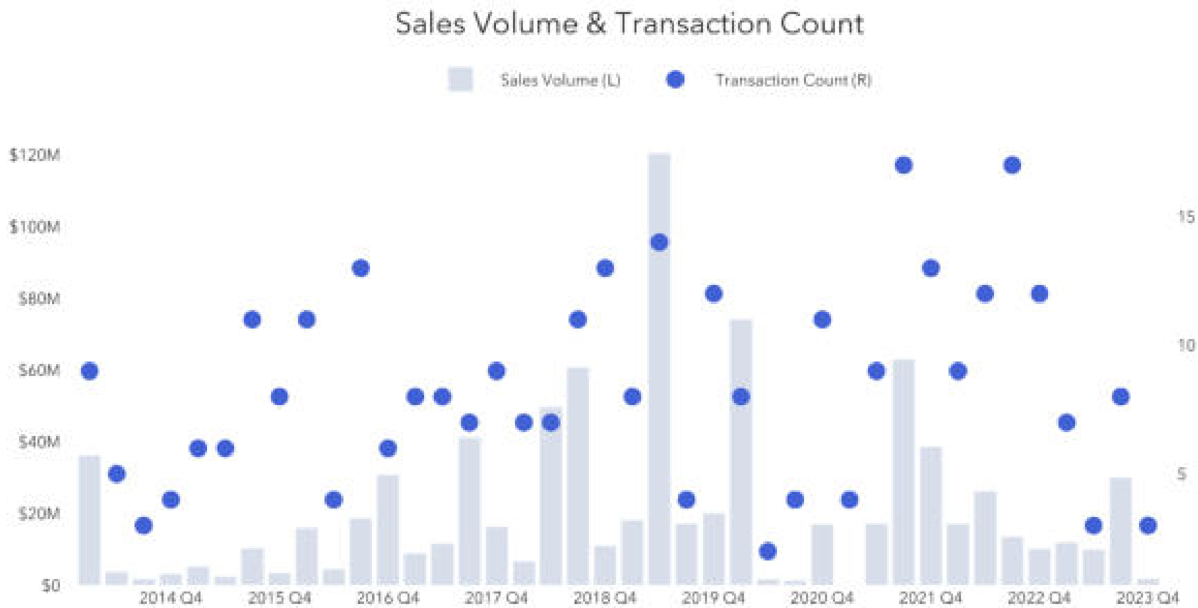


Construction & Future Supply

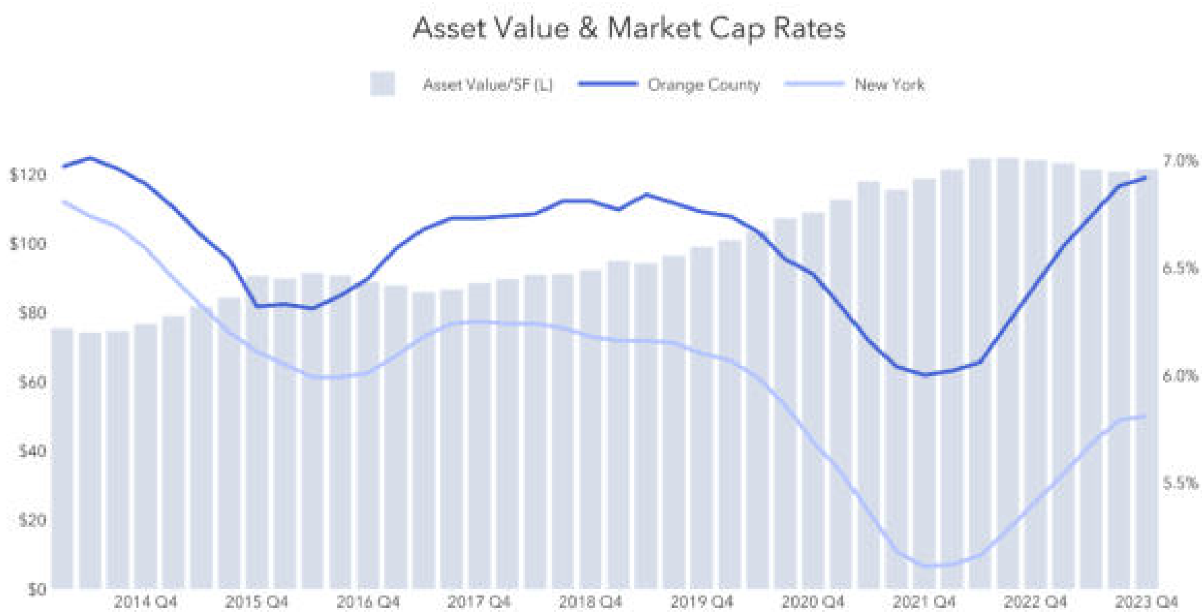


Capital Markets

Investors have been active in the Submarket over the past three years. Going back three years, investors have closed on average, 38 transactions per year with an annual average sales volume of $79.5 million. Over the past year, there were 21 closed transactions across 380.1k square feet, for a total sales volume of $53.3 million. As of 2023 Q4, CoStar data indicates there were 3 transactions for a total sales volume of $1.7 million, compared to $29.9 million in the previous quarter.



Market pricing, based on the estimated price movement of all properties in the Submarket, sat at $122/SF. Values have compressed 2.1% over the past year but improved in the past quarter, increasing 0.6% in 2023 Q4. Capitalization rates have increased 51 bps over the past year to 6.9% and increased 4 bps in Q4. Investors remain active in the sector but elevated debt costs have put some upward pressure on cap rates. Still, fundamentals for the industrial sector remain strong relative to others and investors continue to look for more exposure to it.



Outlook

Consumption and supply chain backlogs have resulted in record levels of U.S. industrial leasing over the past two years. However, an elevated supply pipeline is expected to outpace demand over the next few quarters with demand cooling off due to softening economic growth.

Industrial market conditions in the Orange County Submarket indicate softening demand, increasing vacancy rates over the past year. With the expansion of vacancy rates, rent growth is slowing. Looking ahead to the near term, it is likely that tenant demand remains limited, with the large supply pipeline further slowing growth in rents and values.

Highest & Best Use

In determining highest and best use, we have considered the current trends of supply and demand on the market, current zoning regulations and other possible restrictions, and neighboring land uses.

It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

In estimating highest and best use, alternative uses that meet the four criteria of legally permissible, physically possible, financially feasible, and the maximally productive use, are considered and tested for the subject site as if vacant and as improved.

As Vacant

Legally Permissible	The subject is in zone M-2: Manufacturing, which permits wholesale storage and warehouse facilities, gasoline and fuel storage tanks located entirely underground, lumber/wood/feed/other similar storage yards or junk yards, manufacturing/processing/producing/fabricating operations which do not produce any noises/fumes/odors/or vibrations, and trucking terminals with repair and servicing facilities within a fully enclosed structure use as of right. There are no zoning changes anticipated and no easements or encroachments that preclude development.
Physically Possible	The site contains 33.4 acres with 60 feet of frontage along Hambletonian Avenue and 600 feet along Oakland Avenue. The size falls within the range of improved sites in the area. All necessary utilities are available, and the site appears functional for a variety of permitted uses.
Financially Feasible	The subject is located within a primarily industrial neighborhood. Based on our analysis of the market, there is sufficient demand for industrial properties. While industrial property owners are facing a more challenging market environment in 2023 than they did in 2022, the sector remains highly sought after by investors, therefore it is financially feasible to build.
Maximally Productive/ Highest and Best Use	There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than to hold for development of industrial use. Based on the normal market density level permitted by zoning, this is considered the maximally productive use of the site.
Conclusion	Based on the subject property's zoning, physical characteristics, location, and forecasted economic conditions, it is our opinion that the highest and best use of the site as vacant is to hold for development of an industrial building to the highest density permitted by zoning and supported within the market.

As Improved

Legally Permissible	The subject improvements consist of 271,813 acres of gross building area on a combined 33.4-acre site. Located in the M-2: Manufacturing zone, permitted uses include industrial. The current industrial use of the improvements is a permitted use. The improvements comply to bulk requirements as specified and discussed in the zoning section of this report and represent a legal use of the site.

Physically Possible

The subject is a standalone industrial warehouse/manufacturing building with 271,813 square feet of gross building area. Built in 1942 and renovated in the first half of 2022, the subject is currently vacant with 8 loading docks, 11 drive-in doors, 12' clear height (feasible to expand to 28'), 171 parking spaces, and features 13,000 square foot office space. Based on our inspection, overall, the subject is in good condition with no visible items of deferred maintenance. The layout, site coverage and positioning of the improvements are considered functional for the current use. While it would be physically possible for a wide variety of uses, based on legal restrictions in place and the design of the improvements, continued use of the property as industrial use is considered the most functional. Additionally, there is some excess land, however most of it is wooded, thus it would not be feasible to develop on the site at this time.

Financially Feasible

The subject property is located within a primarily industrial neighborhood exhibiting low vacancy rates and increasing rental rates. As improved, the subject is currently vacant, and upon occupancy will generate a positive net cash flow. Therefore, use as an industrial property is financially feasible.

Maximally Productive/ Highest and Best Use

There does not appear to be any alternative use that could reasonably be expected to provide a higher present value than the current use, and the existing use exceeds the value of the site as vacant. Continued industrial use is concluded to be maximally productive.

Conclusion

Based on the subject property's zoning, physical characteristics, location, and forecasted economic conditions, continued industrial use is concluded to be the highest and best use as improved.

Most Probable Buyer

Taking into account the size and characteristics of this industrial property, the likely buyer is a regional or national investor/developer and owner-user.

Appraisal Valuation Process

The Cost Approach is based on market participants relating value of improvements to associated costs to build. In the Cost Approach, the cost to build a new or substitute property is used as a comparison to the subject. The replacement cost or reproduction cost estimate is then adjusted for all applicable depreciation. This approach reflects a good indicator of value when the improvements are new, nearly new, close to fully depreciated, or when the property has unique or specialized improvements.

The Income Capitalization Approach reflects the analysis of a property's capacity to generate future income and capitalizes the income into an indication of present value. This approach reflects the relationship between a property's potential income and its market value and is a strong indicator of value when there is reliable market data to derive market rents, vacancy rates, stabilized expenses, and capitalization/discount rates. The two most common valuation techniques are direct capitalization and the discounted cash flow (DCF) analysis, with one or both methods applied as appropriate. This approach is widely used in appraising income producing properties.

The Sales Comparison Approach assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with similar utility. This approach is reliable in an active market with sufficient sales data where few differences exist between the comparable sales and the subject, and the sales data collected is credible and accurate. Similar property types in competitive locations tend to sell within a consistent range, and this factor makes valuation on a per square foot and per unit basis a strong predictor of value. The Sales Comparison Approach is often relied upon for owner-user properties and/or in markets where leasing activity is sparse. For leased properties, this approach is more often considered as secondary support for the Income Approach.

Each approach applied is then reconciled to a final value conclusion after weighing the quantity and quality of data analyzed and the applicability of each approach to the subject property type.

Approaches to Value Applied

Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	No
Income Capitalization Approach	Applicable	Yes
Sales Comparison Approach	Applicable	Yes

The difficulty in credibly isolating the influence of physical and economic depreciation on value affects the reliability of the Cost Approach. Investors typically give nominal weight to this analysis if the asset is operating on a stabilized basis and its cost bears little relationship to the value, therefore we chose to exclude this approach.

Income Capitalization Approach

In the Income Capitalization Approach, a property's capacity to generate future benefits is analyzed; the forecasted income is capitalized into an indication of present value. Definitions of commonly used measures of anticipated benefits are defined in the Glossary of Terms within the Addenda.

The Income Capitalization Approach supports two methodologies: direct and yield capitalization. Investors in the local market typically utilize a direct capitalization when making investment decisions for this asset class, therefore we conclude that the direct capitalization method is appropriate to apply to the subject.

Income Analysis

Industrial Income

The subject is a currently vacant, industrial warehouse/manufacturing space. We have forecasted market rent and market lease terms for this unit based on the comparables below and our research of the subject's retail market.

Industrial Rent Comparables

In order to determine the reasonable contract rent, we have conducted a survey of the recently signed leases for industrial units. It is noted that upon research, there was an overall extreme dearth of recently leased industrial warehouse spaces featuring a similar size, condition, and finishes/amenities as our subject. We have also spoken to the listing broker of our subject, Robert W. Scherreik of Pyramid Brokerage, who also confirmed a general dearth of recent leases and sales. As such, we have expanded our scope of research to include industrial warehouses in neighboring regions of New Jersey and Upstate New York and have made the necessary adjustments accordingly.

Industrial Warehouse Rent Comparables Map

	Address	Tenant	Start Date	Sq. Ft.	Base Rent	Lease Terms
1	112 Forge Hill Road, New Windsor, NY	Not Reported	Oct-23	26,000	$9.50	Modified gross
2	251 Union Street, Northvale, NJ	Advanced Distribution Systems	Oct-23	100,326	$10.95	Triple net
3	400 Corporate Drive, Mahwah, NJ	Confidential	Dec-22	121,000	$8.66	Triple net
4	32 Leone Lane, Chester, NY	Warehouse	Jan-22	194,392	$7.25	Triple net
5	17 Dikeman Drive, Goshen, NY	Warehouse	Aug-22	71,742	$8.50	Triple net
			Min	**26,000**	**$7.25**	
			Avg	**102,692**	**$8.97**	
			Max	**194,392**	**$10.95**	

Large Industrial Rent Reconciliation Adjustment Grid

Details	**Subject Base Unit**	**Comp 1**	**Comp 2**	**Comp 3**	**Comp 4**	**Comp 5**
Tenant Name	Commercial Unit 1	Not Reported	Advanced Distribution Systems	Confidential	Warehouse	Warehouse
Address	25 Oakland Avenue	112 Forge Hill Road	251 Union Street	400 Corporate Drive	32 Leone Lane	17 Dikeman Drive
Date Signed	N/A	10/26/2023	10/23/2023	12/2/2022	1/14/2022	8/23/2022
Square Feet	271,813	26,000	100,326	121,000	194,392	71,742
Ceiling Height	N/A	24	15	20	26	26
Lease Terms	triple net	modified gross	triple net	triple net	triple net	triple net
Rent /SF	**$0.00**	**$9.50**	**$10.95**	**$8.66**	**$7.25**	**$8.50**
Lease Terms Adjustment		-10%	0%	0%	0%	0%
Lease Terms Adjustment Sub-Total		**$8.55**	**$10.95**	**$8.66**	**$7.25**	**$8.50**
Market Conditions (Time)		0%	0%	5%	5%	5%
Trended Rent/SF		**$8.55**	**$10.95**	**$8.66**	**$7.25**	**$8.50**
Square Feet		-10%	0%	0%	0%	-5%
Location		0%	-10%	-10%	0%	0%
Frontage		0%	0%	0%	0%	0%
Ceiling		-10%	0%	-5%	-10%	-10%
Corner		0%	0%	0%	0%	0%
Condition		0%	0%	0%	0%	0%
Total		**-20%**	**-10%**	**-15%**	**-10%**	**-15%**
Adjusted Rent/SF		**$6.84**	**$9.86**	**$7.73**	**$6.85**	**$7.59**
Market Rent Conclusion	**$7.75**					

Commercial Rent Comparables Reconciliation Discussion

Adjustments for the comparable units have been considered based on comparison to the subject for market, size, location, utility, condition, and lease terms. All adjustments are percentages. A positive adjustment indicates an inferior characteristic to subject. A negative adjustment indicates a superior characteristic to subject.

Industrial Rent Comparables Reconciliation Discussion

The indicated unadjusted range of the comparable industrial units is from $7.25 per square foot to $10.95 per square foot, with an average of $8.97 per square foot and a median of $8.66 per square foot.

Adjustments for the comparable units have been considered based on comparison to the subject for market Condition, size, location, utility, condition, and lease terms. All adjustments are percentages. A positive adjustment indicates an inferior characteristic to subject. A negative adjustment indicates a superior characteristic to subject.

A detailed breakdown of adjustments is as follows:

- **Market Conditions Adjustment:** Quarterly rent growth in 2023 Q4 slowed, increasing 1.0%, softening annual growth to 6.4%. Older leases from 2022 received upward adjustments.
- **Lease Terms:** Comparable 1 was leased with modified gross lease terms which typically have a higher face rent than NNN, therefore was adjustment downward.
- **Size**: It is noted that there is an inverse relationship between size and per square foot rent. Comparables 1 and 5 are significantly smaller than the subject, and therefore were adjusted downward.
- **Location**: Comparables 2 and 3 are located in superior submarkets that have higher average rents closer to $17 psf while the subject submarket and comparables 1, 4, and 5 have average rents closer to $12 psf. Comparables 2 and 3 were adjusted downward by 10%.
- **Ceiling Height**: Comparables 1, 3, 4, and 5 have higher ceiling heights and were adjusted downward.
- **Loading Docks/Drive-Ins**: Our subject features 8 loading docks and 11 drive-in doors. The comparables have a similar amount of loading docks/drive ins for their respective sizes.
- **Condition:** Our subject is in good condition as it was recently renovated. The comparables are in similar condition and no adjustments were applied.

After adjustments, the comparable industrial units exhibited a range between $6.84 per square foot to $9.86 per square foot, with an average of $7.77 per square foot and a median of $7.59 per square foot. All comparables are considered good indicators of value. Thus, based on the subject property's location, size and condition, we conclude to a market rent of $7.75 per square foot, triple net, for the subject's units.

Industrial Stabilized Rent Roll

The subject is a vacant, single-tenant industrial building. We have forecasted market rent and market lease terms based on the comparables above and our research of the subject's market. The subject is currently on the market for lease for $8.99 per square foot, triple net. The forecasted lease term is summarized below.

25 Oakland Avenue

Tenant	Use	Lease Terms	Lease Status	SF	Annual Rent	Monthly Rent	Rent PSF
Industrial TBD	Industrial	Triple Net	Vacant	271,813	$2,106,551	$175,546	$7.75
Totals				**271,813**	**$2,106,551**	**$175,546**	**$7.75**

The forecasted rent is based on the following expense structure:

Lease Structure

#	Tenant	Use	Lease Status	Lease Terms	Taxes	Electric	Insurance	Maintenance
1	TBD	Industrial	Vacant	Triple Net	Tenant	Tenant	Tenant	Tenant

Industrial Expense Reimbursement

According to our projections, the total real estate taxes reimbursement is $365,467.49 per year.

Real Estate Taxes (% of Current Year Liability)

Tenant	Current Year Taxes		% of Current Year Taxes		Annual Reimb.
TBD	$365,467.49	x	100%	=	$365,467.49
Total Reimbursement					**$365,467.49**

According to our projections, the total insurance reimbursement is $67,953.25 per year.

Insurance (% of Appraiser Forecast)

Tenant	Appraiser's Pro Forma		% of Appraiser's Pro Forma		Annual Reimb.
TBD	$67,953.25	x	100%	=	$67,953.25
Total Reimbursement					**$67,953.25**

Potential Gross Commercial Rent

Base Rent Plus Reimbursements

Base Rent Plus Reimbursements	Annual	PSF
Base Rent	$2,106,551	$8
Commercial Expense Reimbursement	$433,420	$2
Total Gross Commercial Rent	**$2,539,971**	**$9**

Industrial Vacancy & Collection Loss

Vacancy in the Orange County industrial submarket is 6.7% and has increased 1.3% over the past 12 months. Considering these factors, as well as investor expectations for industrial vacancy and collection loss, we have applied a 6.00% vacancy and collection allowance to the industrial income and reimbursements.

Effective Gross Income Summary

Effective Gross Income

Potential Industrial Commercial Income	$2,106,551
Potential Real Estate Taxes Reimbursement	$365,467
Potential Insurance Reimbursement	$67,953
Potential Gross Income	**$2,539,971**
Less Industrial Commercial V/C Loss @ 6.00%	-$126,393
Less Real Estate Taxes V/C Loss @ 6.00%	-$21,928
Less Insurance V/C Loss @ 6.00%	-$4,077
Effective Gross Income	**$2,387,573**

Operating Expense Analysis

As the subject is vacant, we were not provided with any expense historicals or projections for the subject property. However, we note that per the triple net lease agreements, all utilities (electricity, fuel, gas), repair & maintenance, water & sewer, as well as cleaning expenses are paid by the tenant. With triple net leases, the owner is responsible for minimal to no operating expenses as the tenant bears these costs. Moreover, for triple net leases, insurance costs and real estate taxes are purely passthrough expenses and therefore not directly forecasted in this analysis. The data, analyzed in terms of gross building area, is presented below:

Estimated Operating Expenses

Our stabilized annual expense forecast is presented:

Real Estate Taxes

As presented earlier, we forecasted the tax payment at $365,467 annually or $1.34 per square foot. This expense will be passed through to the tenant.

Insurance

PSF Summary	Value
Appraiser's Forecast	**$0.25**

Insurance costs vary by the type of coverage. Costs are generally lower (on a per square foot basis) for larger buildings and for multi-building policies. Based on the information above, we have projected this expense at $0.25 per square foot, or $67,953 annually. This expense will be passed through to the tenant.

Management Fees

PSF Summary	Value
Appraiser's Forecast	**$0.09**

Typically, management fees for similar properties range from 2% to 6% of effective gross income. We have projected this expense at 1% of effective gross income, which equates to $0.09 per square foot or $23,876 annually.

Replacement Reserves

PSF Summary	Value
Appraiser's Forecast	**$0.20**

This expense provides for the periodic replacement of building components that wear out more rapidly than the building itself and that must be replaced periodically during the building's economic life. We note the owner did not indicate this expense. We have projected this expense at $0.20 per square foot, or $54,363 annually.

Total Operating Expenses

Per Square Foot

PSF Summary	Value
Appraiser's Forecast	**$0.54**

Operating expenses, exclusive of real estate taxes, were forecasted at $0.54 per square foot. Our forecast is reasonable as it includes management expenses and reserve for replacements, which are items that owners would incur despite leasing under triple-net terms. Thus, this forecast is reasonable and will be applied in our valuation analysis.

Stabilized Income & Expenses

Pro Forma

Pro Forma	$	PSF
Income		
Industrial Income	$2,106,551	$7.75
Potential Real Estate Taxes Reimbursement	$365,467	$1.34
Potential Insurance Reimbursement	$67,953	$0.25
Potential Gross Income	**$2,539,971**	**$9.34**
Less Industrial Commercial V/C Loss @ 6.00%	-$126,393	-$0.47
Less Real Estate Taxes V/C Loss @ 6.00%	-$21,928	-$0.08
Less Insurance V/C Loss @ 6.00%	-$4,077	-$0.01
Effective Gross Income	**$2,387,573**	**$8.78**
Operating Expenses		
Real Estate Taxes	$365,467	$1.34
Insurance	$67,953	$0.25
Management Fees	$23,876	$0.09
Replacement Reserves	$54,363	$0.20
Total Operating Expenses	**$511,659**	**$1.88**
Total Expenses Excluding RE Taxes	$146,192	$0.54
Net Operating Income	**$1,875,914**	**$6.90**
Operating Expense Ratio	21%	

Income Capitalization

In developing an opinion of the overall capitalization rate required by an investor, we will apply several methods of analyses: (1) Comparable Capitalization Rates; (2) National Survey Responses; (3) Band of Investment; and (4) Personal Surveys.

Band of Investment Technique

We use the Band of Investment technique to estimate a capitalization rate that accounts for the combination of equity and prevailing financing. The rate developed is a weighted average, the weights being percentages of the total value, which are occupied by the mortgage and equity positions.

Mortgage Component

Mortgage rates are influenced by a variety of factors including the Federal Funds Rate and generally correlate with other competitive rates such as certificates of deposit (CDs), mortgage-backed securities, corporate bonds, and Treasury notes. The Federal Funds Rate and a survey of some competitive rates are summarized below.

Survey of Competitive Rates

Federal Funds Rate	5.25%-5.50%
5-year CD	5.00%-5.70%
10-year Treasury Bond	4.17%
30-year Treasury Bond	4.35%
Corporate Bonds (AAA)	4.99%

Source: Federal Reserve Economic Data (FRED)

A survey of active lenders in the subject property's influencing market indicates that 25-year and 30-year mortgage commitments are typically 175 to 400 basis points above 10-year treasuries. Currently, 10-year treasuries are trading at 4.17% suggesting mortgage rates of roughly 5.92% to 8.17%. The current macro environment has resulted in higher interest rates, expanding the cost of debt, and weakening demand in the mortgage market.

After surveying several industrial mortgage lenders, it is our opinion that a typical creditworthy purchaser could obtain financing from a lending source in an amount equal to 75% of value at an annual interest rate of 6% and a 30-year payout. Therefore, the mortgage constant is 0.0719.

Equity Component

As a stabilized income pro forma is expressed in constant dollars, an equity divided rate will be applied. The consensus of those actively engaged in the marketplace for apartment buildings is that Year 1 equity rates of return (based upon forecasting techniques and assumptions like those utilized herein) fall within a broad range, depending on numerous risk factors, including among others:

Location- the better the location, the lower the rate of return;

Physical Characteristics- the newer the property, the higher the quality of construction and finishes, and the better the design and layout of the physical structure, the lower the rate of return;

Degree of Growth Forecasted for Income and Expenses- the more aggressive and value enhancing the valuation assumptions, the higher the rate of return;

Amount of Equity Investment Required- the greater the required equity investment (that portion of the total acquisition cost not typically funded by conventional financing), the higher the rate of return;

Type of Investment- the riskier the perceived return on investment for a particular type of real estate, the higher the rate of return.

Applying an appropriate equity dividend rate to the mortgage equity technique is an integral part of the valuation process. As previously stated, the equity rate of return is sensitive to the risk associated with the property, whether it be location, income flows, functional or physical obsolescence, and most important of all, the economic climate. First, we look at national surveys to understand appropriate equity dividend rates. The latest Realty Rates survey indicates an average equity dividend rate of 10.31% and ranges from 6.79% to 14.21%.

Investor Surveys

Survey	Type of Product	Equity Dividend Rates
Realty Rates	Warehouse/Distribution	6.86% to 15.11%
4Q 2023	Market	11.31% Average

Based on our discussions with market participants, equity dividend rates for industrial real estate investments typically range from 2.00% to 10.00%, depending on the above noted factors.

Type	# of Loans	Overall Rate	Contract Interest	Mortgage Constant	L-T-V Ratio	DCR	Mortgage Compo-	Equity Return	1-L-T-V	Implied Equity Cap
Apartment	93	5.29%	5.91%	6.45%	58.82%	1.45	3.79%	1.50%	41.2%	3.63%
Office	39	6.59%	6.77%	7.78%	60.70%	1.58	4.73%	1.86%	39.2%	4.75%
Retail	177	6.79%	6.34%	7.57%	58.87%	1.61	4.34%	2.45%	41.1%	5.96%
Industrial	155	5.46%	5.83%	6.30%	56.89%	1.50	3.62%	1.84%	43.1%	4.27%
Other	35	5.43%	5.76%	6.22%	53.81%	1.64	3.33%	2.08%	46.2%	4.50%
ALL	511	5.70%	5.98%	6.64%	57.63%	1.52	3.83%	1.87%	42.4%	4.42%

Essential Data Taken from ACLI 2023, 3rd Quarter

An investor would likely accept an initial annual return of 5% in anticipation of a stable income flow and property appreciation over time. It should be emphasized that the equity dividend rate is not necessarily the same as an equity yield rate or true rate of return on equity capital. The equity dividend rate is an equity capitalization that reflects all benefits that can be recognized by the equity investor as of the date of purchase. We selected this rate based on the subject's location in a good residential area, and its good access and visibility. We summarize the mortgage and equity parameters utilized in our derivation of an overall capitalization rate.

Selected Loan Terms

Typical Loan Terms	Value
Mortgage Rate	6.00%
Amortization Term (Years)	30
Number of Payments	360
Loan-to-Value Ratio (M)	75%
Equity Ratio	25%
Mortgage Constant	7.19%

Band of Investment

Band of Investment		Value
Mortgage Ratio		75%
Annual Mortgage Constant	x	7.19%
Mortgage Component		**5.40%**
Equity Ratio		25%
Equity Dividend Rate	x	5.00%
Equity Component		**1.25%**
Indicated Overall Rate		**6.65%**

Comparable Capitalization Rates

Comparable Cap Rates Table

#	Address	Property Type	GBA	Year Built	Sale Date	Capitalization Rate
1	3140 Rt 22, Branchburg NJ	Industrial	151,000	1967	10/6/23	6.60%
2	180 First Ave., Covington Township PA	Industrial	501,600	2022	6/1/23	5.90%
3	217-297 Getty Ave, Paterson NJ	Industrial	764,364	1940	3/8/23	5.00%
4	90 Discovery Dr., Scott Township PA	Industrial	81,804	2000	9/30/22	6.61%
5	250 Highland Park Blvd., Wilkes-Barre Township	Industrial	822,771	1990	8/2/22	6.00%
6	20 & 30 Continental Dr, Wayne NJ	Industrial	567,066	1980	6/29/22	4.14%
					Avg	**5.71%**

We analyzed sales of comparable commercial assets within the subject's periphery and they exhibit overall capitalization rates from 4.14% to 6.61% with an average of 5.71%. We have supplemented our capitalization rate comparables with additional comparables not used in our sales comparison approach. The additional rates are good indicators for capitalization rates for the subject and are recent, however, there are differences regarding the comparables which do not justify utilizing the comparable in the sales comparison approach (i.e. location, size, etc.).

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National Survey Responses

The PwC Real Estate and Real Estate Research Corporation's investment surveys summarize the expectations of institutional investors. As indicated, the going-in capitalization rates range from 3.00% to 7.00%, with an average between 5.23% and 5.80%.

Summary

Survey	Low	Avg	High
Band of Investment	-	6.65%	-
PwC 4Q2023	3.00%	5.23%	7.00%
Situs-RERC 4Q 2023	4.70%	5.80%	6.50%
Comparable Cap Rates	4.14%	5.71%	6.61%

Capitalization Rate Conclusion

Overall capitalization rates are influenced by numerous factors, of which the most influential are: investors' perception of risk, the potential for net income growth, and the market for competitive assets. As indicated by the local comparable sales, assets in the submarket tend to trade for going-in returns toward the higher end of the national range.

In terms of position within the market range, it is our view that an investor would accept a return towards the higher of the comparable range for the subject property. Our opinion is based on the following:

- The subject is in overall good condition with it being recently renovated. Thus, this suggests limited risk of unscheduled capital maintenance in the short-term.
- Based on recent leasing activity for industrial properties of similar sizes and conversations with brokers, most industrial spaces are leased under triple-net terms, thereby passing limited to no expenses to the landlord and provides extra security to cash flow given the longer-duration of NNN leases.
- We note that the owner also owns the two adjacent parcels, thereby featuring a combined land space of 33-acres. Approximately half of this space is currently undeveloped, which suggests that there is future d expansion potential of additional industrial warehouses and facilities.
- However, the subject has been vacant and on the market for over a year and there has been limited activity in the subject submarket.

Thus, an overall rate of 6.50% is applied in the analysis and in line with investor expectations. We note that we have deducted for a 12-month lease-up period for the rent and reimbursements (based on EGI) as well as a 25% broker commission fee. The value is calculated below:

Value Opinion Via the Income Capitalization Approach

	Date of Value	Value	Final Value (RD)
NOI		$1,875,914	-
Cap Rate		6.50%	-
Indicated Value		$28,860,215	-
Less Commercial Rent Loss (12-Months)		-$1,980,158	-
Less RE Tax Reimbursement Loss (12 Months)		-$343,539	-
Less Insurance Reimbursement Loss (12 Months)		-$63,876	-
Less Broker's Commission (25% of Annual Base Rent)		-$526,638	-
Final Value		$25,946,004	-
As Is Fair Value Via the Income Capitalization Approach	**December 31, 2023**	**$25,946,004**	**$26,000,000**

In consideration of the above analysis, the As Is Fair Value of $26,000,000 reflects a unit value of $96 per square foot. The final value is rounded to the nearest $100,000.

Sales Comparison Approach

In the Sales Comparison Approach, an opinion of market value is provided by comparing the subject property to transactions of competitive assets. A major premise is the principle of substitution which holds market value is directly related to the prices of comparable properties as a knowledgeable investor will pay no more for a substitute property.

The steps taken to apply this approach include the following: (a) research, confirm and verify all pertinent data for the most relevant sales within the defined market area; (b) analyze the sales considering appropriate adjustments for material difference in comparison to the subject property; and (c) reconcile the range of adjusted sale data into an opinion of value.

In order to analyze comparable sales, it is necessary to convert the sale prices to an appropriate unit of comparison, a process which facilitates price comparisons between properties of different sizes, and it also enables adjustment for qualitative differences. Since investors typically purchase industrial buildings in the subject's area in terms of value per square foot, we have applied this unit of comparison.

It is noted that our subject is a sizeable industrial warehouse with finished office space, and there is an extreme dearth of comparable industrial properties in the subject's vicinity that was recently renovated and of similar size. As a result, we have expanded our search radius to include standalone industrial properties of smaller sizes, inclusive of properties bordering in New Jersey and Connecticut. Ultimately, we have made hefty adjustments for size, amenities, and location accordingly. For this reason, we place most weight on the income capitalization approach and present the sales comparison approach as more of a secondary opinion supporting the income capitalization approach conclusion.

Comparable Sales Summary[8]

	Address	Sale Date	Square Feet	Sale Price	Sale Price Per Square Feet	NOI Per Square Feet	Cap Rate
1	2618 NY 302, Middletown, NY	In Contract	125,000	$16,000,000	$128.00	N/A	N/A
2	80 Pickett District Rd., New Milford, CT	Listing	63,967	$7,250,000	$113.34	$7	5.85%
3	11 Bond St., Woodbury, NY	08/01/2023	53,590	$8,700,000	$162.34	N/A	N/A
4	7 Lake Station Rd., Warwick, NY	04/19/2023	55,824	$8,000,000	$143.31	N/A	N/A
5	11 Kings Hwy., Orangetown, NY	06/21/2022	53,468	$5,500,000	$102.87	N/A	N/A

*Note that Comparable 1 is still under contract and Comparable 2 is still a listing as of the date of this report. These comparables were utilized in the prior report of this property.

[8] *The outlines of each of the comparable sales can be found in the Addenda.*

Comparable Sales Adjustment Grid

Comparable #	**Subject**	**1**	**2**	**3**	**4**	**5**
Address	25 Oakland Avenue, Chester, NY	Confidential, Middletown, NY	80 Pickett District Rd., New Milford, CT	11 Bond St., Woodbury, NY	7 Lake Station Rd., Warwick, NY	11 Kings Hwy., Orangetown, NY
Sale Date		In Contract	Listing	08/01/2023	04/19/2023	06/21/2022
SF	271,813	125,000	63,967	53,590	55,824	53,468
Year Built	1942	1973	1956	1986	1989	1968
Condition	Good	Average	Average	Average	Average	Average
Property Rights	Leased Fee Interest	Not Reported	Not Reported	Fee Simple Interest	Fee Simple Interest	Leased Fee Interest
Sale Price		$16,000,000	$7,250,000	$8,700,000	$8,000,000	$5,500,000
Price Per Square Foot:		**$128**	**$113**	**$162**	**$143**	**$103**
Property Rights		0%	0%	0%	0%	0%
Financing Terms	None	0%	0%	0%	0%	0%
Conditions of Sale	None	0%	0%	0%	0%	0%
Market Conditions (Time):	December 31, 2023	-10%	-10%	0%	0%	-5%
Cumulative Price Per Square Foot:		**$115**	**$102**	**$162**	**$143**	**$98**
Location		0%	0%	0%	0%	-5%
Utility	N/A	-10%	5%	-10%	-5%	0%
Size	271,813	-5%	-5%	-5%	-5%	-5%
Condition	Good	5%	5%	5%	5%	5%
Net Adjustments		**-10%**	**5%**	**-10%**	**-5%**	**-5%**
Adjusted Price Per Square Foot		**$104**	**$107**	**$146**	**$136**	**$93**

Unadjusted			**Adjusted**
Low	$103	Low	$93
Average	$130	Average	$117
High	$162	High	$146
Median	$128	Median	$107

Property Rights Appraised The purpose of this adjustment is to account for differences in the property rights transferred with the sale. We are valuing the Leased Fee Interest in the subject property, as reflected by all of the comparables. Thus, no adjustments were required.

Financing Terms The purpose of adjusting for financing terms is to determine cash equivalent sale prices for the comparables in accordance with the definition of fair value for this report. To the best of our knowledge, all of the comparables used in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments were required.

Conditions of Sale Condition of sale refers to the motivations of the buyer and seller involved in a particular transaction. However, all comparables used in this analysis are considered to be "arm's-length" market transactions between both knowledgeable buyers and sellers on the open market. Therefore, no adjustments were required.

Market Conditions (Time) The purpose of this adjustment is to account for changes in market conditions. Comparable 5 was sold in 2022 and there has been a slowdown in volume since that time due to rising interest rates. Thus, received minor adjustments to account for moderate market appreciation. On the other hand, comparables 1 and 2 received minor downward adjustments as they are under-contract/listing and thus subject to negotiation.

Location The subject property is located in the Chester, New York. Per CoStar submarket reports, the subject is part of the Orange County submarket which has an average industrial rent per square foot of $11.92 per square foot. Comparable 5 is located in a submarket with higher rent per square foot, and thus required -5% downward adjustments.

	Submarket	Rent PSF	Adjustment
Comp 1	Orange County	$ 11.92	0%
Comp 2	Brookfield	$ 12.47	0%
Comp 3	Orange County	$ 11.92	0%
Comp 4	Orange County	$ 11.92	0%
Comp 5	Rockland County	$ 18.45	-5%
Subject	**Orange County**	**$ 11.92**	**N/A**

Utility The subject is a standalone industrial building. It features good equality area finishes. The subject property features the following amenities: on-site parking, 8 loading docks, 16' ceilings, and finished office space.

We have considered corner vs. mid-block location, unit and property finishes, onsite parking, tenant mix, signage, and floor area ratio within the scope of the utility adjustment. Based on these factors, the following adjustments were made to the comparables, while other minor differences were considered qualitatively in the sale value conclusion.

Land-to Building Ratio: Our subject is on a 33 acres site, in which approximately 14.3 acres is of developed, useable site. Using the subject's GBA, this translates into a 2.3 Land-to-Building ratio. Using the same metric, a detailed breakdown of adjustments is as follows:

	Land-to-Building Ratio	Adjustment
Comp 1	10.1	-10%
Comp 2	5.7	-5%
Comp 3	4.7	-5%
Comp 4	3.1	0%
Comp 5	3.8	0%
Subject	**2.3**	**N/A**

Ceiling Height: A detailed breakdown of ceiling adjustments is as follows:

	Ceiling Height	Adjustment
Comp 1	18'	0%
Comp 2	17'	0%
Comp 3	22'	-5%
Comp 4	22'	-5%
Comp 5	Not Reported	N/A
Subject	**16'**	**N/A**

Loading Docks: A detailed breakdown of the number of loading dock/drive-in adjustments is as follows:

	Loading Docks/Doors	Adjustment
Comp 1	6	0%
Comp 2	2	5%
Comp 3	4	0%
Comp 4	8	0%
Comp 5	5	0%
Subject	**8**	**N/A**

A net utilities adjustment breakdown is as follows:

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Land to Building Ratio	-10%	-5%	-5%	0%	0%
Ceiling Height	0%	0%	-5%	-5%	N/A
Loading Docks	0%	5%	0%	0%	0%
Total	-10%	0%	-10%	-5%	0%

Size This adjustment accounts for the difference in size between each of the comparables and the subject property. We note that there is an inverse relationship between size and per square foot such that smaller buildings will sell for a higher price per square foot and vice versa. All comparables warranted downward adjustments as they are significantly smaller than the subject.

Condition The subject property was constructed in 1942 and was renovated in 2022 and thus is in good condition. All the comparables are in average condition, and thus required positive adjustments.

After adjustments, the comparable sales exhibited a range between $92.84 per square foot and $146.11 per square foot with an average of $117.17 per square foot and a median of $107.11 per square foot. Thus, considering the elements of comparison noted above, our opinion of market value is $115.00 per square foot. We make the same deductions as in the Income Approach. All comparables are considered good indicators of value, and we place most emphasis on comparables 1, 3, 4 given their proximity to the subject.

More specifically, Comparable 1 is closest to the subject and is a listing, thereby reflective of most updated market conditions and investor sentiment. It also features a finished office space which is similar to our subject.

Thus, considering the elements of comparison noted above, our opinion of fair value is $105.00 per square foot. We make the same deductions as in the Income Approach.

Value Opinion via the Sales Comparison Approach

	Date of Value	Value	Final Value (RD)
Concluded Value Per Square Foot		$105.00	-
Square Feet		271,813	-
Indicated Value		$28,540,365	-
Less Commercial Rent Loss (12-Months)		-$1,980,158	-
Less RE Tax Reimbursement Loss (12 Months)		-$343,539	-
Less Insurance Reimbursement Loss (12 Months)		-$63,876	-
Less Broker's Commission (25% of Annual Base Rent)		-$526,638	-
Final Value		$25,626,154	-
As Is Fair Value Via the Sales Comparison Approach	**December 31, 2023**	**$25,626,154**	**$25,600,000**

The final value is rounded to the nearest $100,000.

Reconciliation & Final Value

The estimated values arrived at by the approaches to value used in this report are as follows:

Estimated Values

Approach	Value	Date	Conclusion
Cost Approach	As Is Fair Value	N/A	Not Applied
Income Capitalization Approach	As Is Fair Value	December 31, 2023	$26,000,000
Sales Comparison Approach	As Is Fair Value	December 31, 2023	$25,600,000

The Cost Approach is traditionally a good indicator of value when properties being appraised are new or close to new. The difficulty in credibly isolating the influence of physical and economic depreciation on value affects the reliability of this approach. Investors typically give nominal weight to this analysis if the asset is operating on a stabilized basis and its cost bears little relationship to the value. The difficulty in credibly isolating the influence of physical and economic depreciation on value affects the reliability of the Cost Approach. Investors typically give nominal weight to this analysis if the asset is operating on a stabilized basis and its cost bears little relationship to the value, therefore we chose to exclude this approach.

The Income Capitalization Approach is a strong indicator of value when market rents, vacancy rates, stabilized expenses, and/or capitalization/discount rates are based on reliable market data. In this case, given the depth of the market, there are numerous transactions from which to glean points of analysis, lending credibility to the results of the approach. Similar assets are generally acquired for their capacity to generate a return on and of capital, which is why this is the methodology primarily applied by investors. Balancing the previously noted factors, and available points of analysis, most weight is placed on the opinion developed by the Income Capitalization Approach.

The Sales Comparison Approach is reliable when few differences exist between the comparable sales and the subject, and the sales data collected is credible and accurate. Similar property types in competitive locations tend to sell within a consistent range, and this factor makes valuation on a per square foot and per unit basis a strong predictor of value. The Sales Comparison Approach is largely used as a secondary support for our opinion developed in the application of other approaches.

Final Value Conclusion

Value Premise	Date of Value	Interest Appraised	Value Conclusion
As Is Fair Value	December 31, 2023	Leased Fee Interest	$26,000,000

The value conclusions are subject to the following **Extraordinary Assumptions**[9]. We note the use of this/these extraordinary assumption(s) may have affected the assignment results. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions:

- None.

The value conclusions are based on the following **Hypothetical Conditions**[10]. We note the use of this/these hypothetical conditions(s) may have affected the assignment results:

- None.

[9] *The definition of Extraordinary Assumptions can be found in the Glossary of Terms, which is located in the Addenda.*

[10] *The definition of Hypothetical Conditions can be found in the Glossary of Terms, which is located in the Addenda.*

Certification

We certify to the best of our knowledge:

- The statements of fact contained in this report are true and correct.
- 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.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- We have performed services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standard of Professional Practice of the Appraisal Institute, the Uniform Standards of Professional Appraisal Practice, and applicable state appraisal regulations.
- David Rochkind has made a personal inspection of the property that is the subject of this report on 2/1/2024. Michelle Zell and Diana Zlatkina have not made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Michelle Zell, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, Diana Zlatkina has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.
- We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

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David Rochkind
Inspector
Certified General Real Estate Appraiser
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(610) 952-0840

Addenda

Contingent & Limiting Conditions

1. Any legal description or plats reported herein are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings, or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. We have made no survey of the property and assume no responsibility in connection with such matters.
2. The appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the appraiser or the appraiser's staff or was obtained or taken from referenced sources and is considered reliable. No responsibility is assumed for the costs of preparation or for arranging geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
3. No responsibility is assumed for matters legal in nature. Title is assumed to be good and marketable and in fee simple unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated.
4. Unless otherwise stated herein, it is assumed there are no encroachments or violations of any zoning or other regulations affecting the subject property and the utilization of the land and improvements is within the boundaries or property lines of the property described and that there are no trespasses or encroachments.
5. Bowery Real Estate Systems, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
6. It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein.
7. It is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
8. Unless otherwise stated within the report, the depiction of the physical condition of the improvements described herein is based on visual inspection. No liability is assumed for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made. No responsibility is assumed for hidden, unapparent, or masked property conditions or characteristics that were not clearly apparent during our inspection.
9. If building improvements are present on the site, no significant evidence of termite damage or infestation was observed during our physical inspection, unless so stated in the report. No termite inspection report was available, unless so stated in the report. No responsibility is assumed for hidden damages or infestation.
10. Any proposed or incomplete improvements included in this report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
11. No responsibility is assumed for hidden defects or for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.
12. Responsible ownership and competent property management are assumed.
13. The appraisers assume no responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.

14. The value estimates reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value estimates, unless such proration or division of interests is set forth in the report.
15. Any division of the land and improvement values estimated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
16. Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment.
17. Unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered; unless otherwise stated. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
18. Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are our best estimate of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
19. Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
20. Bowery Real Estate Systems, Inc. representatives are not experts in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraisers are not qualified to detect such substances. The client is urged to retain an expert in this field.
21. We are not experts in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent endangered species impact studies, research, and investigation that may be provided.
22. No environmental impact studies were either requested or made in conjunction with this analysis. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, and investigation that may be provided.
23. The appraisal is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.

24. Neither all nor any part of the contents of this report or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media, without the prior written consent and approval of the appraisers. This limitation pertains to any valuation conclusions, the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof.

25. Although the appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the appraiser either by the client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or estimates of value.

26. If this report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

Subject Property Photos

All subject photos were taken on the date of value of this appraisal.

Building Facade

Building Facade

Building Facade

Building Facade

Subject Street

Subject Street

Subject Street

Subject Street

Subject Street

Subject Street

Subject Street

Exterior Entrance

Exterior Entrance

Exterior Entrance

Exterior Entrance

Exterior Entrance

Exterior Entrance

Exterior Entrance

Exterior Entrance

Interiors

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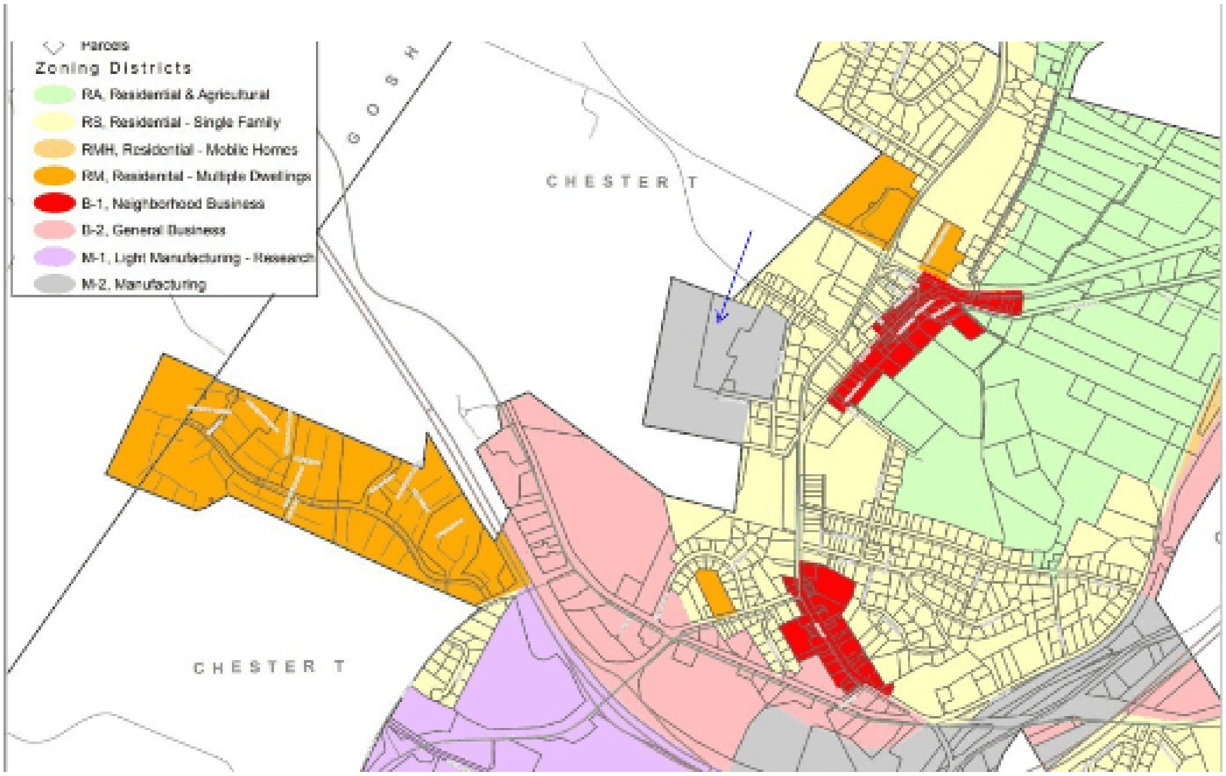
Map Gallery

Zoning Map



Flood Map

Provided Documents

Architectural Plan

Brochure_25 Oakland Ave Chester NY For Lease_1-5-22 (1)

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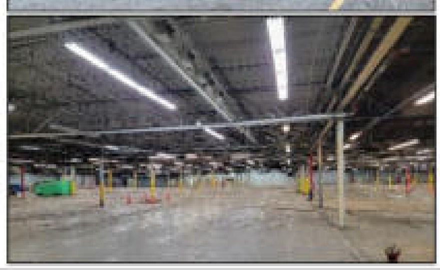
FOR LEASE

25 OAKLAND AVENUE

Chester (Orange County), NY



WAREHOUSE / DISTRIBUTION / MANUFACTURING FACILITY FOR LEASE
±270,000 Sq. Ft. (Divisible to ±40,000 Sq. Ft.) on ±33 Acres

HIGHLIGHTS:

- Steel frame and masonry building with 8 loading docks (expandable) and 11 drive-in doors. 12' clear height and 16' high to roof deck,; feasible to raise roof to increase clear ceiling height up to 28'. Column spacing mostly 48' x 25'. Heavy electric service. 100% sprinklered. Property served by municipal sewer and water, and natural gas. 100 car parking spaces (expandable), and secure two acre storage yard.
- Only ±45 air miles northwest of Times Square in New York City in fast-growing Orange County with quick access to NYC, Westchester County, Long Island, and northern and central NJ via extensive highway network.
- Good highway access: one mile to N.Y. Route 17 Exit 126, 12-minutes to N.Y. Thruway Exit 16 (Harriman) and 12 minutes to Interstate 84 Exit 19 (Middletown). 30-minute drive to Mahwah, NJ; 40 minutes to Governor Cuomo Bridge, and 55 minutes to George Washington Bridge.
- Asking Rent – $8.50 per sq. ft. triple net for industrial space, and $9.95 per sq. ft. triple net for office space.

For more information, please contact:

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CUSHMAN & WAKEFIELD | Pyramid Brokerage Company

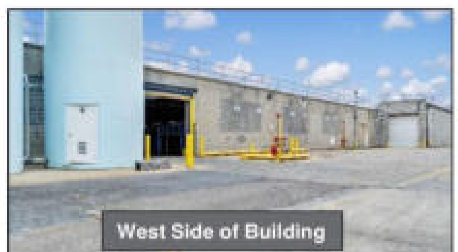
FOR LEASE

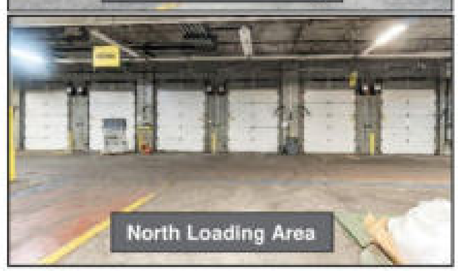
25 OAKLAND AVENUE

Chester (Orange County), NY

LOCATION & ACCESS:

- Strategic location in fast-growing Orange County, NY -- only 1.5 miles from the County's largest industrial park that's home to more than a dozen companies including Amscan, PepBoys, and C&S Wholesale Grocers.
- Only 10-minute drive to Monroe, NY and 30 minutes to Rockland County.
- Quick highway access. It's only one mile to Route 17 Exit 126 in Chester, 12 minutes to NY Thruway Exit 16 in Harriman, and 12 minutes to Interstate 84 Exit 19 in Middletown.
- Fast access to entire NY Metro region. Only 30-minute drive to Mahwah, NJ; 40-minute drive to the Governor Cuomo Bridge, and 55-minutes to George Washington Bridge.


West Side of Building


North Loading Area

For more information, please contact:

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CUSHMAN & WAKEFIELD | Pyramid Brokerage Company

FOR LEASE

25 OAKLAND AVENUE

Chester (Orange County), NY

BUILDING FEATURES:

- ±13,000 sq. ft. of office space (divisible).
- Industrial space is 16 feet high under the roof deck. Study indicates it's possible to raise roof to increase clear ceiling height up to 28 feet.
- Column spacing of 48' x 25' in 180,000 feet, and 48' x 18' in rest of the industrial area.
- Total of eight 8' wide by 10' high tailgate-level loading docks with plate levelers, and eleven drive-in doors of varying sizes. Possible to add additional docks.
- Building is 100% sprinklered with a wet system, with incoming 125 psi water pressure from municipal water tank next to building.
- Heavy electrical service. Primary service from Orange & Rockland Utilities to 10,000 KVA primary transformer that feeds four 3,000 amp, 3 phase, 480 volt secondary switchgear.
- Heating in industrial areas with ceiling-hung unit heaters fueled with natural gas.

Typical Private Office

Open Office Area

Conference Room

For more information, please contact:

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FOR LEASE

25 OAKLAND AVENUE

Chester (Orange County), NY

Industrial Area Interior

Shipping Area

Office Area from South

Heavy Electrical Service – 1 of 4 Switchgear

2 Acre Gated, Fenced Storage Yard

Exterior of North Loading Area

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FOR LEASE

25 OAKLAND AVENUE

Chester (Orange County), NY

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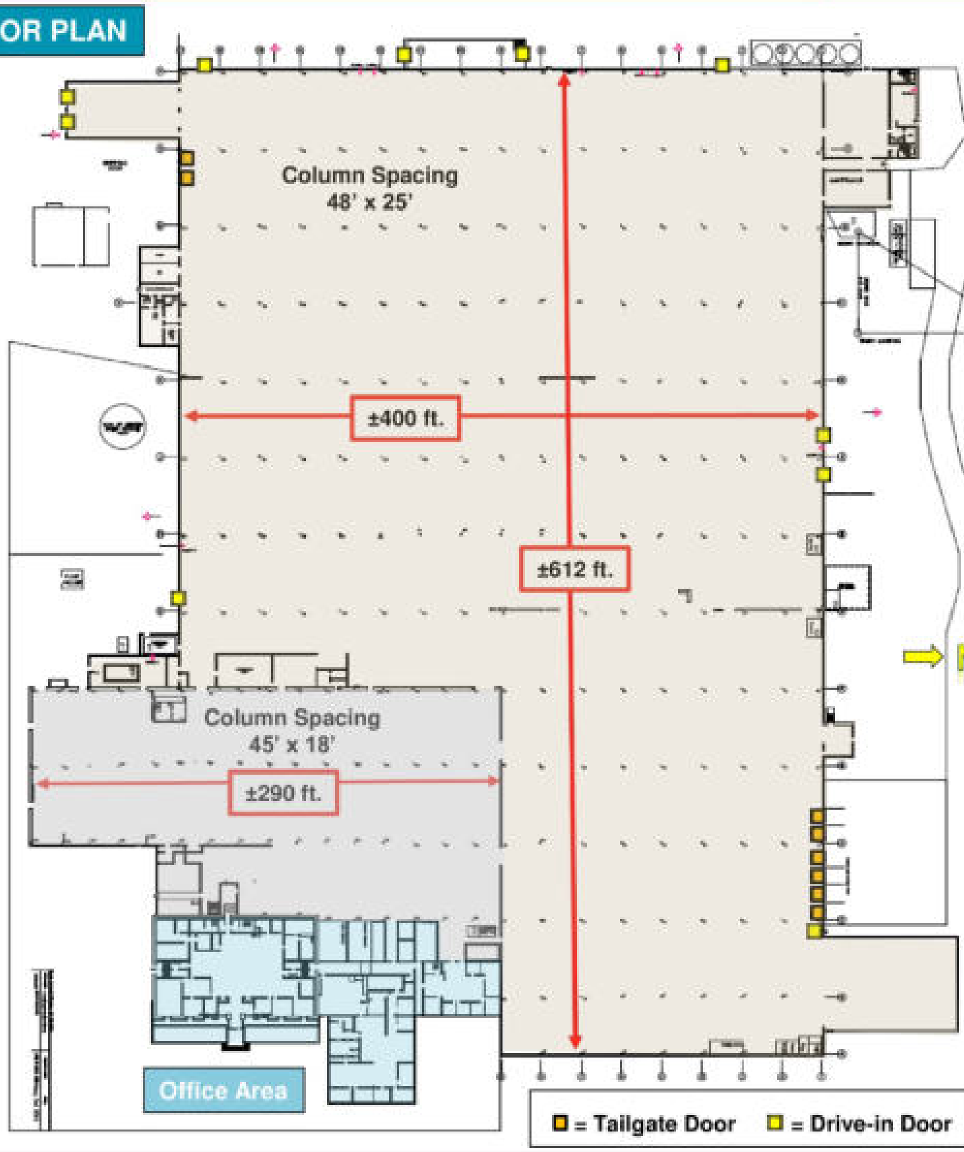
FOR LEASE
25 OAKLAND AVENUE
Chester (Orange County), NY

FLOOR PLAN



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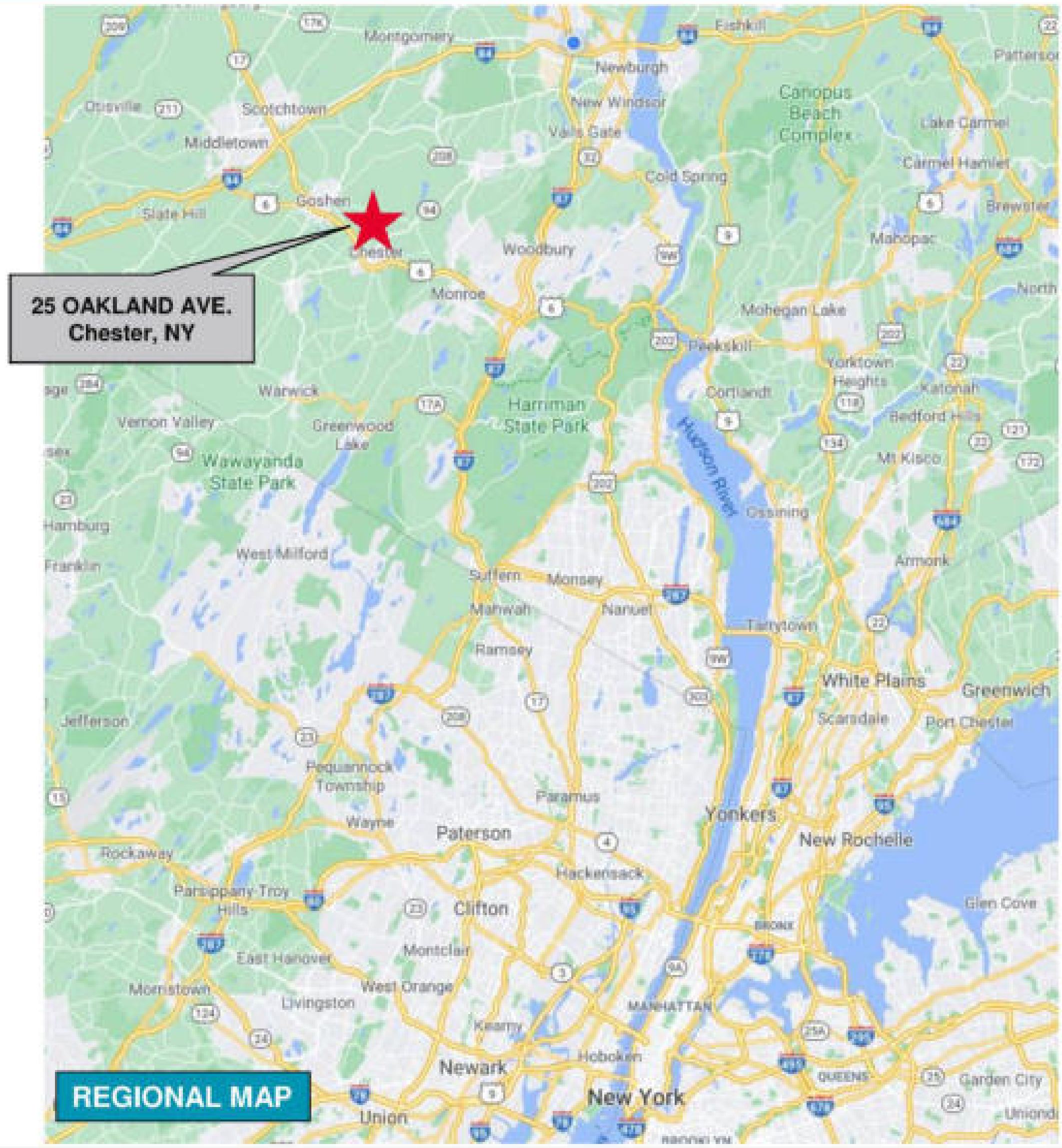
Chester (Orange County), NY



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pyramidbrokerage.com

LOI February 2024

February 8, 2024

25 Oakland LLC
1481 47th Street
Brooklyn, NY 11219

RE: LOI for the purchase of 25 Oakland Dr., Chester, NY

Dear Property Owner,

I'm pleased to present to you this letter of intent ("LOI") for the acquisition of the below referenced property. I am prepared to acquire the below referenced property from the Seller, subject to the below terms and conditions.

Property:	All that certain plot, piece or parcel of land with the buildings and improvements thereon erected, situate, lying and being in the Village of Chester, County of Orange, State of New York being known as (i) Section 104, Block 1, Lot 6, with a total size of approximately 7.5 Acres, (ii) Section 104, Block 1, Lot 7, with a total size of approximately 6.8 Acres, (iii) Section 120, Block 1, Lot 1, with a total size of approximately 19.10 Acres.
Purchase Price:	$26,000,000.00
Deposit:	Refundable deposit of $1,300,000.00 (5% of PP) at execution of PSA (subject to the below conditions). Deposit to be released to Seller at expiration of Due Diligence period. Balance to be paid at closing.
Source of Equity:	Private funds.
Financing Contingency:	None.
Approval Process:	Private investor – No additional approval needed.
Due Diligence Period:	10 days.
Closing Date:	60-90 days after DD expiration date.
Due Diligence Material:	Seller will make available all documents reasonably necessary to fully investigate all details of the Property, including but not limited to, property and building condition assessment, environmental reports (Phase I & Phase II), property survey, site plans and any other property related reports. Seller will give reasonable access to Purchaser and its designates to the Property to perform a professional site review and inspection.
Contract of Sale:	This offer is subject to the parties entering into a formal Purchase and Sale Agreement ("PSA").

(Page 1 of 2)

(Continued)

Real Estate Taxes:	Real Estate Taxes will be prorated per local custom.
Closing Costs:	The Purchaser is responsible for all fees and survey, Seller to assume transfer taxes.
Title:	Seller will be responsible to deliver a marketable title, free and clear from any defects.
Environmental:	Seller will represent that to the best of its knowledge, that there are no outstanding environmental concerns on this property.
Violations:	Property will be delivered free from any violations.
Negotiation Period:	Seller and Purchaser shall use good faith and commercially reasonable efforts to negotiate and execute the PSA within 7 days following the acceptance of this LOI. During the negotiation period, seller shall not engage in any negotiations nor enter into any agreement to sell the property.
Non Binding Effect:	This LOI summarizes the primary points of the proposed purchase and is not intended to be a contract for the purchase of the property. This LOI does not create a binding or legally enforceable contract between the parties who shall only be bound by the Contract, if and when executed by both parties.
Confidentiality:	Neither party shall disclose the contents of this LOI, the proposed purchase or the subject or status of the negotiations between them (other than to their professional advisors, attorneys or representatives).
Buyers Attorney:	Chaim Dahan Attorney at Dahan Law Offices PC 2115 Avenue U, Brooklyn, New York 11229 718.961.4111 - chaim@dahanlaw.net

I look forward to the successful completion of this transaction. If acceptable, please have this LOI executed where indicated and return it as soon as possible.

Very truly yours,	Agreed and accepted this ______day of _________, 2024
_____________________ Eli Leifer	By:_____________________ SELLER

(Page 2 of 2)

Proposal_Superior Pack Group_Leser Group_25 Oakwood Ave Chester NY_10-21-22_Purchaser Proposal

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INDEPENDENTLY OWNED AND OPERATED

Pyramid Brokerage Company
Hudson Valley Market
356 Meadow Avenue, 2nd Floor
Newburgh, NY 12550
(845) 522-5900 • Fax: (845) 522-5970

October 21, 2022

VIA EMAIL

Mr. Aron Goldklang
The Leser Group Ltd.
1481 47th Street
Brooklyn, NY 11219

Re: **Proposal to The Leser Group Ltd. from Superior Pack Group Inc. to Purchase the ±270,000 Sq. Ft. Industrial Building on ±33 Acres at 25 Oakland Avenue, Village of Chester, Orange County, New York, that is further identified on the municipal tax records as Section 104, Block 1, Lots 6 and 7; and Section 120, Block 1, Lot 1**

Dear Aron,

I have been authorized by Mr. Israel Schiff to present a proposal on his behalf to acquire the above-referenced property in accordance with the following general terms and conditions:

1. PROPERTY – The property to be sold would consist of marketable title to the ±270,000 sq. ft. industrial building on ±33 acres at 25 Oakland Avenue, Village of Chester, Orange County, New York, that is further identified on the municipal tax records as Section 104, Block 1, Lots 6 and 7, and Section 120, Block 1, Lot 1 ("Property"). The Property would be delivered vacant and in "as is, where is" condition.

2. PURCHASER & USE – The purchaser would be Mr. Israel Schiff or a related legal entity to be formed for the purpose of this transaction, with an address c/o Superior Pack Group, 2 Bailey Farm Road, Harriman, NY 10916 (hereinafter "Purchaser"). The Purchaser intends to purchase the property for the operations of Superior Pack Group.

3. SELLER – The seller would be The Leser Group Ltd, a N.Y. corporation, with an address at 1481 47th Street, Brooklyn, NY 11219 (hereinafter "Seller").

4. PURCHASE PRICE - The price for the Property shall be $30,000,000 (or approximately $111 per sq. ft. assuming total building area of 270,000 sq. ft.) which shall be paid as follows:

   (a) A cash down payment of $1,500,000 shall be paid by Purchaser upon execution of the contract of sale, and shall be held by the Seller's attorney in escrow in a New York bank until closing title;

   (b) An additional cash payment of $1,500,000 shall be paid at the end of the due diligence period, and

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(c) at closing of title, the Purchaser shall pay the balance of the purchase price, or $27,000,000, in cash or cash equivalents acceptable to Seller.

5. DUE DILIGENCE PERIOD - The contract of sale shall be subject to a due diligence inspection period which shall expire ninety (90) days after the date upon which the contract of sale is executed and Purchaser is in receipt of same. During this period, Purchaser shall conduct environmental, engineering, zoning and any other reviews of the Property it deems necessary. Purchaser shall also have the right to submit applications and discuss its intended operation and modifications to the building with the Village Planning Board and possibly other governmental entities during the Due Diligence Period. Upon execution of the contract of sale, Seller shall provide the Purchaser copies of any environmental, engineering, or other studies completed by or for Seller that are in Seller's possession, if any, and Seller shall assist Purchaser in this effort. If Purchaser determines in its sole discretion that it does not want to purchase the Property, for any reason whatsoever, then Purchaser may terminate the contract by written notice to Seller, on or before the expiration of the Due Diligence Period, whereupon, effective on the date such notice is given, the contract shall be null and void and the deposit shall be immediately returned to the Purchaser without offset.

6. FINANCING – There will be no financing contingency in the contract of sale.

7. CLOSING –The closing of title will take place the sooner of either (a) six (6) months after the end of the due diligence contingency period described in Paragraph 5 above or (b) thirty (30) days after the Purchaser receives final, unappealable site plan and other municipal approvals for its intended use and modifications Purchaser intends to make to the Property, including but not limited to raising the roof in a portion of the building.

8. BROKER – The contract of sale will provide Pyramid Brokerage Company of the Hudson Valley, LLC (hereinafter "Broker") is recognized by Seller and Purchaser as the sole procuring broker involved in this transaction. Seller will pay Broker a real estate sales commission pursuant to a separate listing agreement between Broker and Seller.

9. ATTORNEY REVIEW - This proposal is for discussion purposes only, and is not binding upon either party. Any agreement would be subject to the execution and exchange of an enforceable contract of sale acceptable in both form and substance to the principals and the attorneys-at-law for the respective parties. The contract would be drafted by the Seller's attorney.

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INDEPENDENTLY OWNED AND OPERATED

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Please let me know if you have any questions or comments, and how The Leser Group Ltd. would like to respond to this purchase proposal.

Sincerely,

CUSHMAN & WAKEFIELD / PYRAMID BROKERAGE COMPANY

Robert W. Scherreik, SIOR, CCIM, MCR
President, Real Estate Broker

cc: John Coladonato – Pyramid Brokerage Company

Individual member of

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Comparable Sales Outline

Comparable Sale 1

Location Overview

Street Address	2618 NY-302
City	Middletown
State	NY
Zip	10941
Property ID	335200-022-000-0003-004.100-0000
Neighborhood/District	Middletown

Property Information

Condition	Average	**Site Area**	1,267,596 SF
Year Built	1973 est.	**Comparable Type**	Industrial
# Floors	1	**Industrial Units**	1
Building Type	Industrial	**Industrial Area**	122,000 SF
GBA	125,000 SF		

Sale Information

Sale Status	Under Contract	**Per Unit**	$16,000,000
Contract Date	12/13/2022	**Per SF**	$128
Grantor	509 TEMPLE HILL LLC	**Cap Rate**	N/A
Contract Price	$16,000,000	**Property Rights**	Not Reported

Appraiser Comments

This is a sale (under-contract) of a standalone, industrial warehouse property located in Middletown, New York. Built in 1973, the subject features 122,000 square foot of gross building area on 1,267,596 square feet of land. Based on the listing broker's offering memorandum, the building features 117,500 square foot of warehouse space, 5,000 square foot of office space, 18' ceilings, 15-drive ins, 6 loading docks, and new sprinkler systems with LED lightening systems. It is currently under contract for $16,000,000, which equates to $131.15 per square foot. All data is reported by CoStar, the broker's offering memorandum, and verified with Public Record.

Comparable Sale 2

Location Overview

Street Address	80 Pickett District Rd.
City	New Milford
State	CT
Zip	06776
Property ID	NMIL-000018-000004-000038
Neighborhood/District	New Milford

Property Information

Condition	Average	**Site Area**	348,480 SF
Year Built	1956 est.	**Comparable Type**	Industrial
# Floors	1	**Industrial Units**	1
Building Type	Industrial	**Industrial Area**	63,967 SF
GBA	63,967 SF		

Sale Information

Sale Status	Listing	**Per SF**	$113
Listing as of Date	12/13/2022	**Cap Rate**	5.85%
Asking Price	$7,250,000	**Property Rights**	Not Reported
Per Unit	$7,250,000		

Appraiser Comments

This is a listing of a standalone, industrial warehouse property located in New Milford, Connecticut. Built in 1956, it features 63,967 square foot of gross building area on a 348,480 square foot lot. Based on the listing broker's memorandum, the subject has been occupied by Edelman Leather Company who has been an anchor tenant for 15 years. They have vacated the space since November 2022. The property has 17' ceilings, 2 loading docks, and 1 drive-in door. It also features finished office space. It is currently listed for $7,250,000, which equates to $113.34 per square foot. Based on the reported net operating income of $424,227, this translates into a 5.85% cap rate. All data is reported by CoStar, the broker's offering memorandum. and verified with CoStar.

Comparable Sale 3

Location Overview

Street Address	11 Bond St.
City	Woodbury
State	NY
Zip	10917
Property ID	335809-226-000-0001-091.000-0000
Neighborhood/District	Central Valley

Property Information

Condition	Average	**Site Area**	5.8 acres
Year Built	1986	**Residential Units**	0
Zoning	LIO	**Comparable Type**	Industrial
Parking	1.12/1000	**Commercial Units**	0
GBA	53,590 SF		

Sale Information

Sale Status	Transaction	**Deed Sale Price**	$8,700,000
Sale Date	8/1/2023	**Per Unit**	$0
Grantee	11 B Holdings LLC	**Per SF**	$162
Grantor	Eleven B Street LLC	**Cap Rate**	N/A
Unique Sale ID	15457-0507	**Property Rights**	Fee Simple Interest

Appraiser Comments

This is the sale of an industrial property located at 11 Bond St. in Woodbury, New York. The property sits on a 5.8-acre site in the Central Valley NY. The zoning for the property is LIO, indicating a light industrial use. The gross building area is 53,590 square feet and the building was constructed in 1986. The property was sold in an arms-length transaction for $8,700,000 to 11 B Holdings LLC by Eleven B Street LLC. The sale was recorded on August 1, 2023. The sale price equates to a price per square foot of $162.34. The property is in average condition and is held under a fee simple interest. The property was vacant at the time of the transaction. The seller was motivated to divest the asset because they closed their furniture manufacturing business. The buyer was attracted to the industrial building to use as storage for their Amazon business. The sale information was verified through public records and CoStar.

Comparable Sale 4

Location Overview

Street Address	7 Lake Station Rd.
City	Warwick
State	NY
Zip	10990
Property ID	332289-017-000-0001-030.000-0000, 335489-035-000-0001-019.000-0000

Property Information

Condition	Average	**GBA**	55,824 SF
Year Built	1989	**Site Area**	4.3 acres
# Floors	1	**Residential Units**	0
Zoning	M	**Comparable Type**	Industrial
Parking	1.41/1000	**Commercial Units**	1

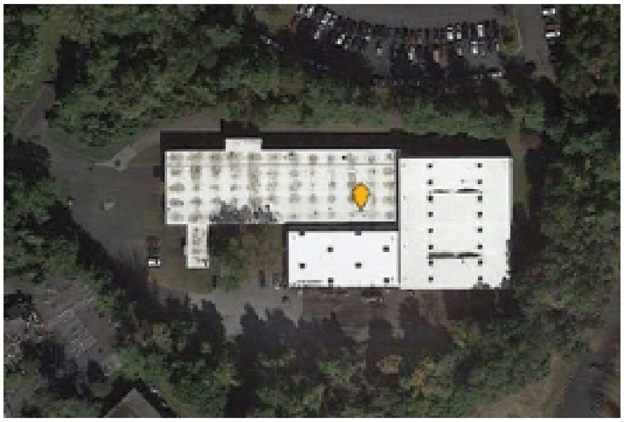
Sale Information

Sale Status	Transaction	**Per Unit**	$0
Sale Date	4/19/2023	**Per SF**	$143
Grantee	AJ&PG Realty LLC	**Cap Rate**	N/A
Grantor	7 Lake Station Warwick LLC	**Property Rights**	Fee Simple Interest
Deed Sale Price	$8,000,000		

Appraiser Comments

Data was reported from CoStar and confirmed with public record. This is the sale of a single-tenant industrial building located in Warick, NY. The property, built in 1989, contains 56,700 square feet of gross building area on 174,240 square feet of land. The building features 22′ ceiling height, eight docks/doors, 80 parking spaces, and a 9% office ratio. It appears that there were no brokers involved in this transaction. All data was reported from CoStar and confirmed with public record.

Comparable Sale 5



Location Overview

Street Address	11 Kings Hwy.
City	Orangetown
State	NY
Zip	10962
Property ID	392489-074-011-0002-004-000-0000
Neighborhood/District	Orangeburg

Property Information

Condition	Average	**Site Area**	4.61 acres
Year Built	1968	**Residential Units**	0
Zoning	LIO	**Comparable Type**	Industrial
Parking	0.28/1000	**Commercial Units**	0
GBA	53,468 SF		

Sale Information

Sale Status	Transaction	**Deed Sale Price**	$5,500,000
Sale Date	6/21/2022	**Per Unit**	$0
Grantee	EASTCOAST BLR 1993 LLC	**Per SF**	$103
Grantor	PRODUCTO ELECTRIC CORP	**Cap Rate**	N/A
Unique Sale ID	2022-00022870	**Property Rights**	Leased Fee Interest

Appraiser Comments

This is the sale of an industrial property located at 11 Kings Hwy. in Orangetown, New York. The property, has a site area of 4.61 acres and was built in 1968. The gross building area is 53,468 square feet. The property was sold on June 21, 2022, in an arms-length transaction for a sale price of $5,500,000. The buyer is EASTCOAST BLR 1993 LLC, and the seller is PRODUCTO ELECTRIC CORP. The property rights are in the form of a leased fee interest. The sale was unbrokered, East Coast Distributors is a private investment company that specializes in industrial leasebacks.The property is zoned as LIO (Limited Industrial Office) and has a parking ratio of 0.28/1000. The condition of the property is reported as average. The sale was verified through public records and CoStar. The price per square foot is approximately $102.87.

Orange County Area Analysis

The following analysis includes pertinent aspects of the surrounding region as it pertains to the subject property. This report was compiled using data as of 2023 Q3 unless otherwise noted. Data is from a number of sources including the U.S. Bureau of Labor Statistics ("BLS"), the U.S. Bureau of Economic Analysis ("BEA"), and the U.S. Census Bureau.

Source: Google Maps

Orange County at a Glance

Orange County, New York is in the state's Mid-Hudson Region of the Hudson Valley Area and is part of the Poughkeepsie–Newburgh–Middletown metropolitan statistical area, which belongs to the larger New York–Newark–Bridgeport, NY–NJ–CT–PA Combined Statistical Area. Orange County, New York is located in the southeast part of the state, approximately 60 miles from New York City. Orange County is a mix of suburban, rural, and urban areas, and is known for its scenic countryside, abundant natural resources, and strong economy. The economy of Orange County is diverse and robust, with major industries including healthcare, education, and manufacturing. Major employers in the area include Orange Regional Medical Center, Crystal Run Healthcare, and International Business Machines (IBM), among others. The county is also home to a thriving retail and commercial sector, with numerous shopping centers, restaurants, and other businesses. Housing options in Orange County range from single-family homes and small farms to larger estates and suburban properties. The county offers a range of rental options for residents, including both small and large multifamily properties. Orange County is home to several large parks and open spaces, including the Harriman State Park, the Monroe-Woodbury Community Park, and the Bear Mountain State Park, all of which offer ample opportunities for residents to enjoy the great outdoors and to participate in a variety of recreational activities. In terms of transportation, Orange County is served by several major roads, including the New York State Thruway (Interstate 87), the New York State Route 17, and the New York State Route 17K, which provide convenient access to other areas of the county and to nearby cities and regions. The nearest airport to Orange County is Stewart International Airport, located in Newburgh, New York, approximately 30 miles from the county.

Area Fundamentals

Attribute	County Level Value	5 Year Annualized Growth Rate	Relative to Baseline (MSA)
Employment	188,271	0.6%	Faster than MSA
GDP	$20.7 billion	3.2%	Faster than MSA
Population	405,941	1.4%	Faster than MSA
Per Capita Personal Income	$58,136	4.1%	Slower than MSA

Labor Market Conditions

According to the latest data from the Q2 2023 Quarterly Census of Employment and Wages, New York-Newark-Jersey City employed 8,006,763 private employees, with establishments in the Education & Health Services, Trade, Transportation, & Utilities, and Professional & Business Services industries accounting for the top three employers. These industries employ 2,068,632 (25.6%), 1,611,109 (20.0%), and 1,530,596 (19.0%) private sector workers in the Metro, respectively.

MSA Private Employment Composition & Wages by Industry (2023 Q2)

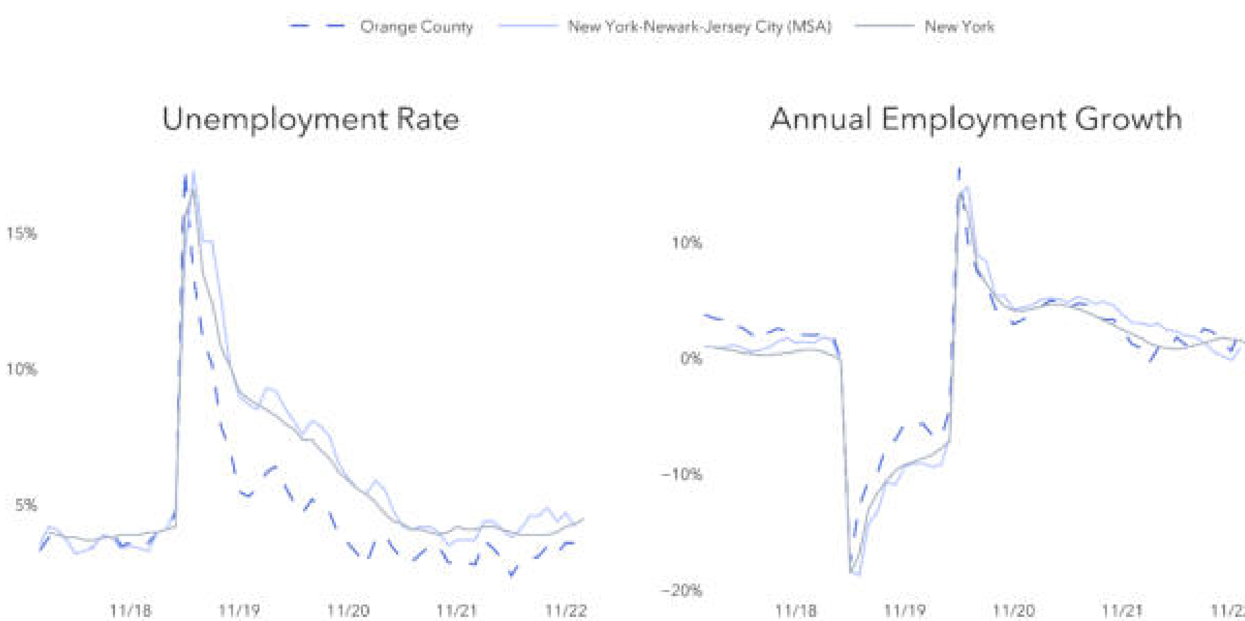
Source: U.S. Bureau of Labor Statistics

The latest data from the 2023 Q2 Quarterly Census of Employment and Wages, Orange County employed 153,054 employees. Establishments in the Education & Health Services, Trade, Transportation, & Utilities, and Professional & Business Services industries accounted for the top three employers. These industries employ 42,798 (27.7%), 39,867 (25.8%), and 16,505 (10.7%) workers in the County, respectively.

County Employment Composition & Wages by Industry (2023 Q2)

Source: U.S. Bureau of Labor Statistics

At the onset of the pandemic last spring, Orange County area employers shed 18.3% of their workforce, expanding the unemployment rate from 4.1% in February 2020 to 17.4% just two months later. The unemployment rate in Orange County has expanded over the past year to the current rate of 3.6%, just slightly below the New York-Newark-Jersey City rate of 4.2%. As of 11/23, total employment is up 3% on a year-over-year basis. The unemployment rate has moved below its pre-pandemic level (Feb 2020) of 4.1%.

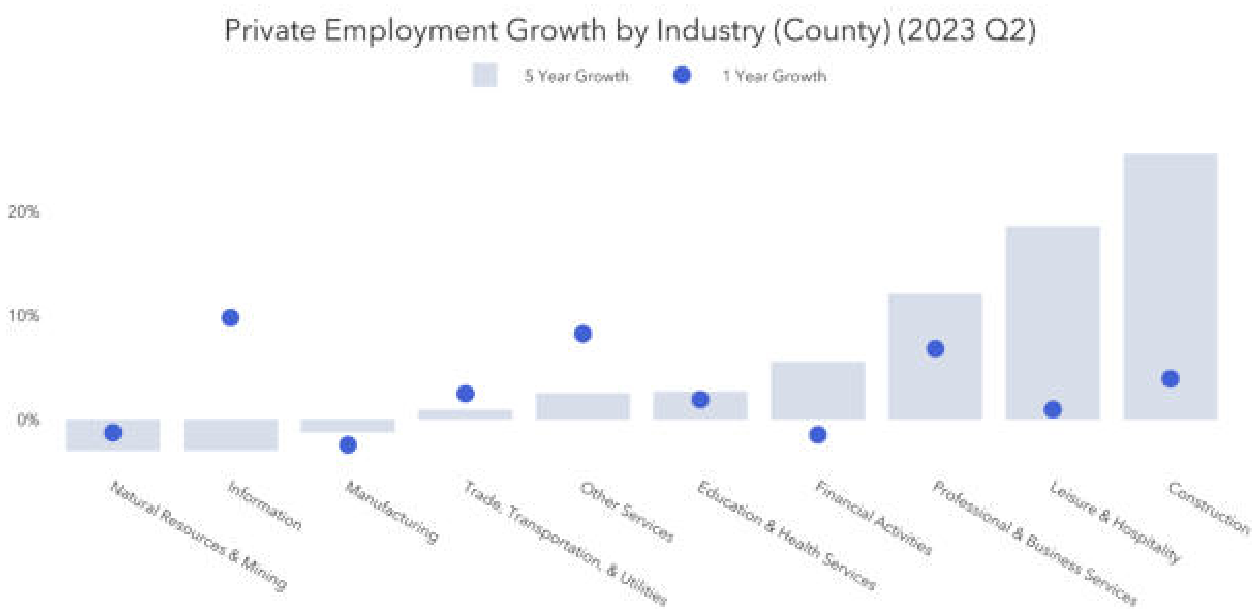


Source: U.S. Bureau of Labor Statistics

According to the latest data from the Q2 2023 Quarterly Census of Employment and Wages, New York-Newark-Jersey City Metro has experienced private employment expand 2.7% (210,049) in total over the last five years. During that time, the Education & Health Services, Information, and Professional & Business Services industries saw the strongest growth, expanding 12.6%, 3.9%, and 2.2%, respectively. Meanwhile, the Trade, Transportation, & Utilities Industry has experienced employment collapse of 4.7% over the previous five years.

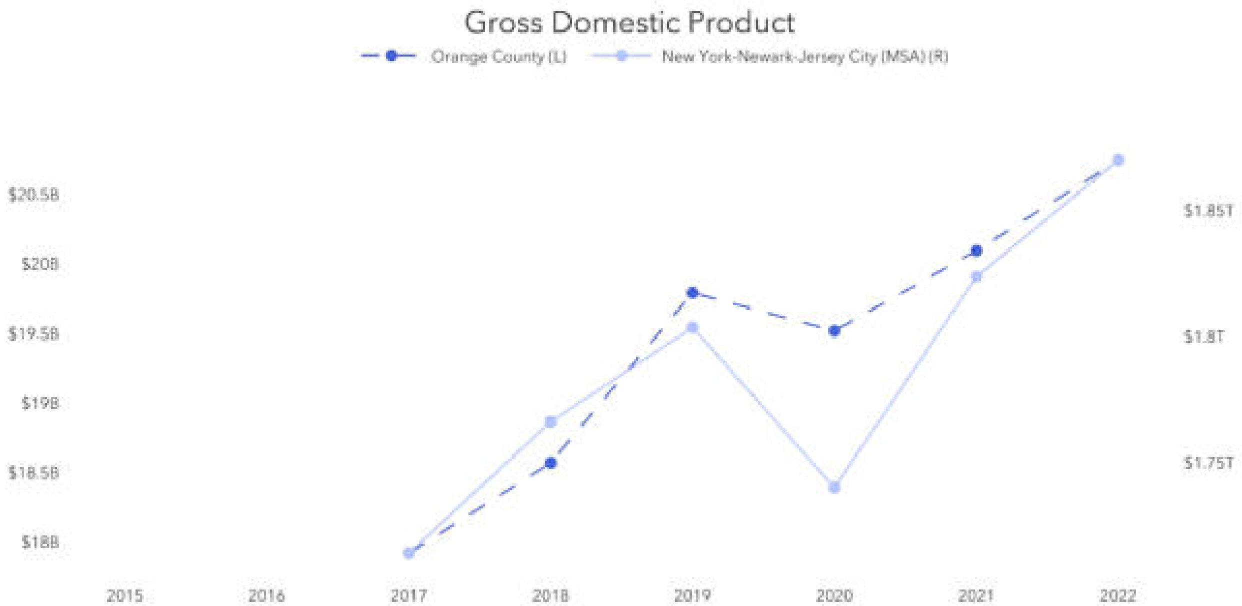
Source: U.S. Bureau of Labor Statistics

According to the latest data from the Q2 2023 Quarterly Census of Employment and Wages, Orange County has experienced private employment expand 6.6% (7,978) in total over the last five years. During that time, the Construction, Leisure & Hospitality, and Professional & Business Services industries saw the strongest growth, expanding 25.5%, 18.6%, and 12.1%, respectively. Meanwhile, the Natural Resources & Mining Industry has experienced employment collapse of 3.0% over the previous five years.



Source: U.S. Bureau of Labor Statistics

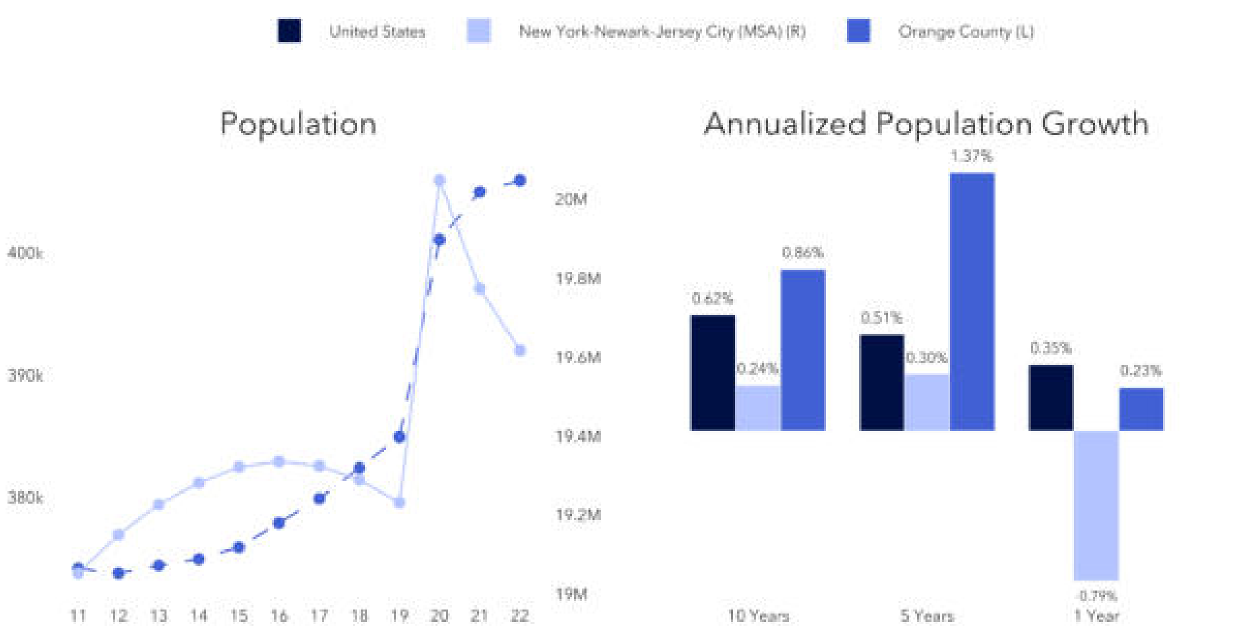
Economic Production



Source: U.S. Bureau of Economic Analysis

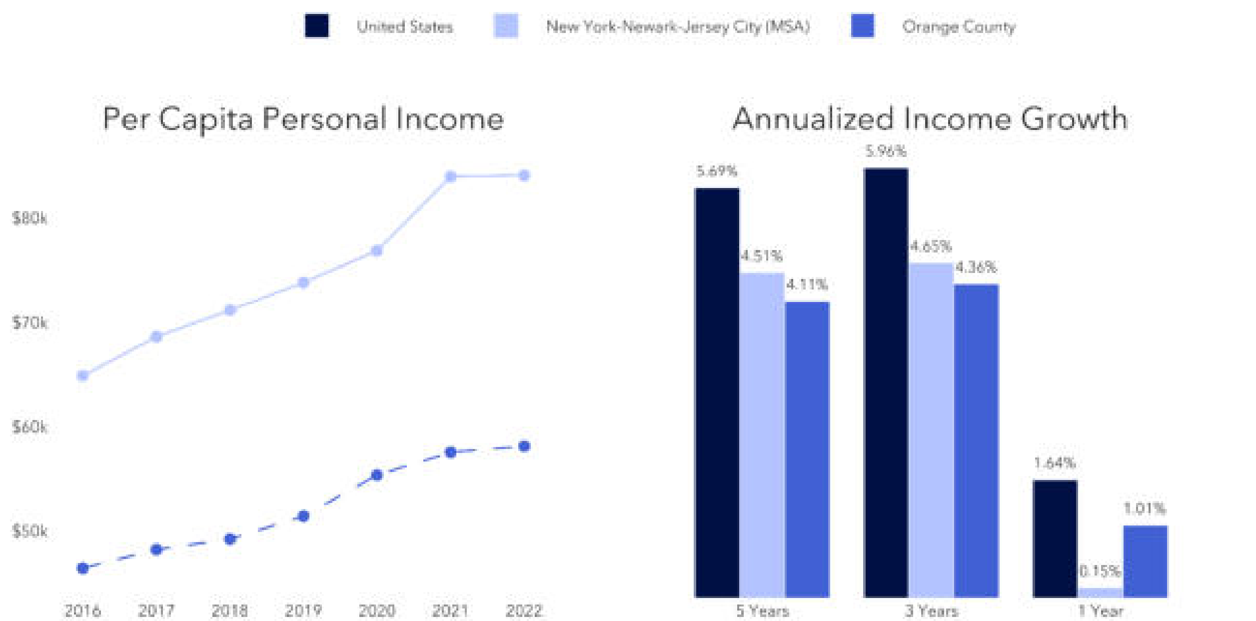
Demographics

Going back ten years, Orange County's population has expanded 0.9% per annum to the 2022 count of 405,941. Over the past five years, growth has expanded, growing 1.4% per annum since 2017. This growth rate exceeds the Nation, which has expanded 0.5% per year over the last five years.



Source: U.S. Census Bureau

Going back five years, Orange County residents' per capita personal income has expanded 4.1% per annum to the 2022 level of $58,136. Over the past three years, growth has expanded, growing 4.4% per annum since 2019. This growth rate lags the Nation, which has expanded 6.0% per year over the last three years.



Source: U.S. Census Bureau

Infrastructure

Transportation Methods

There are multiple major highways that links the area with major destinations. Interstates 87 and 84 connects Orange County with the rest of New York State and New Jersey State as well as major destinations to the north, all the way to the Canadian highway system at Montreal. In addition, there are multiple highways that provide north-south and east-west routes across Orange County and in to neighboring regions of New York, New Jersey, and Pennsylvania. These include State Route 17, the Palisades Interstate Parkway, US Route 6, US Route 9W and US Route 209. The Bear Mountain Bridge and the Newburgh-Beacon Bridge are the two Hudson River crossings in Orange County.

Additionally, NJ Transit offers rail services and Metro-North Railroad's Port Jervis Line, a commuter line, goes through the county. These rail services go through multiple towns and hamlets within Orange County and connections to multiple bus lines, ferries and PATH trains to New York City are possible.

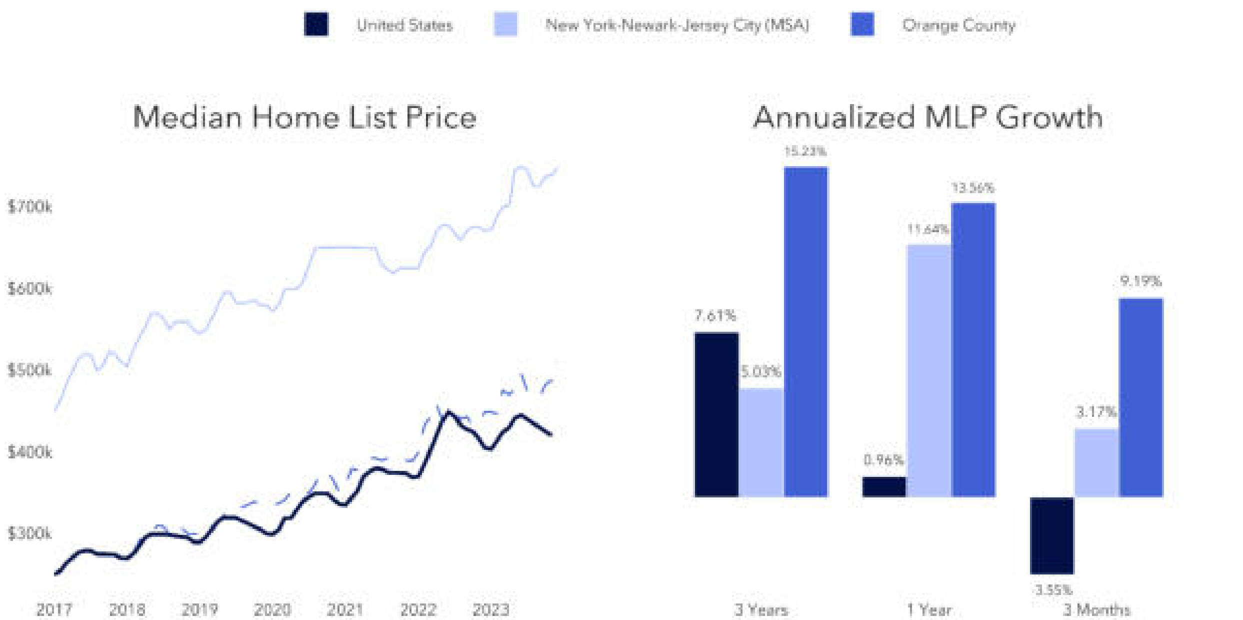
Short Line Bus, Leprechaun Lines, Monsey Trails and NJ Transit provide bus routes across the county. There are also connections to commuter bus lines that take passengers into northern New Jersey as well as New York City.

Orange County is served by Stewart International Airport, which is located two miles west of Newburgh, New York and serves major American airlines in addition to Norwegian Air Shuttle. In New York, there is also: John F. Kennedy International Airport, LaGuardia Airport and Westchester County Airport. In New Jersey, the airports are Newark Liberty International Airport and Teterboro Airport.

Housing

In 2021, historically low mortgage rates, the desire for more space, and the ability for many to work from home, led to an increase in demand for housing. This, combined with historically low inventory levels, accelerated the growth in values, pushing the medium listing price in the US to a peak of $413,000 in June 2022. However, with persistent inflation, the Fed hiked interest rates at a record pace over the 2nd half of 2022 and for much of 2023, eroded housing affordability and dropping demand considerably. With demand decreasing, values have either declined or experienced limited growth. Demand has improved since though, with growth in values aided by limited inventory in some markets.

In Orange County, Realtor.com data points to continued growth in values over the past year. As of 12/2023, the median home list price sits at $509,900, an increase of 13.6% compared to an increase of 11.6% for the New York-Newark-Jersey City Metro, and an increase of 1.0% across the Nation over the past year. Despite the recent sharp rise in mortgage rates, the county median list price has experienced an increase of 9.2% over the past 3 months, compared to an increase of 3.2% for the New York-Newark-Jersey City Metro in the same period.



Source: Realtor.com

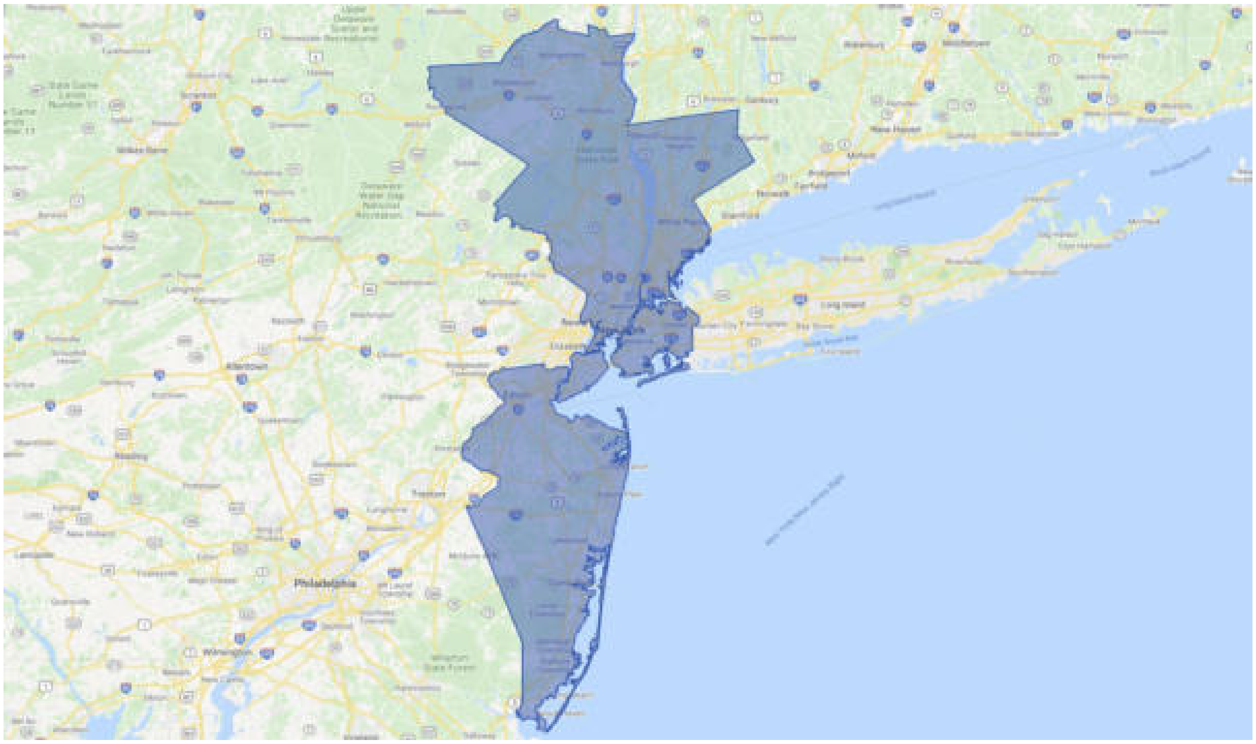
Outlook

The United States economy has recovered from the pandemic, but, with persistent levels of inflation, the Fed repeatedly reaffirmed its commitment to fighting inflation by raising rates, softening economic growth. While the economy remains strong, their actions have led to a slowdown in growth, setting the stage for a mild recession in 2024.

The current unemployment rate in Orange County of 3.6% is below its five-year average. By contrast, that rate is also below the state rate of 4.5%, and below the national rate of 3.7%. Orange County continues to experience population gains with one- and five-year annual growth rates of 0.2% and 1.4%. Despite its diversified economy, and its continuously growing population, when considering its negative GDP growth over the five years prior to the pandemic, the county faces a large hurdle before it can be well positioned for near- and long term growth.

New York: Industrial Market Analysis

The information contained in this report was provided using 2023 Q4 CoStar data for the New York Industrial Market ("Market").



Overview

The subject property is in the New York Market defined in the map above, which includes 874 million square feet of industrial space. With new leasing totals moderating and the amount of available space rising, the New York industrial market continued its cooldown into the start of 2024. While this downshift is not specific to New York, as absorption levels across the U.S. industrial sector have also slowed considerably over the past 12 months, New York has been impacted worse as absorption levels stand in negative territory. The market's recent cooling has caused rent growth to decelerate from a peak of 11% year-over-year growth reached in mid-2022, to the current rate of 6.5%. The upticks in vacant space have caused a moderation in quarterly rental growth across all submarkets and with vacancies projected to rise in the near term, further deceleration is projected into the first half of 2024. With softening fundamentals, values increased 0.8% over the past quarter, although annual growth remains negative, decreasing -0.5% to $272/square feet.

Sector Fundamentals

	New York	YoY	QoQ	National	YoY	QoQ
Market Rent/SF	$19.54	6.5%	1.2%	$11.85	6.5%	0.9%
Vacancy Rate	5.86%	199 bps	47 bps	5.67%	176 bps	51 bps
Availability Rate	8.7%	213 bps	56 bps	8.3%	151 bps	27 bps
Net Absorption SF	-2,203,626	-1605.0%	-7.1%	31,624,272	-72.8%	-14.7%
Asset Value/SF	$272	-0.5%	0.8%	$154	-2.0%	-0.0%
Market Cap Rate	5.81%	40 bps	3 bps	7.08%	50 bps	4 bps
Transaction Count	111	-58%	-47%	4,272	-27%	6%
Sales Volume	$815,067,648	-73%	-3%	$12,893,190,144	-67%	-15%

The table below presents historical performance of key indicators for industrial space in the Market including inventory & construction levels, net absorption, vacancy & availability, rental rates, pricing, and cap rates.

Historical Industrial Performance: New York Market

Period	Inventory SF	Under Construction SF	Net Delivered SF 12 Mo	Net Absorption SF 12 Mo	Vacancy Rate	Availability Rate	Market Rent/SF	Market Sale Price Per SF	Market Cap Rate
2023 Q4	873,989,961	19,746,252	13,670,851	-4,265,281	5.9%	8.7%	$19.54	$266	5.81%
2023 Q3	871,984,012	19,927,140	14,723,269	-1,915,237	5.4%	8.1%	$19.31	$264	5.79%
2022	860,319,110	23,711,912	3,043,270	-1,527,527	3.9%	6.5%	$18.35	$264	5.41%
2021	857,275,840	13,335,108	6,933,322	15,309,638	3.4%	5.5%	$16.60	$249	5.11%
2020	850,339,518	11,848,508	5,213,878	2,032,513	4.4%	6.1%	$15.23	$197	5.69%
2019	845,065,372	9,980,895	340,686	441,140	4.0%	5.9%	$14.32	$170	6.10%
2018	844,724,686	5,108,509	10,592,825	12,802,505	4.0%	5.9%	$13.44	$155	6.18%
2017	834,131,861	14,376,892	3,302,275	4,684,822	4.3%	6.7%	$12.63	$141	6.25%
2016	830,812,109	10,041,471	847,745	9,395,072	4.5%	7.0%	$11.83	$137	6.01%
2015	829,964,364	5,405,956	-3,494,413	1,795,982	5.5%	8.5%	$10.96	$125	6.11%
2014	833,458,777	4,626,901	199,978	4,401,877	6.1%	9.7%	$10.22	$108	6.59%

Supply & Demand

The cooldown of the New York industrial sector has been evident for around 24 months, as many companies either slowed down expansion efforts or reduced their existing footprint. As a result, the availability rate in New York has risen from 5.7%, measured at the start of 2022, to the current rate of 8.%.

Companies with sales tied to the housing market have shed a considerable amount of space across the U.S., and this holds true for the New York market, as well. Major move-outs from Bed Bath & Beyond (-607,000 SF), Home Dynamix (-326,000 SF), and Wayfair (-311,000 SF) are among the largest drivers of negative absorption over the past 12 months.

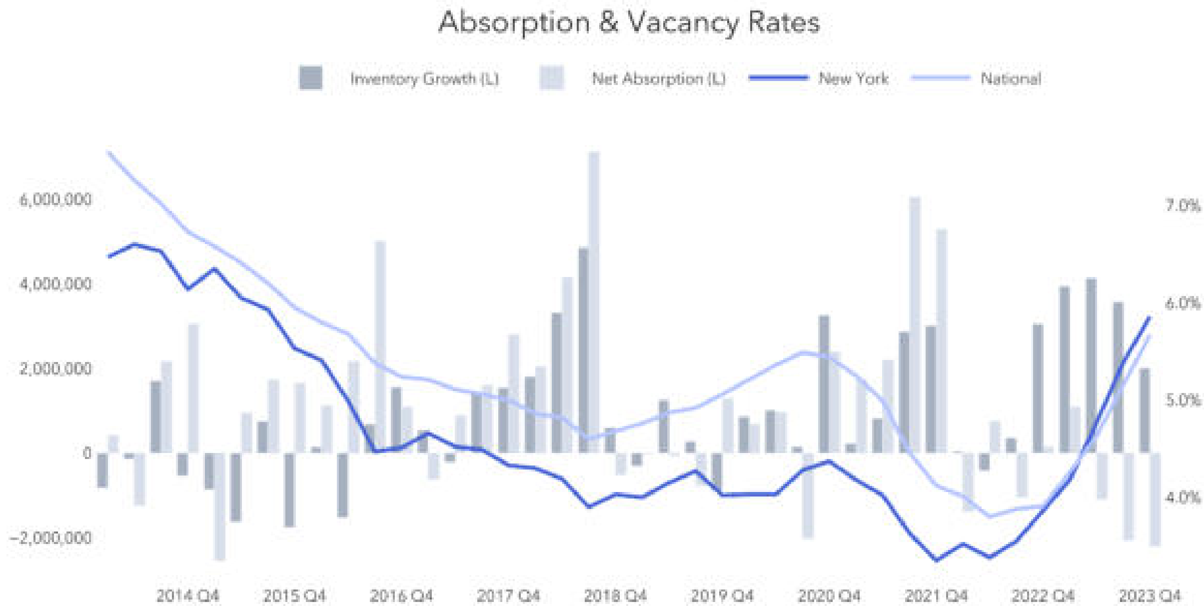
Also contributing to this increase in availability is the delivery of 13.7 million SF of new industrial space over the past 12 months, with owners noting that they have not been able to fill vacant large blocks of space as quickly compared to even a year ago despite their premium build quality. There has also been an increase in tenants giving back their space, with available sublet space totaling 5.6 million SF, a total that stood at 3 million SF at the start of 2022 and is at its highest level since 2011. A sharp uptick in vacancy is projected over the next 12 months as leasing totals, a leading indicator of future absorption totals, have been trending downward over the past year, while 19.3 million SF remains under construction.

It should also be noted that major occupiers such as Tesla (927,000 SF), GRM Document Management (510,000 SF), and CVS (427,000 SF) have made large commitments since the summer of 2023. Suppose such occupiers continue to lease here while the rate of new construction starts were to continue moderating. In that case, vacancy levels may begin tightening again by 2025 once the bulk of new space now under construction has been delivered.

Still, some pockets continue to outperform the overall metro. Submarkets such as Exit 8A, Exit 10, and Western Rt 287 continue to see a fair amount of new leasing activity, do not have a bevy of space under construction, and contain availability rates that are below the metro average. These submarkets also offer tenants quick access to the ports, which should continue to generate leasing activity, as demand here is driven by e-commerce companies, third-party logistics providers, and retailers seeking direct access to the more than 22 million people living in the New York region.

Vacancy Rates

	2014	2015	2016	2017	2018	2019	2020	2021	2022	23 Q3	23 Q4
National	6.7%	6.0%	5.2%	5.0%	4.7%	5.1%	5.4%	4.1%	3.9%	5.2%	5.7%
Market	6.1%	5.5%	4.5%	4.3%	4.0%	4.0%	4.4%	3.4%	3.9%	5.4%	5.9%



Rents

At $19.54/SF, rents in the New York Market are roughly 65% higher than the National average of $11.85/SF. Rents in the Market have grown 10.0% per annum over the past decade, exceeding the National average, where rents increased 8.8% per annum during that time.

Market Rents

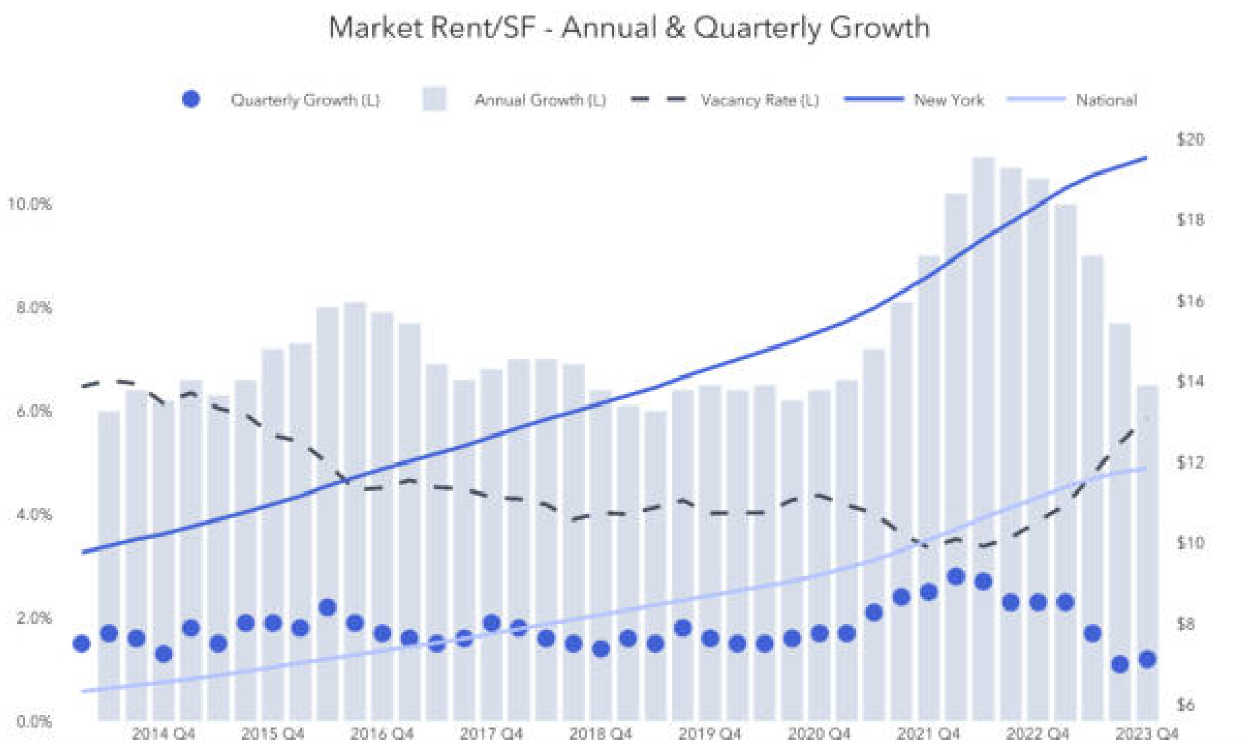
	2014	2015	2016	2017	2018	2019	2020	2021	2022	23 Q3	23 Q4
National	$6.55	$6.91	$7.31	$7.75	$8.21	$8.68	$9.20	$10.06	$11.13	$11.75	$11.85
Market	$10.22	$10.96	$11.83	$12.63	$13.44	$14.32	$15.23	$16.60	$18.35	$19.31	$19.54

Prior to the pandemic, the New York Industrial Market experienced an improvement in rent growth, although at a softened rate. In 2019 Q4, annual rent growth in the Market accelerated above the previous quarters yoy growth rate, but remained below the historical average, with annual growth of 6.5%. Despite concerns over the pandemic, quarterly rent growth improved in 2020 Q2, increasing 1.5% in 2020 Q2. By the end of 2020, rents increased 6.4% from the 2019 Q4 rent level of $14.32/SF. From 2019 Q4 to 2021 Q4, rents increased 15.9%. Quarterly rent growth in 2023 Q4 increased 1.2%. Despite positive rent growth over the past year and quarter, annual growth slowed to 6.5%.

The upticks in vacant space have caused a moderation in quarterly rental growth across all submarkets and with vacancies projected to rise in the near term, further deceleration is likely. Though nominal industrial rents are rising, market participants note that owners have been less inclined to lower their ask and instead are more willing to provide more concessions upfront, particularly months of free rent.

Submarkets in New Jersey such as Exit 10, Carteret/Avenel, and Secaucus/North Bergen, which are more in demand due to their proximity to the ports, have witnessed the largest annual rent gains, of more than 7% at the start of 24Q1, while segments of the market that still have relatively tight vacancy levels, such as small-bay industrial, should also outperform compared to the overall market.

Annual rent growth was not far behind, at around 6%, for submarkets in Brooklyn, Queens, and the Bronx. Strong rent growth in the boroughs has not solely been driven by increasing demand. As older, less efficient assets are demolished or converted into more profitable uses, even anemic demand can support elevated asking rents. A recent 115,000-SF 10-year lease by Readyspaces at the Ideal Industrial Building in Jamaica, which is a short trip from JFK airport, started at $25/SF and shows the premium owners can charge for direct access to New York City's dense population.



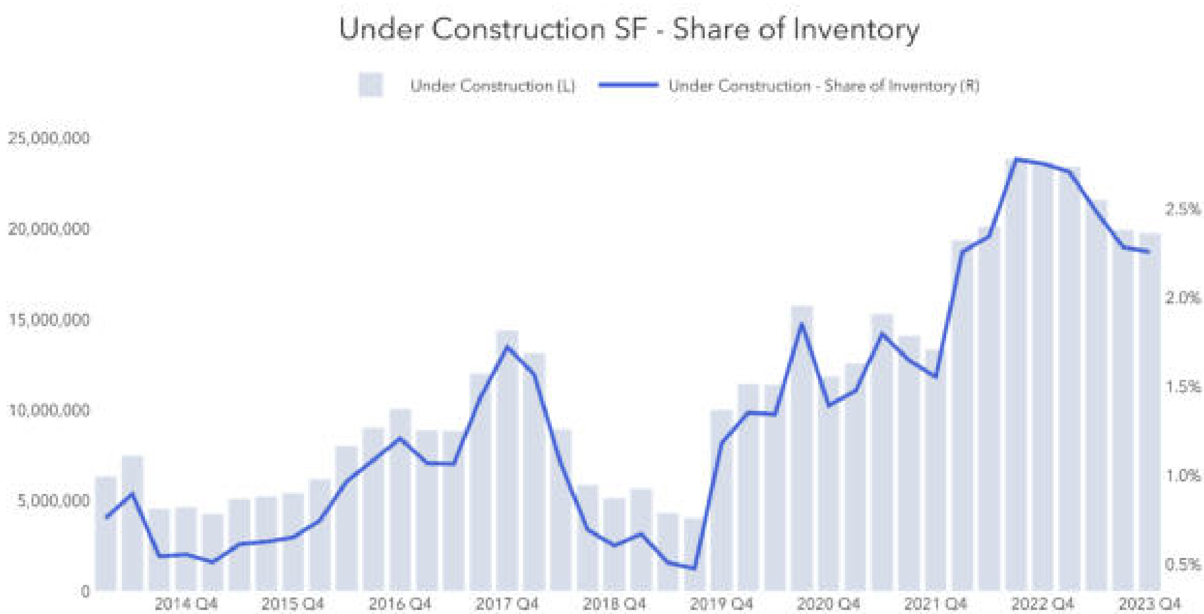
Construction & Future Supply

About 19.3 million SF of projects remain in the pipeline, a figure that is not far from the all-time high total of 23 million SF. Construction activity is widespread as more than 20 submarkets containing at least 100,000 SF of projects at the start of 24Q1. The Orange County and Perth Amboy submarkets contain the most activity as locations in New Jersey offer more buildable land, offer proximity to a large warehouse labor force, are in closer proximity to ports, and have lower land acquisition costs than those in New York City.

Construction starts have steadily slowed down over the past 12 months, with market participants citing increased financing costs, due to rising interest rates, as making potential projects far less profitable. it is a much more difficult leasing environment for owners, however. The ongoing slowdown in leasing activity has impacted most projects underway, regardless of size. Among under-construction projects sized above 100,000 SF, the availability rate stood at 67% at the start of 24Q1.

Despite the slowdown in construction, vacancies are projected to rise sharply in the upcoming 12 months. Underway projects account for about 2% of existing inventory, which is on par with the national average. Similar to the overall U.S., deliveries are forecast to notably decline by the start of 2025.

About 13.7 million SF of deliveries were observed over the past 12 months. The growth of online retail has driven demand for new, highly efficient logistics facilities, and these properties have accounted for many of the largest deliveries in recent years. The Exit 8A Submarket has been a focal point for development, with more than 4 million SF delivered over the past three years. Developers opening large distribution centers here have reaped the rewards as recently built properties such as 904 Cranbury South River Road (1.2 million SF), 343 Half Acre Road (950,000 SF), and 353 Half Acre Road (850,000 SF) are all fully leased to credit tenants such Home Depot, Amazon, and Crate & Barrel.



Capital Markets

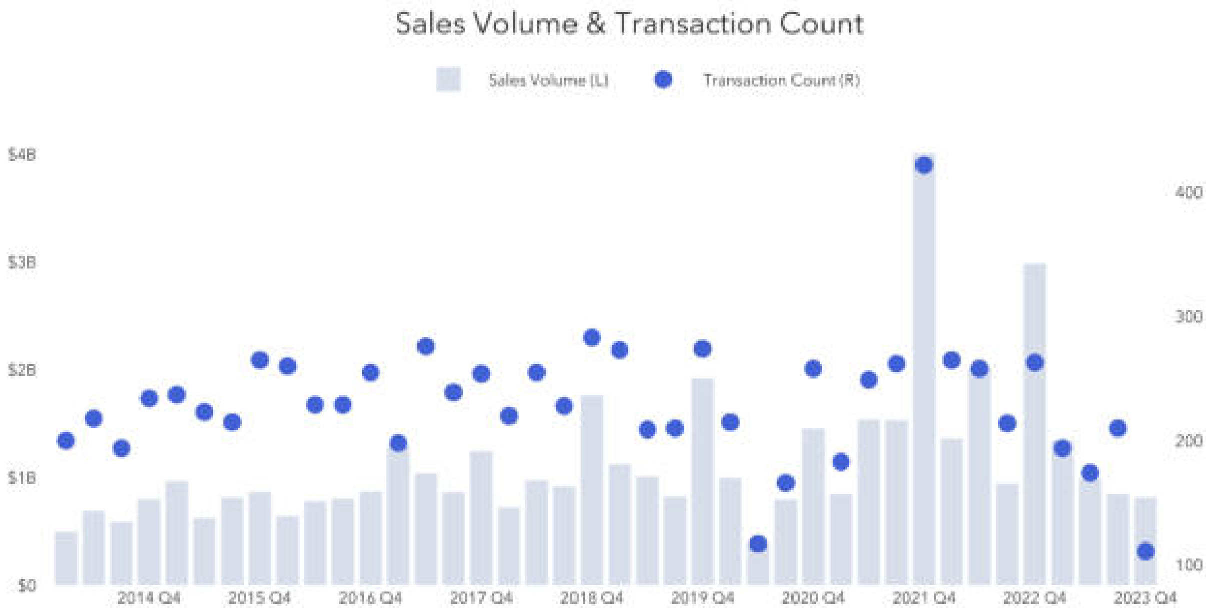
Investors have been active in the Market over the past three years. Going back three years, investors have closed on average, 935 transactions per year with an annual average sales volume of $6.4 billion.

Over the past year, there were 689 closed transactions across 20.8 million square feet, for a total sales volume of $4 billion. Market participants note that a gulf exists between buyers and sellers, with the former fixated on high borrowing costs and the latter trying to transact at asset pricing levels witnessed in 2021-2022. As of 2023 Q4, CoStar data indicates there were 111 transactions for a total sales volume of $815.1 million, compared to $843.6 million in the previous quarter.

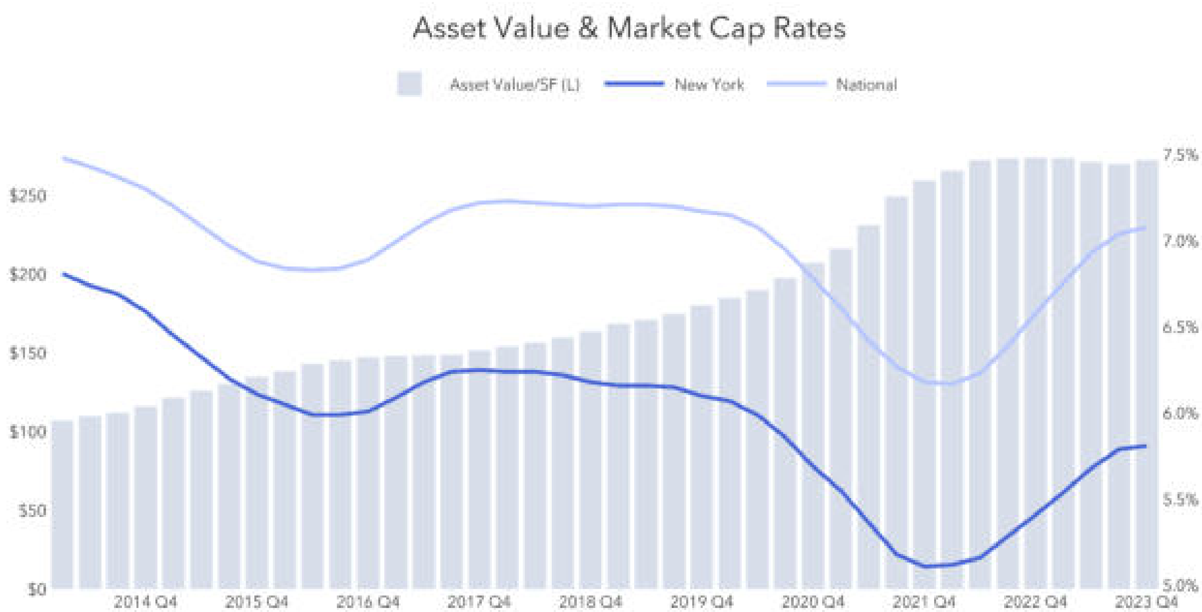
However, large private buyers including Bridge Industrial, Blackstone, and GLP Partners have also closed acquisitions of over $50 million since mid-2023. In all cases, these deals involved fully leased properties, indicating that investors are taking note of the sector's cooldown by focusing on the stable in-place cash flow of well-positioned properties.

For example, late last year, Faropoint purchased a 770,000-SF portfolio of 10 fully occupied Northern New Jersey properties, most built in the 1970s with 18 to 20-foot clear heights, for $144.5 million, or $187/SF, at a 6.7% cap rate. Faropoint was motivated by the abundant parking available and the high level of accessibility of the portfolio, both being important characteristics to future occupiers. The seller, Camber Real Estate, acquired the properties in 2019 for $90 million as a value-add investment and wanted to capitalize on their strategy once full occupancy was secured.

Bridge Industrial purchased 58-95 Maurice Ave, a fully leased 127,000 SF warehouse located in Central Queens, for $57 million in 24Q1. The property's tenancy is made up of credit tenants such as FedEx, and its location is essential for last-mile delivery as it is positioned to reach more than 15 million people. The property last sold in 2019 for $39.5 million to Turnbridge Equities.



Market pricing, based on the estimated price movement of all properties in the Market, sat at $272/SF. Values have compressed 0.5% over the past year but improved in the past quarter, increasing 0.8% in 2023 Q4. Capitalization rates have increased 40 bps over the past year to 5.8% and increased 3 bps in Q4. Investors remain active in the sector, but elevated debt costs have put some upward pressure on cap rates. Still, fundamentals for the industrial sector remain strong relative to others and investors continue to look for more exposure to it.



Outlook

Consumption and supply chain backlogs have resulted in record levels of U.S. industrial leasing over the past two years. However, an elevated supply pipeline is expected to outpace demand over the next few quarters with demand cooling off due to softening economic growth.

Industrial market conditions in the New York Market indicate a decrease in demand along with rising inventory levels, sharply increasing vacancy rates over the past year. With vacancy rates expanding, rent growth continues to slow, although it remains positive. Looking ahead to the near term, it is likely that tenant demand remains limited, with the pipeline softening fundamentals further. With market conditions expected to soften amidst slowing economic growth and elevated debt costs, values will likely experience limited growth.

Appendix

New York Industrial Market Overview

Submarket	Inventory SF	Vacancy Rate	Availability Rate	Under Construction SF	Market Rent/SF	Market Sale Price Per SF	Market Cap Rate
Exit 8A	79,572,281	4.6%	6.5%	391,758	$12.81	$220	5.27%
North Brooklyn	60,731,192	5.0%	5.7%	385,510	$33.97	$455	5.37%
Exit 10	46,755,260	4.6%	6.3%	90,129	$14.15	$202	5.52%
South Brooklyn	42,919,699	7.1%	9.2%	1,515,031	$26.72	$379	5.42%
Hudson Waterfront	38,291,300	8.7%	11.7%	964,508	$17.39	$242	5.78%
Orange County	37,607,362	6.9%	8.9%	3,680,255	$11.85	$111	6.92%
Western Rt 287	36,417,001	1.6%	4.5%	749,165	$14.17	$219	5.65%
Bronx	34,845,611	7.6%	12.1%	1,420,656	$25.54	$364	5.98%
Northwest Queens	32,920,527	8.0%	10.9%	733,675	$31.12	$475	5.34%
Secaucus/North Bergen	32,653,049	5.2%	7.3%	0	$17.92	$234	5.75%
Perth Amboy/GSP	24,535,415	5.7%	19.6%	3,087,040	$15.40	$239	5.45%
Brunswick/Exit 9	24,448,981	5.3%	11.7%	784,352	$13.70	$199	5.70%
Route 3/GSP	24,363,940	4.3%	6.0%	295,506	$14.49	$184	6.15%
Lyndhurst/Harrison	22,687,083	4.5%	7.1%	516,287	$15.95	$244	5.70%
Carlstadt/Rutherford	22,684,857	7.8%	12.9%	372,351	$16.74	$242	5.67%
Teterboro Airport	22,503,817	3.3%	7.5%	229,589	$15.40	$232	5.68%
Central Queens	22,094,114	5.6%	7.6%	770,000	$29.26	$439	5.35%
Rockland County	21,447,677	8.0%	12.3%	880,000	$18.45	$162	6.51%
Carteret/Avenel	20,444,199	14.1%	15.4%	843,544	$16.01	$237	5.42%
Northwest Bergen	20,259,518	5.8%	6.2%	0	$17.25	$216	6.45%
Paterson	20,112,061	3.5%	3.8%	0	$13.02	$154	6.28%
Western Monmouth	16,135,039	12.7%	17.1%	441,059	$15.54	$189	6.36%
Ocean County	16,086,276	9.6%	11.8%	219,488	$15.76	$187	6.54%
South Queens	15,634,527	6.3%	9.1%	206,725	$28.30	$413	5.43%
Upper Rt 46/23	15,133,950	6.1%	7.5%	95,715	$15.80	$219	6.07%
Northeast Queens	13,565,914	3.2%	6.5%	249,675	$31.44	$486	5.24%
Eastern Monmouth	12,927,196	4.2%	4.8%	115,113	$16.28	$191	6.83%
Route 46 Corridor	12,441,733	5.4%	8.1%	206,826	$16.21	$226	6.02%
Englewood/Edgewater	10,245,035	7.6%	8.9%	0	$18.79	$253	5.74%
Southeast	9,849,705	6.0%	7.2%	0	$21.59	$230	7.41%
Staten Island	9,707,058	1.9%	3.6%	157,266	$19.25	$207	6.03%
West I-287 Corridor	9,583,198	3.0%	3.8%	157,500	$31.78	$221	6.18%
Southwest	9,280,103	4.2%	9.1%	0	$20.26	$226	6.88%
Northeast Bergen	7,206,782	5.0%	4.8%	0	$17.50	$224	6.24%
Hackensack/Teaneck	6,840,256	5.8%	8.1%	187,530	$16.83	$252	5.95%
Northwest	3,815,739	6.0%	6.2%	0	$21.45	$198	6.29%
East I-287 Corridor	3,119,358	2.9%	5.3%	0	$24.84	$214	6.72%
North	2,384,970	6.6%	6.1%	0	$25.12	$238	6.16%
Times Square	1,419,402	0.0%	NA	0	$33.45	$305	5.82%
Suburban Passaic	1,373,021	2.6%	4.0%	0	$14.86	$212	6.23%
Paramus	1,280,505	0.1%	7.1%	0	$21.67	$309	5.90%
Hudson Square	1,142,265	0.0%	NA	0	$40.49	$416	5.71%
Harlem/North Manhattan	946,243	3.0%	4.8%	0	$32.96	$618	5.73%

City Hall	809,424	2.3%	2.3%	0	$22.84	$149	6.13%
Chelsea	764,545	2.0%	6.5%	0	$49.85	$387	5.79%
Soho	720,032	0.2%	4.6%	0	$52.75	$307	6.02%
Penn Plaza/Garment	557,984	7.5%	54.7%	0	$54.64	$403	5.98%
Northeast	552,892	3.0%	13.8%	0	$21.14	$292	5.91%
Columbus Circle	549,338	7.3%	12.2%	0	$39.15	$419	5.87%
White Plains CBD	511,196	10.0%	10.0%	0	$23.51	$193	7.38%
Upper East Side	500,093	1.1%	1.1%	0	$27.57	$270	5.95%
Murray Hill	230,935	0.0%	NA	0	$28.03	$292	6.06%
Plaza District	123,004	0.0%	NA	0	$39.36	$273	6.06%
Gramercy Park	50,656	0.0%	NA	0	$83.00	$1,519	5.43%
Greenwich Village	50,618	0.0%	NA	0	$36.26	$446	6.65%
World Trade Center	33,159	0.0%	NA	0	$22.95	$175	6.86%
Insurance District	20,273	4.7%	4.7%	0	$22.92	$196	7.12%
Upper West Side	8,415	0.0%	NA	0	$29.54	$225	6.94%
Tribeca	7,132	0.0%	NA	0	$22.95	$175	7.15%
Financial District	5,171	0.0%	NA	0	$22.75	$474	6.32%

Qualifications

Michelle Zell, MAI

Senior Vice President

Experience

Michelle Zell is a Senior Vice President at Bowery Valuation, who joined the firm in October 2019. She has worked in the real estate appraisal industry for 19 years.

Michelle has appraised multi-family, condominium and cooperative apartment buildings, retail properties, office buildings, restaurants, industrial properties, hotels, and vacant land properties all over the United States. Michelle specializes in managing large portfolios, appraising large scale existing and proposed developments, appraisals for EB-5 financing, litigation and condemnation proceedings, as well as trust and estate needs.

Michelle performs and manages appraisals for Israeli bond issuances in excess of $1B and has extensive experience with the Israeli bond market since 2012. She specializes in serving as a liaison between the appraisers, the audit firms and the Israeli Security Authority.

Significant appraisal assignments include Peter Cooper Village/Stuyvesant Town, a rental apartment complex in New York City with 12,000 units, the condominium conversion of The Apthorp and the Belnord, two large scale prewar landmarked developments in Manhattan, 70 Pine Street, the 1M square foot former AIG headquarters converted to rental apartments, hotel, private club, restaurant and retail space, 701 7th Avenue, a proposed hotel and retail development located in Times Square and valued at $2B, market rent determination for Bell Works - the former Bell Labs in Holmdel, NJ, and multiple large developments for EB-5 financing including The Armature Works in Washington DC (a proposed mixed use retail, apartment and hotel development), 1 Journal Square (a proposed mixed use development in Jersey City), The Retail at Nassau Coliseum (proposed retail and entertainment complex adjacent to Nassau Coliseum), and Pacific Park (a proposed development of 15 land parcels to be developed with high rise residential, condominium, office and school buildings).

Before joining Bowery, Michelle served as a Senior Appraiser at BBG (formerly Leitner Group) in New York City from 2003 through October 2019.

Education

Cornell University	Bachelor of Science
Emory University	Master of Public Health

Certifications & Professional Designations

Appraisal Institute	MAI, Designated Member Michelle is currently certified by the Appraisal Institute's voluntary program of continuing education for its designated members.	
Certified General Real Estate Appraiser	State of New York (# 4600049921) State of Georgia (# 404989) State of Maine (# CG 4769) State of New Hampshire (# NHCG-1055) State of Texas (# TX 1380938G)	State of Florida (# RZ4135) State of Louisiana (# G4507) Commonwealth of MA (# 1000274) State of Tennessee (# 6208) Commonwealth of PA (# GA004611)

Publications

Michelle published an article about the mainstreaming of alternative lending in GlobeSt.com, dated August 5, 2019. https://www.globest.com/2019/08/05/the-mainstreaming-of-alternative-lending/

Diana Zlatkina

Vice President

Experience

Diana Zlatkina is a Vice President at Bowery Valuation who joined the firm in August 2018. Diana has worked in the commercial real estate appraisal industry since 2014. Prior to joining Bowery, she was an appraiser at the Leitner Group Inc./BBG, working throughout New York City on a wide variety of asset types including multifamily, mixed-use, office, retail and developable land.

Education

Boston University, Questrom School of Business	Cum Laude, Dean's List Bachelor of Business Administration with a concentration in Finance and a minor in Hospitality

Certifications & Professional Designations

Certified General Real Estate Appraiser	State of New York (# 46000052754) State of New Jersey (#42RG002799200) Commonwealth of Pennsylvania (# GA004544)

David Rochkind

Valuation Specialist

Experience

David Rochkind is a Valuation Specialist at Bowery Valuation who joined the firm in August 2022. He has worked in the real estate appraisal industry since 2015. He has extensive research skills and has appraised a wide variety of properties in Pennsylvania and New Jersey. In addition, he has worked on permits and inspections for a variety of residential construction projects.

Before joining Bowery, Dave served as a Certified General Appraiser with Newmark and Mid-Atlantic Valuation Group, following a 30-year career in military and commercial logistics.

Education

Penn State University	Bachelor of Science Degree in Business Logistics
Virginia Tech	Master of Engineering Administration

Certifications & Professional Designations

Certified General Real Estate Appraiser	State of New York (# 46000053848) State of Maryland (# 34741) Commonwealth of Massachusetts (# 1000313) State of New Jersey (# 42RG00278800) Commonwealth of Pennsylvania (# GA004376)

Licenses

Michelle Zell, State Certified General Appraiser– New York

UNIQUE ID NUMBER
46000049921

State of New York
Department of State
DIVISION OF LICENSING SERVICES

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PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R. E. APPRAISERS.

EFFECTIVE DATE
MO. 05 DAY 09 YR. 23

EXPIRATION DATE
MO. 05 DAY 08 YR. 25

ZELL MICHELLE R
C/O BOWERY VALUATION
61 63 CROSBY ST
3RD FL
NEW YORK, NY 10012

HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R. E. GENERAL APPRAISER

In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed.

ROBERT J. RODRIGUEZ
SECRETARY OF STATE

DOS-1096 (Rev. 3/01)

Diana Zlatkina, State Certified General Appraiser– New York

UNIQUE ID NUMBER
46000052754
DUPLICATE LICENSE

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MO. 09 DAY 17 YR. 22

EXPIRATION DATE
MO. 09 DAY 16 YR. 24

ZLATKINA DIANA
C/O BOWERY VALUATION
61-63 CROSBY ST
3RD FL
NEW YORK, NY 10012

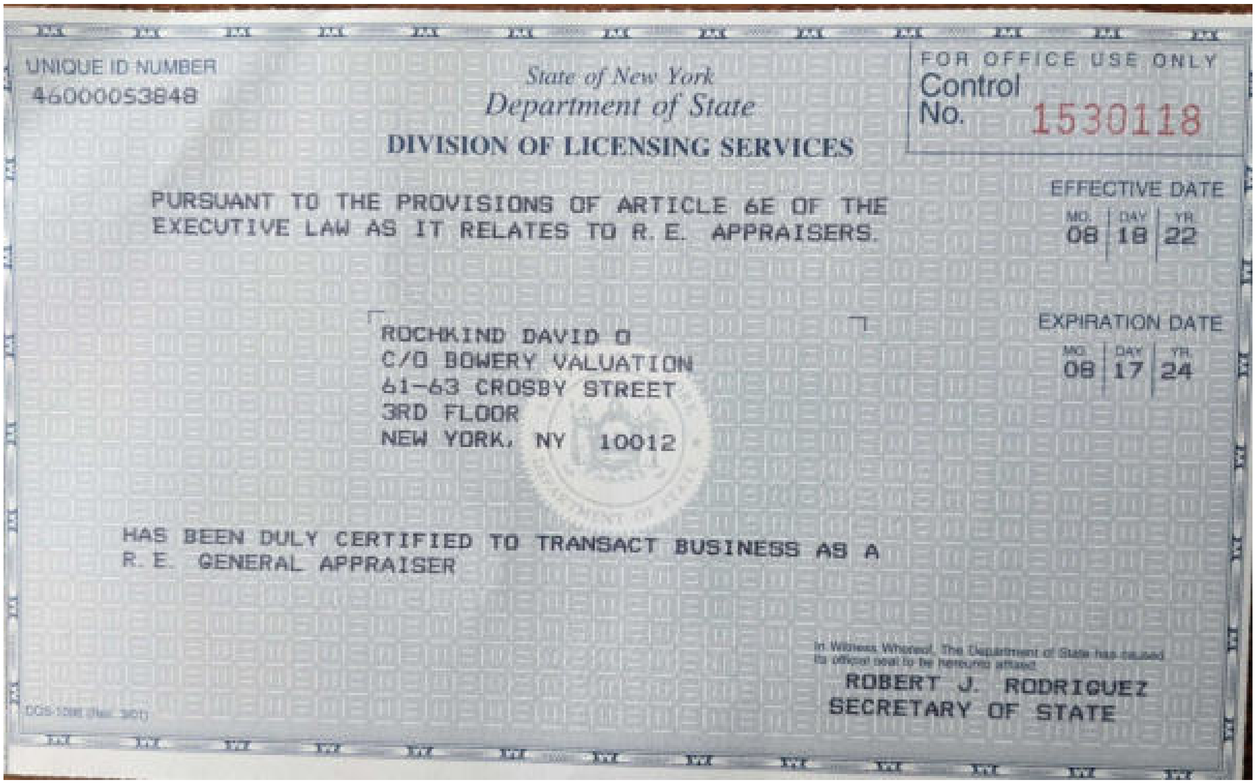
HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R. E. GENERAL APPRAISER

In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed.

ROBERT J. RODRIGUEZ
SECRETARY OF STATE

DOS-1096 (Rev. 3/01)

David Rochkind, State Certified General Appraiser– New York



UNIQUE ID NUMBER
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State of New York
Department of State
DIVISION OF LICENSING SERVICES

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PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R. E. APPRAISERS.

EFFECTIVE DATE
MO. 08 | DAY 18 | YR. 22

ROCHKIND DAVID O
C/O BOWERY VALUATION
61-63 CROSBY STREET
3RD FLOOR
NEW YORK, NY 10012

EXPIRATION DATE
MO. 08 | DAY 17 | YR. 24

HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R. E. GENERAL APPRAISER

In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed.

ROBERT J. RODRIGUEZ
SECRETARY OF STATE

DOS-1086 (Rev. 3/01)

Glossary of Terms

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

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, according to the Interagency Appraisal and Evaluation Guidelines (Federal Deposit Insurance Corporation: 2010). Note: The use of the "as is" phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States.

Arm's Length Transaction A transaction between unrelated parties who are each acting in his or her own best interest.

Condominium A multiunit structure, or a unit within such a structure, with a condominium form of ownership.

Deferred Maintenance Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of the property, such as a broken window, a dead tree, a leak in the roof, or a faulty roof that must be completely replaced. These items are almost always curable.

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 improvements on the same date.

Direct Capitalization A method used to convert an estimate of a single year's net operating income expectancy into an indication of value in one direct step, either by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor. This technique employs capitalization rates and multipliers extracted from sales. Only the first year's income is considered. Yield and value change are implied, but not identified overall. This method is most useful when the property is already operating on a stabilized basis, according to The Appraisal of Real Estate, 14th Edition (Appraisal Institute: 2013).

Discounted Cash Flow The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analysis specifics the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate.

Effective Date (1) The date on which the appraisal or review applies. (2) In a lease document, the date upon which the lease goes into effect.

Effective Gross Income The anticipated income from all operations of real property adjusted for vacancy and collection losses.

Entrepreneurial Profit (1) 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. (2) 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.

Equity Dividend The portion of net income that remains after debt service is paid; this is returned to the equity position.

Excess Land Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately.

Exposure Time (1) The time a property remains on the market. (2) The estimated 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. Note: Exposure time is a retrospective.

Extraordinary Assumption An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Fee Simple Interest 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.

Financial Feasibility An analysis to determine which of those uses deemed possible and legal can provide a net return to the owner of the site.

Gross Building Area Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.

Highest and Best Use (1) The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. (2) The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid, according to David Parker's International Valuation Standards (John Wiley & Sons, Ltd: 2016). (3) The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future, according to the Uniform Appraisal Standards for Federal Land Acquisitions (The Appraisal Foundation: 2016).

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.

Insurable Value A type of value for insurance purposes.

Leased Fee Interest The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Legally Permissible Use An investigation into existing zoning regulations, lease terms, and deed restrictions on the site to determine which uses are legally permitted.

Liquidation Value (also known as Disposition Value)	The most probable price that a specified interest in real property should bring under the following conditions: • Consummation of a sale within a short time period. • The property is subjected to market conditions prevailing as of the date of valuation. • Both the buyer and seller are acting prudently and knowledgeably. • The seller is under extreme compulsion to sell. • The buyer is typically motivated. • Both parties are acting in what they consider to be their best interests. • A normal marketing effort is not possible due to the brief exposure time. • Payment will be made in cash in US dollars or in terms of financial arrangements comparable thereto. • 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.
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 property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).
Net Operating Income	The anticipated net income remaining after all operating expenses are deducted from effective gross income.
Net Rentable Area	For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.
Physically Possible Use	An analysis to determine those uses of the subject which can be deemed physically possible.
Potential Gross Income	The total potential income attributable to the real property at full occupancy before operating expenses are deducted. It may refer to the level of rental income prevailing in the market or that contractually determine by existing leases.
Property Rights Appraised	The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.
Prospective Market Value "As Completed" and "As Stabilized"	A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. Prospective value opinions are intended to reflect the current expectations and perceptions of market participants, based on available data. Two prospective value opinions may be required to reflect the time frame during which development, construction, and occupancy will occur. The prospective market value—as completed— reflects the property's market value as of the time that development is expected to be completed. The prospective market value—as stabilized— reflects the property's market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties.

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.
Replacement Cost for Insurance Purposes	The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design, and layout for insurance coverage purposes guaranteeing that damaged property is replaced with new property (i.e., depreciation is not deducted).
Replacement Costs	The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout.
Reproduction Costs	The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, super-adequacies, and obsolescence of the subject building.
Retrospective Value Opinion	A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion".
Reversion	A lump-sum benefit an investor expects to receive upon the termination of the investment.
Stabilized Income	(1) An estimate of income, either current or forecasted, that presumes the property is at stabilized occupancy. (2) The forecast of the subject property's yearly average income (or average- equivalent income) expected for the economic life of the subject property. (3) Projected income that is subject to change but has been adjusted to reflect an equivalent, stable annual income.
Stabilized Occupancy	(1) The occupancy of a property that would be expected at a particular point in time, considering its relative competitive strength and supply and demand conditions at the time, and presuming it is priced at market rent and has had reasonable market exposure. A property is at stabilized occupancy when it is capturing its appropriate share of market demand. (2) An expression of the average or typical occupancy that would be expected for a property over a specified projection period or over its economic life.
Surplus Land	Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.

Yield Capitalization

The capitalization method is used to convert future benefits into present value by discounting each future benefit at an appropriate yield rate. This method explicitly considers a series of cash flows (net income over a holding period) over time together with any reversion value or resale proceeds. Since this technique explicitly reflects the investment's income pattern, it is especially suited to multi-tenant properties with varying leasing schedules as well as properties that are not operating at stabilized occupancy, according to The Appraisal of Real Estate, 14th Edition (Appraisal Institute: 2013).

RESTRICTED REPORT

35-37 Hurds Corners Road
Pawling, NY 12564

Industrial Building

REQUESTED BY

Avrumie Furst

The Leser Group
1481 47th Street
Brooklyn, NY 11219

DATE OF VALUE

As Is: December 31, 2023

PREPARED BY

Michelle Zell, MAI

Diana Zlatkina

David Rochkind

Daiki Tsunoda

61-63 Crosby Street, Floor 3
New York, NY 10012

February 15, 2024

Avrumie Furst
The Leser Group
1481 47th Street
Brooklyn, NY 11219

Re: Appraisal File No. 2400030979
Industrial Building
35-37 Hurds Corners Road
Pawling, NY 12564

Dear Mr. Furst,

In accordance with your request, we have completed an appraisal of 35-37 Hurds Corners Road, a 108,537 square foot industrial building in the Village of Pawling within Dutchess County, NY for the purpose of advancing an opinion of the Fair Value of the Leased Fee Interest in the subject as of December 31, 2023. We note the subject's NRA is slightly lower than the GBA at 105,207-sf per the provided lease. This is attributable to the exclusion of the pump house/fire control buildings that are detached from the warehouse improvement. For our valuation, we utilize the NRA of 105,207 square feet given the two buildings are strictly for utility/mechanical systems and not leasable. Finally, we were only able to conduct an exterior inspection of the subject as the property contact mentioned that this is a secured facility. Therefore, it is assumed that the subject is in good condition and features sufficient utilities/mechanicals. This appraisal is prepared under the Restricted Appraisal Report option of Standard Rule 2-2(b) of USPAP.

The client and intended user is The Leser Group. The Intended Use is to aid the Company in the preparation of the prospectus and/or financial statements to be published in the Tel Aviv Stock Exchange in 2024. We confirm that we have given our full consent to the inclusion of the valuation in its entirety within the company financial statements and prospectus to be published in the Tel Aviv Stock Exchange in 2024 and any Draft Prospectus to be published or disclosed to the Israeli Security Authority. This letter has been prepared in compliance with IFRS 13 (International Financial Reporting Standards 13-fair value measurement). The depth of analysis discussed in this letter is specific to the needs of the client. The report is intended only for use in the preparation of financial statements.

Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformance with the Standards of Professional Practice and Code of Professional Ethics of the Appraisal Institute, and the Uniform Standard of Professional Appraisal Practice (USPAP) and IFRS 13.

We previously appraised the subject property for The Leser Group with the same intended users and intended use with an effective date of December 31, 2022. We incorporate by reference the detailed description, subject photos, property analysis, neighborhood description, zoning and tax analysis included within these reports and have updated the market analysis, income approach and value conclusion. To fully understand this updated appraisal report, the reader is advised to reference these sections of the prior appraisal report with a value date of December 31, 2022.

As with any appraisal, the reader is reminded that the opinion of value is only valid as of the effective date(s). Our conclusions are predicated on the attitudes and expectations prevalent in the subject submarket and market on the date(s) of value. Bowery Valuation continuously monitors the markets where we are active and appropriate steps have been taken to ensure our analysis is based on the most recent, relevant data available. Changes in market conditions or associated with other unanticipated future events could impact value.

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The Federal Reserve Board met on Jan 31, 2024, and voted, for the 4th meeting in a row, to leave its policy rate unchanged. The FOMC noted that job growth and economic growth remain strong. While inflation has come down, it still remains above their target rate of 2%. The decision leaves the overnight lending target rate for banks between 5.25% and 5.5%, where it has been since the Committee's meeting in July. The FOMC meets again in March 2024 and signaled that rate cuts are not likely in that meeting. Committee members still expect the federal funds rate to fall to 4.6% by the end of 2024, suggesting rate cuts totaling 75 basis points during the year, with cuts possibly starting with their meeting in May.

After carefully considering all available information and factors affecting value, our opinion is:

Final Value Conclusion

Value Premise	Date of Value	Interest Appraised	Value Conclusion
Fair Value	December 31, 2023	Leased Fee Interest	$5,950,000

As with any appraisal, the reader is reminded that the opinion of value is only valid as of the effective date(s). Our conclusions are predicated on the attitudes and expectations prevalent in the subject submarket and market on the date(s) of value. Bowery Valuation continuously monitors the markets where we are active and appropriate steps have been taken to ensure our analysis is based on the most recent, relevant data available. Changes in market conditions or associated with other unanticipated future events, could impact value.

The value conclusions are subject to the following **Extraordinary Assumptions**[1]. We note the use of this/these extraordinary assumption(s) may have affected the assignment results. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions:

- None.

If the extraordinary assumptions employed in this appraisal are proved to be false, the values reported herein may be materially impacted.

The value conclusions are based on the following **Hypothetical Conditions**[2]. We note the use of this/these hypothetical conditions(s) may have affected the assignment results:

- None.

The opinion of value expressed herein is subject to the certification, assumptions and limiting conditions, and all other information contained in the following written appraisal report.

Thank you for the opportunity to serve you.

[1] *The definition of Extraordinary Assumptions can be found in the Glossary of Terms, which is located in the Addenda.*

[2] *The definition of Hypothetical Conditions can be found in the Glossary of Terms, which is located in the Addenda.*

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Sincerely,

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bowery

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35-37 Hurds Corners Road, Pawling, NY

The subject consists of a 1-story (plus basement) warehouse, a pump house, and a fire control building that are improved upon one lot. The collection of buildings has been historically owner-occupied by Iron Mountain, a data and record management company. Iron Mountain (NYSE: IRM) is a credit-rated tenant with a BB rating from S&P and Ba3 rating from Moody's. The buildings combined feature a GBA of 108,537 square feet and NRA of 105,207 square feet. For our valuation, we utilize the NRA of 105,207 square feet given the two buildings are strictly for utility/mechanical systems and not leasable.

The warehouses have ceiling heights ranging from 12' to 32' with one (1) double door and four (4) overhead rollup doors, and 10 paved parking spaces in addition to asphalt paved parking spaces (estimated ±20 spaces per satellite view). Built in 1965 and renovated in 1972, the subject is in good condition.

The subject is situated on two parcels – 35 Hurds Corners Road (referred to as Hurds Corners Road on public record), which is 71,874 square feet and 37 Hurds Corners Road, which is 689,990 square feet - that total to 761,864 square feet in an R-3 zone and is identified in the city of Pawling, Dutchess County tax maps as Block/Lots 7058/460213 & 478172. The subject property is located in the Village of Pawling in Dutchess County, New York.

	Square Feet	Ceiling Height
Basement	898	N/A
Warehouse A	12,273	12'
Warehouse B	30,355	17'
Warehouse C	12,598	32'
Warehouse D	12,378	12'
Warehouse E	27,670	32'
Office/Receiving/Storage	9,933	-
Total GLA (Excluding Basement	**105,207**	
Pump House	3,040	
Fire Control	291	
GBA	**108,537**	

Current Occupancy	100%	**Zoning**	R-3
No. Stories	One Story	**Flood Hazard Zone**	Zone X
Block/Lots	7058/460213 & 478172	**Census Tract**	1100.04
Site Area	761,864 square feet	**Exposure Time**	6 to 9 months
GBA / GLA	108,537 sq. ft. / 105,207 sq. ft.	**Marketing Time**	6 to 9 months
Year Built / Renovated	1965 / 1972	**Date of Inspection**	February 1, 2024

Based on the subject property's zoning, physical characteristics, location, and forecasted economic conditions, continued industrial use is concluded to be the highest and best use as improved.

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New York, NY 10012

Introduction

Purpose & Date of Value

The purpose of the appraisal is to provide an opinion of the fair value of the Leased Fee Interest of the subject property as of December 31, 2023, subject to the general underlying assumptions and limiting conditions cited herein. This appraisal has been prepared in compliance with IFRS 13 (International Financial Reporting Standards 13-fair value measurement). According to the International Financial Reporting Standard 13, Fair Value is defined as: "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

Identification of the Client

The Lesser Group (TLG) has engaged Bowery Valuation and is Bowery Valuation's client for this assignment.

Intended Use & Users

The Intended Use of the report is to aid The Leser Group (TLG) in the preparation of Financial Statements and a Prospectus, or additional Prospectuses, to be published with the Israeli Security Authority.

The Intended User of the report is The Leser Group (TLG) and its affiliates. The report is intended for use only by The Leser Group and its related entities, successors, and/or assigns.

We confirm that we have given our full consent to the inclusion of the valuation in its entirety within financial statements and related information to be published by the Company for the Tel Aviv Stock exchange and for the Israeli Security Authority.

Property Rights Appraised[3]

The subject's Fair Value is appraised on the basis of the Leased Fee Interest.

Property History

According to public record, the owner of 35-37 Hurds Corners Road is Pawling LG LLC. The property last sold for $8,500,000 on 6/24/2022 from Iron Mountain Information Management LLC and Iron Mountain Information Management Inc. to Pawling LG LLC. We note that this property was widely marketed by JLL as a sale-leaseback opportunity for an asking price of $6,540,600 at a 7.65% cap rate. Moreover, the subject was part of a two-property portfolio with another industrial asset (similar sale-leaseback transaction) located in Chester.

Nick Franklin, the listing broker from JLL, informed us that the two properties were on the market for 2-3 weeks and received 30+ offers. While there were some bids that were higher than what the buyer (Leser Group) offered, given that the seller preferred to close before the end of Q3 22 and they knew that the transaction process would be smooth with the Leser Group (Leser Group had also purchased several Iron Mountain properties in Florida/Georgia), they decided to take the lower bid by the Leser Group. We note that the subject was under contract with another property (similarly a sale leaseback with Iron Mountain) located in Chester, NY for a combined price of $14,000,000.

[3] *The definitions of the various interests appraised can be found in the Glossary of Terms, which is located in the Addenda .*

Address	Block/Lot	Unique Sale ID	Sale Date	Sale Price	Seller
35-37 Hurds Corners Rd.	7058/460213 & 478172	52297	6/24/2022	$8,500,000	Iron Mountain Information Management LLC & Iron Mountain Information Management Inc.

We note the subject was sold as part of a two-building portfolio with the purchase price reflecting an allocated price that was determined based on internal purposes/criteria. Therefore, we place no emphasis on the $8,500,000 transaction price. On an aggregate basis, our opinions of value for the two assets total to $12,750,000 is notably below the $14,000,000 figure. This decline is reasonable considering industrial properties have also been adversely affected by the increase in interest rates. We also note we previously appraised the subject at $7,400,000, and the drop in value is also attributable to the rising interest rates.

We also note the subject is currently listed on the market by JLL for $6,141,000 at an 8.40% cap rate. We were able to get in touch with Nick Franklin, the listing broker, who informed us that the property was first listed in June 2023. While the property has received several offers, per the listing broker, deals have fallen through once the prospective buyers visit the site and realize the rural, tertiary location of the subject. While we were not disclosed with the highest bid received, we have confirmed that the highest bid was close, but not at the listing price of $6,141,000. Our current value conclusion herein of $5,950,000 is generally consistent with the listing price and therefore deemed reasonable.

Exposure Time

It is our opinion that given the current economic conditions, the exposure time for the subject property is between 6 months and 9 months. This conclusion is predicated on interviews with local brokers and other real estate industry sources, on information obtained in the verification process of recent sale transactions for similar properties, and our analysis of supply and demand forces in the local market. The value reported herein presumes such an exposure time.

General Assumptions

Various estimates of gross building area and net leasable area were furnished by the owner, client, and/or their agents. This opinion of value reported herein assumes that the data provided are the most recent and accurate.

We note that our appraisers are not experts in the following domains:

- Technical Environmental Inspections: No Environmental Site Assessment report was provided in conjunction with this appraisal. If a report is commissioned and there are any environmental issues uncovered, they could affect our opinion of value reported. We recommend the services of a professional engineer for this purpose.
- Zoning Ordinances: We recommend an appropriately qualified land use attorney if a definitive determination of compliance is required.
- Building Inspections: We recommend a building engineer or professional property inspector for the inspection. Any immediate expenditures that a trained professional may determine are needed, could affect our opinion of value reported.
- Easements, Encroachments, and Restrictions: We know of no deed restrictions, private or public, that further limit the subject property's use. The research required to determine whether such restrictions exist, however, is beyond the scope of this appraisal assignment. Deed restrictions are a legal matter and only a title examination by an attorney or Title Company can usually uncover such restrictive covenants. Thus, we recommend a title search to determine if any such restrictions do exist.
- Building Health and Fire Codes: Our valuation assumes there are no known code violations.

Definition of Fair Value

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). That definition of fair value emphasis that fair value is a market-based measurement, not an entity-specific measurement.

When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value.

The IFRS explains that a fair value measurement requires an entity to determine the following:

(a) the particular asset or liability being measured;

(b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis;

(c) the market in which an orderly transaction would take place for the asset or liability; and

(d) the appropriate valuation technique(s) to use when measuring fair value. The valuation technique(s) used should maximize the use of relevant observable inputs and minimize unobservable inputs. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability.

Scope of the Appraisal

The valuation scope is limited to the Income Capitalization Approach, which is considered the most meaningful valuation approach appropriate for the subject property type and is typically considered the primary approach used by market participants. The Cost Approach was not considered necessary for credible results due to the age and condition of the subject improvements, as well as the fact that this approach is typically not used or considered a reliable indicator of value by market participants. Within the course of this assignment, we have:

- Inspected the full exterior as of February 1, 2024.
- Researched and investigated the location in terms of its economic activity, development patterns, and future trends and related their impact on the market.
- Determined the highest and best use of the subject property based on an analysis of all relevant factors.
- Reviewed projected income for the subject property.
- Projected the net operating income as stabilized and applied a market-derived capitalization rate to develop an opinion of value by the income approach.
- Researched and analyzed sales of competitive assets and applied the techniques of the sales comparison approach as support for the value derived from the income approach.
- Advanced an opinion of the fair value of the identified interest.

Data Sources

The data contained within this appraisal was compiled from market analysis utilizing the following sources (unless otherwise noted): the Village Tax Assessor, state and county tax records, the Zoning Board, Claritas, CoStar, Attom, Federal Reserve, and FEMA. The subject photos were taken by David Rochkind on 02/01/2024. When possible, we have confirmed the reported data with parties to the transactions or those who are intimately familiar with their critical details.

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Resource Verification

Data	Source/Verification
Site Size	Public Record
Excess/Surplus Land	Tax Map
Gross Size/Units	Plans
Commercial SF	Plans
Number of Buildings	Inspection
Amenities	Offering Memorandum
Deferred Maintenance	Inspection
Area Analysis	Bureau of Labor Statistics
Income Data	Owner; Market Forecast
Comparable Rental Data	CoStar; Primary Source
Comparable Sales Data	CoStar; Public Record; Primary Source

Subject Property Update

The conclusions of this letter are based on information provided by the owner.

- The subject's exterior was inspected on February 1, 2024. Based on our inspection, the condition of the building is unchanged.

Valuation Analysis / Update

In this report, we have provided an updated capitalization approach, using the same assumptions that were applied in the previous valuation report as of December 31, 2022. We have adopted the same "above the line" assumptions that were used in the previous appraisal, including vacancy and collection loss, expenses, and cap rate. However, we have updated:

- Taxes increased from $98,901.00 to $102,899.91. Consequently, the real estate tax recovery has increased as the property is leased on an absolute NNN basis whereby the tenant reimburses 100% of taxes.
- The annual rental rate increased from $500,785 to $515,809 as the existing lease has a 3% annual increase.
- Cap rates in the subject market have increased significantly with the increase in interest rates. We have updated our cap rate conclusion and increased it by 175 basis points to reflect such changes in the market.
- As a result of the general rise in cap rates for industrial properties in the subject market, our opinion of value is now $5,950,000. This is a 19.6% decrease since the appraisal dated December 31, 2022. The decrease can solely be attributed to the rise in cap rates, which is slightly offset by the rental rate increase.

Base Rental Income

The updated rent roll is presented below:

Rent Roll

Tenant	SF	Lease Start Date	Monthly Rent	Annual Rent	Rent PSF	Details	
Iron Mountain Information Management	105,207	6/24/2022	$42,984	$515,809	$4.90	Lease Expiration:	12/31/2028
						Taxes:	Tenant
						Utilities:	Tenant
						Insurance:	Tenant
						Maint:	Tenant
						Rent Increase:	2% Annual Increase
						Other:	
Commercial Income			**$42,984**	**$515,809**			

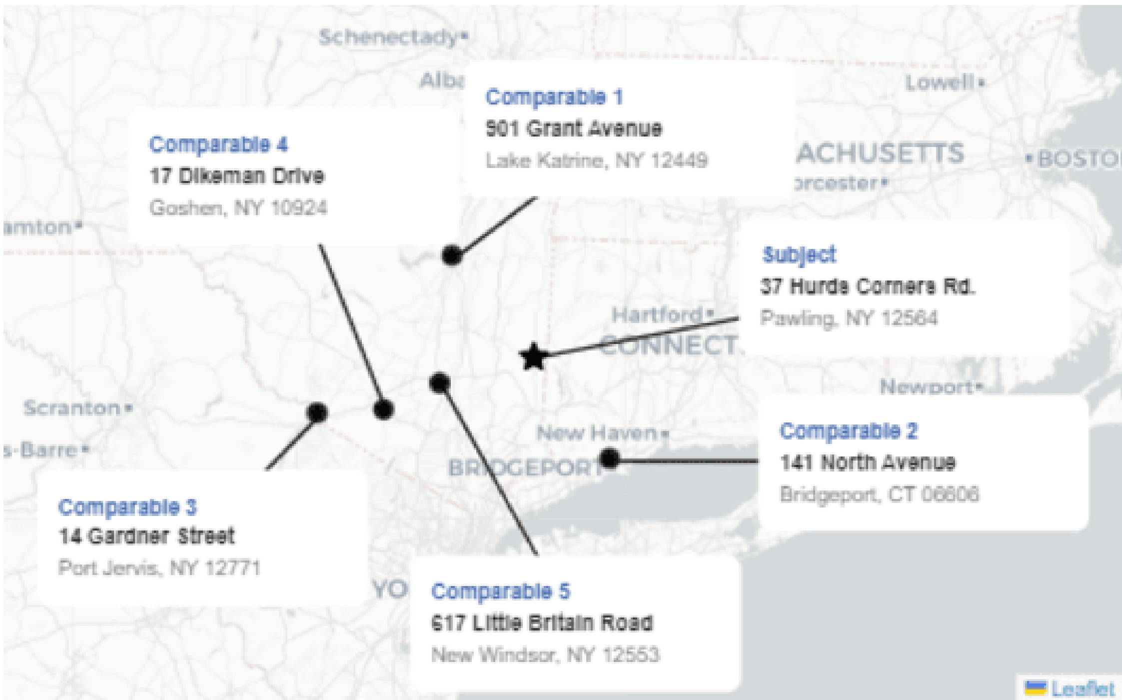
The subject is currently leased to Iron Mountain Information Management. Iron Mountain (NYSE: IRM) is a credit-rated tenant with a BB rating from S&P and Ba3 rating from Moody's. As mentioned, the subject was previously owner-occupied by Iron Mountain and was leased back when the current owners purchased the asset in 2022.

The property is leased on absolute NNN terms and has 2% annual increases that become effective every June. In our valuation, we utilize the rental rate effective from 6/22/2023 to 6/21/2024 of $515,809.

Rent Comparables

In order to determine the reasonableness of the contract rent, we have conducted a survey of the recently signed leases for industrial units in the subject's neighborhood. We note that since the warehouses are connected, we treat them as one economic unit and therefore utilize the total GLA in looking for comparable rentals. Further, given the dearth of comparables, we expanded our search radius and also incorporated rentals of multi-tenant industrial assets.

Large Industrial Rent Comparables Map



	Address	Tenant	Start Date	Sq. Ft.	Base Rent	Lease Terms
1	901 Grant Avenue, Lake Katrine, NY	TBD	Jan-24	100,000	$8.75	Triple net
2	141 North Avenue, Bridgeport, CT	Merida Capital Holdings	Mar-23	109,832	$6.50	Triple net
3	14 Gardner Street, Port Jervis, NY	Econopak	Dec-22	53,000	$6.00	Triple net
4	17 Dikeman Drive, Goshen, NY	Confidential	Aug-22	71,742	$8.50	Triple net
5	617 Little Britain Road, New Windsor, NY	Pratt/Quality Carton	Jul-22	122,500	$5.66	Triple net
			Min	**53,000**	**$5.66**	
			Avg	**91,415**	**$7.08**	
			Max	**122,500**	**$8.75**	

Market rents range between $5.66 to $8.75 per square foot with an average of $7.08 per square foot. The rental rate of Iron Mountain Information Management ($4.90) is slightly below the comparable range, but we deem this reasonable considering the subject's tertiary location and favorable terms of 2% annual increases.

Property Tax

35-37 Hurds Corners Road is located in Pawling, Dutchess County, NY. It is designated on the tax maps as Block/Lots 7058/460213 & 478172. We spoke with the Pawling Assessor's office, who stated that properties are typically reassessed every 4 years and the last reassessment took place in 2021 (whereby the subject's taxable value did not change), implying that the next reassessment is planned in 2025. Moreover, we were informed that the sale of a property does not trigger a reassessment.

Final Tax Assessment -Lot 460213

		Actual
Land		$126,900.00
Building	+	$1,287,800.00
Total		**$1,414,700.00**

Final Tax Assessment -Lot 478172

		Actual
Land		$19,800.00
Building	+	$0.00
Total		**$19,800.00**

Tax Liability

		Total	PSF
Lot 460213 – Town/County			
Taxable Assessed Value		$1,414,700.00	$13.45
Tax Rate (Town + County, 2024)	×	1.808731%	1.808731%
Tax Liability		*$25,588.12*	*$0.24*
Lot 478172 – Town/County			
Taxable Assessed Value		$19,800.00	-
Tax Rate (Town + County, 2024)	×	1.808731%	1.808731%
Tax Liability		*$358.13*	-
Both Lots – School			
Combined Taxable Assessed Value		$1,434,500.00	$13.64
Tax Rate (School 2024)	×	5.3644935%	5.3644935%
Tax Liability		*$76,953.66*	*$0.73*
Total		**$102,899.91**	**$0.98**

The subject is leased on an NNN basis whereby the tenant reimburses 100% of the subject's tax liability. The reimbursement is calculated below.

Real Estate Tax Reimbursement

Tenant	Current Year Taxes		% of Current Year Taxes		Annual Reimb.
Iron Mountain Information Management	$102,899.91	x	100%	=	$102,899.91
Total Reimbursement					**$102,899.91**

We also present the subject's insurance reimbursement since the tenant is responsible for reimbursing the subject's insurance expenses.

Insurance (% of Appraiser Forecast)

Tenant	Appraiser's Pro Forma		% of Appraiser's Pro Forma		Annual Reimb.
Iron Mountain Information Management	$26,302.00	x	100%	=	$26,302.00
Total Reimbursement					**$26,302.00**

Proforma

The updated proforma and value calculation is presented below. We note we requested the subject's rent roll and 2023 income and expenses but were not provided with them. Per ownership, they do not have this information since the subject is leased on an absolute NNN basis and therefore the rental rate is the property's net operating income. However, we project certain expenses such as insurance (which will be reimbursed), management fees, and replacement reserves as these are expenses that are typically incurred by the landlord for net-leased assets.

Finally, we have projected a vacancy and collection loss at 1.0%. Our projection is based on the Fishkill submarket vacancy rate of 2.8% in Q4 23 and the fact that the tenant is credit rated, suggesting stability in cashflow. The same projection is applied to the reimbursement figures.

Pro Forma	$	PSF
Income		
Industrial Income	$515,809	$4.90
Potential Real Estate Taxes Reimbursement	$102,900	$0.98
Potential Insurance Reimbursement	$26,302	$0.25
Potential Gross Income	**$645,011**	**$6.13**
Less Industrial Commercial V/C Loss @ 1.00%	-$5,158	-$0.05
Less Real Estate Taxes V/C Loss @ 1.00%	-$1,029	-$0.01
Less Insurance V/C Loss @ 1.00%	-$263	-$0.00
Effective Gross Income	**$638,561**	**$6.07**
Operating Expenses		
Real Estate Taxes	$102,900	$0.98
Insurance	$26,302	$0.25
Management Fees	$6,386	$0.06
Replacement Reserves	$26,302	$0.25
Total Operating Expenses	**$161,890**	**$1.54**
Total Expenses Excluding RE Taxes	$58,990	$0.56
Net Operating Income	**$476,671**	**$4.53**
Operating Expense Ratio	25%	

The rise in interest rates have adversely impacted capitalization rates given that financing costs have increased significantly, which has detoured investors from purchasing assets; effectively decreasing transaction prices and therefore increasing capitalization rates. Therefore, we have included a list of comparable capitalization rates to better-formulate our opinion of capitalization rate.

Comparable Capitalization Rates

#	Address	Property Type	GBA	Year Built	Sale Date	Capitalization Rate
1	339 Broadway, Colonie, NY 12204	Industrial	54,704	1969	Listing	7.41%
2	705 Business Blvd., Glenville, NY 12302	Industrial	118,601	1943	12/21/23	9.33%
3	11 Durant Ave., Bethel, CT 06801	Industrial	71,622	1952	5/1/23	7.75%
4	1125 Hendricks Cswy, Ridgefield, NJ 07657	Industrial	56,380	1950	4/10/23	7.70%
5	169 Callender Road, Watertown, CT 06795	Industrial	80,000	1974	12/13/22	6.50%
6	205 Spring Hill Road, Monroe, CT 06468	Industrial	53,680	1969	7/14/22	5.50%
7	19 Industrial Avenue, Mahwah, NJ 07430	Industrial	52,466	1965	6/15/22	6.60%
					Avg	**7.26%**

We note there is a dearth of large single-tenant industrial buildings that transact with capitalization rates given large industrial assets like the subject are typically leased to large/national tenants with longer lease terms and therefore held by landlords/owners as long-term investments. Therefore, we expanded our search radius and incorporated sales of multi-unit industrial properties. The comparable cap rates exhibit overall capitalization rates from 5.50% to 9.33% with an average of 7.26%.

Capitalization Rate Conclusion

Overall capitalization rates are influenced by numerous factors, of which the most influential are: investors' perception of risk, the potential for net income growth, and the market for competitive assets. As indicated by the local comparable sales, assets in the submarket tend to trade for going-in returns toward the higher end of the national range.

The subject is in a tertiary location isolated from downtown Pawling and located on a dead-end road. Although it is in good condition currently operating below market, industrial assets in the subject market have been adversely impacted by the increase in interest rates. Furthermore, the property is currently marketed at an 8.40% cap. Balancing these factors, it is our view an overall rate of 8.00% is applied in the analysis and in line with investor expectations.

Value Opinion Via the Income Capitalization Approach

	Date of Value	Value	Final Value (RD)
NOI		$476,671	-
Cap Rate		8.00%	-
Indicated Value		$5,958,388	-
As Is Fair Value Via the Income Capitalization Approach	**December 31, 2023**	**$5,958,388**	**$5,950,000**

In consideration of the above analysis, the Fair Value of $5,950,000 reflects a unit value of $57 per square foot. The final value is rounded to the nearest $50,000.

61-63 Crosby Street, Floor 3
New York, NY 10012

Sales Comparison Approach

The income approach value equates to $57 per square foot. As a check of reasonableness, we considered the following grid of sales as additional support for this value. Given the dearth of transactions for single-tenant industrial buildings, we also incorporated multi-tenant industrial properties and also expanded our search radius. Overall, the value indicated by the Income Approach is within the sales range, though toward the lower end of the range.

Comparable Sales Summary[4]

	Address	Sale Date	Square Feet	Sale Price	Sale Price Per Square Feet	NOI Per Square Feet	Cap Rate
1	11 Durant Ave., Bethel, CT	05/01/2023	71,622	$6,100,000	$85.17	$7	7.75%
2	55 Woodruff St., Montgomery, NY	03/23/2023	99,300	$5,250,000	$52.87	N/A	N/A
3	2 Geneva Road, Brewster, NY	12/20/2022	46,940	$5,650,000	$120.37	N/A	N/A
4	1033 Stoneleigh Ave., Carmel Hamlet, NY	03/31/2022	111,450	$7,500,000	$67.29	N/A	N/A
5	2 Great Pasture Road, Danbury, CT	02/28/2022	114,408	$8,900,000	$77.79	N/A	N/A

Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformance with the Standards of Professional Practice and Code of Professional Ethics of the Appraisal Institute, the Uniform Standard of Professional Appraisal Practice (USPAP). This appraisal is prepared in compliance with IFRS-13 as well as the Interagency Appraisal and Evaluation Guidelines dated December 2, 2010.

After carefully considering all available information and factors affecting value, our opinion is:

Final Value Conclusion

Value Premise	Date of Value	Interest Appraised	Value Conclusion
Fair Value	December 31, 2023	Leased Fee Interest	$5,950,000

The value conclusions are subject to the following **Extraordinary Assumptions**[5]. We note the use of this/these extraordinary assumption(s) may have affected the assignment results. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions:

- None.

If the extraordinary assumptions employed in this appraisal are proved to be false, the values reported herein may be materially impacted.

The value conclusions are based on the following **Hypothetical Conditions**[6]. We note the use of this/these hypothetical conditions(s) may have affected the assignment results:

- None.

[4] *The outlines of each of the comparable sales can be found in the Addenda.*

[5] *The definition of Extraordinary Assumptions can be found in the Glossary of Terms, which is located in the Addenda.*

[6] *The definition of Hypothetical Conditions can be found in the Glossary of Terms, which is located in the Addenda.*

61-63 Crosby Street, Floor 3
New York, NY 10012

Certification

We certify to the best of our knowledge:

- The statements of fact contained in this report are true and correct.
- 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.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- Bowery Valuation has performed 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.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standard of Professional Practice of the Appraisal Institute, the Uniform Standards of Professional Appraisal Practice, and applicable state appraisal regulations.
- David Rochkind has made a personal inspection of the property that is the subject of this report on 02/01/2024. Michelle Zell, Diana Zlatkina, and Daiki Tsunoda have not made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Michelle Zell, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, Diana Zlatkina has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.
- We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

61-63 Crosby Street, Floor 3
New York, NY 10012

Mi Zell

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Certified General Real Estate Appraiser
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(609) 334-4821

Addenda

Contingent & Limiting Conditions

1. Any legal description or plats reported herein are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings, or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. We have made no survey of the property and assume no responsibility in connection with such matters.
2. The appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the appraiser or the appraiser's staff or was obtained or taken from referenced sources and is considered reliable. No responsibility is assumed for the costs of preparation or for arranging geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
3. No responsibility is assumed for matters legal in nature. Title is assumed to be good and marketable and in fee simple unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated.
4. Unless otherwise stated herein, it is assumed there are no encroachments or violations of any zoning or other regulations affecting the subject property and the utilization of the land and improvements is within the boundaries or property lines of the property described and that there are no trespasses or encroachments.
5. Bowery Real Estate Systems, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
6. It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein.
7. It is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
8. Unless otherwise stated within the report, the depiction of the physical condition of the improvements described herein is based on visual inspection. No liability is assumed for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made. No responsibility is assumed for hidden, unapparent, or masked property conditions or characteristics that were not clearly apparent during our inspection.
9. If building improvements are present on the site, no significant evidence of termite damage or infestation was observed during our physical inspection, unless so stated in the report. No termite inspection report was available, unless so stated in the report. No responsibility is assumed for hidden damages or infestation.
10. Any proposed or incomplete improvements included in this report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
11. No responsibility is assumed for hidden defects or for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.
12. Responsible ownership and competent property management are assumed.
13. The appraisers assume no responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.

14. The value estimates reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value estimates, unless such proration or division of interests is set forth in the report.

15. Any division of the land and improvement values estimated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.

16. Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment.

17. Unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered; unless otherwise stated. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.

18. Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are our best estimate of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.

19. Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

20. Bowery Real Estate Systems, Inc. representatives are not experts in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraisers are not qualified to detect such substances. The client is urged to retain an expert in this field.

21. We are not experts in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent endangered species impact studies, research, and investigation that may be provided.

22. No environmental impact studies were either requested or made in conjunction with this analysis. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, and investigation that may be provided.

23. The appraisal is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.

24. Neither all nor any part of the contents of this report or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media, without the prior written consent and approval of the appraisers. This limitation pertains to any valuation conclusions, the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof.
25. Although the appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the appraiser either by the client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or estimates of value.
26. If this report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public recoRoad If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

Subject Property Photos

All subject photos were taken on February 1, 2024 by David Rochkind.

Building Facade

Building Facade

Building Facade

Subject Street

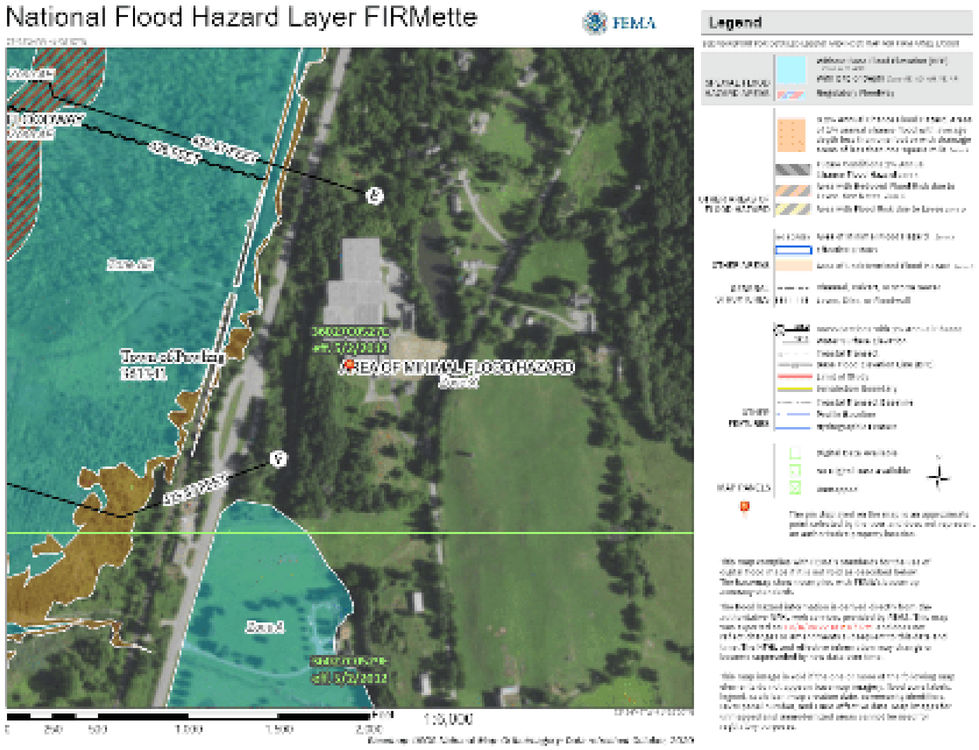
Subject Street

Garage

Map Gallery

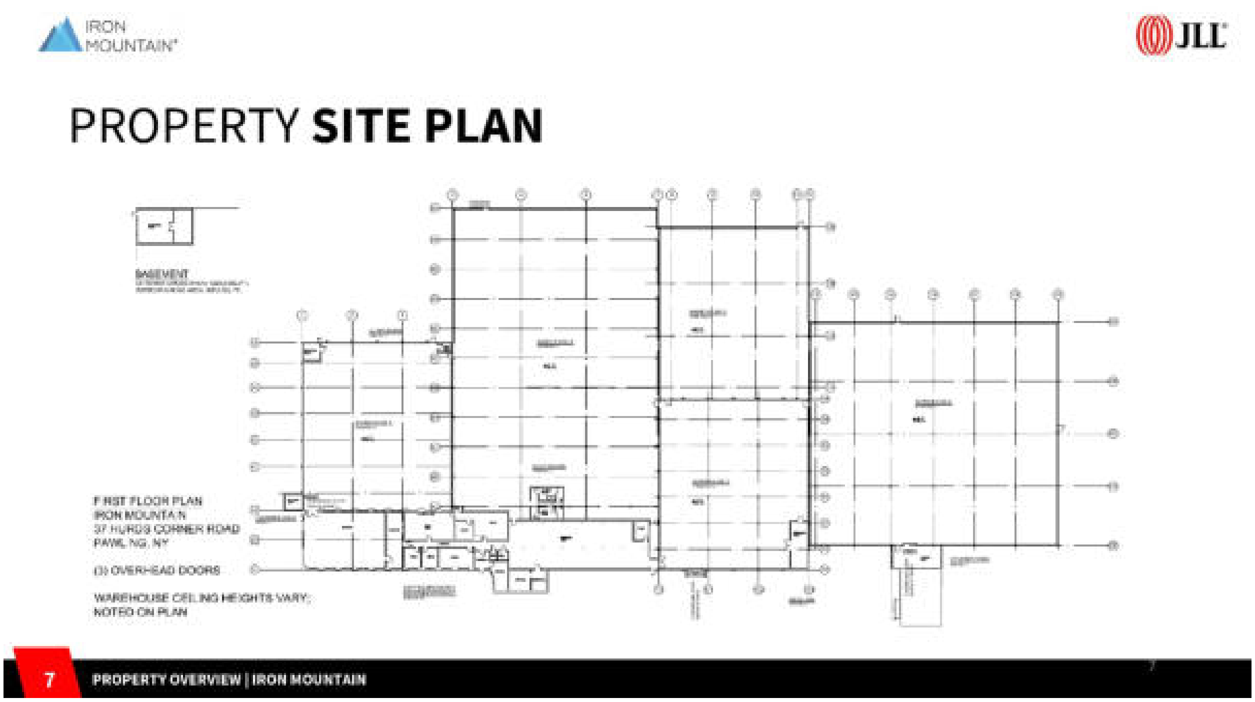
Zoning Map

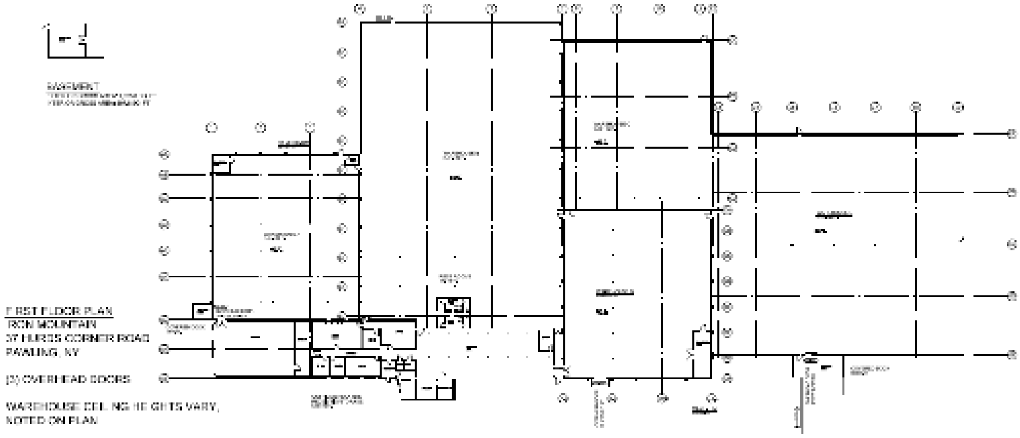
Flood Map

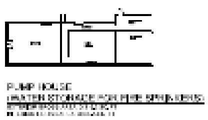

National Flood Hazard Layer FIRMette
FEMA
Legend
Zone AE
FLOODWAY
Zone AE
Town of Pawling
AREA OF MINIMAL FLOOD HAZARD
Zone X
Zone A
1:6,000
Feet
0 250 500 1,000 1,500 2,000

Provided Documents

Floor Plans





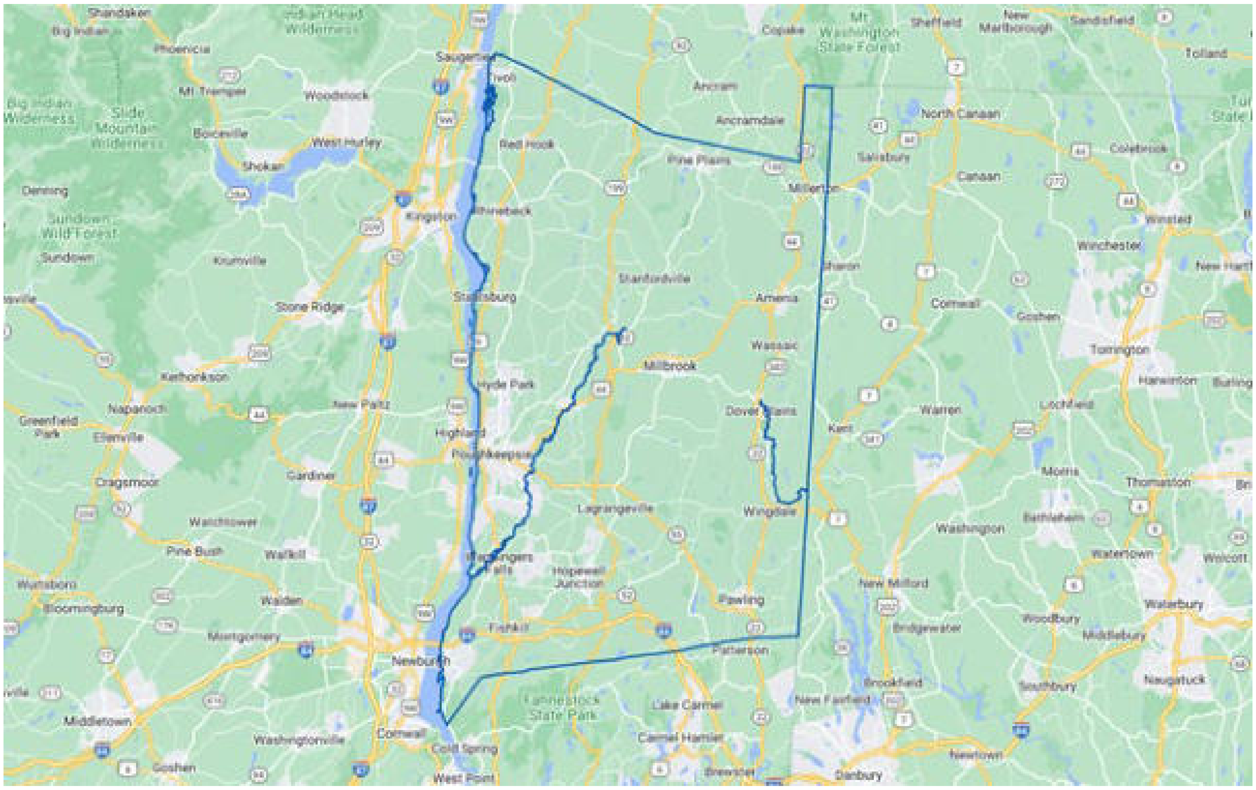


IRON MOUNTAIN - 37 HURDS CORNER RD, PAWLING NY - GROSS AREAS

	MECHANICAL	WAREHOUSE A	WAREHOUSE B	WAREHOUSE C	WAREHOUSE D	WAREHOUSE E	[illegible] STORAGE	INTERIOR GROSS AREA	EXTERIOR GROSS AREA
BASEMENT	[illegible] SQ. FT.							[illegible] SQ. FT.	[illegible] SQ. FT.
1ST FLOOR - STORAGE		[illegible] SQ. FT.	[illegible] SQ. FT.	[illegible] SQ. FT.	[illegible] SQ. FT.	[illegible] SQ. FT.		[illegible] SQ. FT.	
1ST FLOOR - [illegible]		[illegible] SQ. FT.			[illegible] SQ. FT.			[illegible] SQ. FT.	
1ST FLOOR - [illegible]		[illegible] SQ. FT.				[illegible] SQ. FT.		[illegible] SQ. FT.	
1ST FLR - [illegible]							[illegible] SQ. FT.	[illegible] SQ. FT.	
BUILDING TOTALS	[illegible] SQ. FT.	[illegible] SQ. FT.	[illegible] SQ. FT.	[illegible] SQ. FT.	[illegible] SQ. FT.	[illegible] SQ. FT.	[illegible] SQ. FT.	[illegible] SQ. FT. (INTERIOR GROSS AREA)	[illegible] SQ. FT. (EXTERIOR GROSS AREA)
PUMP HOUSE								[illegible] SQ. FT.	[illegible] SQ. FT.
FIRE CONTROL								[illegible] SQ. FT.	[illegible] SQ. FT.

Fishkill: Industrial Submarket Analysis

The information contained in this report was provided using 2023 Q4 CoStar data for the Fishkill Industrial Submarket ("Submarket") located in the Poughkeepsie Market ("Market").



Overview

The subject property is in the Fishkill Submarket of the Poughkeepsie Market, defined in the map above. This Submarket accounts for 75.9% of the Markets total inventory with 14.8 million square feet. In the Fishkill Submarket, demand improved in Q3, although it has been limited over the past year. Still, with no new construction, vacancy rates have compressed and rent growth remains positive. Rents increased 0.9% in the latest quarter and are up 6.4% over the past year. Despite market conditions improving, values experienced no growth over the past quarter and currently sit at $118/square feet.

Sector Fundamentals

	Fishkill	YoY	QoQ	Poughkeepsie	YoY	QoQ
Market Rent/SF	$11.72	6.4%	0.9%	$13.17	6.6%	0.9%
Vacancy Rate	2.64%	-64 bps	-1 bps	3.51%	-41 bps	12 bps
Availability Rate	3.6%	-25 bps	-17 bps	5.7%	103 bps	-14 bps
Net Absorption SF	944	101.5%	-98.9%	63,439	757.8%	-49.4%
Asset Value/SF	$118	-0.7%	1.5%	$126	-1.2%	0.8%
Market Cap Rate	8.51%	67 bps	2 bps	8.54%	67 bps	3 bps
Transaction Count	1	0%	-50%	1	-67%	-75%
Sales Volume	$7,150,000	1,044%	225%	$7,150,000	-34%	225%

The table below presents historical performance of key indicators for industrial space in the Submarket including inventory & construction levels, net absorption, vacancy & availability, rental rates, pricing, and cap rates.

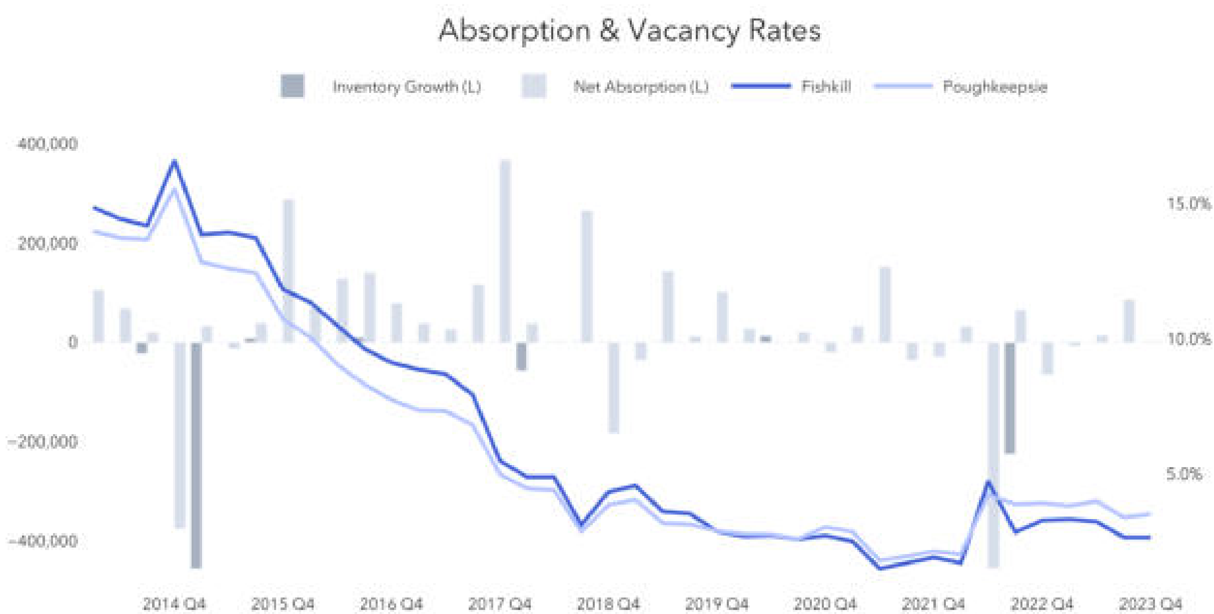
Historical Industrial Performance: Fishkill Submarket

Period	Inventory SF	Under Construction SF	Net Delivered SF 12 Mo	Net Absorption SF 12 Mo	Vacancy Rate	Availability Rate	Market Rent/SF	Market Sale Price Per SF	Market Cap Rate
2023 Q4	14,780,996	540,688	0	94,075	2.6%	3.6%	$11.72	$114	8.51%
2023 Q3	14,780,996	540,688	0	28,650	2.6%	3.8%	$11.61	$112	8.49%
2022	14,780,996	0	-225,000	-422,573	3.3%	3.8%	$11.01	$115	7.84%
2021	15,005,996	0	0	119,732	1.9%	2.1%	$10.06	$110	7.34%
2020	15,005,996	0	4,000	26,599	2.7%	3.8%	$9.27	$92	7.97%
2019	14,992,780	4,000	0	219,299	2.9%	6.6%	$8.72	$82	8.36%
2018	14,992,780	0	-57,000	119,410	4.3%	8.3%	$8.28	$73	8.57%
2017	15,049,780	0	0	545,461	5.5%	9.8%	$7.98	$70	8.48%
2016	15,049,780	0	9,680	415,925	9.1%	13.7%	$7.61	$70	8.02%
2015	15,040,100	0	-448,400	345,359	11.8%	15.3%	$7.33	$67	8.00%
2014	15,488,500	0	-23,000	-184,517	16.6%	20.3%	$7.08	$59	8.57%

Supply & Demand

Vacancy Rates

	2014	2015	2016	2017	2018	2019	2020	2021	2022	23 Q3	23 Q4
National	6.7%	6.0%	5.2%	5.0%	4.7%	5.1%	5.4%	4.1%	3.9%	5.2%	5.7%
Market	15.6%	10.7%	7.7%	5.0%	3.9%	2.9%	3.0%	2.1%	3.9%	3.4%	3.5%
Submarket	16.6%	11.8%	9.1%	5.5%	4.3%	2.9%	2.7%	1.9%	3.3%	2.6%	2.6%



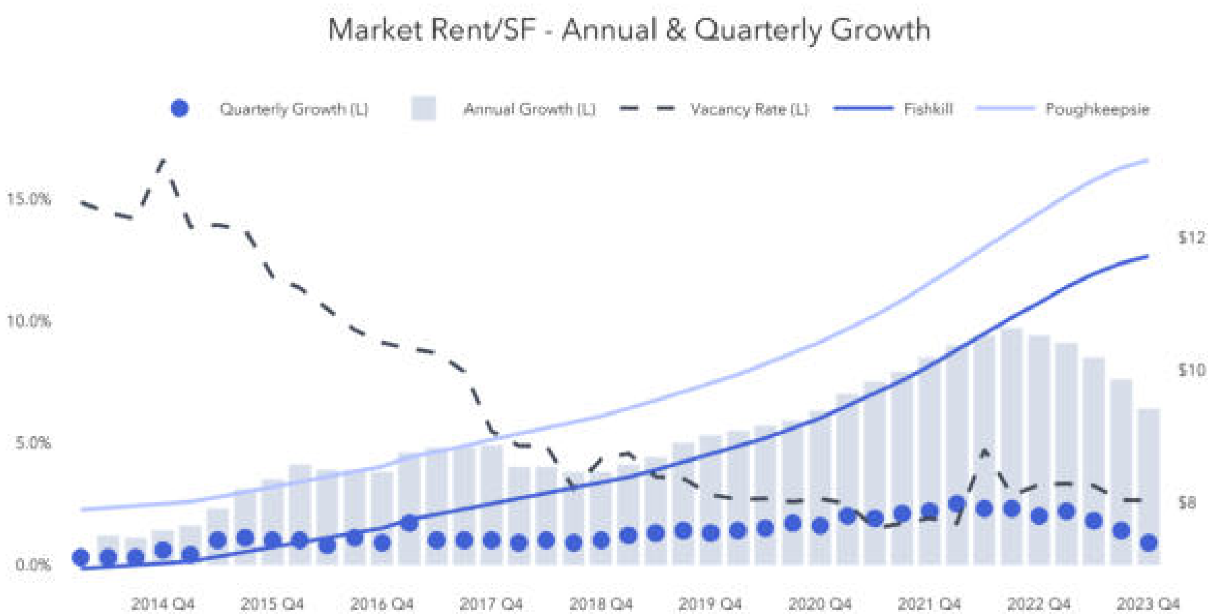
Rents

At $11.72/SF, rents in the Fishkill Submarket are roughly 11% lower than the Market average of $13.17/SF. Rents in the Submarket have increased 6.7% per annum over the past decade, exceeding the Market, where rents increased 6.7% per annum during that time.

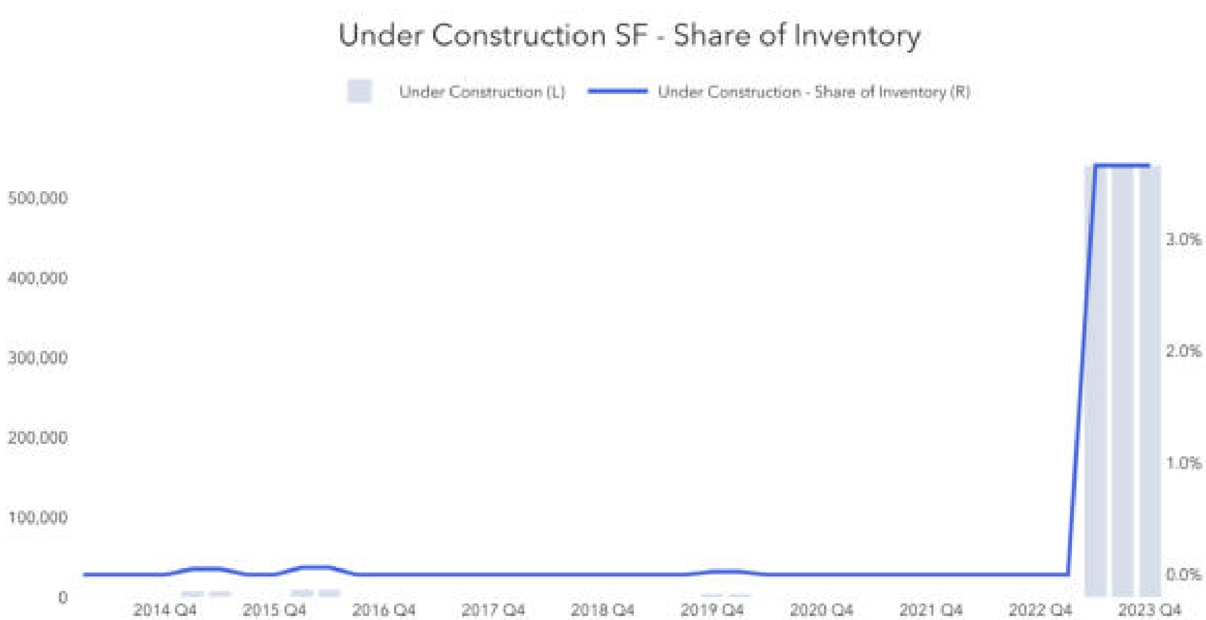
Market Rents

	2014	2015	2016	2017	2018	2019	2020	2021	2022	23 Q3	23 Q4
National	$6.55	$6.91	$7.31	$7.75	$8.21	$8.68	$9.20	$10.06	$11.13	$11.75	$11.85
Market	$7.98	$8.22	$8.54	$8.95	$9.30	$9.80	$10.42	$11.30	$12.36	$13.05	$13.17
Submarket	$7.08	$7.33	$7.61	$7.98	$8.28	$8.72	$9.27	$10.06	$11.01	$11.61	$11.72

Prior to the pandemic, the Fishkill Industrial Submarket experienced improving rent growth. In 2019 Q4, annual rent growth in the Submarket accelerated above the previous quarters yoy growth rate, and was above the historical average, with annual growth of 5.3%. In 2020 Q2, quarterly rent growth reached 1.5%. By the end of 2020, rents had increased 6.3% from the 2019 Q4 rent level of $8.72/SF. From 2019 Q4 to 2021 Q4, rents increased 15.4%. Quarterly rent growth in 2023 Q4 slowed to 0.9%, with annual growth softening to 6.4%.

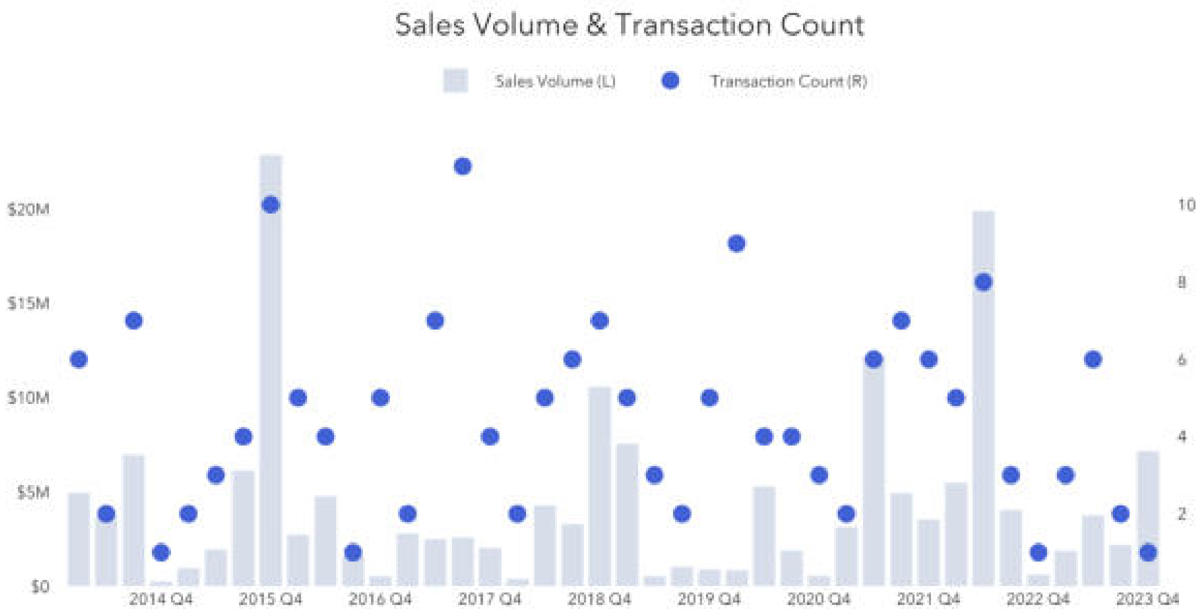


Construction & Future Supply

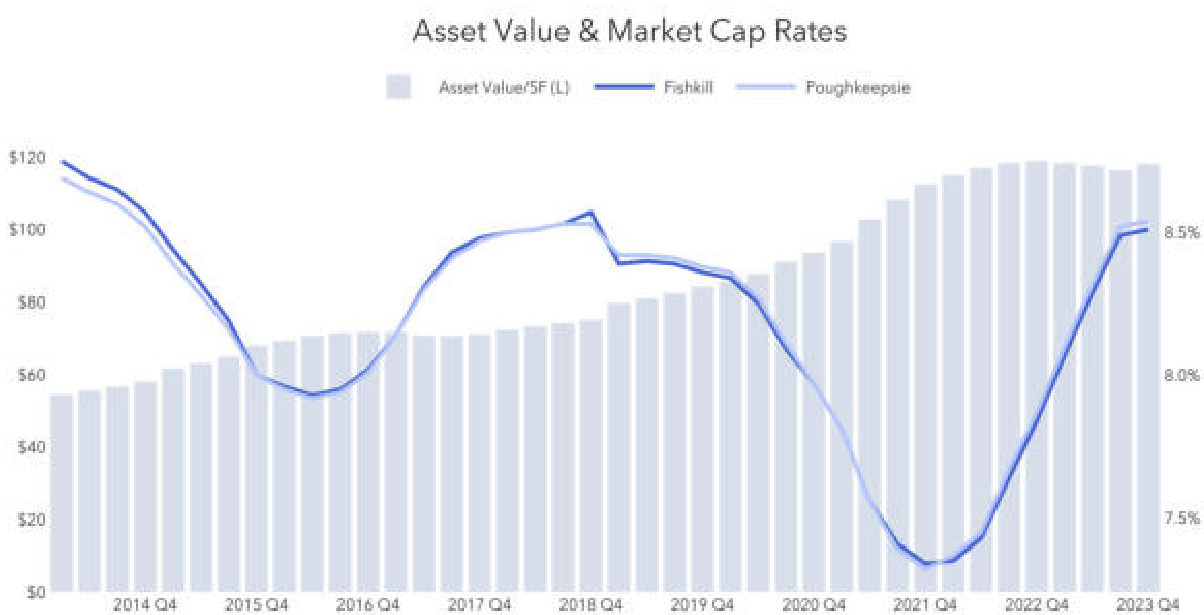


Capital Markets

Investors have been active in the Submarket over the past three years. Going back three years, investors have closed on average, 17 transactions per year with an annual average sales volume of $22.9 million. Over the past year, there were 12 closed transactions across 145.2k square feet, for a total sales volume of $15 million. As of 2023 Q4, CoStar data indicates there was 1 sale for a total sales volume of $7.2 million, compared to $2.2 million in the previous quarter.



Market pricing, based on the estimated price movement of all properties in the Submarket, sat at $118/SF. Values have compressed 0.7% over the past year but improved in the past quarter, increasing 1.5% in 2023 Q4. Capitalization rates have increased 67 bps over the past year to 8.5% and increased 2 bps in Q4. Investors remain active in the sector but elevated debt costs have put some upward pressure on cap rates. Still, fundamentals for the industrial sector remain strong relative to others and investors continue to look for more exposure to it.



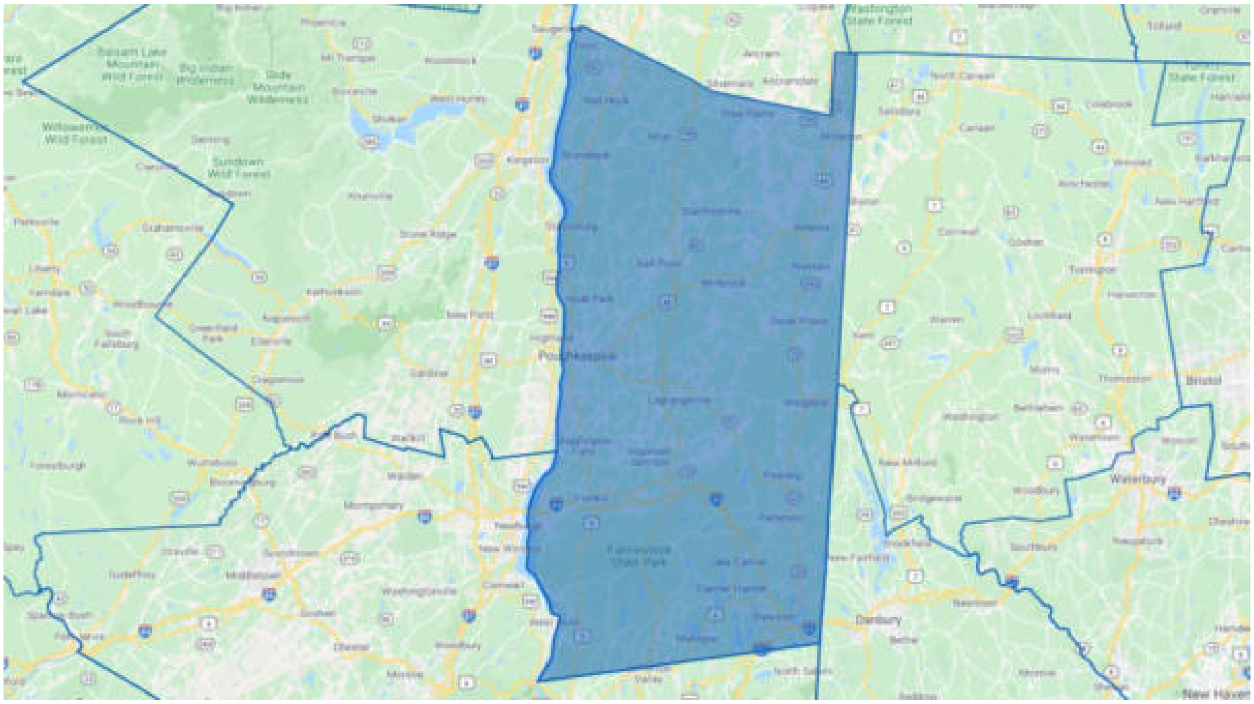
Outlook

Consumption and supply chain backlogs have resulted in record levels of U.S. industrial leasing over the past two years. However, an elevated supply pipeline is expected to outpace demand over the next few quarters with demand cooling off due to softening economic growth.

Industrial market conditions in the Fishkill Submarket indicate limited demand, although with an empty pipeline, absorption is positive. Rent growth has slowed but remains positive. Looking ahead to the near term, it is likely that tenants remain active, although at a slower pace, softening rent growth. With softening market conditions alongside elevated debt costs, values will likely experience limited growth.

Poughkeepsie: Industrial Market Analysis

The information contained in this report was provided using 2023 Q4 CoStar data for the Poughkeepsie Industrial Market ("Market").



Overview

The subject property is in the Poughkeepsie Market defined in the map above, which includes 19.5 million square feet of industrial space. U.S. Industrial performance is downshifting heading into late 2023. A moderation in absorption rates, coupled with near-record completions of new industrial developments, caused the U.S. industrial market vacancy rate to end the quarter higher. With demand slowing, rent growth has started to soften as well but still remains elevated compared to the historical average. While industrial property owners are facing a more challenging market environment in 2023 than they did in 2022, the sector remains highly sought after by investors. In the Poughkeepsie Market, vacancy rates are down over the year despite an increase in the latest quarter. Despite demand softening in the latest quarter, rents increased 0.9% during that time and are up 6.6% over the past year. Despite softening fundamentals, values increased 0.8% over the past quarter, although annual growth remains negative, decreasing -1.2% to $126/square feet.

Sector Fundamentals

	Poughkeepsie	YoY	QoQ	National	YoY	QoQ
Market Rent/SF	$13.17	6.6%	0.9%	$11.85	6.5%	0.9%
Vacancy Rate	3.51%	-41 bps	12 bps	5.67%	176 bps	51 bps
Availability Rate	5.7%	103 bps	-14 bps	8.3%	151 bps	27 bps
Net Absorption SF	63,439	757.8%	-49.4%	31,624,272	-72.8%	-14.7%
Asset Value/SF	$126	-1.2%	0.8%	$154	-2.0%	-0.0%
Market Cap Rate	8.54%	67 bps	3 bps	7.08%	50 bps	4 bps
Transaction Count	1	-67%	-75%	4,272	-27%	6%
Sales Volume	$7,150,000	-34%	225%	$12,893,190,144	-67%	-15%

The table below presents historical performance of key indicators for industrial space in the Market including inventory & construction levels, net absorption, vacancy & availability, rental rates, pricing, and cap rates.

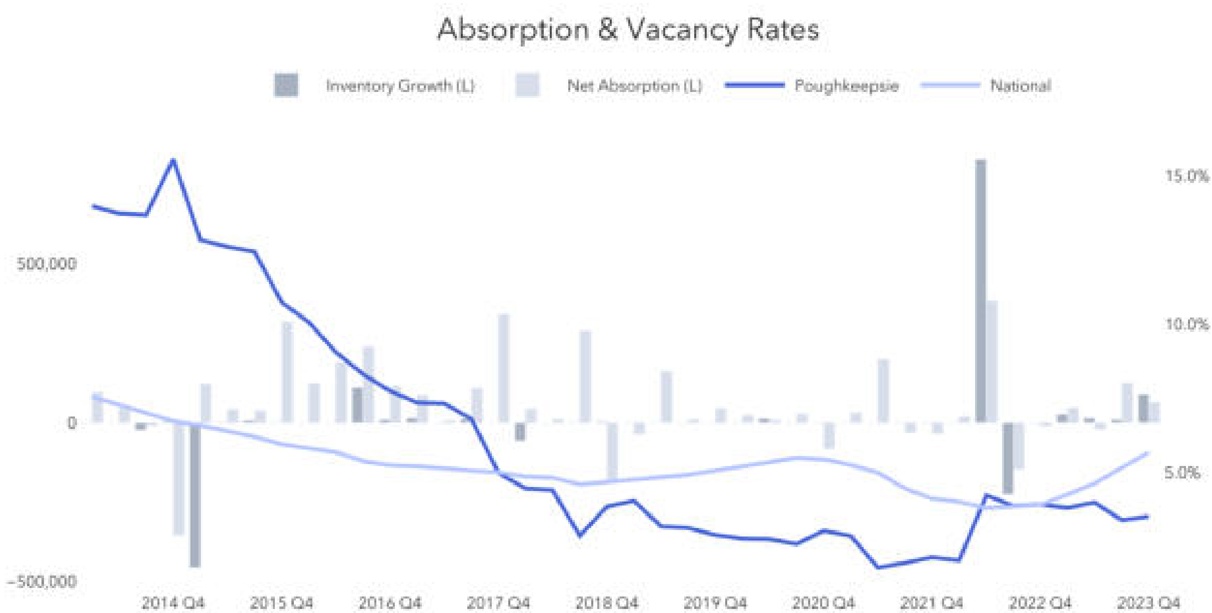
Historical Industrial Performance: Poughkeepsie Market

Period	Inventory SF	Under Construction SF	Net Delivered SF 12 Mo	Net Absorption SF 12 Mo	Vacancy Rate	Availability Rate	Market Rent/SF	Market Sale Price Per SF	Market Cap Rate
2023 Q4	19,469,862	903,788	141,900	215,425	3.5%	5.7%	$13.17	$121	8.54%
2023 Q3	19,379,862	993,788	51,900	142,342	3.4%	5.8%	$13.05	$119	8.52%
2022	19,327,962	42,000	604,186	247,480	3.9%	4.7%	$12.36	$121	7.87%
2021	18,723,776	856,186	0	167,182	2.1%	2.9%	$11.30	$118	7.32%
2020	18,723,776	0	4,000	-22,048	3.0%	4.1%	$10.42	$98	7.97%
2019	18,710,560	4,000	0	179,175	2.9%	6.1%	$9.80	$88	8.38%
2018	18,710,560	0	-51,310	162,414	3.9%	7.6%	$9.30	$79	8.53%
2017	18,761,870	0	27,790	543,151	5.0%	9.1%	$8.95	$75	8.47%
2016	18,734,080	15,290	120,627	667,853	7.7%	12.3%	$8.54	$75	8.01%
2015	18,613,453	101,347	-448,400	519,094	10.7%	14.4%	$8.22	$72	8.00%
2014	19,061,853	45,097	-18,050	-222,175	15.6%	19.4%	$7.98	$64	8.52%

Supply & Demand

Vacancy Rates

	2014	2015	2016	2017	2018	2019	2020	2021	2022	23 Q3	23 Q4
National	6.7%	6.0%	5.2%	5.0%	4.7%	5.1%	5.4%	4.1%	3.9%	5.2%	5.7%
Market	15.6%	10.7%	7.7%	5.0%	3.9%	2.9%	3.0%	2.1%	3.9%	3.4%	3.5%



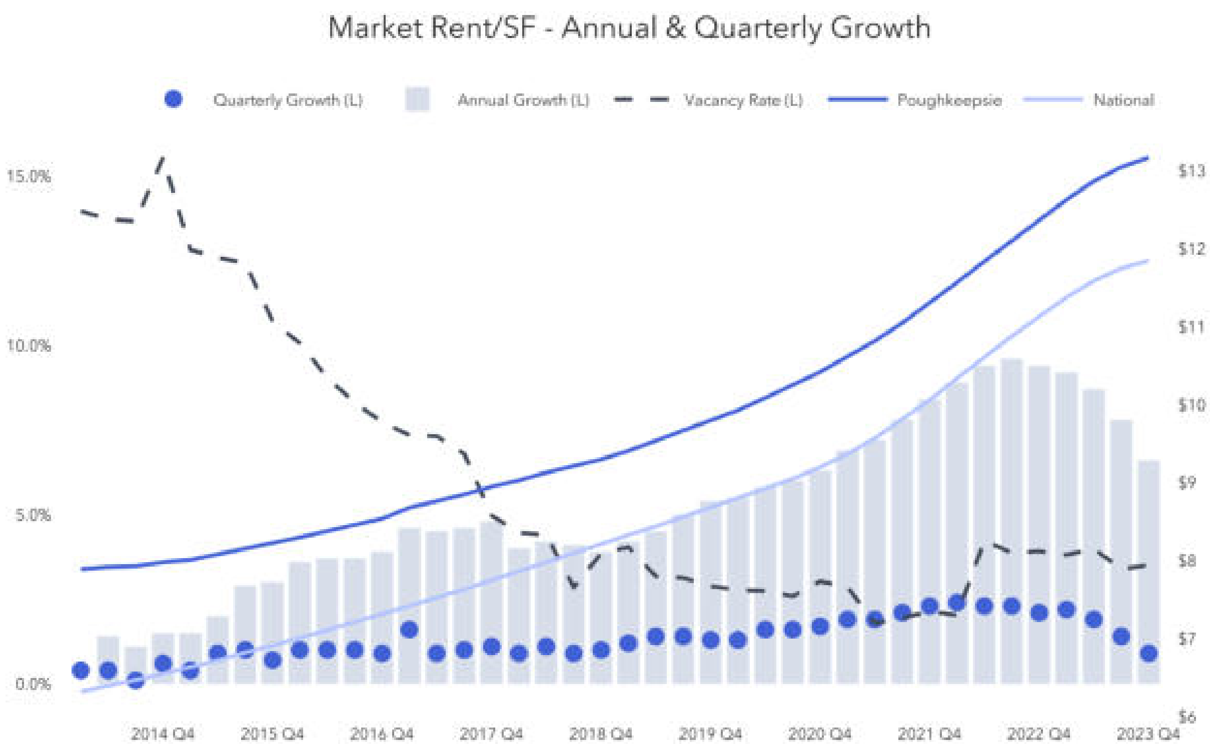
Rents

At $13.17/SF, rents in the Poughkeepsie Market are roughly 11% higher than the National average of $11.85/SF. Rents in the Market have grown 6.7% per annum over the past decade, falling short of the National average, where rents increased 8.8% per annum during that time.

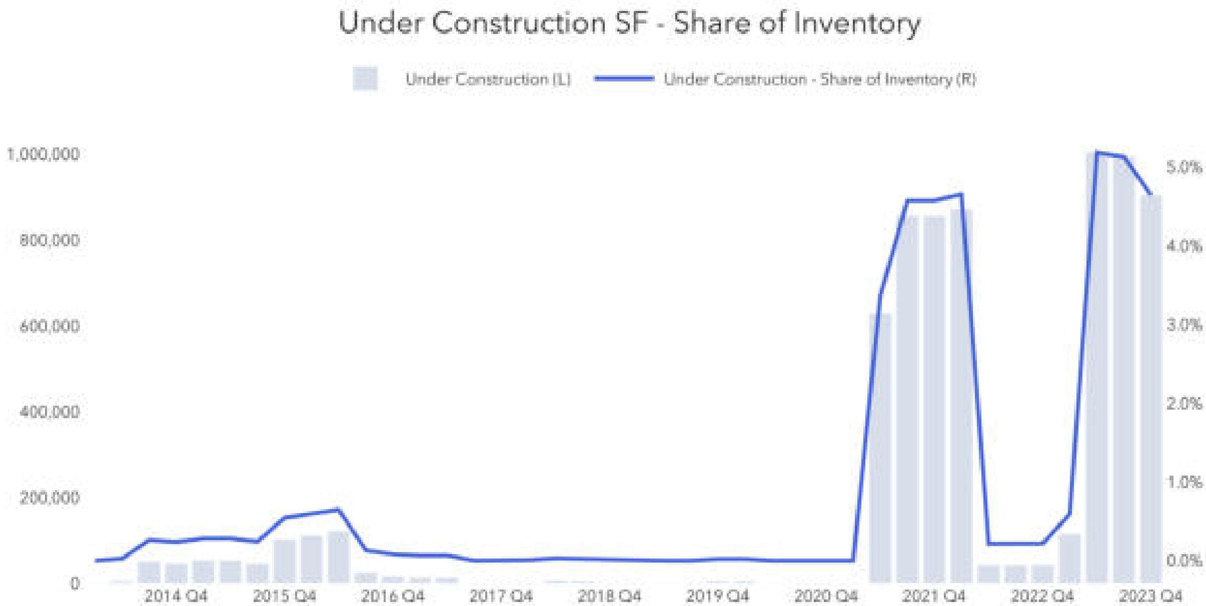
Market Rents

	2014	2015	2016	2017	2018	2019	2020	2021	2022	23 Q3	23 Q4
National	$6.55	$6.91	$7.31	$7.75	$8.21	$8.68	$9.20	$10.06	$11.13	$11.75	$11.85
Market	$7.98	$8.22	$8.54	$8.95	$9.30	$9.80	$10.42	$11.30	$12.36	$13.05	$13.17

Prior to the pandemic, the Poughkeepsie Industrial Market experienced improving rent growth. In 2019 Q4, annual rent growth in the Market accelerated above the previous quarters yoy growth rate, and was above the historical average, with annual growth of 5.4%. Despite concerns over the pandemic, quarterly rent growth improved in 2020 Q2, increasing 1.6% in 2020 Q2. By the end of 2020, rents increased 6.3% from the 2019 Q4 rent level of $9.80/SF. From 2019 Q4 to 2021 Q4, rents increased 15.3%. Quarterly rent growth in 2023 Q4 softened 0.9%. Despite positive rent growth over the past year and quarter, annual growth slowed to 6.6%.

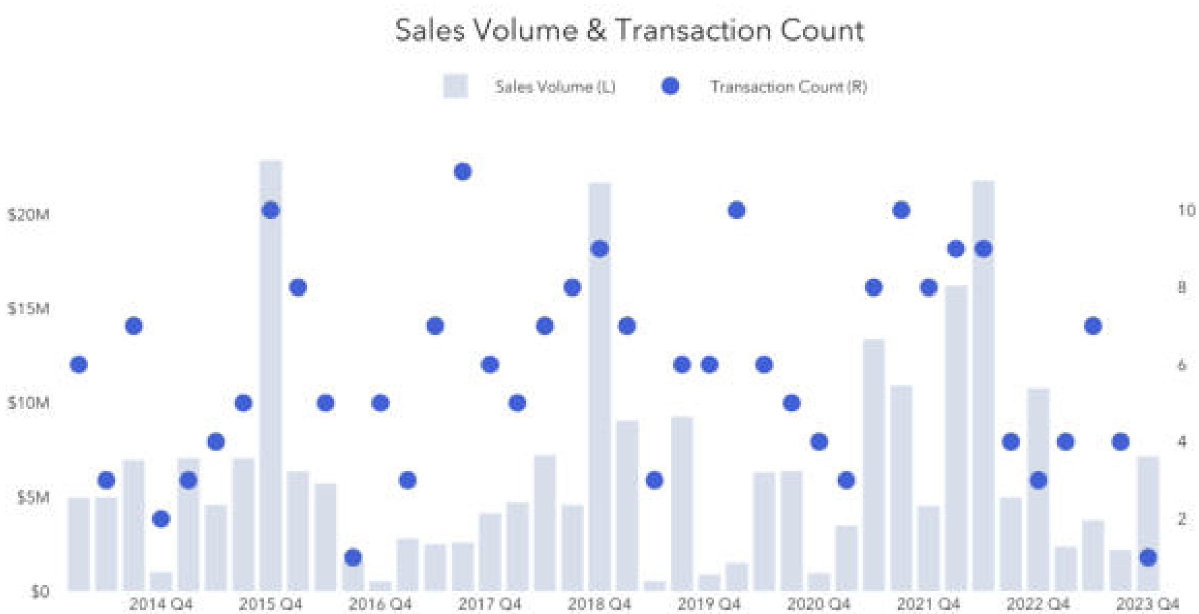


Construction & Future Supply

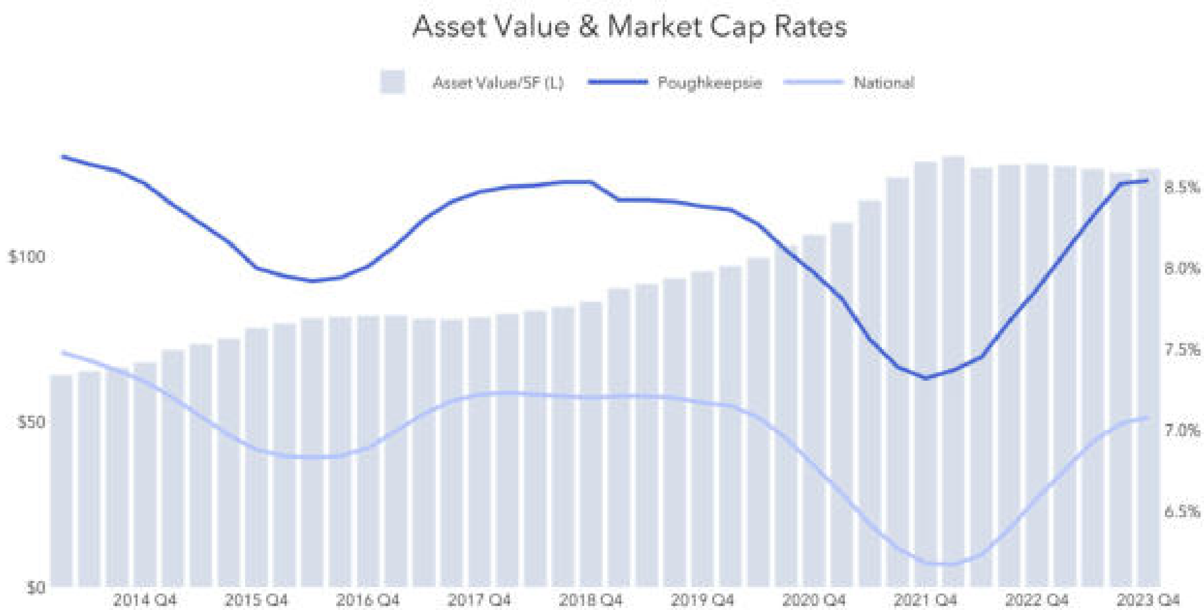


Capital Markets

Investors have been active in the Market over the past three years. Going back three years, investors have closed on average, 23 transactions per year with an annual average sales volume of $33.8 million. Over the past year, there were 16 closed transactions across 210.5k square feet, for a total sales volume of $15.5 million. As of 2023 Q4, CoStar data indicates there was 1 sale for a total sales volume of $7.2 million, compared to $2.2 million in the previous quarter.



Market pricing, based on the estimated price movement of all properties in the Market, sat at $126/SF. Values have compressed 1.2% over the past year but improved in the past quarter, increasing 0.8% in 2023 Q4. Capitalization rates have increased 67 bps over the past year to 8.5% and increased 3 bps in Q4. Investors remain active in the sector but elevated debt costs have put some upward pressure on cap rates. Still, fundamentals for the industrial sector remain strong relative to others and investors continue to look for more exposure to it.



Outlook

Consumption and supply chain backlogs have resulted in record levels of U.S. industrial leasing over the past two years. However, an elevated supply pipeline is expected to outpace demand over the next few quarters with demand cooling off due to softening economic growth.

Industrial market conditions in the Poughkeepsie Market indicate positive absorption rates, leading to continued, but slower growth in rents and values. Looking ahead to the near term, it is likely that tenant demand softens, slowing rent growth.

Appendix

Poughkeepsie Industrial Market Overview

Submarket	Inventory SF	Vacancy Rate	Availability Rate	Under Construction SF	Market Rent/SF	Market Sale Price Per SF	Market Cap Rate
Fishkill	14,780,996	2.6%	3.6%	540,688	$11.72	$114	8.51%
Brewster	2,932,329	8.9%	17.9%	303,100	$18.36	$138	8.71%
Carmel	1,121,351	2.8%	2.4%	60,000	$17.11	$147	8.93%

Dutchess County Area Analysis

The following analysis includes pertinent aspects of the surrounding region as it pertains to the subject property. This report was compiled using data as of 2023 Q4 unless otherwise noted. Data is from a number of sources including the U.S. Bureau of Labor Statistics ("BLS"), the U.S. Bureau of Economic Analysis ("BEA"), and the U.S. Census Bureau.

Source: Google Maps

Dutchess County at a Glance

Dutchess County is located in the Hudson Valley region of New York state and is considered a suburban area. The county is located approximately 90 miles north of New York City and is part of the larger New York metropolitan area. The economy of Dutchess County is diverse, with major industries including healthcare, education, and finance. Major employers in the county include IBM, Health Quest, and Vassar College. There are also numerous small businesses and retailers in the area, including a mix of local shops and national chains. Housing options in Dutchess County range from single-family homes to apartments and townhomes. The cost of living in the county is higher than the national average, but lower than other nearby areas like New York City. Dutchess County is home to several parks and recreation areas, including Bowdoin Park, FDR State Park, and Mills Norrie State Park. The county also offers a variety of recreational activities, including boating, fishing, and hiking. The major roads in and near Dutchess County include I-84, I-87, and US Highway 9. The Metro-North Railroad provides commuter rail service from Poughkeepsie to Grand Central Terminal in New York City. The county is also served by several public transit bus routes, including the Dutchess County LOOP and the Poughkeepsie City Transit bus system. The nearest airport is Stewart International Airport, located about 30 minutes from the county.

Area Fundamentals

Attribute	County Level Value	5 YR Annual Growth	Relative to Baseline (MSA)
Employment	141,047	-0.2%	Faster than MSA
GDP	$15.2 billion	1.4%	Slower than MSA
Population	297,545	0.3%	Slower than MSA
Per Capita Personal Income	$68,474	5.6%	Faster than MSA

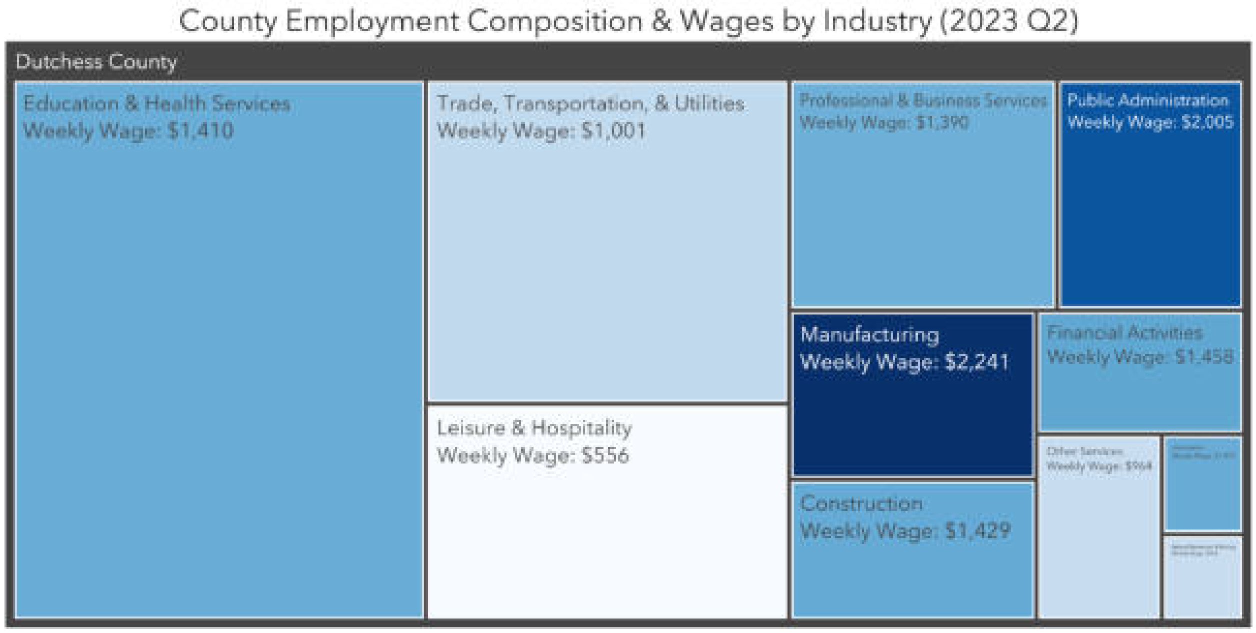
Labor Market Conditions

According to the latest data from the Q2 2023 Quarterly Census of Employment and Wages, New York-Newark-Jersey City employed 8,006,763 private employees, with establishments in the Education & Health Services, Trade, Transportation, & Utilities, and Professional & Business Services industries accounting for the top three employers. These industries employ 2,068,632 (25.6%), 1,611,109 (20.0%), and 1,530,596 (19.0%) private sector workers in the Metro, respectively.

MSA Private Employment Composition & Wages by Industry (2023 Q2)

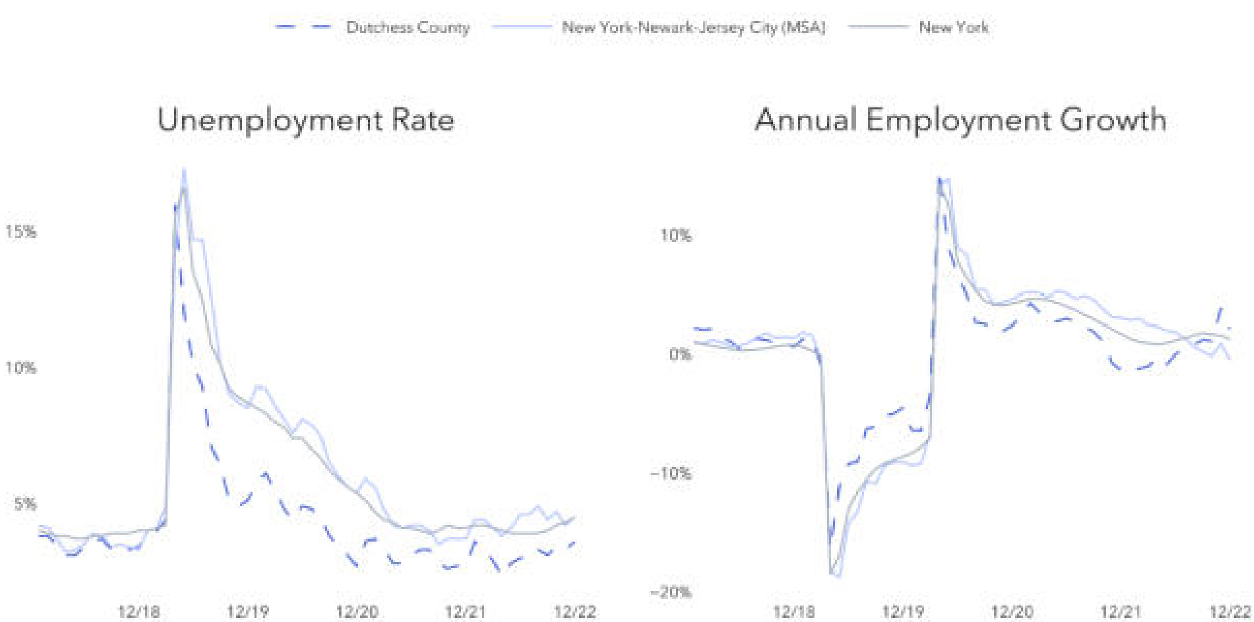
Source: U.S. Bureau of Labor Statistics

The latest data from the 2023 Q2 Quarterly Census of Employment and Wages, Dutchess County employed 109,234 employees. Establishments in the Education & Health Services, Trade, Transportation, & Utilities, and Leisure & Hospitality industries accounted for the top three employers. These industries employ 36,672 (33.4%), 19,295 (17.6%), and 12,916 (11.8%) workers in the County, respectively. Dutchess County has an especially large share of workers in the Public Administration industry. In fact, its 6.4% fraction of workers is 1.8 times higher than the National average.



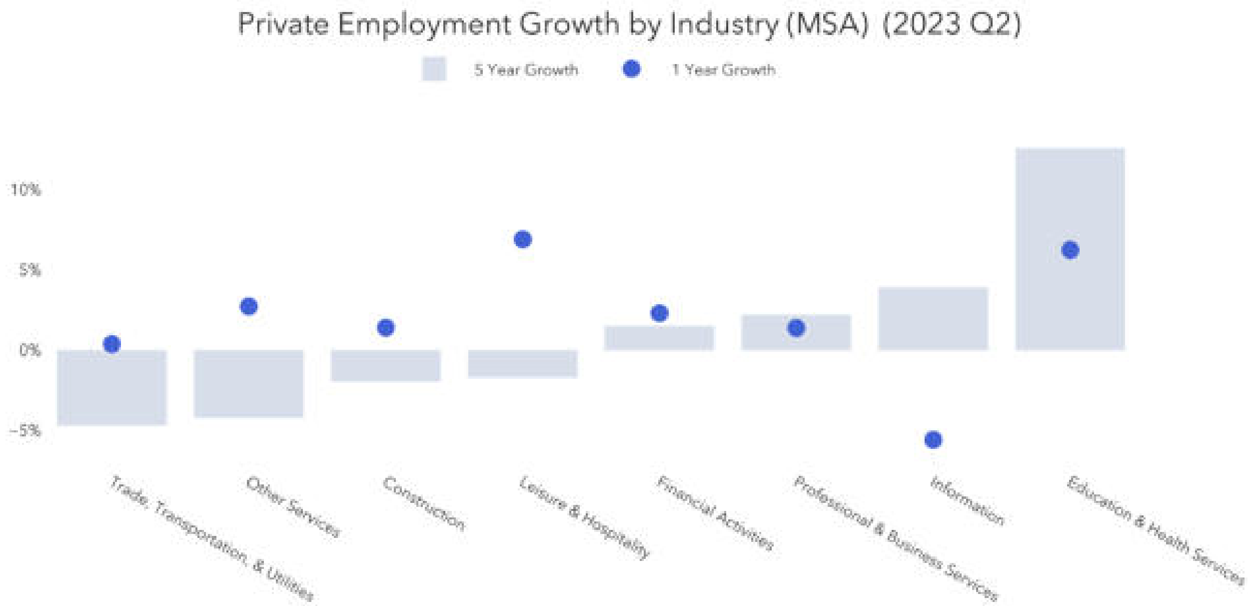
Source: U.S. Bureau of Labor Statistics

At the onset of the pandemic last spring, Dutchess County area employers shed 16.5% of their workforce, expanding the unemployment rate from 4.0% in February 2020 to 16.0% just two months later. The unemployment rate in Dutchess County has expanded over the past year to the current rate of 3.6%, just slightly below the New York-Newark-Jersey City rate of 4.5%. As of 12/23, total employment is up 2% on a year-over-year basis. The unemployment rate has moved below its pre-pandemic level (Feb 2020) of 4.0%.



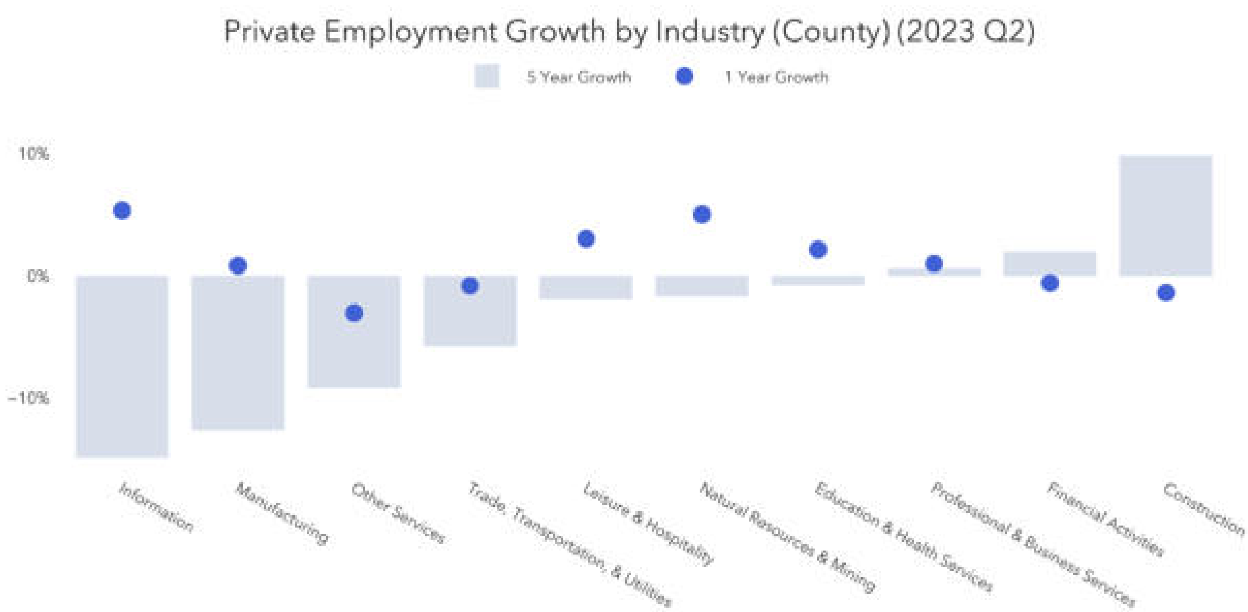
Source: U.S. Bureau of Labor Statistics

According to the latest data from the Q2 2023 Quarterly Census of Employment and Wages, New York-Newark-Jersey City Metro has experienced private employment expand 2.7% (210,049) in total over the last five years. During that time, the Education & Health Services, Information, and Professional & Business Services industries saw the strongest growth, expanding 12.6%, 3.9%, and 2.2%, respectively. Meanwhile, the Trade, Transportation, & Utilities Industry has experienced employment collapse of 4.7% over the previous five years.



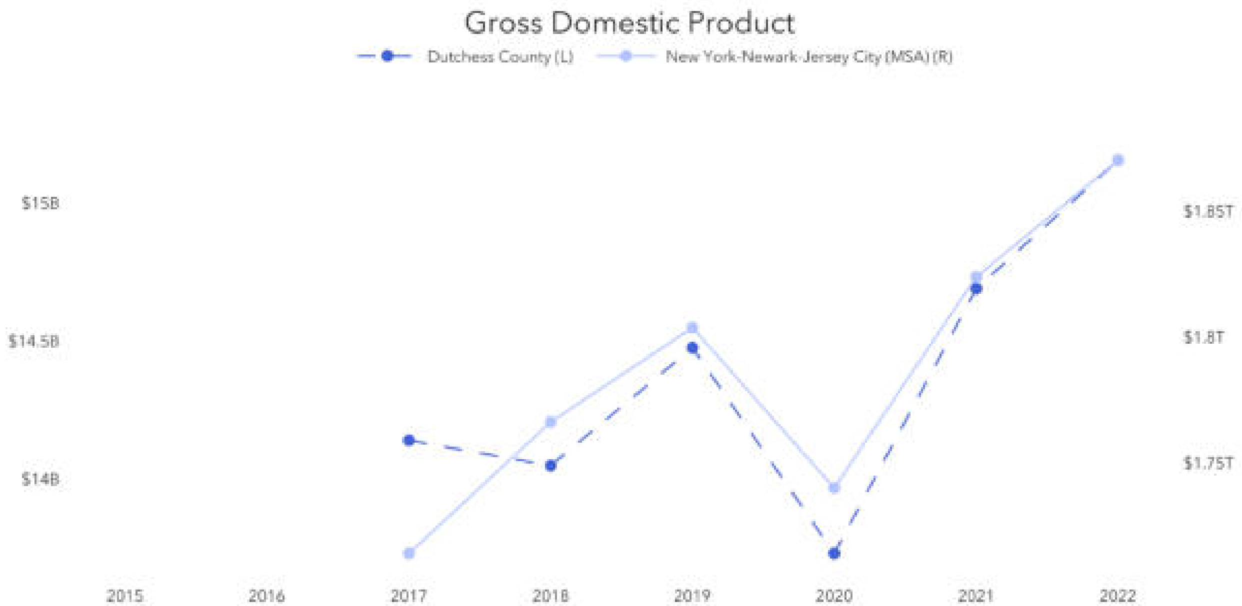
Source: U.S. Bureau of Labor Statistics

According to the latest data from the Q2 2023 Quarterly Census of Employment and Wages, Dutchess County has experienced private employment compress 2.1% (-1,934) in total over the last five years. During that time, the Construction, Financial Activities, and Professional & Business Services industries saw the strongest growth, expanding 9.8%, 2.0%, and 0.6%, respectively. Meanwhile, the Information Industry has experienced employment collapse of 14.8% over the previous five years.



Source: U.S. Bureau of Labor Statistics

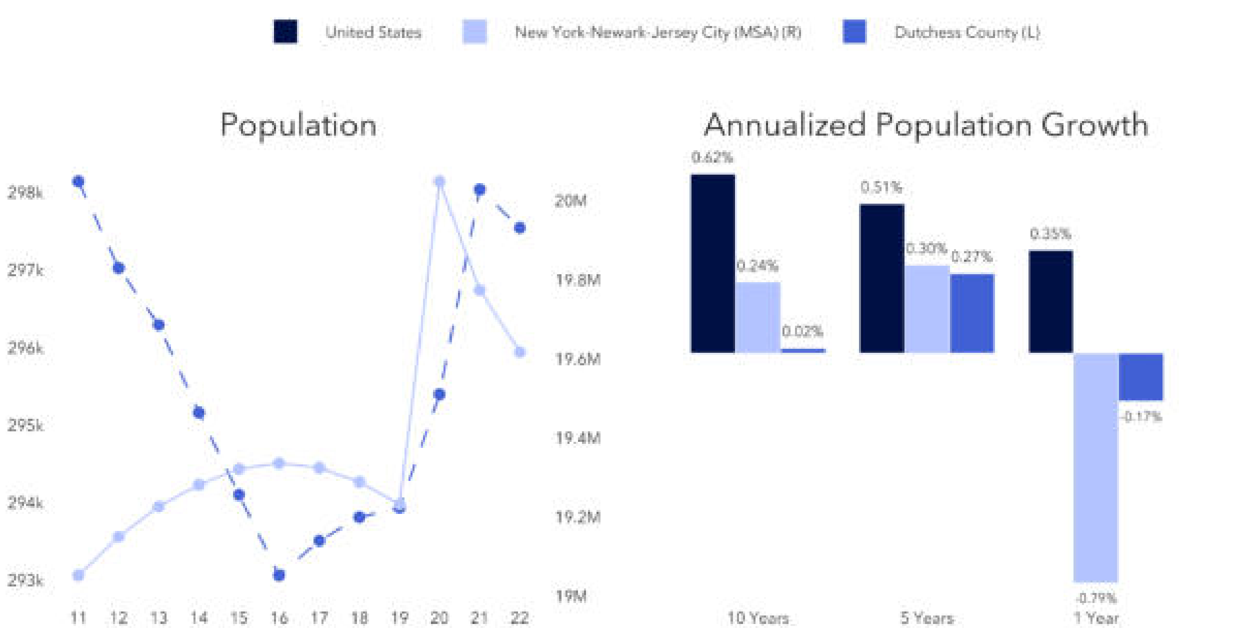
Economic Production



Source: U.S. Bureau of Economic Analysis

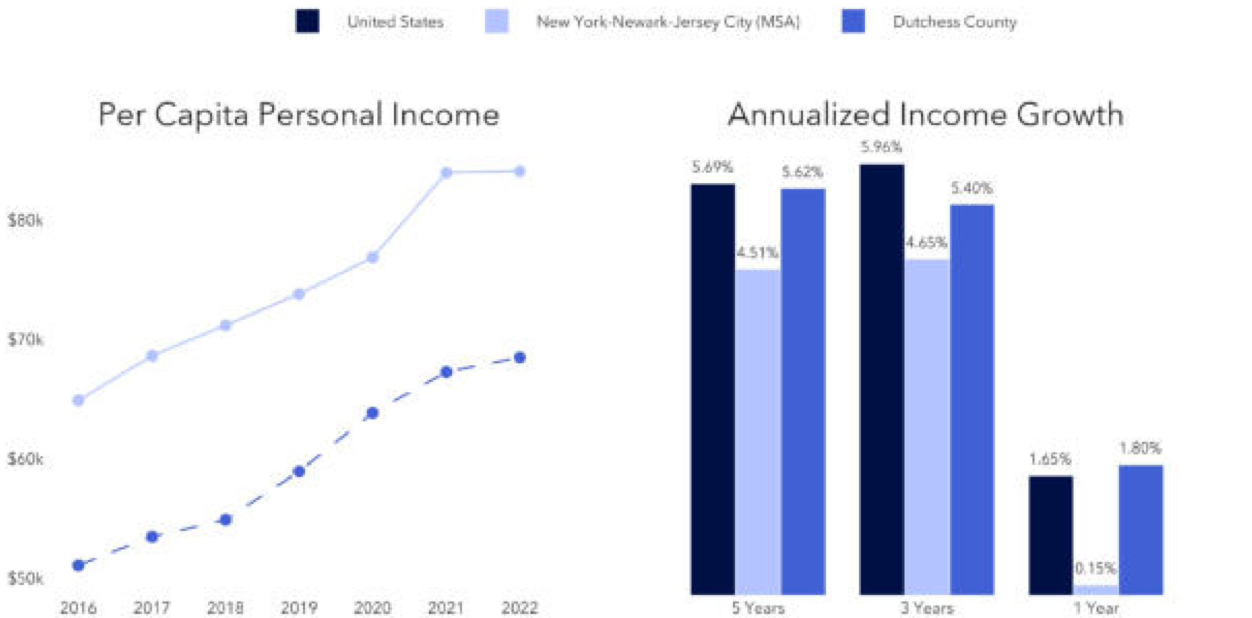
Demographics

Going back ten years, Dutchess County's population has expanded 0.0% per annum to the 2022 count of 297,545. Over the past five years, growth has expanded, growing 0.3% per annum since 2017. This growth rate falls short of the Nation, which has expanded 0.5% per year over the last five years.



Source: U.S. Census Bureau

Going back five years, Dutchess County residents' per capita personal income has expanded 5.6% per annum to the 2022 level of $68,474. Over the past three years, growth has declined, growing 5.4% per annum since 2019. This growth rate lags the Nation, which has expanded 6.0% per year over the last three years.



Source: U.S. Census Bureau

Infrastructure

Transportation Methods

Interstate 84 traverses the county in an east-west route cutting through the southern quadrant of the county. It is the only interstate highway in the county. US 9, the Taconic State Parkway, and NY 22 are the main north–south roads in the county. US 44, NY 52, NY 55, and NY 199 are the other primary east–west roads in the county.

The Metro-North railroad provides a critical link to New York City for Dutchess County's commuting population. The Hudson Line and Amtrak run concurrently along the Hudson River, on the western edge of the county. The Hudson Line has stops at Breakneck Ridge, Beacon, and New Hamburg (a hamlet of the town of Poughkeepsie) before the Hudson Line terminates at Poughkeepsie. The tracks continue north of that point as Amtrak, with Poughkeepsie and Rhinecliff being stops along Amtrak's Empire Service. The Harlem Line, on the eastern side of the county, has station stops in Pawling, Wingdale, Dover Plains, and two stops in Wassaic.

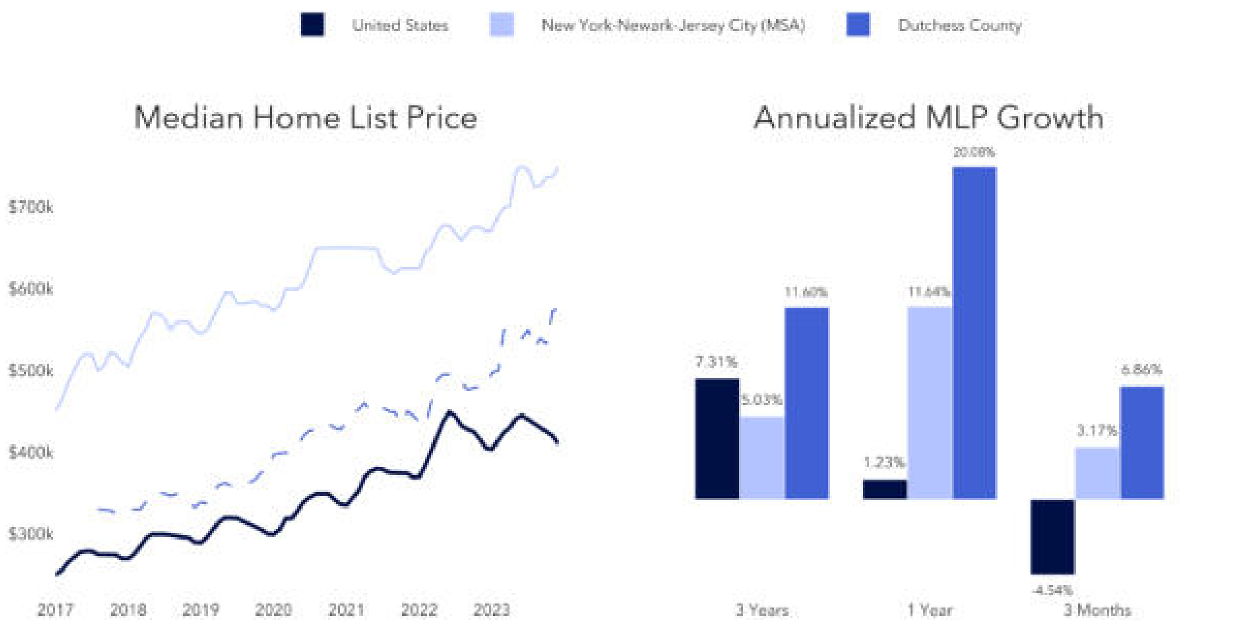
Public transportation in Dutchess County is handled by Dutchess County Public Transit, commonly called "the LOOP." Outside of the urbanized area of the county, most service is limited. Privately run lines connect Poughkeepsie to New Paltz and Beacon to Newburgh. Leprechaun Lines and Short Line Bus also operate some service through Poughkeepsie, Rhinebeck, and the southern part of the county. NY Waterway operates the Newburgh–Beacon Ferry, which is located at the Beacon train station.

General aviation facilities are located at Hudson Valley Regional Airport (formerly Dutchess County Airport), located in Wappinger and Sky Park Airport in Red Hook, New York. General commercial passenger service is provided by New York Stewart International Airport, which is located across the Hudson River in Newburgh.

Housing

In 2021, historically low mortgage rates, the desire for more space, and the ability for many to work from home, led to an increase in demand for housing. This, combined with historically low inventory levels, accelerated the growth in values, pushing the medium listing price in the US to a peak of $413,000 in June 2022. However, with persistent inflation, the Fed hiked interest rates at a record pace over the 2nd half of 2022 and for much of 2023, eroded housing affordability and dropping demand considerably. With demand decreasing, values have either declined or experienced limited growth. Demand has improved since though, with growth in values aided by limited inventory in some markets.

In Dutchess County, Realtor.com data points to continued growth in values over the past year. As of 12/2023, the median home list price sits at $576,250, an increase of 20.1% compared to an increase of 11.6% for the New York-Newark-Jersey City Metro, and an increase of 1.2% across the Nation over the past year. Despite the recent sharp rise in mortgage rates, the county median list price has experienced an increase of 6.9% over the past 3 months, compared to an increase of 3.2% for the New York-Newark-Jersey City Metro in the same period.



Source: Realtor.com

Outlook

The United States economy has recovered from the pandemic, but, with persistent levels of inflation, the Fed repeatedly reaffirmed its commitment to fighting inflation by raising rates, softening economic growth. While the economy remains strong, their actions have led to a slowdown in growth, setting the stage for a mild recession in 2024.

The current unemployment rate in Dutchess County of 3.6% is below its five-year average. By contrast, that rate is also below the state rate of 4.5%, and below the national rate of 3.7%. Although Dutchess County has experienced population growth of 0.3% per year over the past five years, it most recently saw a one-year contraction of -0.2%. Despite its diversified economy, and its long-term growth in population, when considering its negative GDP growth over the five years prior to the pandemic, the county faces a large hurdle before it can be well positioned for near- and long term growth.

Qualifications

Michelle Zell, MAI

Senior Vice President

Experience

Michelle Zell is a Senior Vice President at Bowery Valuation, who joined the firm in October 2019. She has worked in the real estate appraisal industry for 19 years.

Michelle has appraised multi-family, condominium and cooperative apartment buildings, retail properties, office buildings, restaurants, industrial properties, hotels, and vacant land properties all over the United States. Michelle specializes in managing large portfolios, appraising large scale existing and proposed developments, appraisals for EB-5 financing, litigation and condemnation proceedings, as well as trust and estate needs.

Michelle performs and manages appraisals for Israeli bond issuances in excess of $1B and has extensive experience with the Israeli bond market since 2012. She specializes in serving as a liaison between the appraisers, the audit firms and the Israeli Security Authority.

Significant appraisal assignments include Peter Cooper Village/Stuyvesant Town, a rental apartment complex in New York City with 12,000 units, the condominium conversion of The Apthorp and the Belnord, two large scale prewar landmarked developments in Manhattan, 70 Pine Street, the 1M square foot former AIG headquarters converted to rental apartments, hotel, private club, restaurant and retail space, 701 7th Avenue, a proposed hotel and retail development located in Times Square and valued at $2B, market rent determination for Bell Works - the former Bell Labs in Holmdel, NJ, and multiple large developments for EB-5 financing including The Armature Works in Washington DC (a proposed mixed use retail, apartment and hotel development), 1 Journal Square (a proposed mixed use development in Jersey City), The Retail at Nassau Coliseum (proposed retail and entertainment complex adjacent to Nassau Coliseum), and Pacific Park (a proposed development of 15 land parcels to be developed with high rise residential, condominium, office and school buildings).

Before joining Bowery, Michelle served as a Senior Appraiser at BBG (formerly Leitner Group) in New York City from 2003 through October 2019.

Education

Cornell University	Bachelor of Science
Emory University	Master of Public Health

Certifications & Professional Designations

Appraisal Institute	MAI, Designated Member Michelle is currently certified by the Appraisal Institute's voluntary program of continuing education for its designated members.
Certified General Real Estate Appraiser	State of New York (# 4600049921) State of Florida (# RZ4135) State of Georgia (# 404989) State of Louisiana (# G4507) State of Maine (# CG 4769) Commonwealth of Massachusetts (# 1000274) State of New Hampshire (# NHCG-1055) State of Tennessee (# 6208)

State of Texas (# TX 1380938G)
Commonwealth of Pennsylvania (# GA004611)

Publications

Michelle published an article about the mainstreaming of alternative lending in GlobeSt.com, dated August 5, 2019.
https://www.globest.com/2019/08/05/the-mainstreaming-of-alternative-lending/

Diana Zlatkina

Vice President

Experience

Diana Zlatkina is a Vice President at Bowery Valuation who joined the firm in August 2018. Diana has worked in the commercial real estate appraisal industry since 2014. Prior to joining Bowery, she was an appraiser at the Leitner Group Inc./BBG, working throughout New York City on a wide variety of asset types including multifamily, mixed-use, office, retail and developable land.

Education

Boston University, Questrom School of Business	Cum Laude, Dean's List Bachelor of Business Administration with a concentration in Finance and a minor in Hospitality

Certifications & Professional Designations

Certified General Real Estate Appraiser	State of New York (# 46000052754) State of New Jersey (#42RG002799200) Commonwealth of Pennsylvania (# GA004544)

David Rochkind

Valuation Specialist

Experience

David Rochkind is a Valuation Specialist at Bowery Valuation who joined the firm in August 2022. He has worked in the real estate appraisal industry since 2015. He has extensive research skills and has appraised a wide variety of properties in Pennsylvania and New Jersey. In addition, he has worked on permits and inspections for a variety of residential construction projects.

Before joining Bowery, Dave served as a Certified General Appraiser with Newmark and Mid-Atlantic Valuation Group, following a 30-year career in military and commercial logistics.

Education

Penn State University	Bachelor of Science Degree in Business Logistics
Virginia Tech	Master of Engineering Administration

Certifications & Professional Designations

Certified General Real Estate Appraiser	State of New York (# 46000053848)
	State of Maryland (# 34741)
	Commonwealth of Massachusetts (# 1000313)
	State of New Jersey (# 42RG00278800)
	Commonwealth of Pennsylvania (# GA004376)

Daiki Tsunoda

Senior Associate

Experience

Daiki Tsunoda is a Senior Associate at Bowery Valuation who joined the firm in July 2021. Daiki is actively engaged in appraising mixed-use and multifamily properties in New York and New Jersey.

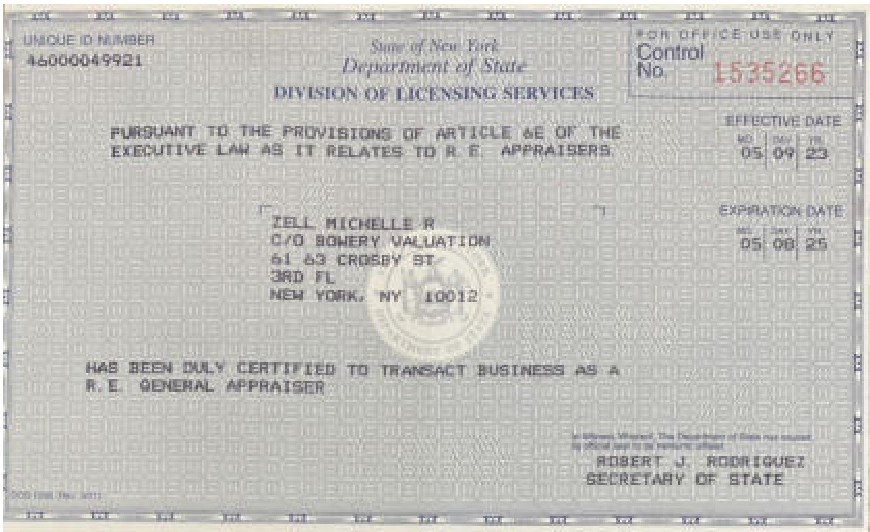
Prior to joining Bowery, Daiki worked as a Merchant Banking Summer Analyst at Goldman Sachs Japan, where he received rigorous financial modeling training and rotated through Real Estate and Corporate Investment.

Education

Cornell University	Bachelor of Arts in Hotel Administration and minor in Real Estate
Appraisal Classes	Basic Appraisal Procedures Basic Appraisal Principles

Licenses

Michelle Zell, State Certified General Appraiser– New York



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EFFECTIVE DATE
MO. DAY YR.
05 09 23

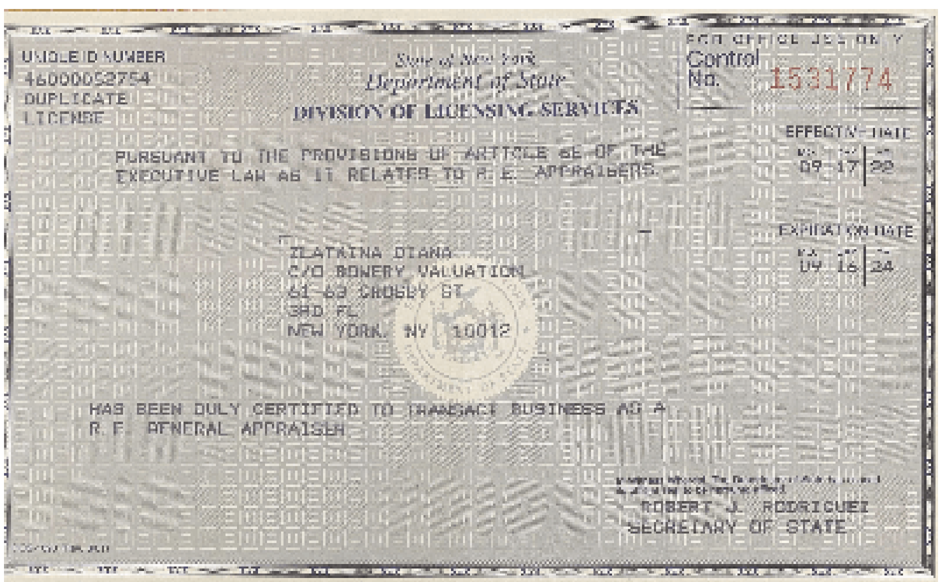
EXPIRATION DATE
MO. DAY YR.
05 08 25

ZELL MICHELLE R
C/O BOWERY VALUATION
61 63 CROSBY ST
3RD FL
NEW YORK, NY 10012

HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R.E. GENERAL APPRAISER

ROBERT J. RODRIGUEZ
SECRETARY OF STATE

Diana Zlatkina, State Certified General Appraiser– New York



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EXPIRATION DATE
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ZLATKINA DIANA
C/O BOWERY VALUATION
61 63 CROSBY ST
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NEW YORK, NY 10012

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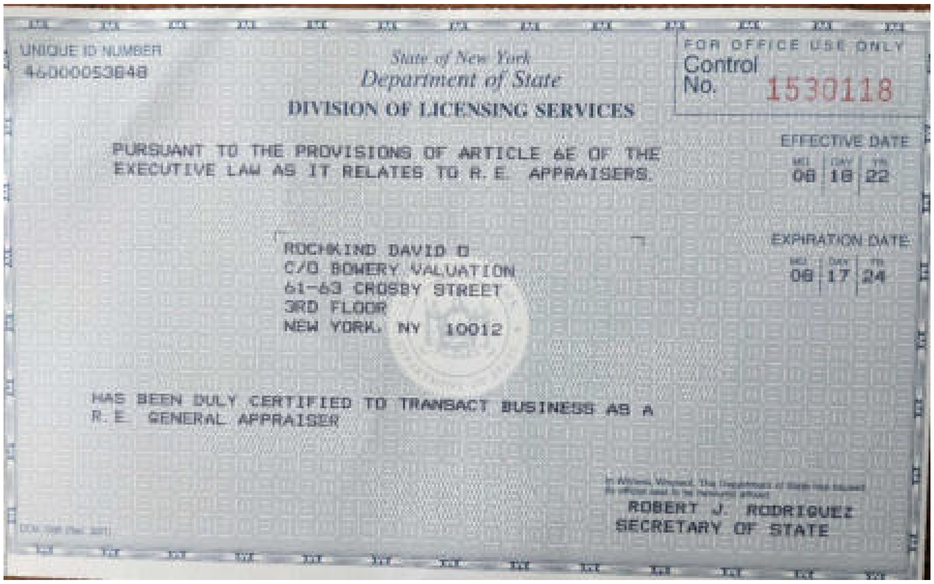
ROBERT J. RODRIGUEZ
SECRETARY OF STATE

David Rochkind, State Certified General Appraiser– New York



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EFFECTIVE DATE
MO 08 DAY 18 YR 22

ROCHKIND DAVID D
C/O BOWERY VALUATION
61-63 CROSBY STREET
3RD FLOOR
NEW YORK, NY 10012

EXPIRATION DATE
MO 08 DAY 17 YR 24

HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R.E. GENERAL APPRAISER

ROBERT J. RODRIGUEZ
SECRETARY OF STATE

Glossary of Terms

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

Fair Value	The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date, according to the Interagency Appraisal and Evaluation Guidelines (Federal Deposit Insurance Corporation: 2010). Note: The use of the "as is" phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States.
Arm's Length Transaction	A transaction between unrelated parties who are each acting in his or her own best interest.
Condominium	A multiunit structure, or a unit within such a structure, with a condominium form of ownership.
Deferred Maintenance	Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of the property, such as a broken window, a dead tree, a leak in the roof, or a faulty roof that must be completely replaced. These items are almost always curable.
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 improvements on the same date.
Direct Capitalization	A method used to convert an estimate of a single year's net operating income expectancy into an indication of value in one direct step, either by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor. This technique employs capitalization rates and multipliers extracted from sales. Only the first year's income is considered. Yield and value change are implied, but not identified overall. This method is most useful when the property is already operating on a stabilized basis, according to The Appraisal of Real Estate, 14th Edition (Appraisal Institute: 2013).
Discounted Cash Flow	The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analysis specifics the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate.
Effective Date	(1) The date on which the appraisal or review applies. (2) In a lease document, the date upon which the lease goes into effect.
Effective Gross Income	The anticipated income from all operations of real property adjusted for vacancy and collection losses.
Entrepreneurial Profit	(1) 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. (2) 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 rewaRoad

Equity Dividend	The portion of net income that remains after debt service is paid; this is returned to the equity position.
Excess Land	Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately.
Exposure Time	(1) The time a property remains on the market. (2) The estimated 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. Note: Exposure time is a retrospective.
Extraordinary Assumption	An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.
Fee Simple Interest	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.
Financial Feasibility	An analysis to determine which of those uses deemed possible and legal can provide a net return to the owner of the site.
Gross Building Area	Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.
Highest and Best Use	(1) The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. (2) The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid, according to David Parker's International Valuation Standards (John Wiley & Sons, Ltd: 2016). (3) The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future, according to the Uniform Appraisal Standards for Federal Land Acquisitions (The Appraisal Foundation: 2016).
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.
Insurable Value	A type of value for insurance purposes.
Leased Fee Interest	The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.
Leasehold Interest	The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.
Legally Permissible Use	An investigation into existing zoning regulations, lease terms, and deed restrictions on the site to determine which uses are legally permitted.

Liquidation Value (also known as Disposition Value)	The most probable price that a specified interest in real property should bring under the following conditions: • Consummation of a sale within a short time period. • The property is subjected to market conditions prevailing as of the date of valuation. • Both the buyer and seller are acting prudently and knowledgeably. • The seller is under extreme compulsion to sell. • The buyer is typically motivated. • Both parties are acting in what they consider to be their best interests. • A normal marketing effort is not possible due to the brief exposure time. • Payment will be made in cash in US dollars or in terms of financial arrangements comparable thereto. • 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.
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 property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).
Net Operating Income	The anticipated net income remaining after all operating expenses are deducted from effective gross income.
Net Rentable Area	For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.
Physically Possible Use	An analysis to determine those uses of the subject which can be deemed physically possible.
Potential Gross Income	The total potential income attributable to the real property at full occupancy before operating expenses are deducted. It may refer to the level of rental income prevailing in the market or that contractually determine by existing leases.
Property Rights Appraised	The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.
Prospective Market Value "As Completed" and "As Stabilized"	A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. Prospective value opinions are intended to reflect the current expectations and perceptions of market participants, based on available data. Two prospective value opinions may be required to reflect the time frame during which development, construction, and occupancy will occur. The prospective market value—as completed— reflects the property's market value as of the time that development is expected to be completed. The prospective market value—as stabilized— reflects the property's market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties.

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.
Replacement Cost for Insurance Purposes	The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design, and layout for insurance coverage purposes guaranteeing that damaged property is replaced with new property (i.e., depreciation is not deducted).
Replacement Costs	The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout.
Reproduction Costs	The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, super-adequacies, and obsolescence of the subject building.
Retrospective Value Opinion	A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion".
Reversion	A lump-sum benefit an investor expects to receive upon the termination of the investment.
Stabilized Income	(1) An estimate of income, either current or forecasted, that presumes the property is at stabilized occupancy. (2) The forecast of the subject property's yearly average income (or average- equivalent income) expected for the economic life of the subject property. (3) Projected income that is subject to change but has been adjusted to reflect an equivalent, stable annual income.
Stabilized Occupancy	(1) The occupancy of a property that would be expected at a particular point in time, considering its relative competitive strength and supply and demand conditions at the time, and presuming it is priced at market rent and has had reasonable market exposure. A property is at stabilized occupancy when it is capturing its appropriate share of market demand. (2) An expression of the average or typical occupancy that would be expected for a property over a specified projection period or over its economic life.
Surplus Land	Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.

Yield Capitalization

The capitalization method used to convert future benefits into present value by discounting each future benefit at an appropriate yield rate. This method explicitly considers a series of cash flows (net income over a holding period) over time together with any reversion value or resale proceeds. Since this technique explicitly reflects the investment's income pattern, it is especially suited to multi-tenant properties with varying leasing schedules as well as properties that are not operating at stabilized occupancy, according to The Appraisal of Real Estate, 14th Edition (Appraisal Institute: 2013).

March 31, 2024

Mr. Avrumie Furst
The Lesser Group
1481 47th Street
Brooklyn, NY 11219

We hereby give our consent, as described below, in regard to the following appraisals:

1. 3881 Old Gordon Road Northwest, Atlanta, Georgia 30336
2. 1890 MacArthur Boulevard Northwest, Atlanta, Georgia 30318
3. 3150 Nifda Drive Southest, Smyrna, Georgia 30080

The client and intended use is The Leser Group. The intended use is to aid the Company in preparation of the prospectus and/or financial statements to be published in the Tel Aviv Stock Exchange in 2024. We confirm that we have given our full consent to the inclusion of the appraisal in its entirety within the Company financial statements and prospectus to be published in the Tel Aviv Stock Exchange in 2024 and any Draft Prospectus to be published or disclosed to the Israeli Security Authority.

Respectfully submitted,
WESTROCK APPRAISAL SERVICES

STEVEN R. ROMER, MAI, MBA, Founder-CEO
GA Certified General R.E. Appraiser
I.D. No. ACGO 404925

WESTROCK APPRAISAL

MARKET VALUATION ANALYSIS

Appraisal Report

3881 Old Gordon Road Northwest
Atlanta, Georgia 30336

February 5, 2024

Mr. Avrumie Furst
The Lesser Group
1481 47th Street
Brooklyn, NY 11219

Re: Market Valuation Analysis
3881 Old Gordon Road Northwest
Atlanta, Georgia 30336

Dear Mr. Furst:

This is an Appraisal Report that is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value may be presented in summary form. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's workfile. The depth of discussion contained in this report is specific to the intended user(s) and use(s) identified within this report. This report is for the exclusive use of the specified intended user(s). The appraiser is not responsible for unauthorized use of this report.

The undersigned has either personally inspected and/or analyzed the above-captioned property for the purpose of forming an opinion of the "as is" market value of the Leased Fee Interest in the subject (land and improvements). The subject is identified as 3881 Old Gordon Road Northwest, which is located along the east side of Old Gordon Road Northwest, between Collier Drive Northwest and Fulton Industrial Boulevard in the City of Atlanta, Fulton County, Georgia. The subject property consists of a (circa 1983) one-story industrial building. As of the date of valuation, the property was Tenanted, with lease. There were no vacancies reported as of the valuation date. Total building area above grade is approximately 63,473 square feet and the site has a total area of 6.47± acres. The property is zoned I-1 (Light Industrial).

The attached appraisal report outlines the various methods and procedures of valuation. Based upon a physical inspection of the subject property and its surrounding neighborhood, our analysis of pertinent market information, and reviews of both public and private records, our "as is" market value conclusion(s) for the subject's Leased Fee Estate, as of January 26, 2024, the effective date of valuation, is:

Five Million Two Hundred Seventy Five Thousand Dollars

$5,275,000

Mr. Avrumie Furst
February 5, 2024
Cont'd

The preceding value conclusion is reflective of the subject property's "as is" condition. The indicated conclusions are further based upon our analysis of the information contained in this appraisal report, subject to the Limiting Conditions and Certifications set forth herein.

Based on recent activity within the subject's market, we estimate that the typical exposure period of an industrial building is approximately 9-12 months to time of sale. A similar marketing period is anticipated based on current market conditions.

Kindly let us know whether you have any questions or comments on the conclusions of the appraisal report. Additionally, from your own understanding of this information and your knowledge of current market activity, we expect that you will advise us of any discrepancies in factual information presented in the report.

The reported analyses, opinions, and conclusions comply with the Comptroller of Currency appraisal standards as delineated by ruling 12U.S.C.93a. This appraisal has been prepared in conformance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and the Interagency Appraisal and Evaluation Guidelines dated December 2010.

Respectfully submitted,
WESTROCK APPRAISAL SERVICES

____

STEVEN R. ROMER, MAI, MBA, Founder-CEO
GA Certified General R.E. Appraiser
I.D. No. ACGO 404925

Appraisal Institute
MAI

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Limiting Conditions

1. No survey of the property has been made by the appraiser(s) and no responsibility is assumed in connection with such matters. Sketches in this report are included only to assist the reader in visualizing the property.

2. No responsibility is assumed for matters of a legal nature affecting title to the property nor is an opinion of title rendered. The title is assumed to be insurable.

3. Information furnished by others is assumed to be true, correct, and reliable. A reasonable effort has been made to verify such information; however, no responsibility for its accuracy is assumed by the appraiser(s).

4. All mortgages, liens, encumbrances, leases, and servitude have been disregarded unless so specified within this report. This property is appraised as though under responsible ownership and competent management.

5. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them. The appraiser is not a building inspector; any inspections performed include only basic visual observations of accessible areas. As such, the appraisal report cannot be relied upon to disclose conditions and/or defects in the property.

6. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless a non-conformity has been stated, defined and considered in this appraisal report.

7. It is assumed that all applicable use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in this appraisal report.

8. It is assumed that all required licenses, consent, or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been, or can be, obtained or renewed for any use on which the value opinion contained in this report is based.

9. It is assumed that the utilization of the land and improvements are within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted within the appraisal report.

10. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material contained in this report, it is recommended that the reader contact the undersigned.

11. It is assumed that all of the necessary and required permits and licenses are in full force and effect.

12. It is assumed that an approved survey can be obtained, conforming to the sketches and estimates as represented in this report.

13. It is assumed that the subject property's income and expense information as furnished to the appraisers is accurate.

14. The total site area of 6.47± acres represents an estimate that is based on an examination of the City of Atlanta tax assessor's records as well as my own measurements.

15. The above-grade building area of 63,473± square feet (inclusive of any common areas as relevant) represents an estimate that is based on an examination of the City of Atlanta tax assessor's records as well as my own measurements.

16. This appraisal report represents a synopsis of the findings of the data-gathering process and the appropriate appraisal analysis. All input data would have been too voluminous to include in this report. The exclusion of same does not preclude the appraiser(s) from referring to this data at a future date. If the occasion arises, the appraiser(s) reserves the right to refer to any of the source material used in the preparation of this appraisal to further clarify any item contained in this report.

17. This appraisal report is meant to be presented in its entirety. If this report is represented in any form other than its complete form, it becomes invalid.

18. This information and conclusions contained within this report are for the exclusive use of the identified intended user(s), for the intended use(s) specified. The appraiser is not responsible for unauthorized use of this report.

19. To the best of my knowledge and belief, the statements of fact contained in this appraisal report upon which the analyses, opinions and conclusions are based, are true and correct, subject to the statement of Assumptions and Limiting Conditions herein set forth.

20. Estimates, projections, and opinions (including any prospective value opinions) as utilized in this report may be based on certain assumptions concerning future events and circumstances. These estimates, projections, and opinions may be affected by unforeseen events that alter market conditions. These phenomena may be local, national, or international in scope. It must be understood that actual results achieved during projection periods may vary from those indicated and the variations could be material. The appraiser(s) cannot be held responsible for unforeseeable events that alter market conditions in an unexpected manner.

21. Except where otherwise indicated, all numerical adjustments applied to comparable sales, rentals, and other such information are intended to be approximations. Extracting market-derived adjustment factors for most property types and markets is often impractical due to the limited quantity and quality of this data. Consequently, adjustments presented herein must be construed as the appraisers' approximations of the relative differences between the subject property and comparables, based on available market information, experience, and judgment.

22. It is assumed that any forecasted income and operating expense estimates provided by the subject's ownership, are based, in part, upon reported lease agreements and expenditures, in addition to projections based upon local conditions obtained through contractors, vendors, and others commonly involved in industrial building operations.

23. Demographic and economic projections used herein may be based in whole or in part on information obtained from outside sources. The undersigned takes no responsibility for the accuracy of this information although a reasonable attempt has been made to verify the presented demographic data.

24. Unless agreements have been made previously, the appraisers will not be required to give testimony or appear in court as a result of having made this appraisal with reference to the property in question. Additionally, this appraisal report was not prepared for court submission purposes.

25. Possession of this appraisal report, or a copy thereof, does not carry with it the right of publication. This appraisal may not be used for any other purpose or any person other than the party to whom it is addressed without the written consent of the appraisers and, in any event, only with properly written qualifications and in its entirety.

26. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials on or in the property. The appraisers, however, are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value opinion is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

27. Reliable electronic spreadsheet software (Microsoft® Excel) has been utilized for the quantitative analyses pertaining to this appraisal. Due to computerized rounding and report presentation requirements, certain figures and results may appear nominally above or below those expected. For example, $1.5530 + $2.1230 = $3.676 would be presented as $1.55 + $2.12 = $3.68, which at face value appears to be off by a cent. This is due to the fact that dollar amounts are rounded to the nearest cent or dollar in this report, while a greater degree of accuracy is utilized for actual calculations.

28. The distribution, if any, of the total valuation in this report, between land and improvements, applies only under the existing utilization. The separate valuation for land and improvements, if applicable, must not be used in conjunction with any other appraisal and are invalid if so used.

29. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific survey or analysis of this property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. Since compliance matches each owner's financial ability with the cost to cure the property's potential physical characteristics, the real estate appraisers cannot comment on compliance to ADA. A description of the physical aspects of the subject property may be included in this report. It in no way suggests ADA compliance by the current ownership. Given the compliance can change with each owner's financial ability to cure non-accessibility, the valuation of the subject does not consider possible non-compliance. Specific study of both owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

30. This report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser’s opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser’s workfile.

31. If a Certificate of Occupancy exists for the subject property and was accessible for review via a governmental agency or ownership, this document would be presented in the addenda of this report for edification purposes. In addition, a statement addressing the subject's legal use and occupancy would be presented within the Zoning section of this report. If a Certificate of Occupancy did not exist at the time of the subject's construction or if the appraisers were unable to obtain the Certificate of Occupancy for any reason, then the appraisers assume that the subject's use and occupancy are both legal and in full compliance of the law.

32. This appraisal does not involve any extraordinary assumptions or hypothetical conditions.

Certifications and General Assumptions

I hereby certify that, except as otherwise noted in this appraisal report:

1. The statements of fact contained in this appraisal report are true and correct. The effective date of valuation is January 26, 2024, which was also the date of inspection.

2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.

3. I have no present or prospective interest in the property that is the subject of this report and I have no personal interest with respect to the parties involved.

4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.

6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* (USPAP).

8. I have experience in the appraisal of properties similar to the subject and am in compliance with the Competency Rule of USPAP.

9. I have not provided appraisal services relating to the subject property in the past 36 months.

10. Ashley Garrison and Jude Delima provided significant real property appraisal assistance to the person(s) signing this certification. Specifically, they verified the comparable sales data, collected information, and researched market rents for the commercial space. No one else provided significant real property appraisal assistance to the person(s) signing this certification.

11. Abdul Raul Choudhry has made a personal (interior/exterior) inspection of the property that is the subject of this appraisal report, 3881 Old Gordon Road Northwest, Atlanta, Georgia. Steven Romer did not make a personal inspection of the appraised property and has therefore relied on the photographs and reporting's provided by Mr. Abdul Raul Choudhry as well as property records and other information deemed reliable.

12. As of the date of this report, Steven Romer, MAI, has completed the requirements under the continuing education program of the Appraisal Institute.

13. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

14. The reported analyses, opinions, and conclusions comply with the Comptroller of Currency appraisal standards as delineated by ruling 12U.S.C.93a. This appraisal has been prepared in conformance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation, and the Interagency Appraisal and Evaluation Guidelines dated December 2010.

15. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

16. The value conclusion(s) as well as other opinions expressed herein are not based on a requested minimum value, a specific value or approval of a loan.

17. The appraiser(s) will maintain the confidentiality and privacy of customer information obtained in the course of the appraisal assignment.

18. The undersigned accepts full responsibility for the contents, analysis, and appraisal conclusions of all parties who have contributed to this appraisal report.

19. Any inquiry from the client's loan production staff during the appraisal process will result in both the appraiser directing said inquiry to the applicable client appraiser, or their designee, and a reporting of said inquiry to the client appraiser/appointee.

20. The appraiser(s) will provide full cooperation in the review process when contacted by any administrative and/or technical review representative.

21. This report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's workfile. The information contained in this report is specific to the needs of the client, for the intended use(s) stated in this report and no others. The appraiser is not responsible for unauthorized use of this report.

22. This appraisal does not involve any extraordinary assumptions or hypothetical conditions.

23. As a result of my examination, investigation, and analysis of the subject property and all of the data pertinent thereto, and in light of my experience as a real estate appraiser, my opinion of the "as is" market value(s) of the Leased Fee Estate in the subject property, as of January 26, 2024, is:

Five Million Two Hundred Seventy Five Thousand Dollars

$5,275,000

STEVEN R. ROMER, MAI, MBA, Founder-CEO
GA Certified General R.E. Appraiser
I.D. No. ACGO 404925

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

BASIC INFORMATION			
Property Description:	1-Story Industrial Building	**Report Type:**	Appraisal Report
Address:	3881 Old Gordon Road Northwest	**Date of Value:**	1/26/2024
City:	Atlanta	**Date of Inspection:**	1/26/2024
State:	Georgia	**Date of Report:**	2/5/2024
ZIP Code:	30336	**Census Tract Number:**	0082.02
County:	Fulton	**Census MSA:**	
Property Ownership Entity:	LG Georgia Commercial LLC		
Interest Appraised:	Leased Fee		

SITE INFORMATION			
Land Area:	6.47± acres	**Site Shape:**	Irregular
Dimensions:	582' frontage, 340' maximum depth	**Frontage Rating:**	Good
Flood Zone:	X	**Access Rating:**	Good
Flood Map Number:	13121C0219F	**Visibility Rating:**	Good
Flood Map Date:	9/18/2013	**Location Rating:**	Good
Site Utility:	Good	**Parking Type:**	35 outdoor lot parking spaces
Site Topography:	Level with street grade		

BUILDING INFORMATION			
Type of Property:	Industrial Building	**Actual Age:**	41 Years
Number of Units:	1	**Quality:**	Average
Number of Buildings:	1	**Condition:**	good
GBA Above Grade:	63,473± square feet	**Year Built:**	1983
Number of Stories:	1	**Year Renovated:**	
Occupied Exempt Units:	0 (0.0% of revenue units)	**Land to Building Ratio:**	4.44:1
Occupied Rent-Regulated Units:	0 (0.0% of revenue units)	**Building Employees:**	
Vacant Units:	0 (0.0% of revenue units)		(units per employee)

MUNICIPAL INFORMATION			
Assessing Authority:	City of Atlanta	**Municipality Governing Zoning:**	City of Atlanta
Assessor's Parcel Identification:	Parcel: 14F-0016-LL-048-7	**Current Zoning:**	I-1
Current Tax Year:	2023	**Special Zoning District:**	n/a
Taxable Assessment:	$1,947,000	**Zoning Max FAR / Subject FAR:**	/ .23
Current Tax Liability:	$32,025	**Is Current Use Permitted:**	Yes
Taxes Per SF:	$0.50	**Current Use Compliance:**	Legal, conforming, complying use
		Landmark:	Subject does not have landmark status

HIGHEST & BEST USE	
As Vacant:	**As Improved:**
Development of an industrial building as per zoning regulations	Retain the existing building in its current use

VALUATION CONCLUSIONS

SALES COMPARISON APPROACH	
Indicated Value:	$5,275,000
Per Square Foot:	$83
Per Unit:	$5,275,000

INCOME CAPITALIZATION APPROACH	
Indicated Value:	$5,275,000
Per Square Foot:	$83
Per Unit:	$5,275,000

COST APPROACH	
Indicated Value:	$0
Per Square Foot:	$0
Per Unit:	$0

MARKET VALUE CONCLUSION (Leased Fee Interest)	
Indicated Value:	$5,275,000
Per Square Foot:	$83
Per Unit:	$5,275,000

EXPOSURE / MARKETING PERIOD	
Exposure Time:	9-12 Months
Marketing Time:	9-12 Months

NATURE OF THE ASSIGNMENT

STATEMENT OF OBJECTIVE:

The objective of this appraisal assignment was to undertake the investigations and analyses required to reach a supportable opinion of the “as is” market value(s) for the subject property, as of January 26, 2024, the date of valuation. The intended use of this appraisal report is to provide information to the client and intended user, The Lesser Group, for asset analysis purposes exclusively.

DEFINITION OF MARKET VALUE:

Market value is defined in the Appraisal Institute’s Dictionary of Real Estate (4th ed., 2002) as:

The most probable price which a property would 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 the 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 best interests;*

3. *A reasonable time is allowed for exposure in the open market;*

4. *Payment is made in terms of cash and 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.*

SCOPE OF WORK PROCESS:

We have prepared an independent and impartial appraisal of the property in conformance with the requirements of the USPAP. This appraisal employs all approaches considered meaningful and relevant in the context of the valuation assignment.

As part of this appraisal, a number of independent investigations and analyses were required. The appraisal process performed included the following tasks:

Appraisal Process

- Identified the real estate being appraised
- Identified the real property interest being appraised
- Ascertained the purpose and intended use of the appraisal
- Stated and defined market value
- Inspected the property, and specified the effective date of the appraisal and the date of this report
- Determined the highest and best use of the subject property
- Researched comparable market rentals and sales in relation to the subject property
- Analyzed pertinent market information in order to value the subject property via the selected approach(es)
- Arrived at market value indications from each selected approach, and reconciled to a final market value opinion
- Set forth all assumptions and limiting conditions that affect the analyses, opinions and conclusions
- Provided a signed certification in accordance with Standards Rule 2-3

PROPERTY RIGHTS APPRAISED

The value concluded herein reflects the Leased Fee Estate. According to the Appraisal Institute, the Leased Fee Estate is defined as “The ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others; the rights of lessor or the leased fee owner and leased fee are specified by contract terms contained within the lease.”

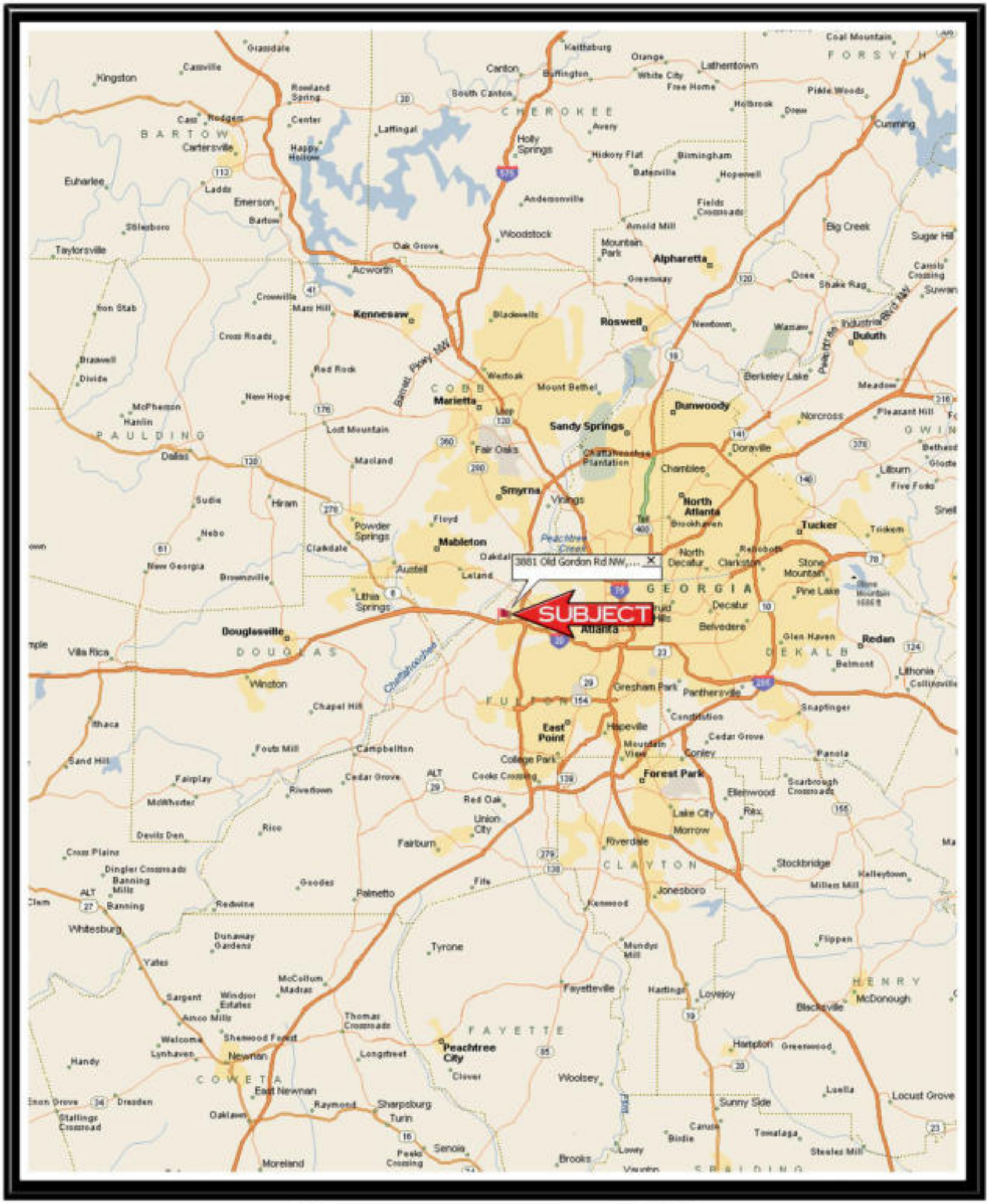
SUBJECT PROPERTY SALES HISTORY:

As of the date of valuation, the subject was owned by LG Georgia Commercial LLC. The subject property was purchased from Iron Mountain Information Mangement LLC by the current owner on 11/29/2022 for $4,044,413.

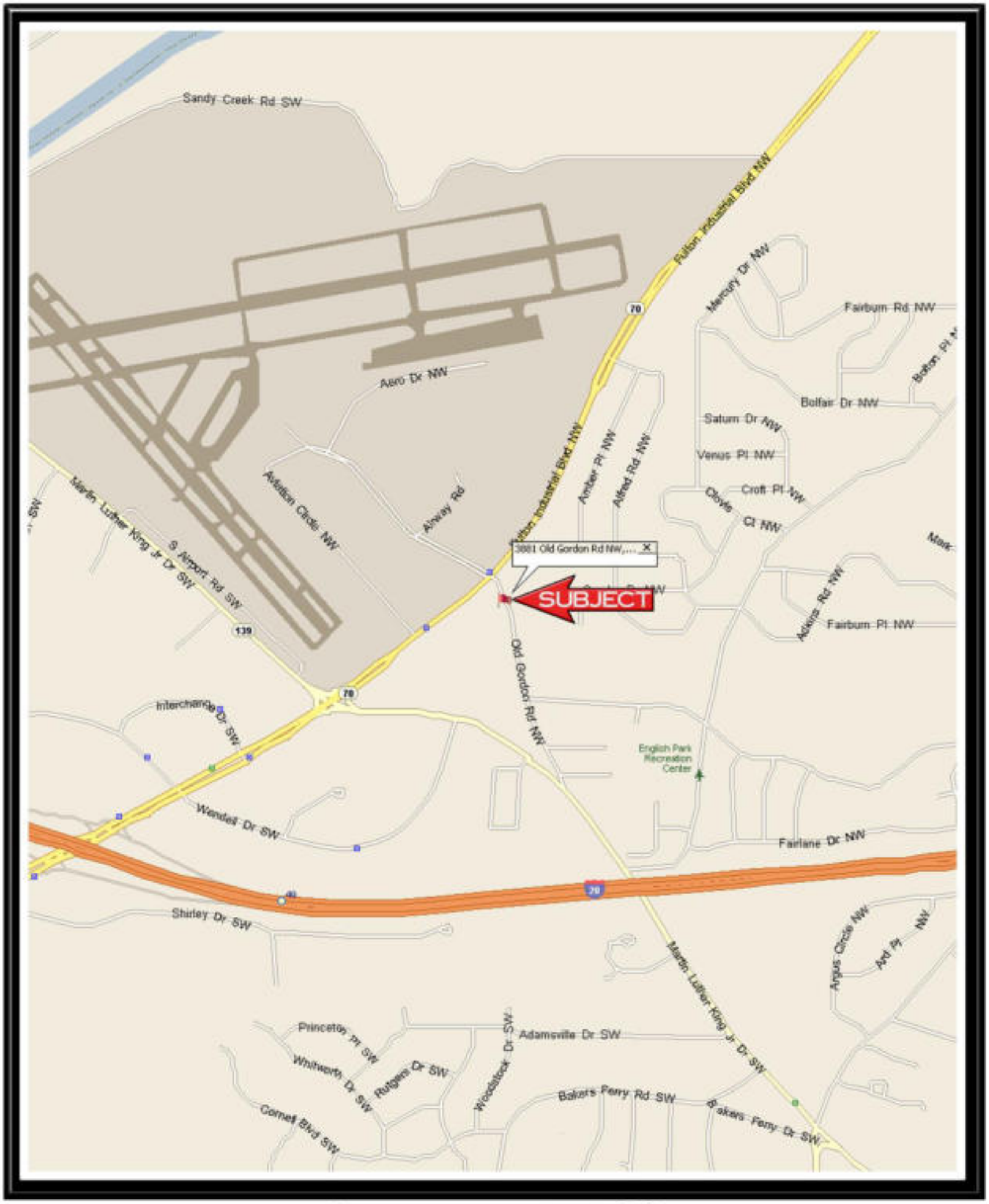
The subject property conveyed in 2022 as part of a portfolio. The portfolio consisted of seven properties which are identified as 3150 Nifda Drive Southeast, Smyrna, GA, 1890 Macarthur Boulevard Northwest, Atlanta, GA, 13280 Vantage Way, Jacksonville, FL, 12855 Starkey Road, Largo, FL, 7801 Riviera Boulevard, Hollywood, FL, and 10002 Satellite Boulevard, Orlando, FL.

To the appraiser’s knowledge, the subject property is not currently for sale, or under contract for sale or option to purchase.

AREA DESCRIPTION


3881 Old Gordon Rd NW,...
SUBJECT
Atlanta
Kingston
Cartersville
Canton
Woodstock
Acworth
Kennesaw
Marietta
Roswell
Alpharetta
Cumming
Duluth
Dunwoody
Sandy Springs
Smyrna
Mableton
Chamblee
Doraville
Norcross
Tucker
Decatur
Stone Mountain
Douglasville
Villa Rica
Dallas
Powder Springs
Austell
Lithia Springs
Hiram
East Point
Hapeville
Forest Park
College Park
Union City
Fairburn
Palmetto
Riverdale
Morrow
Jonesboro
Fayetteville
Peachtree City
Tyrone
Newnan
McDonough
Stockbridge
Lovejoy
Whitesburg
C O B B
C H E R O K E E
B A R T O W
F O R S Y T H
P A U L D I N G
D O U G L A S
F U L T O N
G E O R G I A
D E K A L B
C L A Y T O N
F A Y E T T E
C O W E T A
H E N R Y
G W I N

AREA MAP


Sandy Creek Rd SW
Fulton Industrial Blvd NW
Mercury Dr NW
Fairburn Rd NW
Aero Dr NW
Bolfair Dr NW
Saturn Dr NW
Venus Pl NW
Croft Pl NW
Amber Pl NW
Alfred Rd NW
Aviation Circle NW
Airway Rd
Martin Luther King Jr Dr SW
S Airport Rd SW
3881 Old Gordon Rd NW,...
SUBJECT
Fairburn Pl NW
Adkins Rd NW
Old Gordon Rd NW
Interchange Dr SW
English Park Recreation Center
Wendell Dr SW
Fairlane Dr NW
Shirley Dr SW
Argus Circle NW
Princeton Pl SW
Adamsville Dr SW
Whitworth Dr SW
Rutgers Dr SW
Woodstock Dr SW
Bakers Ferry Rd SW
Bakers Ferry Dr SW
Cornell Blvd SW

LOCATION

AERIAL

National Economic & Real Estate Overview

The commercial real estate market is not like the stock market; there usually are no huge swings from day to day. We, at WestRock, have reached out to various real estate organizations, and there is unanimity that, as a result of the coronavirus ("COVID-19") outbreak, spread, horrendous death toll, and rising unemployment, we are in a period of unmatched uncertainty. While it is impossible to predict or quantify the exact impact on the economy and on market conditions, there will be an adverse effect on a global basis.

CCIM Institute for Commercial Real Estate has concluded that "while the full effects of the virus remain to be seen, commercial real estate professionals need to be prepared for what could be a challenging time." The National Association of Realtors stated, "COVID-19 and its long reaching effects continue to change the way we conduct our everyday business, and commercial real estate practitioners continue to adapt to these changes on a daily basis." "We've seen that investor confidence has been shaken," said Sam Chandan, associate dean of New York University's Schack Institute of Real Estate.

The multifamily sector could see significant upheavals as unemployment rises and vacancies increase. Businesses that are closed employ people who now will struggle to pay rent. It is a similar situation to retail, where dine-in restaurants, for example, could remain closed for the foreseeable future, only in this case the tenant is an individual or family who lost its source of income. Moody's Analytics' "protracted slump scenario", would create the same amount of contraction and disruption of commercial real estate, as the Great Recession.

The office leasing market is likely to suffer in the short-term due to COVID-19 as layoffs diminish tenants' overall need for space and, in many cases, set aside expansion plans. In addition, prospective tenants who remain in the market for additional space, will have a difficult time touring properties. Office workers' pushback against the open office environment is likely to accelerate, as illness is more easily transmitted in an open environment. Many employers already had recognized that in a competition to attract and retain top talent, squeezing workers into increasingly tight spaces was not a sustainable strategy. Now, an emphasis on social distancing and good health practices – continuing in some fashion even after the crisis has passed – may reverse the densification trend, with less shared space and fewer workers per leased square foot.

Homebuilders are feeling not only the demand pullback from home shoppers staying home in droves, but also the supply impact of materials that they normally import from China (supplying more than 30% of the materials). In a new survey by the National Association of Home Builders, 81% of respondents said the coronavirus has had an adverse effect on traffic of prospective home buyers, and it is probably closer to 100% at this time. Another 54% reported issues getting the building materials they need to finish homes. Builders are reporting a large drop in sales now. There is also growing concern about tighter lending conditions for non-conforming mortgage loans. Buyers who have debt-to-income ratios higher than 43%-45% or those who are self-employed, are now having significant difficulty with obtaining mortgages. With all of this going on, builders are predicting that land acquisition and development spending will decline.

While the longer-term consequences are more difficult to predict, the immediate market consequences of COVID-19 have been made clear – the public market sell-off in certain real estate types has been nothing short of dramatic. All companies, public and private, are working hard to navigate the

immediate crisis with respect to staff, tenants, and end users of space, while also facing tough business trade-offs. Most industry leaders seek to strike the right balance between capital preservation and further strengthening their competitive differentiation.

There can be no question that the highly uncertain economic backdrop makes any appraisal of real estate, particularly commercial properties, more difficult than usual. In many ways, the current state of the economy is virtually unprecedented and, as such, is difficult to predict what the future holds based on historical information alone. We have been mindful of these and other relevant issues throughout our appraisal of the subject property. However, it must be noted that with the Coronavirus outbreak and spread, and with the present declaration of a National Emergency, it is impossible to predict the scope of impact on market conditions.

Unemployment

As of December 2023, the national unemployment rate as estimated by the U.S. Bureau of Labor Statistics was 3.7%; the Fulton County unemployment rate was lower at 3.4% as of November 2023.

Federal Reserve Board Beige Book Economic Conditions Summary

An economic conditions report, commonly known as the Beige Book, is published by the Federal Reserve Board eight times per year. Each Federal Reserve Bank gathers anecdotal information on current economic conditions in its District through reports from Bank and Branch directors and interviews with key business contacts, economists, market experts, and other sources. The Beige Book summarizes this information by District and sector. Below we present the January 17 2024 report for the Atlanta District.

Summary of Economic Activity

The economy of the Sixth District grew slowly from mid-November through December. Labor availability and employee retention continued to improve, but hiring slowed for some firms, and wage pressures eased further. Nonlabor costs moderated for the most part, and pricing power slipped. Holiday retail sales were mixed; auto sales were strong. Travel activity was healthy, but spending at hotels continued to slow. Despite declines in mortgage interest rates, the housing market remained encumbered by the lack of affordability. Commercial real estate activity was sluggish. Transportation activity remained weak. Lending grew for certain types of loans, but consumer lending declined. Activity in the energy sector was robust. Agriculture conditions were mixed.

Labor Markets

Labor markets continued to cool, and some employers slowed hiring. Most contacts continued to report that labor markets had softened from earlier in the year amid more available labor and stronger retention rates. Many indicated that staffing levels had improved from a year ago; however, hiring in the leisure and hospitality sector remained challenging. Additionally, the lack of affordable housing was cited as an impediment to attracting workers to some areas. Weaker demand for products and services caused some employers to reduce hours or slow hiring which they expected to continue through the first half of 2024. One firm said that they were choosing to hold positions open and were "slow walking" new hires, as they sought to supplement productivity with Generative A.I. across all business lines and functions.

Most firms indicated that wage pressures continued to ease, and more modest wage growth is expected in the coming year.

Prices

Nonlabor input cost increases moderated over this reporting period. Firms cited improvements in supply chain predictability, contributing to lower freight and shipping costs. Construction costs were mixed; lumber costs decreased while concrete increased. Food product costs declined. The easing of some input costs was offset by persistent growth in labor and insurance costs, and most firms held consumer prices steady even amid diminishing pricing power. The Atlanta Fed's Business Inflation Expectations survey showed year-over-year unit cost growth decreased significantly in December to 2.9 percent, on average, from 3.2 percent in November; firms' year-ahead inflation expectations for unit cost growth remained relatively unchanged in December at 2.4 percent, on average.

Consumer Spending and Tourism

Consumer spending generally continued the trend of normalization from the pandemic's strong pace of growth. Holiday sales were mixed. In line with pre-pandemic trends, contacts reported managing inventories more closely and many offered customary promotions and discounts. Auto sales remained strong, On average, retailers' outlook remains positive for the first half of 2024.

Holiday travel activity was characterized as healthy, on balance, by tourism and hospitality contacts. Spending on merchandise, food, and services in hotels, however, decreased compared with the same time last year. Contacts are cautiously optimistic about travel demand in the first quarter, but characterize the environment as normalizing back to pre-pandemic levels.

Construction and Real Estate

Although mortgage rates retreated during the fourth quarter of 2023, home sales in the District were slow to respond, as most markets remained unaffordable for median income earners. Homeowners also faced challenges with other rising costs, such as property insurance. Florida, with strong demand generated from out-of-state buyers, is the only Sixth District state reporting increases in existing home sales compared with a year ago. Inventories of homes for sale, though still tight, were boosted by new construction. Sales strategies varied by homebuilder; smaller builders focused on reducing home sizes, while larger builders reported buying down interest rates to generate demand.

The Sixth District's office market continued to encounter negative absorption rates and diminishing occupancies. Leasing activity at the end of 2023 dropped to 2020 levels, creating a "tenant's market," where landlords were forced to offer incentives. Market conditions are expected to remain challenged in 2024 as new construction is delivered. Other property segments experienced weakening conditions as well; contacts in industrial markets reported that the amount of square feet in the pipeline is running well ahead of absorption, resulting in higher vacancy levels. Contacts expressed concerns over rising commercial real estate loan maturities in 2024.

Transportation

Transportation activity remained muted over the reporting period. Railroads reported declines in year-to-date total traffic; intermodal shipments were down significantly. Trucking firms cited continued softness in freight volumes, which is expected to continue well into 2024. Some carriers anticipate that additional trucking capacity will be taken offline in the next year as small owner-operators fold, and large carriers reduce capacity amid deteriorating demand. A few logistics contacts hinted at re-emerging

supply chain constraints resulting from drought conditions in the Panama Canal, as shippers are forced to deploy to the Suez Canal, extending lead times for products from China and southeast Asia.

Manufacturing

Manufacturing activity slowed slightly. Some contacts reported declines in new orders and backlogs of work, along with rising finished goods inventories and faster supplier delivery times. The Manufacturing Sector Report of the Atlanta Fed's Business Inflation Expectations Survey showed that for the majority of respondents, demand had decreased or was on par with year-earlier levels. The outlook is cautiously optimistic but concerns such as inflation, interest rates, and geopolitical uncertainty were mentioned.

Banking and Finance

Lending at Sixth District financial institutions increased since the previous report, especially for multifamily and home equity loans. Consumer lending contracted overall, alongside a rise in delinquencies in credit cards, auto loans and unsecured personal loans. Demand and large time deposit balances continued to increase as banks paid higher interest rates on deposits. However, these higher funding costs have led to earnings concerns. Hence, some banks restructured securities portfolios and reinvested proceeds into higher-yielding securities to protect margins.

Energy

Energy contacts reported historically high levels of crude oil production and record amounts of gas flow to liquefied natural gas export plants. Contacts also continued to report planning and development of industrial decarbonization and renewable energy projects; however, a few contacts noted that some of these projects are being delayed by federal approval processes. Utility contacts reported growing electricity demand, especially in the industrial and commercial segments, attributed to clean energy transitions at production facilities and hospital and healthcare projects, respectively.

Agriculture

Low cattle supply led to higher cattle prices, but consumers substituting less expensive proteins prevented full pass-through of prices. Domestic demand for chicken rose, but demand was down overall as cases of avian flu led to additional export restrictions and lower egg supply. Milk prices rose amid growing domestic demand for dairy, but low export levels continued to depress the market. There was little change in demand or supply for row crops, but demand for cotton remained weak.

The following census, land use, economic, area development, and household income information is sourced from Costar.

Subject's Vicinity

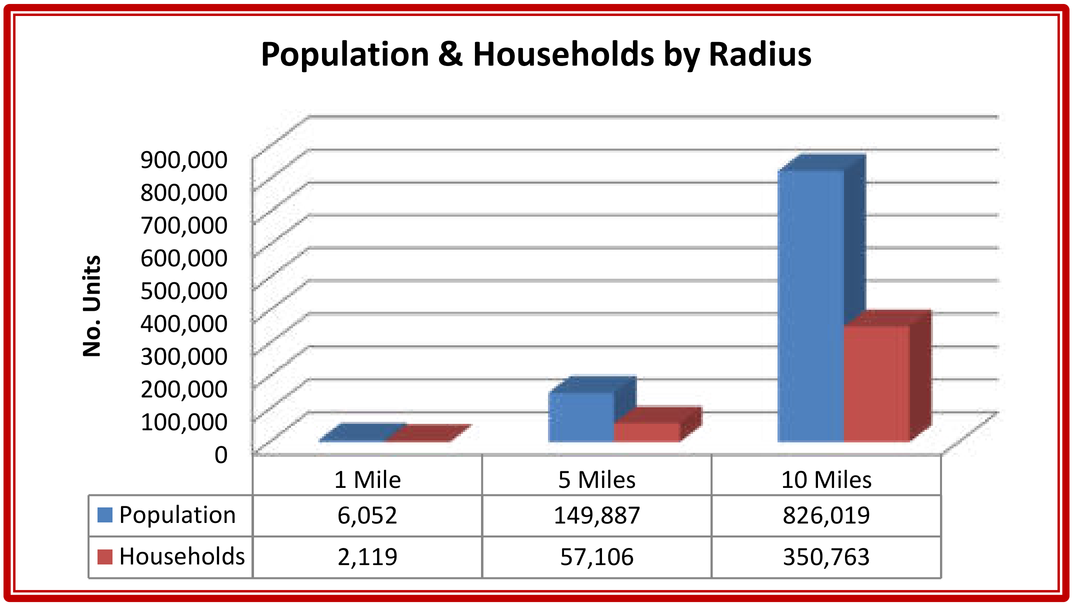
The subject is located within the Atlanta section of the City of Atlanta. Atlanta has a total land area of 135.32 square miles and the subject neighborhood is bounded by the bordering communities of Sandy Springs to the North, East Point to the South, and South Fulton to the West.

The subject property is located along the east side of Old Gordon Road Northwest, between Collier Drive Northwest and Fulton Industrial Boulevard, in Atlanta. Old Gordon Road is a two-way, -lane street with northwesterly and southeasterly traffic flows.

The subject property is located along a two-way moderately active street made up of predominately commercial and industrial buildings. There is an array of retail stores, eateries and other commercial buildings on the Route 139 just south of the subject property. There are several places of worship and schools within the subject's neighborhood. The subject property also lends itself to easy access to public transportation with a bus stop on between of the Fedora Way Northwest and Camrose Way Northwest. The subject is located along a moderately active street based on the amount of automotive traffic observed at the time of inspection. Parking is available on the subject's parking lot.

Population

Population and number of households within a 1 mile, 5 mile and 10 mile radius is presented below:



	1 Mile	5 Miles	10 Miles
Population	6,052	149,887	826,019
Households	2,119	57,106	350,763

As of 2024, the total population within a one mile radius of the subject amounts to 6,052, which reflects a change of 7.4% from the 2020 population of 5,635. Costar projects total population growth of 0.07% over the next five years. The subject is located within a low to medium density area, with the population per square mile equating to and the number of households reported to be 2,119, which is a change of 4.78% from the 2020 Census household reporting of 2,017. The number of households is projected to change by -0.28% over the next five years.

Economic Composition

The census categorizes the subject's economic base into 13 categories by industry. The table below depicts the economic make-up of the subject area within a 1 mile, 5 mile and 10 miles radius:

Industry Type	% Economic Base: 1 Mile	% Economic Base: 5 Miles	% Economic Base: 10 Miles
Agriculture, Forestry, Fishing & Hunting, and Mining	0.68%	0.18%	0.18%
Construction	6.85%	10.15%	7.82%
Manufacturing	10.96%	8.69%	4.06%
Wholesale Trade	13.01%	8.54%	3.93%
Retail Trade	20.55%	18.87%	17.34%
Transportation/Warehousing/Utilities	0.00%	0.12%	0.10%
Information	1.37%	2.97%	4.35%
Finance, Insurance, Real Estate, and Rental/Leasing	7.53%	7.78%	10.55%
Professional, Scientific, Management, Administrative, and Waste Management Services	10.96%	16.23%	24.71%
Educational, Health, and Social Services	5.48%	3.66%	3.22%
Arts, Entertainment, Recreation, Accommodation, and Food Services	2.74%	3.30%	3.27%
Other Services (except Public Administration)	15.07%	18.14%	17.54%
Public Administration	4.79%	1.36%	2.94%

The area within a 1 mile radius of the subject property is a predominately medium income based area with a Median Household Income of $41,552 as of 2024. This represents a 148.9% change from $16,694 as of the 2020 census. Average household income is reported to be $53,908.

The following table presents a 2024 tabulation of the local population working within select industries within a 1 mile, 5 mile and 10 mile radius of the subject property:

Industry Type/ Number Employed	% Economic Base: 1 Mile	% Economic Base: 5 Miles	% Economic Base: 10 Miles
Unemployed	226	4,286	15,724
Agricultural and Mining	0	100	917
Construction Industry	228	4,374	23,635
Construction Other	173	3,825	22,221
Education and Health	402	14,654	85,298
Farming	0	20	518
Industry	2,453	73,259	441,794
Information	35	2,535	16,072
Management	537	26,894	208,120
Manufacturing	185	4,213	26,576
Other Services	107	4,093	20,268
Production	548	11,152	48,790
Professional	174	10,319	81,311
Public Administration	95	3,785	17,920
Real Estate and Finance	105	4,672	34,707
Retail	356	8,094	44,388
Sales	564	17,377	91,463
Services	576	13,441	69,268
Utilities	398	7,031	31,580
Wholesale	47	2,148	11,946
Total Workforce	**7,209**	**216,272**	**1,292,516**

Fulton County unemployment rate was 3.4% as of November 2023. This must be compared with current unemployment rates and trends at the local, regional, and national levels. We note that 7.0% of those employed within one mile of the subject property commute to work via public transportation while 24.7% commute by car or truck and 0.9% commute by other means. The remainder of the workforce works locally.

In order to gauge the affordability of market rent vis-à-vis household income, we present below a table that depicts household income within a 1 mile, 5 mile and 10 mile radius of the subject property:

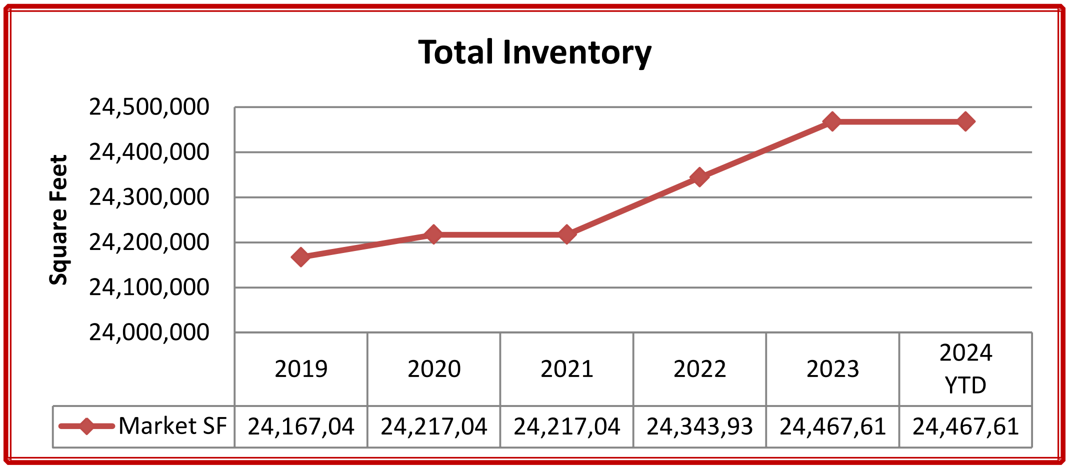
RADIUS FROM SUBJECT	HOUSEHOLD INCOME: 1, 5 & 10 MILES OF SUBJECT				
	Less than $10,000	$10,000 to $14,999	$15,000 to $24,999	$25,000 to $34,999	$35,000 to $49,999
1 Mile	12.3%	11.0%	4.9%	13.7%	17.6%
5 Miles	7.8%	5.8%	8.6%	9.9%	12.3%
10 Miles	6.9%	4.0%	7.0%	7.7%	11.4%
	$50,000 to $74,999	$75,000 to $99,999	$100,000 to $149,999	$150,000 to $199,999	$200,000 or more
1 Mile	17.5%	10.9%	7.3%	3.9%	0.9%
5 Miles	17.1%	9.7%	14.0%	6.5%	8.3%
10 Miles	15.8%	11.7%	15.5%	7.7%	12.4%

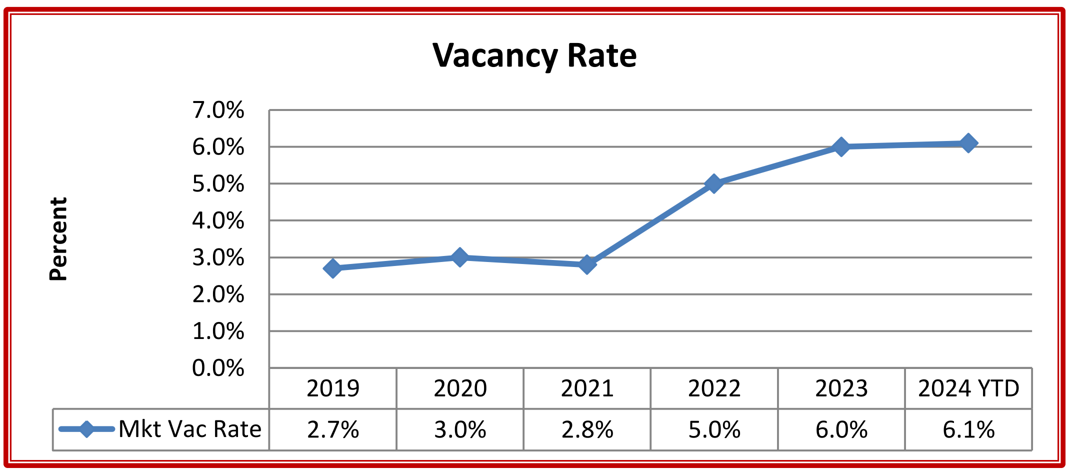
Typical properties in the subject’s vicinity include low-rise walkup commercial and industrial buildings that appear to be satisfactorily maintained. The subject conforms to the surrounding land uses.

The subject property is located along a two-way moderately active street made up of predominately commercial and industrial buildings. There is an array of retail stores, eateries and other commercial buildings on the Route 139 just south of the subject property. There are several places of worship and schools within the subject's neighborhood. The subject property also lends itself to easy access to public transportation with a bus stop on between of the Fedora Way Northwest and Camrose Way Northwest.

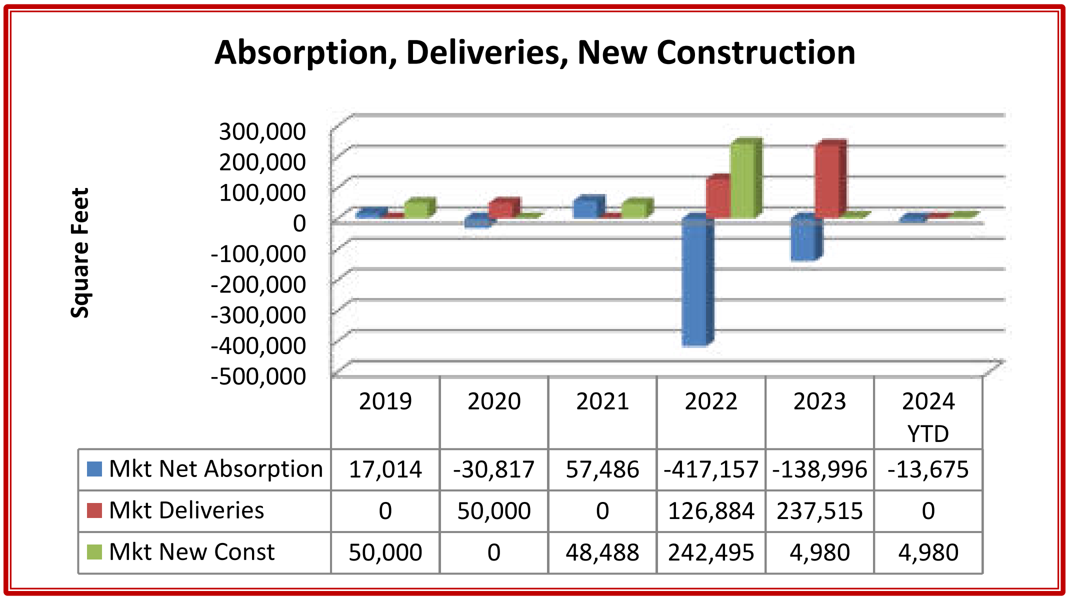
Competitive Atlanta Industrial Market Analysis

Market figures below have been obtained from CoStar Inc.'s Custom Analytics data source and reflect competitive market data as of the date of valuation. CoStar Inc. is a national real estate data service provider. The subject is located within the Atlanta industrial market which comprises 24,467,611± square feet of industrial space within 411 buildings. As of January 2024, the vacancy rate was 6.1% (1,493,171 total square feet). The following two charts reflect Atlanta's overall industrial inventory and vacancy rate over the past five years:



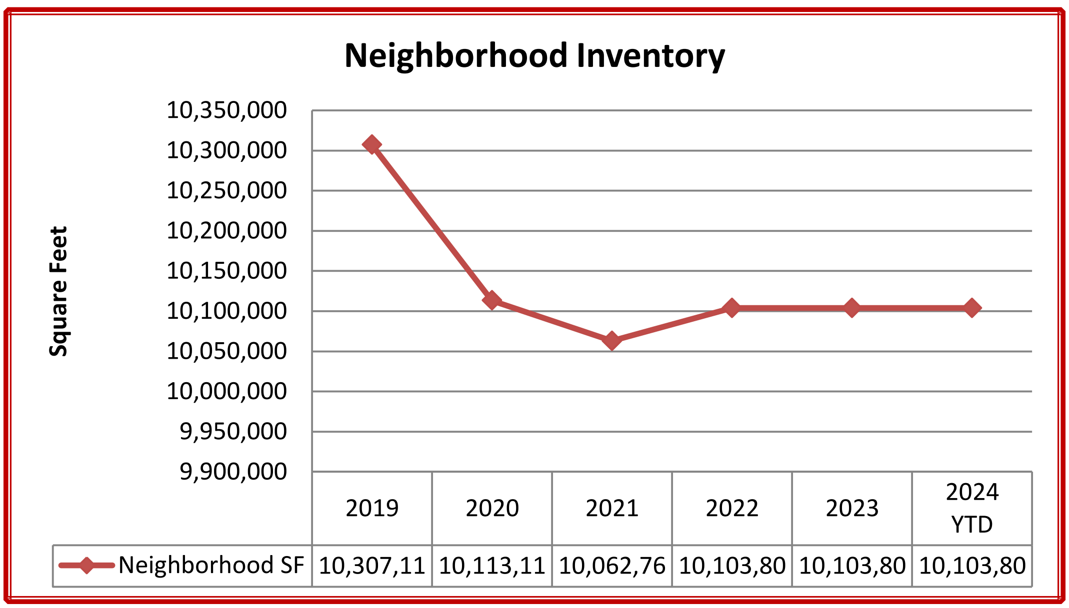


Net absorption is commonly defined as the net change in occupied space over a specified period of time. Unless otherwise noted, net absorption includes both direct leasing and subleased spaced. Negative net absorption typically corresponds to increased vacancy. Year-to-date net absorption within the Atlanta industrial market was 10,627 square feet while year-to-date deliveries and pending new construction amounted to 0 and 4,980 square feet, respectively. A snapshot of the year-to-date net absorption, deliveries and new construction as well as a historical perspective of Atlanta's industrial market dynamics is presented on the following page:

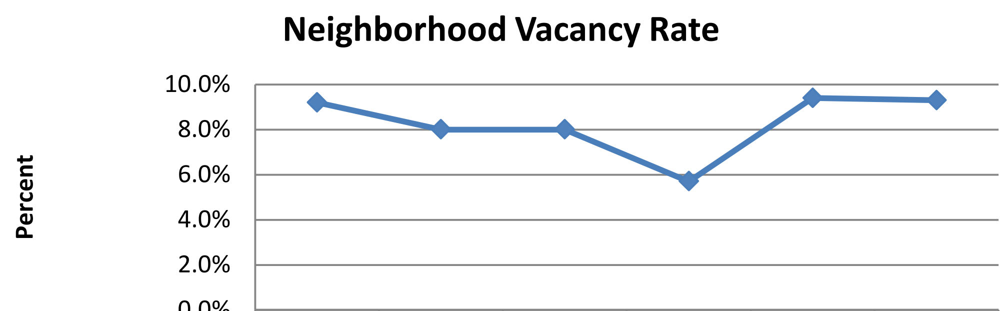


	2019	2020	2021	2022	2023	2024 YTD
Mkt Net Absorption	17,014	-30,817	57,486	-417,157	-138,996	-13,675
Mkt Deliveries	0	50,000	0	126,884	237,515	0
Mkt New Const	50,000	0	48,488	242,495	4,980	4,980

CoStar reports that the vacancy rate for industrial properties within the subject's immediate neighborhood is 9.3% year to date as compared to last year's vacancy rate of 9.4%. This is based on leasing activity within 272 buildings containing 10,103,809 square feet of rentable space. The vacancy rate in this area has generally increased from 8.0% to 9.3% since 2021. The following two charts reflect the subject's local neighborhood's industrial inventory and vacancy rate over the past five years:

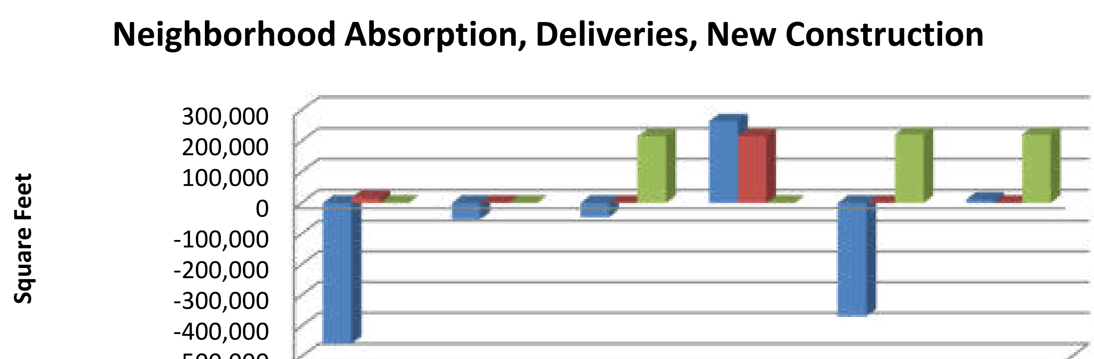


	2019	2020	2021	2022	2023	2024 YTD
Neighborhood SF	10,307,11	10,113,11	10,062,76	10,103,80	10,103,80	10,103,80



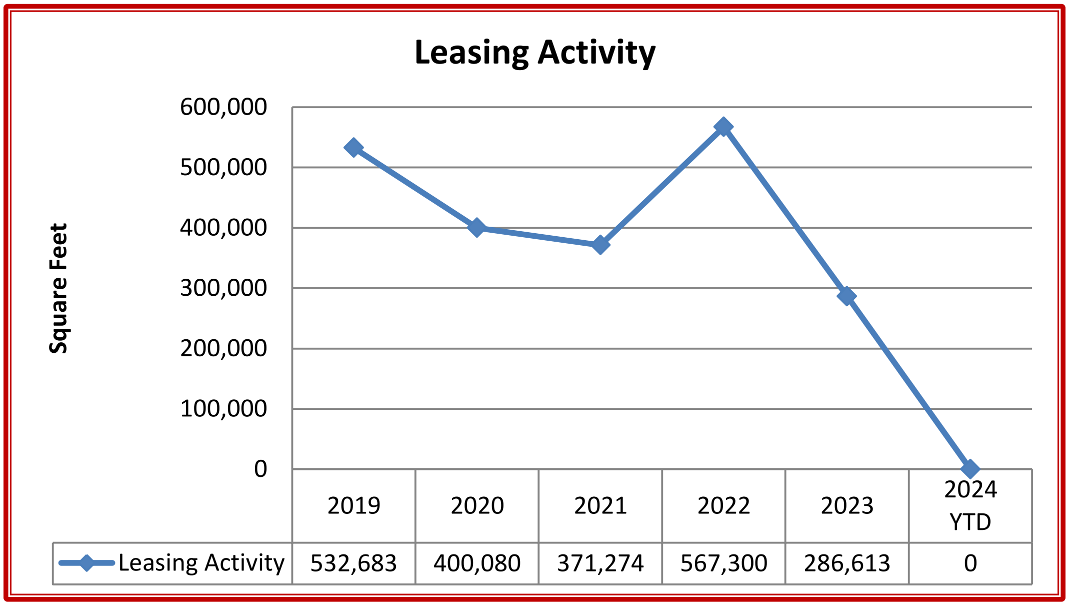
	2019	2020	2021	2022	2023	2024 YTD
Neigh Vac Rate	9.2%	8.0%	8.0%	5.7%	9.4%	9.3%

The two most recent years have seen negative absorption of -368,699 square feet for 2023 and positive absorption of 263,894 square feet for 2022, reflecting fluctuating demand for space. Net absorption for the current year to date is reported to be 10,627 SF, as compared to net absorption of -368,699 SF over the course of last year. A snapshot of the net absorption, deliveries, and new construction within the subject's neighborhood as well as historical perspective of these market dynamics are presented below:

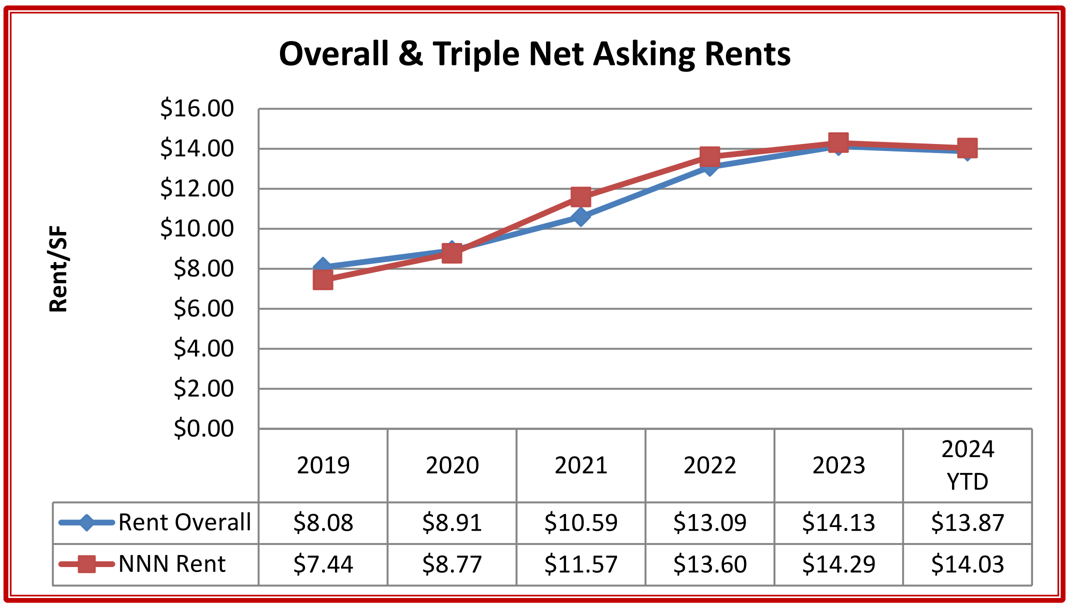


	2019	2020	2021	2022	2023	2024 YTD
Neigh Net Absorption	-458,272	-52,319	-45,326	263,894	-368,699	10,627
Neigh Deliveries	16,200	0	0	215,000	0	0
Neigh New Const	0	0	215,000	0	220,863	220,863

While vacancy rates have declined and absorption over the most recent quarters has been positive, rental rates have trended upward from $11.57 per square foot three years ago, to $13.60 per square foot two years ago, to the current market rate of $14.03 per square foot. The following charts illustrate year-to-date and historical leasing activity and asking rents:



	2019	2020	2021	2022	2023	2024 YTD
Leasing Activity	532,683	400,080	371,274	567,300	286,613	0



	2019	2020	2021	2022	2023	2024 YTD
Rent Overall	$8.08	$8.91	$10.59	$13.09	$14.13	$13.87
NNN Rent	$7.44	$8.77	$11.57	$13.60	$14.29	$14.03

Taking into account the general trends in rental rates as well as the vacancy rate, we expect lease rates to escalate for at least some time going forward. In conjunction with rental rates, a major factor across all property characteristics is lease structure.

Industrial Rental Market Analysis

We surveyed both industrial rents and occupancy levels within the subject's general vicinity. Our survey revealed that market rents for industrial space ranged from $6.00 to $10.00 per square foot. Further details and an analysis of our market survey results can be found in the Income Approach section of this report.

The vacancy level of area industrial properties appeared to be low. During the course of our inspection, we observed few vacancies within the subject's immediate market vicinity. Short-term vacancy rates tend to fluctuate based on economic conditions and changes in market supply and demand. However, in the Income Approach of this analysis we employ the direct income capitalization technique, which utilizes stabilized (rather than temporary short-term) operating characteristics. Considering pertinent market information, historical long-term vacancy rates, and our observations of industrial occupancy within the subject's area, we have projected a stabilized vacancy and credit loss factor of 6.50% for the purposes of this analysis.

Market Value Trends Conclusion

In general, market values for industrial buildings within the subject's market area appear to have been stable in the recent past. Our independent market survey of sales prices within the subject's general vicinity revealed sales prices which range from $1,500,000 to $4,800,000 or from $62 to $82 per square foot. The mean and median sales prices amount to $2,694,750 and $2,239,500, respectively, while per square foot they reflect $73 and $74, respectively.

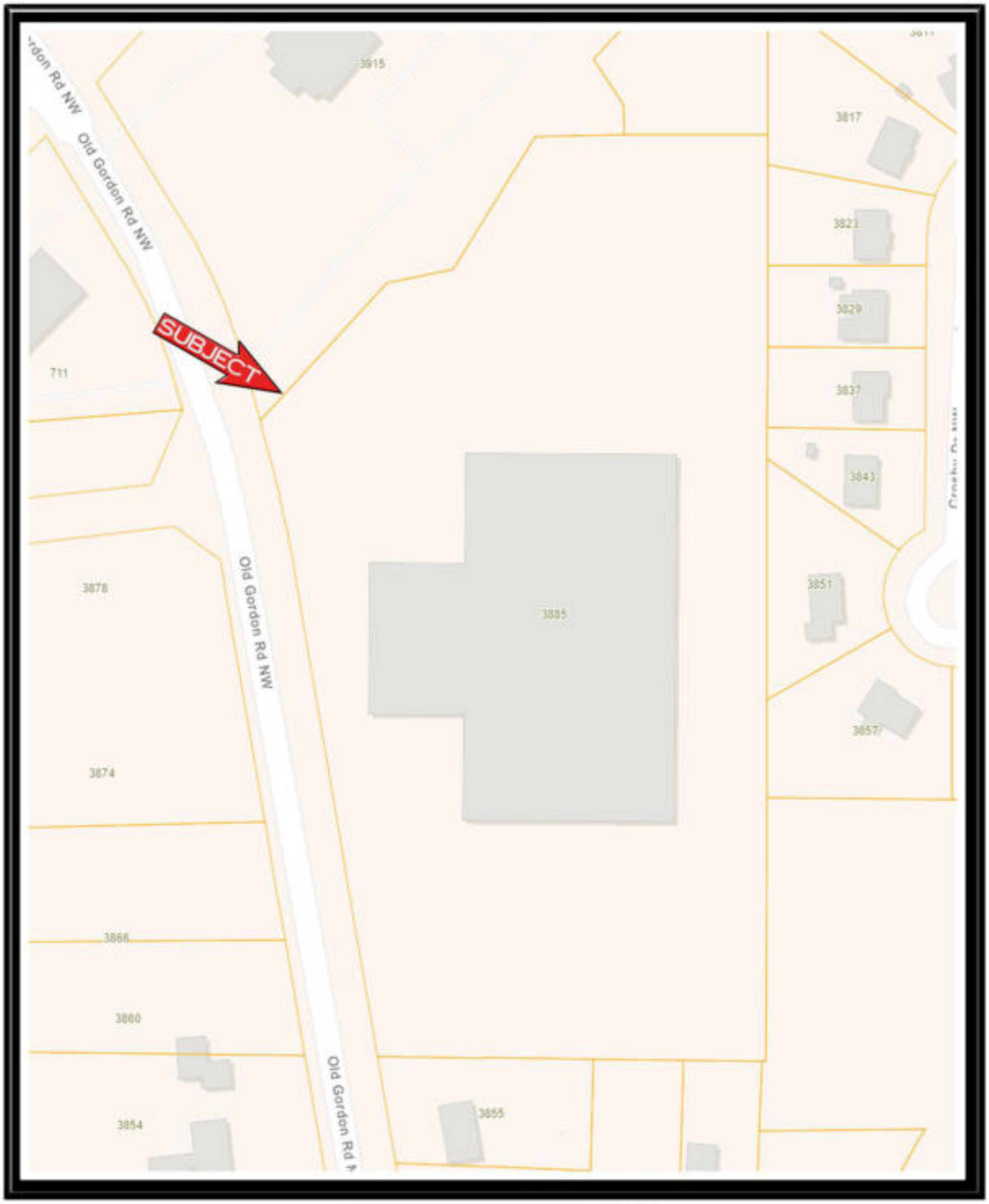
Transportation

The subject's area is easily accessible from all parts of Atlanta and benefits from a good public transportation network. Vehicular transportation in this area is considered good. Major avenues and cross streets provide reasonably good access throughout the locality during peak hours, although a moderate and occasionally high level of congestion may persist at times. One important consideration for any property is its proximity to area highways. In this regard, the subject benefits from convenient access to the Route 139, the Route 70, the I-20, and the I-285.

Conclusion

Atlanta has long been regarded as a primarily affordable area in which to live and conduct business. The subject property is well located within relatively close proximity to area business and shopping districts, and is locationally competitive within the local marketplace.

PROPERTY DESCRIPTION


SUBJECT
Old Gordon Rd NW
Old Gordon Rd NW
3915
3817
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711
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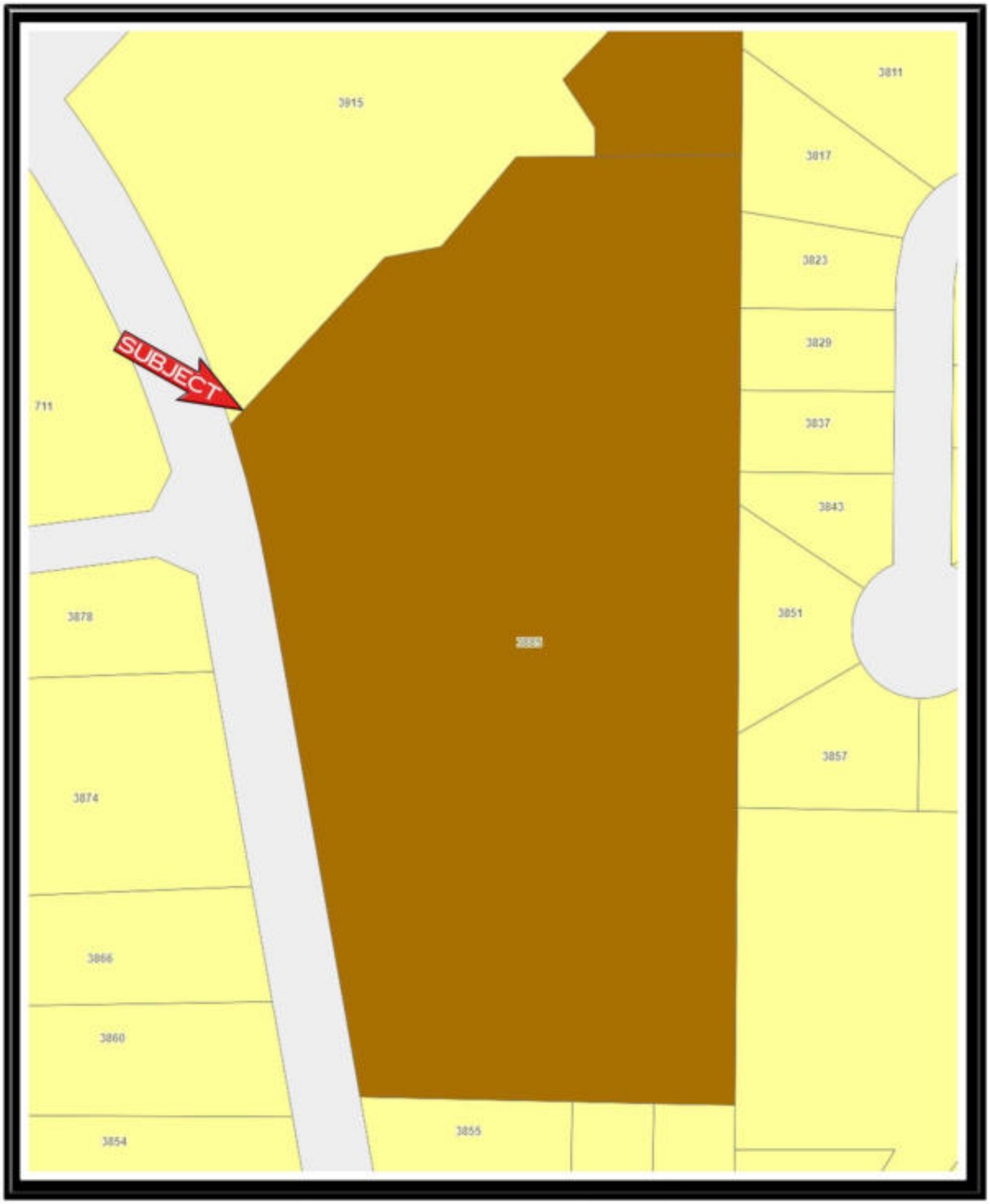
SITE MAP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SUBJECT
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ZONING MAP

SITE DESCRIPTION

The subject site is located along the east side of Old Gordon Road Northwest, between Collier Drive Northwest and Fulton Industrial Boulevard. The site is irregular in shape with a frontage of 582.00 feet along Old Gordon Road and a maximum depth of 340.00 feet. Total site area is 6.47± acres. The site is level with street grade. Public services including electricity, natural gas, and telephone are either in place or available to the site. The subject is located within a Zone "X" Flood Area as represented on Community Panel Map Number 13121C0219F, effective September 18, 2013. Zone "X" flood areas consist of areas of minimal to moderate flood hazard determined to be outside the Special Flood Hazard areas. No public or private easements nor hazards of any kind that would be considered detrimental to the site were noted during our investigations.

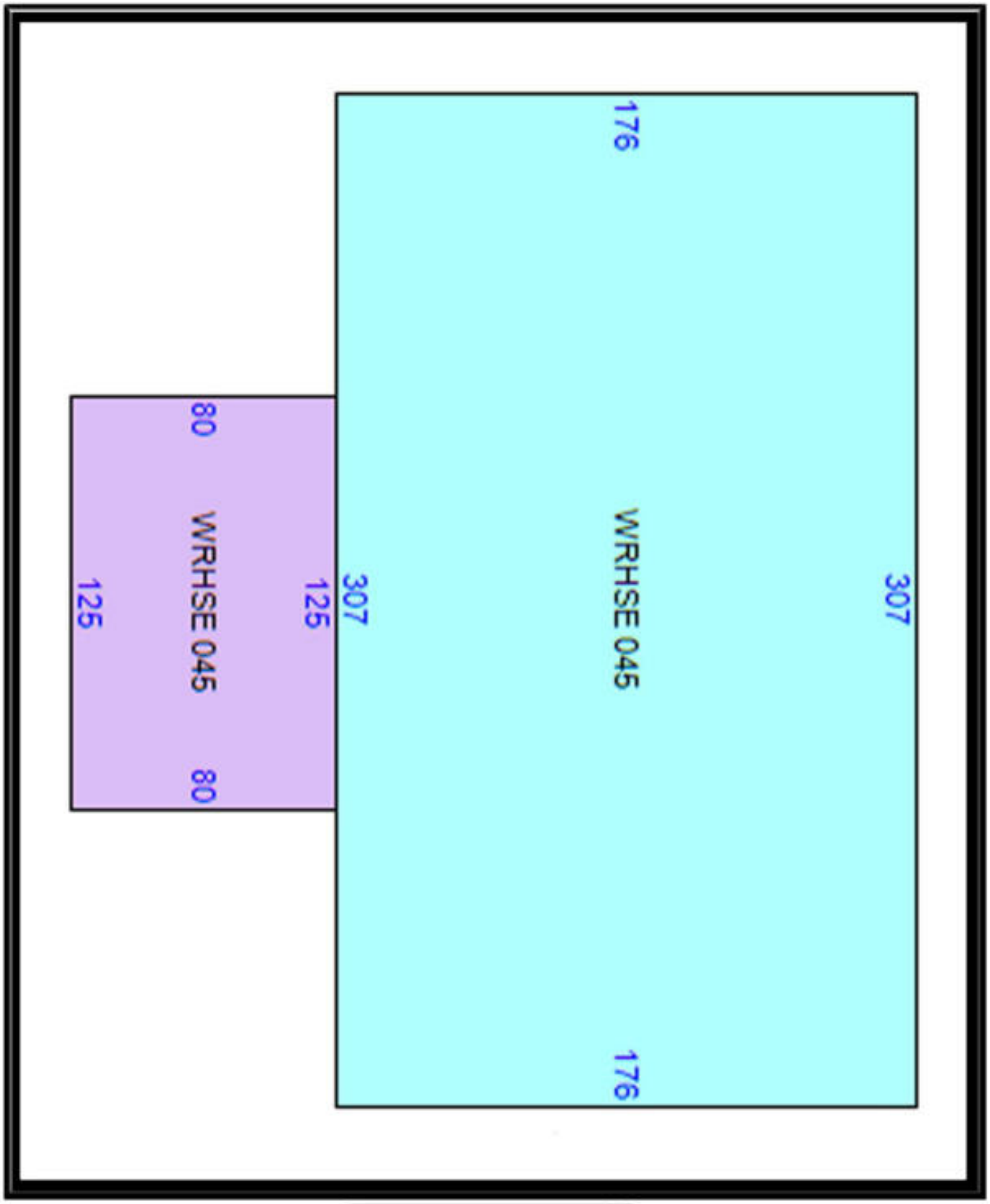
ZONING

According to the Planning Department of the City of Atlanta, the subject property is zoned I-1 (Light Industrial).

Permitted uses under this zoning include adult businesses as defined in section 16-29.001(3). See section 16-28.016 for locational requirements, conversion of existing industrial buildings which are 50 years of age or older to banks, savings and loan associations, and similar financial institutions, broadcasting towers, line-of-sight relay devices for telephonic, radio or television communications when located 200 feet or more from any off-site residential districts or residential use not located within an industrial district, and when such towers or devices are greater than 200 feet in height, when located a distance which is greater than or equal to the height of the tower or device from a residential district or residential use which is not in an industrial district, business service establishments, including those providing duplicating, printing, maintenance, communications, addressing, mailing, bookkeeping, or guard services, clubs and lodges, union halls, hiring halls, places of worship, conversion of existing industrial buildings which are 50 years of age or older to eating and drinking establishments, including those licensed for the on-premises consumption of malt beverages, wine and/or distilled spirits and those with drive-in service; catering establishments, delicatessens, bakeries, manufacturing, wholesaling, repairing, compounding, assembly, processing, preparation, packaging or treatment of articles, components, products, clothing, machines and appliances and the like, where character of operations, emissions and by-products do not create adverse effects beyond the boundaries of the property. This use does not include the preparation, processing, canning or packaging of food products as contemplated by the definitions of commercial food preparation or delivery-based commercial kitchens. Use of heavy drop hammers, punch presses or other machinery; or processing methods creating excessive noise or vibration is prohibited in this district, offices, clinics (including veterinary), laboratories, studios, parking surface and structures, professional and personal service establishments, conversion of existing industrial buildings which are 50 years of age or older to recreational establishments, repair garages, paint and body shops, welding shops, conversion of existing industrial buildings which are 50 years of age or older to retail establishments, including those with sales or display lots or storage lots, sales and leasing agencies for new and used passenger automobiles, bicycles, mopeds and commercial vehicles, service stations, battery exchange stations and car washes, provided that no service station may be located within 1,500 feet of another service station, general advertising signs subject to the limitations contained in section 16-16.006(1) in chapter 28A of this part, structures and uses required for operation of MARTA or a public utility, including uses involving extensive storage and railway rights-of-way and yards, trade schools, colleges and universities, warehousing, self-storage facilities, distribution centers, facilities except when any part of the property is within 500 feet of the beltline corridor as defined in City Code section 16-36.007. An existing self-storage facility within 500 feet of the beltline corridor may be redeveloped at its existing floor area ratio and consistent with the requirements of this part, yards for storage of contractor's equipment; sand and gravel; lumber and the like but specifically excluding junkyards, salvage yards and scrap metal processors, conversion of existing industrial buildings which are 50 years of age or older to hotels, conversion of existing industrial buildings which are 50 years of age or older to one-family, two-family, or multi-family dwellings, conversion of existing industrial buildings which are 50 years of age or older to supportive housing, urban gardens, market gardens, the use of a building or premises as a party house is expressly prohibited, short-term rentals, subject to the regulations in Atlanta City Code section 20-1001, commercial food preparation. Provided, however, that use of heavy drop hammers, punch presses or other machinery; or processing methods creating excessive noise or vibration is prohibited in this district.

Based on our best estimates, the subject property is in conformance and compliance with current zoning requirements.

DESCRIPTION OF THE IMPROVEMENTS



SKETCH

The subject property consists of a (circa 1983) one-story industrial building. As of the date of valuation, the building was Tenanted, with lease. The subject structurally conforms with existing similar-type improvements in the immediate vicinity and is located along the east side of Old Gordon Road Northwest, between Collier Drive Northwest and Fulton Industrial Boulevard. The subject's total building area above grade amounts to approximately 63,473 square feet. The following description is based upon both a physical inspection of the property by Abdul Raul Choudhry on January 26, 2024, and conversations with the superintendent.

Foundation: The building foundation consists of slab concrete. Based on our limited assessment of the foundation's condition, building support appears to be adequate.

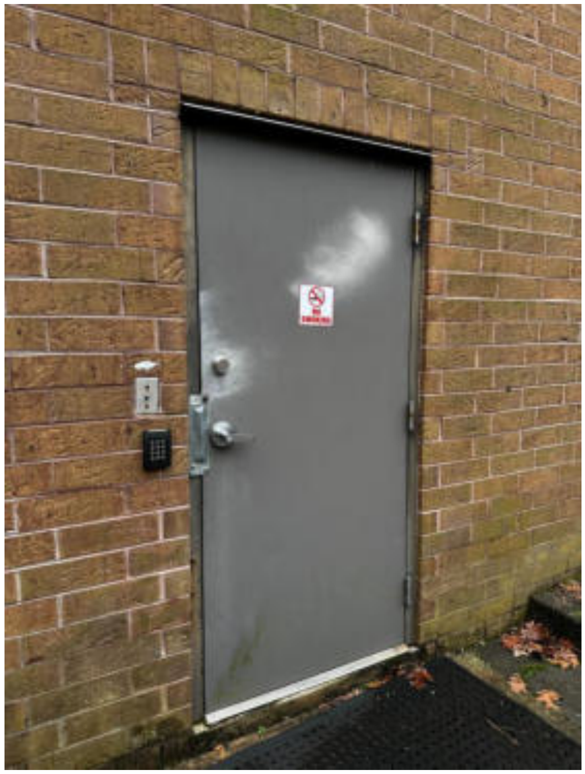
Exterior Walls: The building exterior wall façade finish consists of brickface. The subject is reported to be constructed with masonry or concrete exterior walls, and primarily wood or steel roof and floor structures (construction class C).

Roof: The subject has a flat built-up roof with a rolled roof system surface. There are gutters and leaders to provide water drainage away from the roof surfaces.

Windows: Windows are with frames.

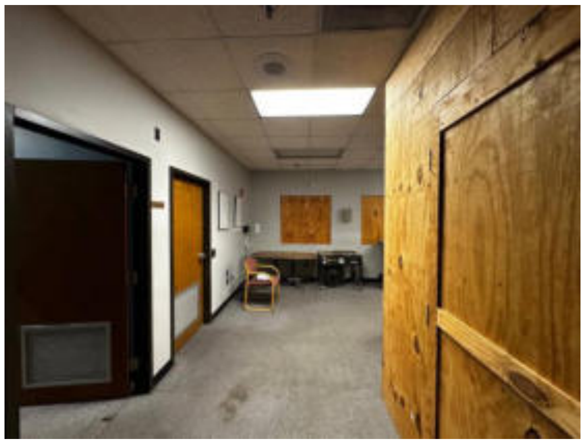
Building Entrance:

The building is accessed via a single main entrance door that leads directly into the building's interior. The exterior door consists of metal .

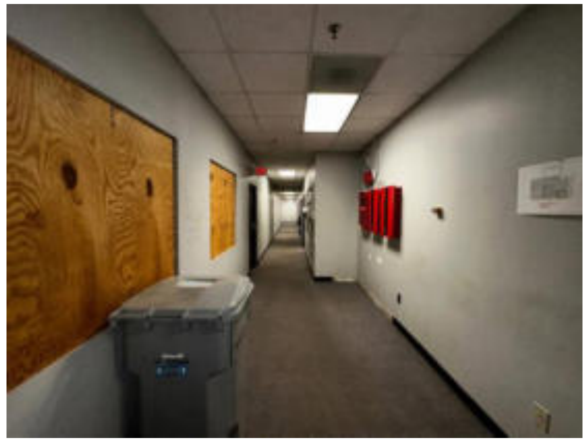


Lobby:

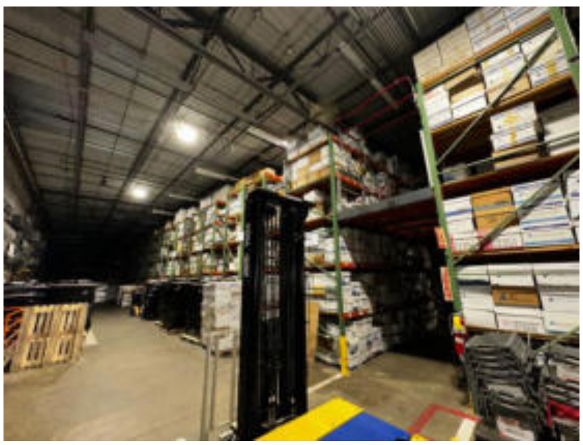
Lobby ceilings are suspended acoustical tile while the walls are painted sheetrock. Floors are finished with carpet. Lighting is provided by incandescent fixtures.

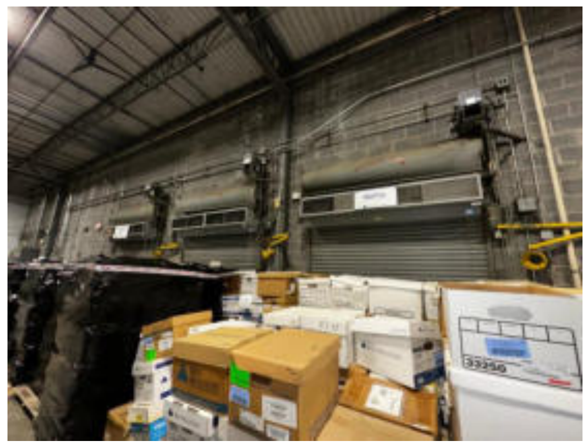


Common Area: Common area ceilings are suspended acoustical tile while the common area walls are painted sheetrock. Floors are finished with carpet. Lighting is provided by incandescent fixtures and the subject has stairways providing access to all of the building levels.

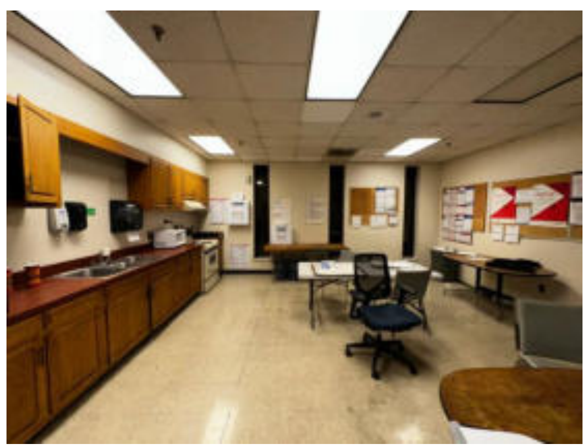


Interiors: The interiors feature brick walls and exposed joists ceilings; flooring is concrete. Lighting is provided by incandescent fixtures. Ceiling heights range from approximately ten feet in the offices to approximately twenty-five feet in the main warehouse.





Kitchens: The kitchens feature fixtures and equipment including cabinetry with hard surface countertops, sinks, refrigerators, and stoves.



Restrooms: Typical restrooms finishes include standard fixtures (flushometer toilets and porcelain sinks). Bathroom walls are tile while the ceilings are suspended acoustical tile; the floors are vinyl composition tile.

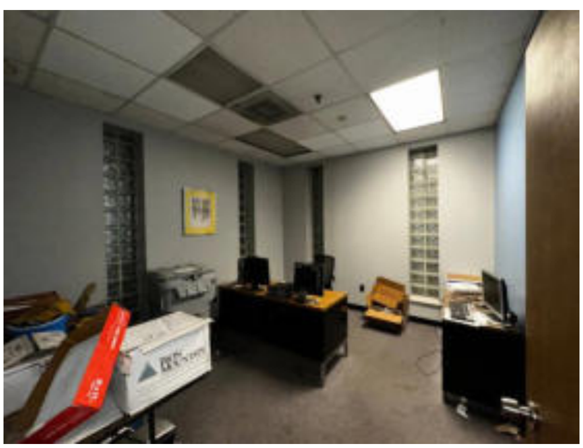
Plumbing: The plumbing lines throughout the building for cold water are cast iron while hot water is supplied through copper piping. Sewer lines are reported to be cast iron.

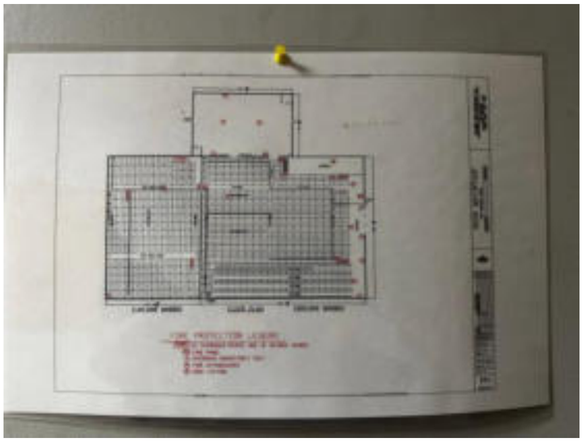
Heating/Hot Water: Heat is provided by a gas-fueled boiler providing heat through a forced-air heat conveyance system. There are ducts and registers throughout the building to distribute the heated air appropriately. The heating system is reported to exhibit average energy efficiency.

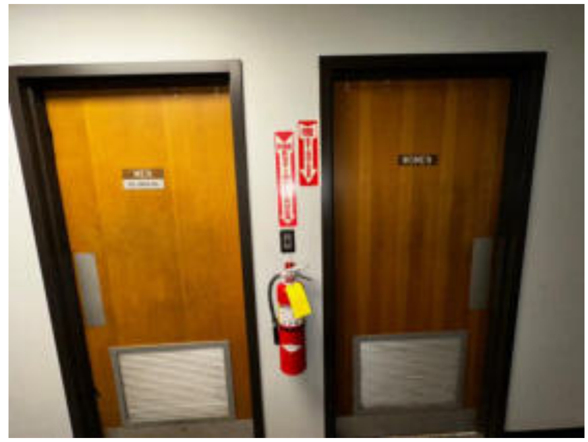
Air-Conditioning:	The subject has central air-conditioning.
Electricity/Gas:	The building is equipped with circuit breakers. There is a single electric meter for the building; the meter is located outside the building. The gas lines are brass. There is a single gas meter for the building; the meter is located outside the building.
Water & Sewer:	We have been informed that the subject property is billed on a metered basis. There is a single water meter for the building.
Parking:	The subject benefits from on-site parking with a total of 35 outdoor lot spaces.

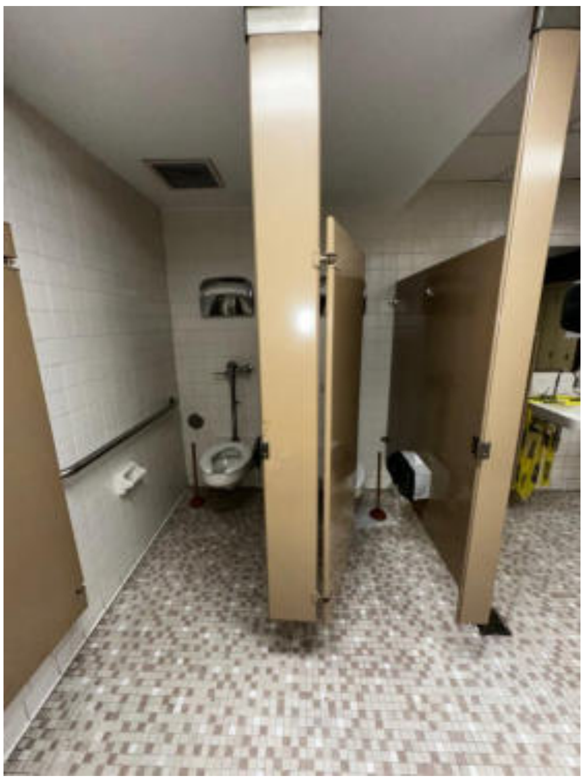
Overall Condition:	Good

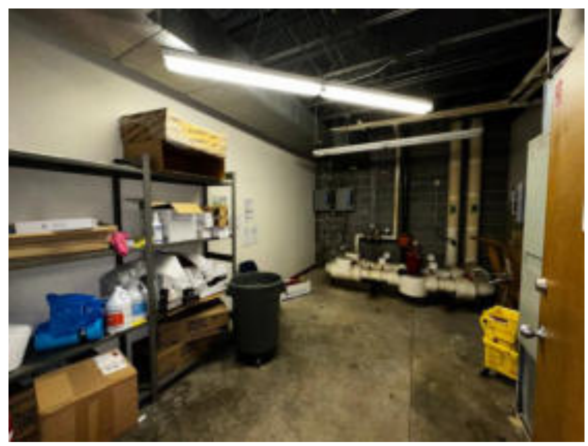
Additional Photos

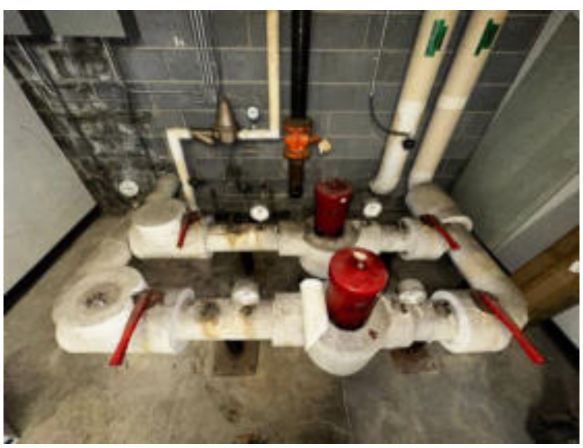


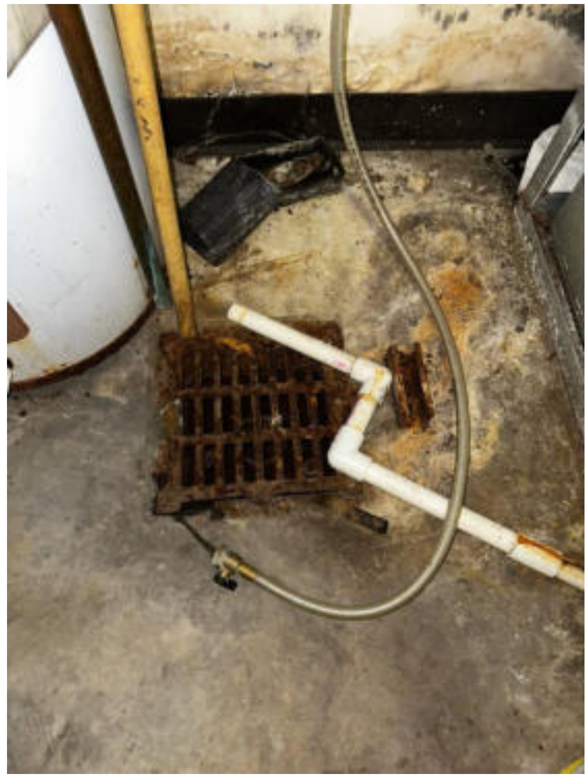


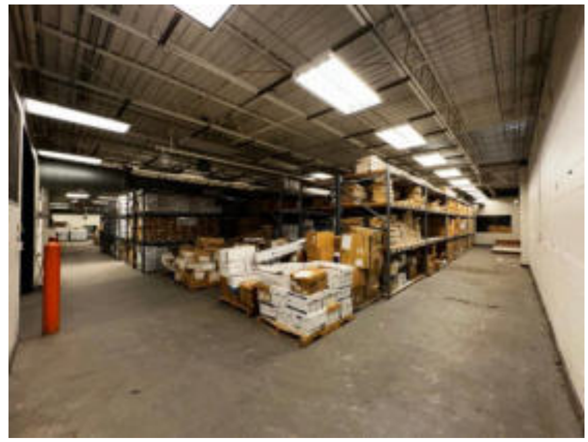


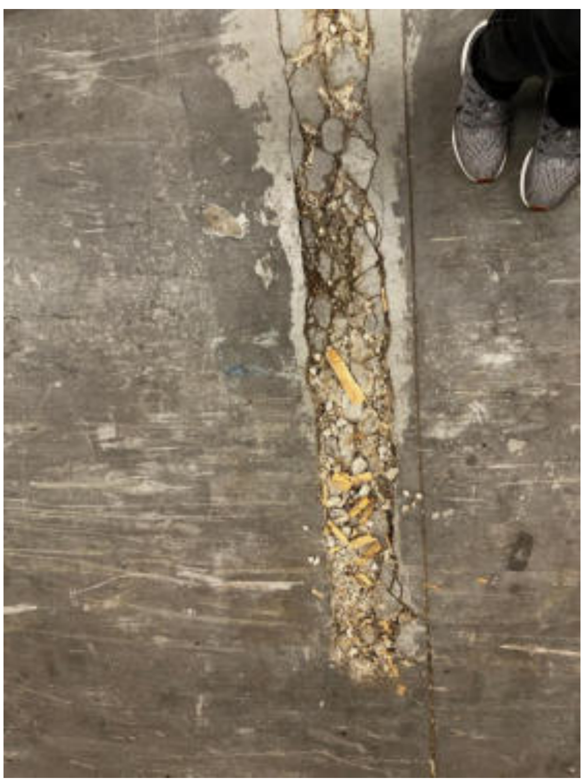


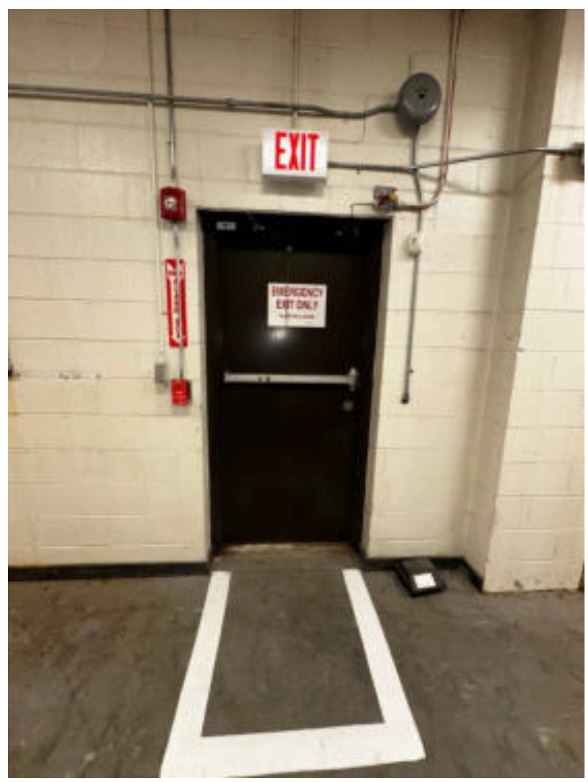








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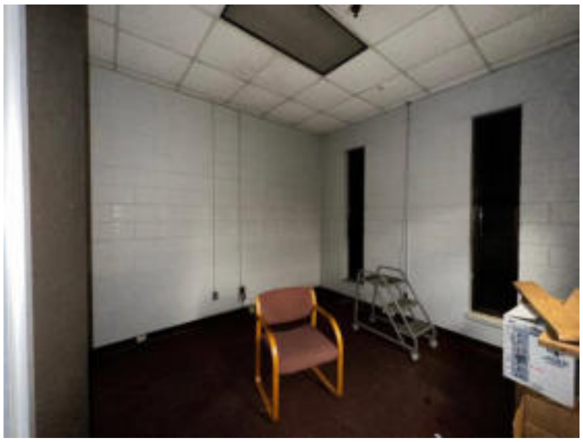
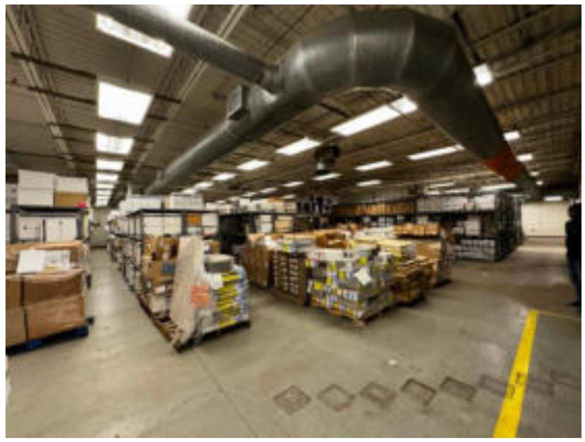

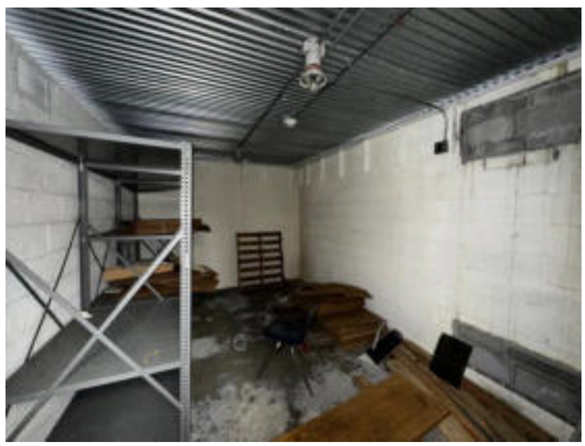

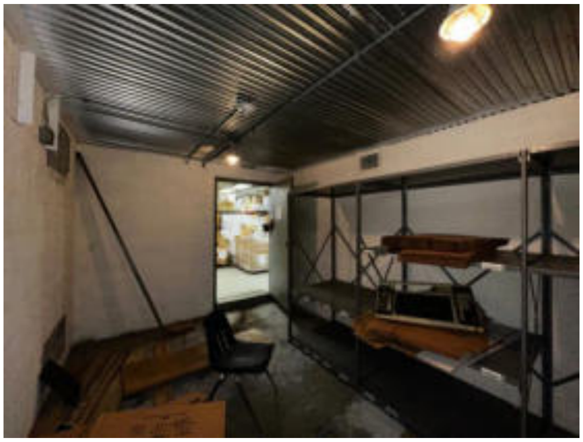

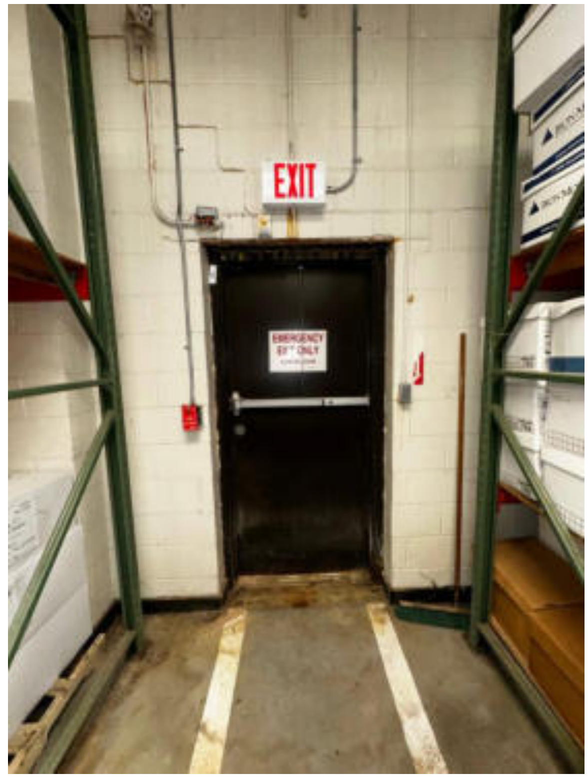
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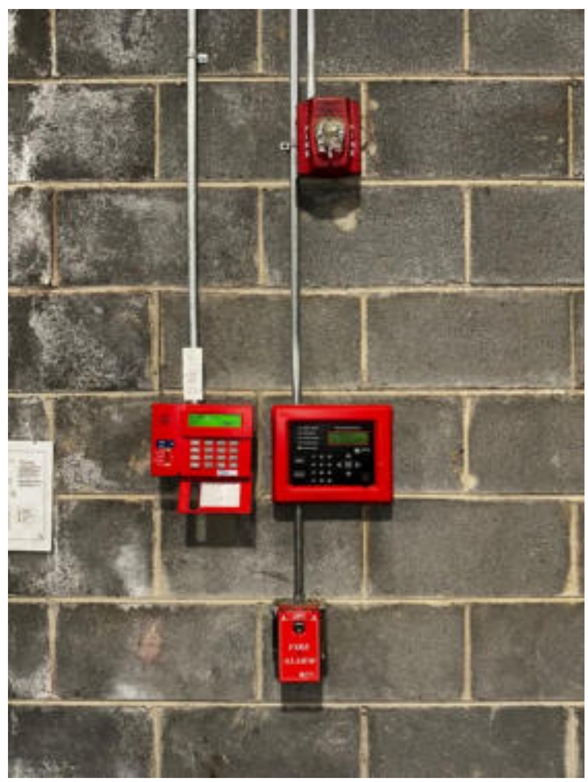

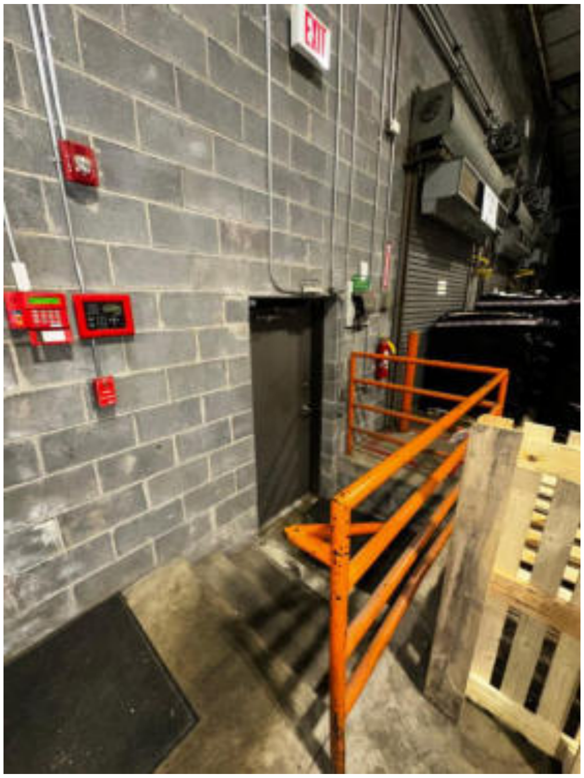
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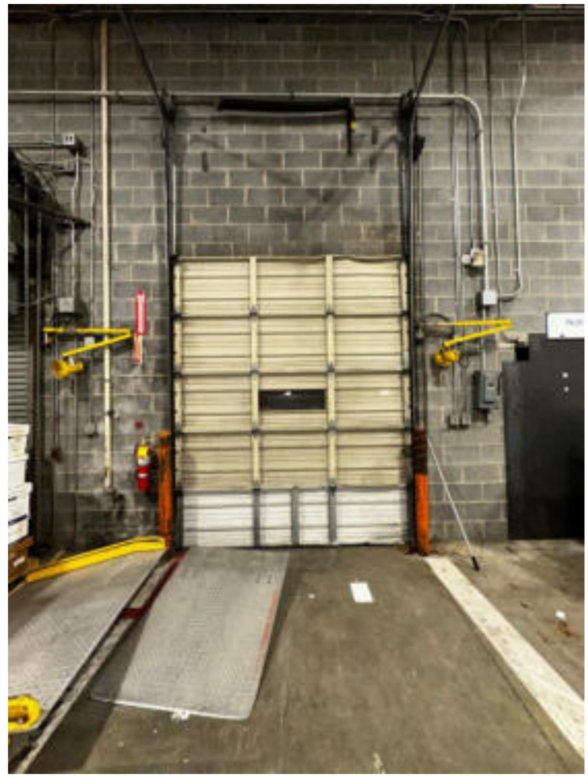


Industrial Unit Information

Tenant	SF	Lease Start Date	Lease Exp. Date	Renewal Options	Contract Base Rent	Contract Base Rent/SF	Collected Base Rent	Collected Base Rent/SF
Iron Mountain Information Management LLC	63,473	11/29/22	12/31/28	N/A	$326,886	$5.15	$326,886	$5.15
Totals:	**63,473**				**$326,886**	**$5.15**	**$326,886**	**$5.15**

Comments on Condition and Functionality

The subject property was inspected with the assistance of the building superintendent. The subject is a typical industrial building. In general, the subject was observed to be in good condition and appears to have received adequate maintenance. There was no significant deferred maintenance noted at the time of inspection. The property is in adequate demand and is competitive within its local market. Effective age is 10 years with a remaining economic life of 50 years, assuming proper management and maintenance.

In addition, the appraiser inspected the subject's lobby, the common areas, the offices, and the warehouse. Despite our best efforts, we were unable to gain access to some parts of the subject. We thus have not inspected the roof.

A summary of the subject’s individual and aggregate room and unit counts is presented on the following page.

ASSESSED VALUE AND REAL ESTATE TAXES

The subject property is identified by the City of Atlanta as Parcel: 14F-0016-LL-048-7. Each year's tax liability is typically computed based upon the property's assessed value. The value for the subject's City and County taxes has remained stable over the past several years. Tax rates over the past three years have generally increased. The equalization rate for real property within the City of Atlanta is 8.52%. The subject's current assessed value is $1,947,000, which implies an equalized market value of approximately $22,852,113 ($1,947,000 ÷ 8.52%). We note that our opinion of market value for the subject is $5,275,000, which amounts to an equalization rate of 36.91% ($1,947,000 ÷ $5,275,000). Tax years for City and County taxes begin in July, January, and January, respectively. The subject's City and County taxes for the period 2021/2022 - 2023/2024 and our projections for the 2024/2025 period are as follows:

CITY TAXES	BLOCK:	Parcel: 14F-0016-LL-048-7	LOT:	
LOT 1	2021	2022	2023	2024
Assessment	$1,947,000	$1,947,000	$1,947,000	$1,947,000
Tax Rate	1.24%	1.26%	1.28%	1.34%
Total Tax	$24,119	$24,454	$24,844	$26,086
% Change Tax Rate		1.39%	1.59%	5.00%
% Change Taxes		1.39%	1.59%	5.00%

COUNTY TAXES	BLOCK:	Parcel: 14F-0016-LL-048-7	LOT:	
LOT 1	2021	2022	2023	2024
Assessment	$1,947,000	$1,947,000	$1,947,000	$1,947,000
Tax Rate	0.38%	0.36%	0.36%	0.38%
Total Tax	$7,430	$7,064	$7,048	$7,401
% Change Tax Rate		-4.93%	-0.22%	5.00%
% Change Taxes		-4.93%	-0.22%	5.00%

TOTAL TAX SUMMARY								
YEAR/PERIOD	TAX			% CHG.				
City Taxes 2023	$24,844	÷	12	×	11	Month(s)	=	$22,773
City Taxes 2024	$26,086	÷	12	×	1	Month(s)	=	$2,174
County Taxes 2023	$7,048	÷	12	×	11	Month(s)	=	$6,461
County Taxes 2024	$7,401	÷	12	×	1	Month(s)	=	$617
Total Projected Taxes								$32,025

Real Estate Taxes Conclusion

The subject's total projected taxes for the **February 2024 - January 2025** period amount to $32,025.

VALUATION OVERVIEW

HIGHEST AND BEST USE ANALYSIS

Before proceeding with the specific valuation techniques employed to appraise the subject property, it is necessary to set the proper context by first considering the highest and best use (or uses) of the property.

Highest and Best Use as Though Vacant:

Highest and best use of land or a site as though vacant is defined as: “Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.”

The highest and best use must be legally permissible, physically possible, financially feasible and maximally productive.

In accordance with the regulations of the subject’s I-1 (Light Industrial) zoning as detailed in the City of Atlanta zoning code, the legally permissible development of the site as though vacant would be for an industrial building. It is the appraiser’s opinion that, if the site were vacant, development of the site with such an improvement in compliance and conformance with the zoning district would be financially feasible and yield the highest net return to the land.

Highest and Best Use as Improved:

It is the appraiser’s opinion that neither demolition nor substantial modification of the existing improvement would result in a higher net value return than is currently being achieved. The subject property is in conformance and compliance with current zoning requirements. It is clear that the existing improvements add value to the land. The highest and best use as improved is thus to retain the existing building in its current use.

VALUATION PROCESS:

The subject property consists of a (circa 1983) one-story industrial building.

Given that the objective of this assignment is to form an opinion of the “as is” market value(s) of the property, both the Sales Comparison and Income Approaches will be given consideration in this analysis. Based on the nature of the subject property and scope of this assignment, the appraiser did not use the Cost Approach to value. This approach is not generally considered primarily meaningful in appraising a property of this type and age.

SALES COMPARISON APPROACH

SALES COMPARISON APPROACH

This approach involves direct comparisons between the subject property and similar properties that have been sold in the same or in similar markets, in order to derive a market value indication. The approach represents an interpretation of the actions of buyers, sellers, and investors in the market, and is based upon the principle of substitution, which holds that a prudent person will not pay more to buy a property than it will cost to buy a comparable substitute property. The price paid for a property is usually the result of an extensive shopping process in which available alternatives are compared, based upon the buyer's purchase criteria. When a sufficient number of similar property purchases are made in the current market, the resulting pattern usually provides a good indication of market value.

In applying the Sales Comparison Approach, the appraiser employs the following five steps:

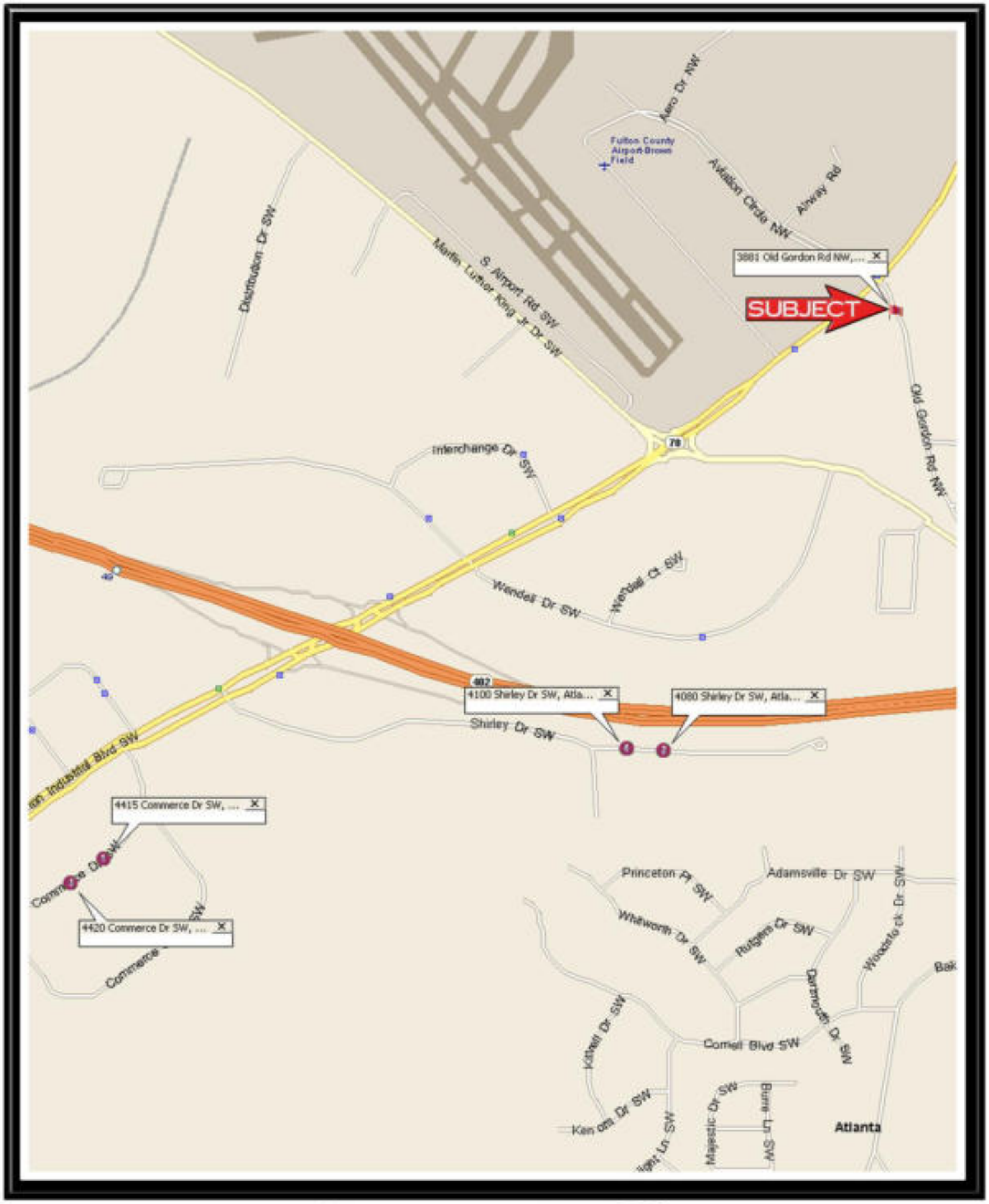
1. Research of the market to identify similar properties for which pertinent sales, listings, offerings, and/or rental data is available.

2. Qualification of the prices as to terms, motivating forces, and bona fide nature.

3. Comparison of important attributes (i.e. property rights conveyed, conditions of sale, financing, time, location, size, age/condition/quality, and miscellaneous considerations) between the comparable sales and the subject property.

4. Consideration of all dissimilarities and their probable effect on the price of each comparable sale to derive individual market value indications for the property being appraised.

5. From the pattern developed, formulation of an indication of market value for the property being appraised.


Fulton County Airport-Brown Field
3881 Old Gordon Rd NW,...
SUBJECT
4100 Shirley Dr SW, Atla...
4080 Shirley Dr SW, Atla...
4415 Commerce Dr SW, ...
4420 Commerce Dr SW, ...
Atlanta

SALES MAP

Comparable Sale #1

Location:	4415 Commerce Dr Sw, Atlanta, GA
Block/Lot:	14F0052LL0441
Grantor:	4415 Commerce Llc
Grantee:	SL7 Logistics, LP
Date of Sale:	8/5/2022
Sale Price:	$1,950,000
Interest Conveyed:	Leased Fee
Financing:	All cash to seller.
Site Description	
Size:	58,370 SF
Shape:	Irregular
Utilities:	All available
Easements:	None noted
Topography:	Level with street grade. No flood issues noted.
Zoning:	M1, County
Floor Area Ratio:	0.53
Parking Ratio:	32%
Property Description:	One-story, 31,203 square foot industrial building (constructed circa 1964) with 1 unit.
Occupancy:	100.00%
Distance from Subject:	1.22 miles
Summary	
Price per Sq. Foot:	$62

Comparable Sale #1 Photo

Comparable Sale #2

Location:	4080 Shirley Dr, Atlanta, GA
Block/Lot:	14F0023 LL0546
Grantor:	FP Gimel GA LP
Grantee:	CJSB Properties Inc.
Date of Sale:	8/23/2022
Sale Price:	$4,800,000
Interest Conveyed:	Leased Fee
Financing:	All cash to seller.
Site Description	
Size:	244,807 SF
Shape:	Irregular
Utilities:	All available
Easements:	None noted
Topography:	Level with street grade. No flood issues noted.
Zoning:	M2, County
Floor Area Ratio:	0.24
Parking Ratio:	37%
Property Description:	One-story, 58,539 square foot industrial building (constructed circa 1974) with 1 unit.
Occupancy:	100.00%
Distance from Subject:	0.62 miles
Summary	
Price per Sq. Foot:	$82

Comparable Sale #2 Photo

Comparable Sale #3

Location:	4420 Commerce Dr Sw, Atlanta, GA
Block/Lot:	14F0051LL0137
Grantor:	4420 Commerce Dr Llc
Grantee:	Acinorev Holdings LLC
Date of Sale:	5/22/2023
Sale Price:	$2,529,000
Interest Conveyed:	Fee Simple
Financing:	All cash to seller.
Site Description	
Size:	89,956 SF
Shape:	Irregular
Utilities:	All available
Easements:	None noted
Topography:	Level with street grade. No flood issues noted.
Zoning:	M-2
Floor Area Ratio:	0.38
Parking Ratio:	73%
Property Description:	One-story, 34,114 square foot industrial building (constructed circa 1964) with 1 unit.
Occupancy:	0.00%
Distance from Subject:	1.27 miles
Summary	
Price per Sq. Foot:	$74

Comparable Sale #3 Photo

Comparable Sale #4

Location:	4100 Shirley Dr Sw, Atlanta, GA
Block/Lot:	14F0023LL0330
Grantor:	Ingram Roll Properties, LLC
Grantee:	Spice's Food Investment Inc
Date of Sale:	9/26/2023
Sale Price:	$1,500,000
Interest Conveyed:	Leased Fee
Financing:	All cash to seller.
Site Description	
Size:	55,456 SF
Shape:	Rectangular
Utilities:	All available
Easements:	None noted
Topography:	Level with street grade. No flood issues noted.
Zoning:	M2, County
Floor Area Ratio:	0.36
Parking Ratio:	69%
Property Description:	One-story, 20,150 square foot industrial building (constructed circa 1967) with 1 unit.
Occupancy:	100.00%
Distance from Subject:	0.65 miles
Summary	
Price per Sq. Foot:	$74

Comparable Sale #4 Photo

Adjustments to Comparable Sales

Property Rights Conveyed/Conditions of Sale

This adjustment reflects the type of conveyance (fee simple, leased fee, or leasehold interest) as well as conditions of sale, which may be either arms length, or referee or bank foreclosure and re-conveyance. Where applicable and available, information regarding special financial considerations (such as the 421-a and J-51 tax benefit programs in New York City) specific to a particular sale is considered as well.

Financing

Financing considerations include third-party conventional financing, special financing and seller financing, each of which can affect a property's perceived market value (i.e. the price a typical well-informed buyer would be willing to pay for the property).

Time (Changes in Market Conditions)

An adjustment necessary to reflect changes in market conditions (inflation/deflation, supply/demand) between the time of sale of a comparable property and the date of valuation of the subject, if any such changes are noted.

Location

An adjustment pertaining to location characteristics that affect the desirability, and therefore the value, of a particular property. Locational factors and their significance often vary with the type of property being appraised; for example, factors significant to a residential property are typically quite different than those important to, say, an industrial property. Location characteristics considered may include existing improvements and/or development patterns in the area, view and/or recreational amenities, quality of local schools, proximity to shopping areas, traffic levels, visibility and exposure, the type and quality of municipal services offered, adequacy of public transportation and population trends.

Size

The size of any building is a significant consideration in its valuation due to the correlation between building size and income stream, which impacts profitability. Generally, smaller buildings will be traded in the marketplace at higher prices per unit of measurement than larger ones. Therefore, differing property sizes may require adjustments between the subject property and the comparable sales, depending on whether each one is larger or smaller than the subject.

Age/Condition/Quality

A property's age, condition, and underlying construction quality are possibly the most obvious physical indications of value. This category considers the overall condition of the comparable as well as its functional and aesthetical suitability for its intended use.

Amenities/Miscellaneous

This category includes, but is not limited to, amenities (as relevant to the subject's property type) such as usable cellar/attic space, elevators, doorman service, a laundry room, a workout room, rooftop terraces, on-site parking, and other such features. Other characteristics considered may include ceiling height (for warehouse and industrial buildings in particular), storage sheds or other accessory structures on the site, site shape and topography, zoning regulations, and the like. Where applicable and available, information regarding the sales' rental income levels is reviewed and compared to the subject. In addition, where relevant we analyze the subject's land-to-building area ratio in comparison to the sales', and also consider any excess/surplus land and unused FAR/development rights. Another factor considered is whether the buildings are of similar story heights (e.g. for certain building types, one-story buildings generally tend to be more valuable than multi-story buildings with the same total floor area).

Adjustment Grid

The adjustment grid on the following page is utilized to illustrate the comparative factors judged to be of significance by the appraisers. The adjustments are stated in percent relationship and are made from the perspective of the subject property to the comparable. Therefore, a positive (+) adjustment indicates that the subject is judged to be superior to the comparable in a particular adjustment category, while a negative (-) adjustment indicates that the subject has been judged to be inferior as it relates to the comparable. Where no adjustment is made, this indicates that the appraisers have judged that the degree of difference between the subject and the comparable does not warrant one.

The adjustments made to each comparable are totaled to arrive at a net adjustment, which is then added to a factor of 1 for multiplication purposes. The resulting adjustment factor is then applied to the respective time adjusted per unit price to arrive at an indicated value for the subject property.

Comparable Sales Grid

	Sales	Date	No. Bldg. Units	Year Built	Sale Price	Abv. Grade Building Area SF	Distance from Subj.	$/SF Above Grade	Prop. Rts/Cd of Sale	Adj. Price/ SF	Finan-cing	Adj. Price/ SF	Time	Adj. Price/ SF	Location	Size	Age/ Cond./ Quality	Adj. Msc.	Total Adj.	Adj. Price/ SF	Adj. Price/ Unit
	Subject:	1/26/2024	1	1983		63,473	0.0														
1	4415 Commerce Dr Sw	8/5/2022	1	1964	$1,950,000	31,203	1.2	$62.49	$0	$62.49	$0	$62.49	0.0%	$62.49	7.5%	-5.0%	10.0%	7.5%	20.0%	$74.99	$2,340,000
2	4080 Shirley Dr	8/23/2022	1	1974	$4,800,000	58,539	0.6	$82.00	$0	$82.00	$0	$82.00	0.0%	$82.00	0.0%	0.0%	5.0%	-2.5%	2.5%	$84.05	$4,920,000
3	4420 Commerce Dr Sw	5/22/2023	1	1964	$2,529,000	34,114	1.3	$74.13	$0	$74.13	$0	$74.13	0.0%	$74.13	7.5%	-5.0%	5.0%	10.0%	17.5%	$87.11	$2,971,575
4	4100 Shirley Dr Sw	9/26/2023	1	1967	$1,500,000	20,150	0.7	$74.44	$0	$74.44	$0	$74.44	0.0%	$74.44	0.0%	-10.0%	5.0%	10.0%	5.0%	$78.16	$1,575,000
	Average		1	1967	$2,694,750	36,002	0.9	$73.27							Adj. Avg.		$81.08				
	Median		1	1966	$2,239,500	32,659	0.9	$74.29							Adj. Median		$81.11		**Indic. Val./**	**SF**	$83.00
	Min.		1	1964	$1,500,000	20,150	0.6	$62.49							Adj. Min.		$74.99		**Base Value:**		$5,268,259
	Max.		1	1974	$4,800,000	58,539	1.3	$82.00							Adj. Max.		$87.11		**Add/Ded.:**		$0
																			Est. Mkt.	**Value:**	$5,275,000

EXPLANATION OF ADJUSTMENTS

This valuation is primarily to assist in developing the most accurate basis for comparing the subject property to recent comparable sales. This method of valuation seeks to compare the comparable sales to the subject property in terms of: (i) Property Rights Conveyed/Condition of Sale; (ii) Financing; (iii) Time; (iv) Location; (v) Size of the property; (vi) Age/Condition/Quality and (vii) Amenities/Miscellaneous.

Property Rights Conveyed/Conditions of Sale

All of the comparable sales appear to be arms-length transactions. Since there is limited information available regarding the purchase motivations between owner-users and investors in the subject's market and the concomitant impact of said motivations on sales prices, no adjustments for conditions of sale or property rights have been rendered.

Financing

Where available, we have reviewed the recorded mortgage instruments at time of conveyance for the comparable sales. To our knowledge, all of the comparable sales were conveyed all cash to seller and thus no adjustments for financing are required.

Time (Changes in Market Condition)

Based on our analysis of the real estate market conditions affecting the comparable sales compared to conditions as of the valuation date, no annual adjustment for time is necessary. It is our opinion that industrial building market values within the subject’s market area have generally been stable overall during the time period since the earliest of the selected comparable sale transactions occurred.

Location

Physical location, with all of its attendant characteristics and considerations, directly influences the value of any property. The subject property is located along the east side of Old Gordon Road Northwest, between Collier Drive Northwest and Fulton Industrial Boulevard. Local shopping areas are located along the Route 139. Sales Nos. 2 and 4 were both observed to be similar to the subject property in terms of location and did not require adjustment. Sales Nos. 1 and 3 are situated within locations that are considered less desirable than the subject's location and were thus adjusted upward.

Size

The subject building contains 63,473 square feet. Each of the comparable sales has been adjusted based on the similarity or dissimilarity in size to the subject property. Sale No. 2 is relatively close in size compared to the subject property and did not require adjustment. Sales Nos. 1, 3 and 4 are all appreciably smaller than the subject and were consequently adjusted downward to account for the subject's larger size and lower relative value per area unit.

Age/Condition/Quality

The subject property is a construction erected circa 1983. Our inspection revealed that the building is in good condition and the subject appears to have received adequate maintenance. All of the comparable sales are deemed inferior to the subject with respect to age and condition, and were consequently adjusted upward.

Amenities/Miscellaneous

Our miscellaneous adjustments reflect the following considerations: Sale No. 2 has a higher ceiling compared to the subject, requiring a downward adjustment. Sales Nos. 3 and 4 have lower ceilings compared to the subject, requiring upward adjustments. Sale No. 2 has more truck bays than the subject, requiring a downward adjustment. Sales Nos. 3 and 4 have fewer truck bays than the subject, requiring upward adjustments. Sales Nos. 1 and 2 have relatively less parking in comparison to the subject, requiring upward adjustments. Sales Nos. 1, 3 and 4 all have lower land-to-building ratios than the subject, requiring upward adjustments.

Comp. No.	# Tenants	Vacancy	Avg. Rent /SF	Bldg. Type	Year Built	Ceiling Height	Adj.	# Loading Docks	# Drive Ins	Adj.	% Office	Adj.	# Parking Spaces	Parking Ratio per 1,000 SF	Adj.	# Stories	Adj.	Land Bldg. Ratio	Adj.	Net Misc. Adjust.
Subject	1	0%	$7.54	Industrial Building	1983	19		6	0		15%		35	0.6		1		4.44:1		
1	1	0%		Industrial Building	1964	18	0.0%	3	2	0.0%	23%	0.0%	10	0.3	2.5%	1	0.0%	1.87:1	5.0%	**7.5%**
2	1	0%		Industrial Building	1974	24	-2.5%	11	1	-2.5%	0%	0.0%	15	0.2	2.5%	1	0.0%	4.18:1	0.0%	**-2.5%**
3	1	0%		Industrial Building	1964	15	2.5%	2	0	5.0%	12%	0.0%	25	0.7	0.0%	1	0.0%	2.64:1	2.5%	**10.0%**
4	1	0%		Industrial Building	1966	16	2.5%	1	1	5.0%	17%	0.0%	14	0.7	0.0%	1	0.0%	2.75:1	2.5%	**10.0%**

Sales Comparison Approach Valuation Conclusion

During the course of this analysis, we compared and adjusted the above-mentioned comparable sales to the subject property in terms of property rights conveyed, conditions of sale, financing, location, size, etc. Each sale was reviewed after adjustment on a price per square foot basis in order to establish a meaningful range of comparison.

Based on the foregoing analysis, we have developed our indicated value parameters on an adjusted price per square foot basis. This index of comparison affords us the narrowest and thus most reliable range in values from which to form an indication of the subject's market value via the Sales Comparison Approach. The adjusted price per square foot value indication reflects a range from $75 to $87. The average value of all sales is $81 per square foot. In consideration of the above analysis, it is our opinion that the subject is anticipated to achieve a market value of $83 per square foot. Our estimated value per SF is weighted more heavily toward sale Nos. 3 and 4 as they are the most recent conveyance and also is in line with sale No. 2 which is similar to the subject in terms of building size and has the least amount of total adjustments.

In light of the range of data presented and the current state of the real estate market, the subject's market value is indicated to be approximately $5,268,259 ($83/square foot x 63,473 square feet), say $5,275,000.

Thus, the subject's indicated market value via the Sales Comparison Approach, as of January 26, 2024, is:

MARKET VALUE INDICATION VIA SALES COMPARISON APPROACH

$5,275,000

Approach	Value	$/Unit	$/SF	Overall Rate	GRM
Sales Comparison	$5,275,000	$5,275,000	$83	6.74%	11.02

COST APPROACH

For reasons set forth within the Valuation Overview section of this report, the Cost Approach to value has not been developed in this appraisal.

INCOME APPROACH

In arriving at a value indication via the Income Approach, the following steps are taken:

1. Estimate the annual Potential Gross Income of the property based on the actual leases in effect and/or on comparable rental data.

2. Deduct from Gross Potential Income the estimated loss of income resulting from vacancies and/or non-collections to arrive at an estimate of Effective Gross Income.

3. Estimate the expenses that are anticipated to be incurred in the operations of the property. The total expenses are deducted from Effective Gross Income to arrive at an estimate of net operating income (NOI - income before debt service, income taxes and depreciation).

4. Derive a capitalization rate by reference to the return requirements of the equity and capital (mortgage) markets and/or implied capitalization rates from comparable sale transaction. Utilized the appropriate method(s) of capitalization to convert the NOI into a value indication via direct capitalization. In addition, or alternatively, the income stream may be capitalized using GRM (Gross Rent Multiplier) or DCF (Discounted Cash Flow) analyses.

Analysis of Estimated Income and Expenses

The estimates of income and expenses provided in this appraisal represent a projection of operations for the one-year period commencing with the valuation date (1/26/2024-1/25/2025). Relevant documentation regarding the subject's occupancy and associated income has been submitted by the property management and this information has been reviewed and utilized in estimating the subject's Potential Gross Income (PGI).

The appraisers were not supplied with historical operating expenses, since the subject was purchased fairly recently and no expense information was available yet. Our projections of operating expenses for the subject property during the projection period are based on current market conditions and on our experiences with properties similar to the subject.

Gross Income Estimate: Industrial Space

The subject property contains approximately 63,473 square feet of industrial space. As of the date of valuation, the subject’s space was occupied and encumbered by leased tenant.

A summary of the subject’s industrial rental income is presented on the following pages. For vacant or owner-occupied spaces, rent figures utilized are based on market indications as detailed subsequently in this section.

SUBJECT INDUSTRIAL UNIT NO. 1

LOCATION:	3881 Old Gordon Road Atlanta, Georgia
TENANT:	Iron Mountain Information Management LLC
USAGE:	Industrial
STARTING DATE:	11/29/2022
EXPIRATION DATE:	12/31/2028
RENEWAL OPTIONS:	N/A
SIZE (SF):	63,473
CONTRACT RENT:	$392,983 (Includes $326,886 in base rent plus real estate tax contribution of $32,025, plus CAM contribution of $34,072.)
CONTRACT RENT/SF:	Base rent: $5.15; Total rent: $6.19
COLLECTED RENT:	$392,983 (Includes $326,886 in base rent plus real estate tax contribution of $32,025, plus CAM contribution of $34,072.)
COLLECTED RENT/SF:	Base rent: $5.15; Total rent: $6.19
PROJECTED TOTAL RENT:	$478,671 (Indicates appraiser's current projected rent, which is ascertained by comparing both contract and collected rent to our estimate of market rent. Includes $412,575 in base rent plus real estate tax contribution of $32,025, plus CAM contribution of $34,072.)
PROJECTED TOTAL RENT/SF:	Base rent: $6.50; Total rent: $7.54
PROJECTED TOTAL RENT AT ANNUAL RENEWAL:	$478,671 (Indicates appraiser's current projected rent, which is ascertained by comparing both contract and collected rent to our estimate of market rent. Includes $412,575 in base rent plus real estate tax contribution of $32,025, plus CAM contribution of $34,072.)
PROJECTED TOTAL RENEWAL RENT/SF:	Base rent: $6.50; Total rent: $7.54
PROJECTED STABILIZED TOTAL RENT:	$478,671 (Projected Stabilized Total Rent is a synthesis of the Projected Total Rent of $478,671 and the Projected Total Rent at Annual Renewal of $478,671 during the one-year projection period.)
PROJECTED STABILIZED TOTAL RENT/SF:	$7.54

ANNUAL ESCALATIONS:

Period Start	Nov-2022	Jan-2024	Jan-2025	Jan-2026	Jan-2027	Jan-2028
Period End	Dec-2023	Dec-2024	Dec-2025	Dec-2026	Dec-2027	Dec-2028
Rent	$317,365	$326,886	$336,693	$346,793	$357,197	$367,913
Rent/SF	$5.00	$5.15	$5.30	$5.46	$5.63	$5.80
% Increase	N/A	3.00%	3.00%	3.00%	3.00%	3.00%

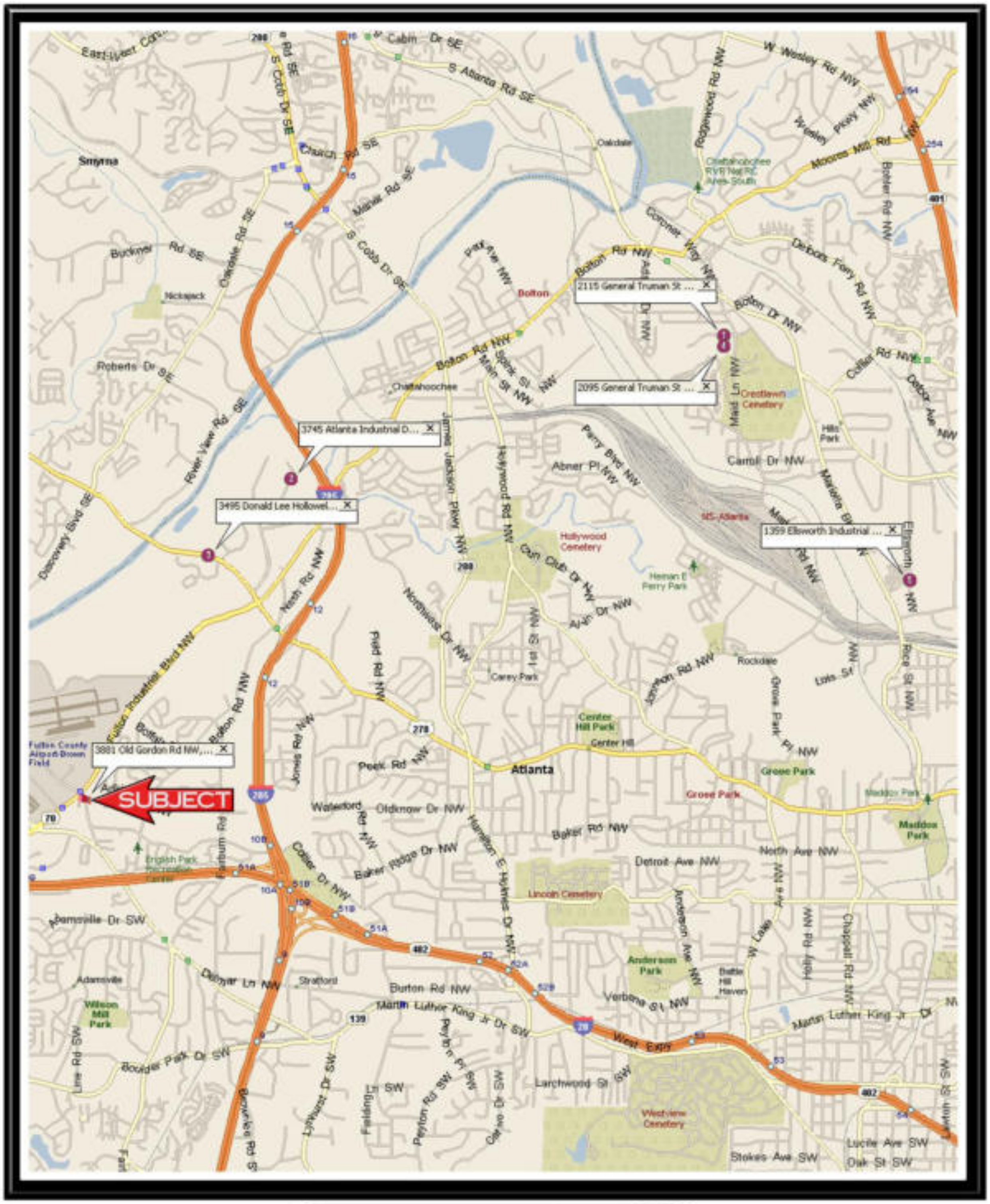
REAL ESTATE TAX CONTRIBUTION: 100.00% of all real estate taxes.

Current R.E. Taxes	Difference	% Contribution	$ Contribution
$32,025	**$32,025**	**100.00%**	**$32,025**

COMMENTS: The tenant pays all utilities and 100% of taxes. Additionally the tenant is responsible on maintaining the premises. This lease is below market, which has been considered in our overall capitalization rate estimate.

<u>Market Rent Estimate: Industrial Space</u>

The subject includes 1 industrial space which is 63,473 square feet. We have surveyed comparable rentals in the subject's vicinity in support of the rent currently being achieved for this space and as a measure of upside or downside income potential. The results of our survey are as follows:


2115 General Truman St ...
2095 General Truman St ...
3745 Atlanta Industrial D...
3495 Donald Lee Hollowel...
1359 Ellsworth Industrial ...
3881 Old Gordon Rd NW,...
SUBJECT
Smyrna
Bolton
Chattahoochee
Atlanta
Oakdale
Rockdale
Center Hill
Adamsville
Hollywood Cemetery
Crestlawn Cemetery
Lincoln Cemetery
Westview Cemetery
Anderson Park
Maddox Park
Grove Park
Center Hill Park
Wilson Mill Park
Bolton Rd NW
Moores Mill Rd
Martin Luther King Jr Dr SW
West Expy

RENTAL MAP

Comparable Industrial Rentals

No.	Address	Unit/ Floor	Year Built/ Renov.	Type/Use	Start Date	Term	Space (SF)	Adjusted Annual Base Rent/SF	Direct Services	Distance From Subj.	Leasing Company	Lease Type	Mos. on Market
1	2115 General Truman St NW	1st	1985	Industrial	5/1/2023	5 yrs	31,749	$6.97	NNN	4.86	King Industrial Realty Inc/CORFAC Intertional	Effective	2 Mos
2	3745 Atlanta Industrial Dr NW	1st	1973	Industrial	4/1/2023	5 yrs	28,712	$6.59	NNN	2.36	Wilson Hutchison Realty, LLC	Effective	5 Mos
3	3495 Donald Lee Hollowell Pky NW	1st	1986	Industrial	5/1/2023	5 yrs	42,100	$4.50	NNN	1.67	Avison Young	Effective	1 Mo
4	2095 General Truman St NW	1st	1968	Industrial	1/1/2023	5 yrs	35,000	$7.50	NNN	4.82	Strategic Real Estate Partners	Effective	5 Mos
5	1359 Ellsworth Industrial Dr	1st	1971	Industrial	8/1/2022	5 yrs 5 mos	35,133	$7.50	NNN	5.23	Stream Realty Partners, LP	Effective	3 Mos

Comparable Rentals Adjustments Grid

No.	Address	Space (SF)	Base Rent/SF	Location	Size	Age & Cond.	Terms	Misc.	Net Adj.	Gross Adj.	Adjusted Base Rent/SF
Min.	3881 Old Gordon Road Northwest	63,473	$6.19								
Max.	Atlanta	63,473	$6.19								
Avg.	Georgia	63,473	$6.19								
1	2115 General Truman St NW	31,749	$9.95	-5%	-15%	-5%	0%	-5.0%	-30%	30%	$6.97
2	3745 Atlanta Industrial Dr NW	28,712	$8.50	0%	-15%	-5%	0%	-2.5%	-23%	23%	$6.59
3	3495 Donald Lee Hollowell Pky NW	42,100	$6.00	0%	-10%	0%	0%	-15.0%	-25%	25%	$4.50
4	2095 General Truman St NW	35,000	$10.00	-5%	-15%	-5%	0%	0.0%	-25%	25%	$7.50
5	1359 Ellsworth Industrial Dr	35,133	$10.00	-5%	-15%	-5%	0%	0.0%	-25%	25%	$7.50
	Average	34,539	$8.89							Adj. Average	$6.61
	Median	35,000	$9.95							Adj. Median	$6.97
	Min	28,712	$6.00							Adj. Min	$4.50
	Max	42,100	$10.00							Adj. Max	$7.50

Comparable Rentals Photos

2115 General Truman St NW

3745 Atlanta Industrial Dr NW

3495 Donald Lee Hollowell Pky NW

2095 General Truman St NW

1359 Ellsworth Industrial Dr

During the course of our analysis, we surveyed industrial rentals, leases, and listings within the subject's vicinity. All of the comparable rentals surveyed constitute recent rental transactions and no adjustment for market conditions apply. Due to qualitative and quantitative differences between the subject and the other properties surveyed, certain adjustments were made to the comparable rentals. Adjustment categories considered include Location, Size, Age/Condition/Quality, and Misc./Terms which covers such considerations as differing terms (e.g. gross vs. net), time adjustments for older comparables, availability of parking, basement/attic space, ceiling height, and other miscellaneous factors as relevant.

Rentals Nos. 2 and 3 were both observed to be similar to the subject property in terms of location and did not require adjustment. Rentals Nos. 1, 4 and 5 are all situated within locations that are deemed superior to the subject's location and were thus adjusted downward.

All of the comparable rentals are appreciably smaller than the subject and were consequently adjusted downward to account for the subject's larger size and lower relative value per area unit.

Rental No. 3 appears to be similar to the subject property in terms of age/condition/quality and did not require adjustment. Rentals Nos. 1, 2, 4 and 5 all appear to be superior to the subject in terms of age/condition/quality and were thus adjusted downward.

All of the comparable rentals have lease terms similar to the subject's and did not require adjustment.

Our miscellaneous adjustments reflect the following considerations: Rentals Nos. 2 and 3 have more loading docks than the subject, requiring downward adjustments. Rental No. 1 has relatively more parking in comparison to the subject, requiring a downward adjustment.

Comp. No.	Ceiling Height Range	Adj.	Drive-Ins	Adj.	Loading Docks	Adj.	% Office	Adj.	Parking Ratio per 1,000 SF	Adj.	Stories	Adj.	Net Miscellaneous Adjustment
Subject	19		0		6				0.6		1		
1	20	0.0%	0	0.0%	6	0.0%	15%	0.0%	2.0	-5.0%	1	0.0%	**-5.0%**
2	24	0.0%	10	0.0%	2	-2.5%	21%	0.0%	0.0	0.0%	1	0.0%	**-2.5%**
3	28	0.0%	3	0.0%	48	-15.0%	3%	0.0%	0.4	0.0%	1	0.0%	**-15.0%**
4	22	0.0%	2	0.0%	4	0.0%	(n/a)	0.0%	0.5	0.0%	1	0.0%	**0.0%**
5	26	0.0%	2	0.0%	6	0.0%	25%	0.0%	0.4	0.0%	1	0.0%	**0.0%**

Our analysis of the above comparable industrial space rentals after adjustments reveals a market rent range of \$4.50/SF to \$7.50/SF annually for triple net leases, with the indicated probable market rent being approximately \$6.50/SF. Information regarding our rental survey was gathered from a variety of sources.

Leases in the subject’s market are typically classified by rent basis, which specifies what operating expenses are included and excluded in the rent. The most common rent bases are:

Full Service

All costs of operation are paid by the landlord up to a base year or expense stop. In some parts of the U.S., this rent basis is called Full Service Gross.

Modified Gross

Any arrangement whereby the tenant pays one or more of the expenses covered by the landlord in a Full Service lease, but not all of the expenses as in a Triple Net lease. Modified Gross leases *cover a range of lease types and terminologies used in various markets around the nation. Some of the more common are Industrial Gross, Single Net and Double Net. The definitions of these bases vary from market to market depending on the expenses they include or exclude.*

Net of Electric

A popular form of Modified Gross, this is like a Full Service lease, but the tenant pays for his or her electric charges either to the utility company (according to a meter) or to the landlord on a pro rata basis. In the Northeast, this arrangement may be called Full Service Gross Plus Electric.

Triple Net

All costs of operation including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a pro rata basis.

We note that this analysis is based on triple net lease terms as defined above. We have considered the above findings in estimating the subject's income potential and in analyzing any existing rents vis-à-vis market indications. Rents significantly outside of the indicated range are adjusted to reflect a market-indicated rent. We note that all of the comparable rentals are triple net leases so no itemized adjustment for lease terms or miscellaneous adjustment is required.

<u>Industrial Projected Potential Gross Income Conclusion</u>

Based on the above analysis, Projected Potential Gross Income from the subject's industrial space is presented below:

Projected Potential Gross Industrial Income

Tenant	Proj. Base Rent	Proj. Base Rent/SF	Proj. RETax Contrib.	Proj. RETax Contrib. /SF	Proj. Add'l Contrib.	Proj. Add'l Contrib. /SF	Projected Base Rent at Annual Renewal	Projected Base Rent at Annual Renewal/SF	Projected RETax Contrib. at Annual Renewal	Projected RETax Contrib. at Annual Renewal/SF	Projected Additional Contrib. at Annual Renewal	Projected Additional Contrib. at Annual Renewal/SF	Projected Stabilized Base Rent	Projected Stabilized Base Rent/SF	Projected Stabilized RETax Contrib.	Projected Stabilized RETax Contrib./SF	Projected Stabilized Additional Contrib.	Projected Stabilized Additional Contrib./SF	Total Projected Stabilized Rent	Total Projected Stabilized Rent/SF
Iron Mountain Information Management LLC	$412,575	$6.50	$32,025	$0.50	$34,072	$0.54	$412,575	$6.50	$32,025	$0.50	$34,072	$0.54	$412,575	$6.50	$32,025	$0.50	$34,072	$0.54	$478,671	$7.54
Totals:	**$412,575**	**$6.50**	**$32,025**	**$0.50**	**$34,072**	**$0.54**	**$412,575**	**$6.50**	**$32,025**	**$0.50**	**$34,072**	**$0.54**	**$412,575**	**$6.50**	**$32,025**	**$0.50**	**$34,072**	**$0.54**	**$478,671**	**$7.54**

Please note that the Projected Stabilized Total Rent is a synthesis of the Projected Total Rent and the Projected Total Rent at Annual Renewal during the one-year projection period. The Projected Total Rent constitutes the appraiser's opinion of the subject's achievable industrial rent as of the date of valuation. The Total Rent at Annual Renewal represents the appraiser's projection of the subject's achievable rent within one year of the date of valuation. Projected Stabilized Total Rent is the sum of the proportionate share of both Projected Total Rent and Projected Total Rent at Annual Renewal.

Potential Gross Income Conclusion

Based on our analysis of area market rents and industrial lease, our estimates of the subject's actual and projected Potential Gross Income are as follows:

Potential Gross Income Summary		
Income Category	**Modified Actual Income**	**Projected Income**
Industrial	$478,671	$478,671
Total Income	**$478,671**	**$478,671**

EXPENSE ANALYSIS

(1/26/2024-1/25/2025)

Leases within the subject's market are generally executed on a triple-net basis, with the tenants responsible for all or most building expenses or their pro-rata share thereof. Such expenses typically include real estate taxes, insurance, utilities, and most repairs required to maintain the building. However, there are additional expenses incurred that a typical owner pays. Additionally, because real estate tax contributions have been included in the property income, the tax amount is included here too as an expense item.

As noted earlier in this report, the appraisers were not supplied with historical operating expenses for the subject. In estimating appropriate operating expenses for the subject property, we have relied upon our experience with similar properties and, where applicable, analyzed comparable building operating statements and various professional publications that reflect similar operating information. We have based our estimates primarily on our survey of operating expense information from comparable industrial buildings located within the Atlanta area and general vicinity.

Real Estate Taxes - $32,025

Please refer to the Real Estate Tax section of this report.

Insurance - $18,204

The appraisers have utilized an insurance industry standard for commercial buildings to estimate the subject's insurance premium for 2024 by applying the following formula: Total Insurable Value (TIV) x $.4 (Commercial Property Insurance Rate/$100 of TIV) ÷ 100 x an inflationary factor. Thus, $4,100,000 TIV x .4 ÷ 100 = 16,400 x 1.11 = $18,204. Total projected insurance cost for 2024 thus amounts to $18,204 which amounts to $18,204/unit or $.47/SF.

Legal, Audit & Professional - $2,000

Though ownership does not report a legal and audit expense, the appraisers believe the projected cost is appropriate. Taking into account the subject's building size, we estimate legal, audit and professional costs to amount to $2,000.

Repairs, Maintenance & Supplies - $15,868

Though ownership does not report a repairs and maintenance expense, the appraisers believe the projected cost is appropriate. We have selected $15,868 per annum ($0.25 per square foot) as a viable indication of this cost to the ownership.

Elevator Maintenance - $0

Alternative 1

Management reported their FALSE elevator maintenance costs to amount to approximately (/cab) and (/cab) respectively. In 2023, elevator maintenance expense amounted to (/cab). These cost indications are considered average based on the cost of elevator maintenance services, which typically ranges between $2,500 and $5,500 per cab per year. Based on our inspection of the subject's elevators, which generally appeared to be in condition, we have projected this expense to be $0 (/cab) for the projection period.

Alternative 2

Management did not itemize their elevator maintenance costs. The cost of elevator maintenance services typically ranges between $2,500 and $5,500 per cab per year. Based on our inspection of the subject's elevators, which generally appeared to be in condition, we have projected this expense to be $0 (/cab) for the projection period.

Management - $11,189

A typical management fee amounts to 1% to 6% of Effective Gross Income depending on property size, rent levels, etc. Applying a management fee of $11,189 amounts to $0.18 per SF or 2.5% of Effective Gross Income (EGI is estimated to be $447,558).

Reserves for Replacement - $12,695

Reserve for replacement cost reflects the accrued annual expense for the periodic replacement of both short-term and long-term building items. Based on our experience with properties similar to the subject, we have ascribed a reserves for replacement cost of $12,695 ($0.20 per SF).

Vacancy and Credit/Collection Loss

In consideration of the anticipated demand for the subject, and based on historical and current occupancy levels within the subject's general vicinity, we have ascribed an estimated stabilized vacancy and credit loss of 6.50%. We note that short-term vacancy rates tend to fluctuate (often considerably) in response to changes in economic conditions as well as supply and demand. However, the direct income capitalization technique considers not short-term fluctuations, but rather stabilized long-term operating characteristics.

General Comments

The subject's total expense burden of $91,981 amounts to $1.45 per square foot.

HISTORICAL & PROJECTED INCOME & EXPENSES

Subject: 3881 Old Gordon Road Northwest Atlanta Georgia

	2021	Per Unit	Per Room	Per SF	2022	Per Unit	Per Room	Per SF	% Change	2023	Per Unit	Per Room	Per SF	% Change	Market Projection	Per Unit	Per Room	Per SF	% Change
P.G.I.		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$478,671	$478,671	N/A	$7.54	N/A
R.E. Taxes		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$32,025	$32,025	N/A	$0.50	N/A
Insurance		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$18,204	$18,204	N/A	$0.29	N/A
Fuel		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$0	$0	N/A	$0.00	N/A
Common Area Utilities		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$0	$0	N/A	$0.00	N/A
Water & Sewer		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$0	$0	N/A	$0.00	N/A
Repair/Maint/Supplies		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$15,868	$15,868	N/A	$0.25	N/A
Inter/Exter Decorating		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$0	$0	N/A	$0.00	N/A
Elevator Maintenance		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$0	$0	N/A	$0.00	N/A
Payroll		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$0	$0	N/A	$0.00	N/A
Legal & Audit		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$2,000	$2,000	N/A	$0.03	N/A
Management		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$11,189	$11,189	N/A	$0.18	N/A
Miscellaneous		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$0	$0	N/A	$0.00	N/A
Reserves		N/A	N/A	N/A		N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A	$12,695	$12,695	N/A	$0.20	N/A
TOTAL EXPENSES	$0	$0	N/A	$0.00	$0	$0	N/A	$0.00	N/A	$0	$0	N/A	$0.00	N/A	$91,981	$91,981	N/A	$1.45	N/A

Pro Forma – Estimated Income and Expenses 1/26/2024-1/25/2025

	$ Amount	PSF	Per Unit	Per Room
Income				
Residential Income	$0	$0.00	$0	$0
Industrial Base Income	$412,575	$6.50	$412,575	$0
Industrial RE Tax Contributions	$32,025	$0.50	$32,025	$0
Industrial Additional Contributions	$34,072	$0.54	$34,072	$0
Other Income	$0	$0.00	$0	$0
Potential Gross Income	**$478,671**	**$7.54**	**$478,671**	**$0**
Less Residential/Other V&C Loss @ 5.0%	$0	$0.00	$0	$0
Less Industrial V&C Loss @ 6.5%	$31,114	$0.49	$31,114	$0
Effective Gross Income	**$447,558**	**$7.05**	**$447,558**	**$0**
Operating Expenses				
R.E. Taxes	$32,025	$0.50	$32,025	$0
Insurance	$18,204	$0.29	$18,204	$0
Fuel	$0	$0.00	$0	$0
Common Area Utilities	$0	$0.00	$0	$0
Water & Sewer	$0	$0.00	$0	$0
Repairs/Maint./Supplies	$15,868	$0.25	$15,868	$0
Interior/Exterior Decorating	$0	$0.00	$0	$0
Elevator Maintenance	$0	$0.00	$0	$0
Payroll	$0	$0.00	$0	$0
Legal & Audit	$2,000	$0.03	$2,000	$0
Management	$11,189	$0.18	$11,189	$0
Miscellaneous	$0	$0.00	$0	$0
Reserves	$12,695	$0.20	$12,695	$0
Total Operating Expenses	**$91,981**	**$1.45**	**$91,981**	**$0**
Total Expenses Excluding RE Taxes	**$59,956**	**$0.94**	**$59,956**	**$0**
Net Operating Income	**$355,577**	**$5.60**	**$355,577**	**$0**
Operating Expense Ratio (EGI)	***20.55%***			

DIRECT INCOME CAPITALIZATION ANALYSIS

Capitalization refers to the conversion of income into value, and a Capitalization Rate is any rate used to convert income into value. Direct Capitalization is defined as:

> A capitalization technique that employs capitalization rates and multipliers extracted from sales. Only the first year's income is considered. Yield and value change are implied, but not identified.[1]

Direct Capitalization is also defined as:

> A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor.[2]

We have selected the Mortgage-Equity Technique (Ellwood Method) in order to derive a reliable overall capitalization rate for capitalizing the subject's estimated net income.

The Mortgage-Equity Technique (Ellwood Method) utilizes a formula to calculate an overall capitalization rate based on a series of input variables that reflect the mortgage financing and equity investment components of the total property yield. Conceptually, the Ellwood formula builds on the "basic" weighted rate (weighted average of mortgage return rate and equity yield rate) by applying adjustments to reflect equity buildup over time as well as anticipated appreciation/depreciation of the property's value over the investor's holding period. By design, this formula is applicable only to properties with a stabilized income stream that may be expected to change according to specific growth patterns.

Overall Capitalization Rate Development via Mortgage-Equity Technique

The Mortgage-Equity Technique recognizes that real estate investors typically purchase property using a combination of mortgage financing and equity funds. Mortgage financing is favored by investors because it offers the opportunity for positive leverage and gives investors the ability to control properties that would otherwise be beyond their means.

The yield to the equity investor reflects the cash flows that provide for return of, and on, the initial equity investment. The yield requirement of the mortgage lender is expressed as a mortgage constant based on currently available mortgage terms. In addition to these two core components, the Ellwood Method also accounts for equity buildup as well as the expected change (typically, appreciation) in property value during the holding period. Equity buildup reflects the fact that as mortgage payments are made, the remaining loan principal is gradually reduced, while the investor's equity position increases correspondingly.

In all investments, the element of recapture is central. The investor expects a return on investment capital as well a return of the investment itself. Recapture of the mortgage is accomplished through amortization over the investment term, with a balloon payment at the end of the investment term if any balance remains. Recapture of the equity investment is achieved through the operating cash

[1] Dictionary of Real Estate Appraisal (4th edition, 2002), published by the Appraisal Institute, Chicago, Illinois.

[2] Ibid.

flows and from the proceeds of a hypothetical property sale at the end of the holding period. The equity growth on the annual equity dividend rate to produce the equity yield rate is based on the use of the sinking fund factor to discount and annualize the equity buildup and value appreciation.

Equity Yield Rate Selection

A yield rate to the equity investor has been selected through a combination of financial and real estate market information, indicating the prospective rate of return necessary to attract long-term real estate investment capital. In addition, we must also consider the risk characteristics inherent to the subject and its operating environment. These include market absorption and vacancy rates, and the economic stability of the local market area. The search for a yield rate begins in the financial markets, which offer rates on current alternative instruments as economic benchmarks. Investors are typically guided psychologically by the ten-year Treasury Note rate, which was approximately 4.14% as of the valuation date.

Although not considered a meaningful alternative investment vehicle, the note rate does represent a benchmark reflective of the costs of debt capital, with minimal ("baseline") risk and appreciation components. Considering the higher risks associated with real estate investment, as well as the management requirements and impairment of liquidity, an upward adjustment must be made to this rate indication.

The subject property consists of a (circa 1983) one-story industrial building. It appears to have received adequate maintenance and is located within the City of Atlanta. The element of risk in this investment would not be perceived as unusually high by most investors in our opinion, nor will illiquidity or management be unusual burdens in this locality. Based on these considerations, placing greatest reliance on local real estate market information, it is our opinion that an equity yield rate of 8.50% would be sufficient to attract investment capital to the subject property based on the subject's location.

Mortgage Rate Selection

The second key component in the Ellwood formula consists of the mortgage rate, which is expressed as an annual constant and is based on the particular terms of the anticipated mortgage. Consideration must be given to the availability of financing and mortgage terms. A recent survey was conducted in order to more accurately reflect local lending requirements within the subject's general community. Our survey included lending institutions (primarily banks) that offer collateralized loans throughout the metropolitan New York City area and the surrounding environs. We note that the subject's Atlanta location is considered a primary investment area by most lending institutions.

Lending rates generally ranged from 150 to 250 basis points above the 10-year Treasury, depending on property type, location, size, occupancy, and other pertinent factors affecting risk. Spreads tend to fluctuate in response to changes in the 10-year Treasury rate; as the yield falls, spreads often increase, and as the yield rises, spreads may decrease. This tends to have a stabilizing effect on financing rates. Furthermore, lending rates tend to have an inverse relationship to loan size; i.e. smaller loans often have somewhat higher rates than comparable larger loans.

Taking into account the subject's location, condition, and other pertinent factors, we would expect a mortgage at 175 basis points above the ten-year treasury, for an interest rate of 5.89%. In addition, the typical loan-to-value ratio for properties similar to the subject supports 70% for debt and 30% towards equity. The basic rate normally accounts for the major part of the overall rate. The composition of the basic rate is usually defined with an algebraic formula, but it can also be demonstrated by a regular band of investment.

Expectation of Appreciation/Depreciation

The adjustment for anticipated increase or decrease in property is akin to the recapture allowance used in other capitalization techniques. When there is no expectation for depreciation or appreciation in value, no adjustment is required. The subject property is located within the City of Atlanta.

Based on the inputs discussed above, our application of the Mortgage-Equity Technique is presented on the following page.

Basic Assumptions			
Ratio to Value		Mortgage: 70%	Equity Position: 30%
Term/Holding Period		25 Years	10 Years
Rate: Interest/Yield		5.89%	8.50%
Mortgage Constant			
	25 Years	7.65%	
	10 Years	13.26%	
Mortgage:	70% (D)	x 7.65%	= 5.36%
Equity:	30%	x 8.50%	= 2.55%

Weighted Rate			=7.91%
Less Credit for Equity Build-Up			
5.89%	Loan,	Years: 25	
	Constant:	7.65%	
	Interest Rate	5.89%	
	Amortization:	1.76%	(A)
5.89%	Loan,	Years: 10	
	Constant:	13.26%	
	Interest Rate:	5.89%	
	Amortization	7.37%	(B)
% Paid Off	(A)/(B)	= 23.91%	(C)
Sinking Fund Fact. @ 8.50% for 10 years:		6.74%	(E)
Amount Paid Off:			
	Based on % Paid Off:	23.91%	(B)
	Mortgage Ratio:	70%	(C)
	Sinking Fund Factor:	6.74%	(E)
(C)	x (D)	x (E)	
23.91%	x 70%	x 6.74%	= 1.13%
Unload for Appreciation/Depreciation**			
Projected Appreciation Rate Over Holding Period:		0.00%	/Year
Total Compounded Appreciation of 0.00% x Sinking Funds Factor:			
0.00%	x 6.74%		= 0.00%
		Overall Rate:	**6.78%**
		Rounded Overall Rate:	**6.75%**

**Adjustment to the basic rate to reflect an expected change in overall property value. If the value change is positive (appreciation), the overall capitalization rate is reduced to reflect this anticipated monetary benefit; if the change is negative (depreciation) the overall capitalization rate is increased.

Based upon the data presented, our analysis of the subject property, the overall marketplace, published real estate investment criteria, and our calculation of a capitalization rate using the Mortgage-Equity technique, it is our opinion that an Overall Capitalization Rate for the subject property of 6.75% is viable for our development of a market value indication via this approach.

Additional market extracted cap rate support is presented below:

	Property Address	Date of Sale	Sales Price	Building SF	Occupancy	Overall Cap Rate
1	3500 Browns Mill Rd Se, Atlanta, GA	2/1/2022	$3,600,000	73,000	100.00%	7.00%
2	3640 Royal South Pky, Atlanta, GA	9/15/2023	$14,300,000	116,848	100.00%	6.74%
3	1400 Oakley Industrial Blvd, Fairburn, GA	8/15/2023	$5,539,261	20,990	100.00%	6.00%
4	2005 Marietta Rd Nw, Atlanta, GA	9/23/2022	$4,900,000	27,000	100.00%	5.25%

The subject's market value indication is calculated as follows:

$355,577 ÷ 6.75% =	$5,267,809
Market Value Indication (As Is)	**$5,267,809**
Rounded	**$5,275,000**

Thus, the subject's indicated market value, as of January 26, 2024, is:

MARKET VALUE INDICATION VIA DIRECT INCOME CAPITALIZATION

$5,275,000

Approach	Value	Price/Unit	Price/Room	Price/SF	Overall Rate	GRM
Income	$5,275,000	$5,275,000	N/A	$83	6.74%	11.02

REPLACEMENT COST NEW/INSURABLE VALUE

REPLACEMENT COST NEW, FOR INSURANCE PURPOSES (“INSURABLE VALUE”)

In this section, we estimate the replacement cost new of the subject building improvements. *Replacement cost new* is the total cost of construction required to replace a building, as if in new condition, with a substitute of like or equal utility using current standards of material and design. The cost is arrived at by multiplying the building area(s) by adjusted per-square-foot replacement costs. The costs are conventionally derived from published construction cost survey manuals, such as the Marshall Valuation Service cost manual, published by Marshall & Swift. This manual is recognized as an industry standard and is the source used in this analysis.

The term *insurable value* is often used in place of replacement cost new. However, there is a subtle difference between these two expressions. Per the Marshall manual, insurable value may be defined as “Value used by insurance companies as the basis for insurance. Often considered to be replacement or reproduction cost plus allowances for debris removal or demolition less deterioration and uninsurable items. Sometimes cash value or market value, but often entirely a cost concept.”

The Marshall manual makes the salient point that “Insurance exclusions or additions are a matter of underwriting and not a matter of valuation; the appraiser must know the type of coverage and the company policy regarding underwriting and claims before he prepares his report. Also, these items in some cases may be controlled by local governmental rules and regulations.” Because of the nuances and complexities involved in arriving at an insurable value, in this analysis we provide only the replacement cost new and not the true insurable value. However, we have included the more familiar term in headings because it is more familiar to many readers.

The Marshall manual makes the salient point that “Insurance exclusions or additions are a matter of underwriting and not a matter of valuation; the appraiser must know the type of coverage and the company policy regarding underwriting and claims before he prepares his report. Also, these items in some cases may be controlled by local governmental rules and regulations.” In this case the client defines the exclusions as well as additional indirect costs to be included according to the engagement letter. These additional indirect cost items include “…releasing expense, building permits, reconstruction fees, and owner’s supervision expense for reconstruction. Excluded items include land value, site improvements, and entrepreneurial profit.” Our analysis of replacement cost presented below does not include any of the excluded items. To account for the additional indirect cost items, we apply a -5% addition to the replacement cost estimate.

For this property, the applicable data was taken from the Marshall Valuation Service cost manual, section/page 14/14 (industrial building). We have selected the cost factors presented on the following page to estimate the replacement costs of the subject’s improvements. The factors do not include land cost/value but are inclusive of most primary hard & soft costs.

In certain instances, the unit cost utilized may be an interpolated figure. For example, if a building is constructed with a combination of Class A and Class C construction techniques, it may be most accurate to calculate the construction cost based on a unit cost interpolated between Class A and Class C unit costs for the appropriate building type. As another example, for a building with a partially finished cellar, the cellar unit cost may be an interpolation between unfinished and finished cellar unit costs.

The listed cost(s) per square foot will be modified by a cost multiplier and a location multiplier, each appropriate to the prevailing cost levels in the subject property's region. Following is an itemized breakdown of Replacement Cost New of the subject’s improvements:

REPLACEMENT COST NEW / "INSURABLE VALUE"

Occupancy Type:					industrial building		
Construction Class:					C		
Quality:					Average		
Building Height:					one stories		
Building Size (Gross SF):							
Estimated Cost New:							14/14
Marshal Valuation Section/Page:							
Estimate Cost per SF:							66.5
Heating Cost Modification per SF:							
							——————
Base Building Cost:							66.5
Multiplier Refinements:							
Height Adjustment:					1		
Perimeter Adjustment:					1		
Current Cost Multiplier (Eastern):					1.09		
Local Cost Multiplier:					0.94		
Other Adjustment:					1		
					—————		
Combined Refinements:					1.0246		
Adjusted Base Building Cost per SF:							$68.14
Estimated Cost New:			63,473	x	$68.14	=	$4,324,790
Cellar Costs:	0	x		x	1.0246	=	$0
Other Costs:							
							——————
Replacement Cost New:							$4,324,790
Additional Indirect Cost Items:			-5%				-$216,240
Total Replacement Cost New:							$4,108,551
Rounded:							$4,100,000

REPLACEMENT COST NEW CONCLUSION: $4,100,000

RECONCILIATION

RECONCILIATION & FINAL VALUE OPINION

The approaches utilized have yielded the following value indications:

Approaches	Value	$/Unit	$/Room	$/SF	Overall Rate	GRM
Cost As-Is	N/A	N/A	N/A	N/A	N/A	N/A
Sales Comparison As-Is	$5,275,000	$5,275,000	N/A	$83	6.74%	11.02
Income As-Is	$5,275,000	$5,275,000	N/A	$83	6.74%	11.02

The appraisers were requested to form an opinion of the "as is" market value(s) of the Leased Fee Estate in the subject property. To this end, we have utilized both the Sales Comparison and Income Approaches to Value. The Cost Approach was not developed in this appraisal since the subject property does not constitute a specialty use; rather it is a property that would be purchased for its income potential, occupancy, or alternative use. Furthermore, reliable estimates of depreciation and obsolescence are difficult and subjective due to the type and age of the subject's improvements. It is, therefore, our opinion that this approach is of limited applicability in this context. Consequently, it has been omitted from this analysis.

The subject property's type of realty in the local market is preponderantly wholly or partially owner occupied, with the prevailing motivation of ownership being not for investment purposes requiring a competitive return, but rather as an integral part of a business. There is recurrent market evidence that prices paid for properties comparable to the subject are higher than what the capitalization of market-supported income projections would support. The Sales Comparison Approach is based on a comparison of recent market conveyances of properties to comparable the subject property. All sales information is obtained from published market data.

In the Income Approach, our analysis of the subject's reported or estimated income and expenses, and our evaluation of these figures in light of current market conditions and comparable market data enabled us to establish a supportable estimate of the subject's current Net Operating Income. After applying market-reflective yield and mortgage rates, and considering typical terms and availability of financing, a viable capitalization rate was selected and utilized to arrive at a value indication.

Our employment of both the Sales Comparison and Income Approaches resulted in equivalent value indications. The Sales Comparison Approach directly reflects the actions of participants in the market and is often utilized as a test of reasonableness for the Income Approach when appraising income-producing properties. For properties that are typically wholly or partially owner occupied, this approach is often considered to be a primary indicator of value. The degree of reliability placed on this approach is in direct relation to the availability and comparability of the sales data. We have cited sales of four properties located within the subject's market.

Significant weight has been afforded to the Income Approach based on the sufficiency and reliability of the available data which lends considerable support to the value indication arrived at via the Sales Comparison Approach.

Based on the foregoing analysis, we have based our value conclusion on the Income Approach exclusively. Our final opinion of the “as is” market value(s) for the subject’s Leased Fee Estate, as of January 26, 2024, is:

Five Million Two Hundred Seventy Five Thousand Dollars

$5,275,000

Exposure and Marketing Periods:

Based on recent activity within the subject’s market, we estimate that the typical exposure period of an industrial building is approximately 9-12 months to time of sale. A similar marketing period is anticipated based on current market conditions.

ADDENDA

DocuSign Envelope ID: A0772A3A-DCD4-4C80-B33F-35CE9BD1EFBD

WESTROCK APPRAISAL

WestRock Appraisal Services Inc.
500 S Australian Avenue, Suite 600
West Palm Beach, FL 33401
973.937.8762
WestRockAppraisal.com

Appraisal Address To:	The Lesser Group Avrumie Furst 1481 47th Street Brooklyn, NY 11219 af@thelesergroup.com
Property Addresses Being Appraised:	3881 Old Gordon Road Northwest Parcel: 14F-0016-LL-048-7 Atlanta, GA 30336
Interest Appraised:	Leased Fee Interest
Purpose of the Appraisal:	Determine As-Is Market Value
Type of Appraisal/Report:	Complete Appraisal/Summary Report
Type/Size of Property:	Industrial Building-1 Units
Due Date:	Two weeks from execution of this letter
Fee:	$2,400.00(50%down and 50% upon completion)
Payment Options:	In advance, see following page
Purpose of Appraisal:	Asset Analysis
Appraisal Report Delivery:	**Unless instructed to the contrary and regardless of who satisfies the fee requirement of this appraisal, only the lender named above will receive a copy of the appraisal.**

APPRAISAL STANDARDS: This appraisal will:

1) Adhere to generally accepted professional appraisal standards and reporting guidelines of the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Foundation;
2) Comply with appraisal regulations of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA); and
3) Comply with the appraisal rules and regulations of the Office of Thrift Supervision (OTS).

If for any reason the undersigned cannot deliver the report according to the agreed upon schedule, you will be contacted immediately.

Respectfully submitted,
WESTROCK APPRAISAL SERVICES

STEVEN R. ROMER, MAI, President
NYS Certified General R.E. Appraiser
I.D. No. 46000000719
January 12, 2024

Appraisal Institute MAI

Agreed to and accepted by:

DocuSigned by:
Avrumi Furst
75AA9A7C3A004F4...

Name | 1/12/2024 Date

WAREHOUSE LEASE

LEASE COVER PAGE

Date November 29, 2022

LESSOR:
LG Georgia Commercial LLC
c/o The Leser Group, Ltd.
1481 47th Street
Brooklyn, New York 11219
Attention: Abraham Furst

with a copy to:

Frenkel, Hershkowitz & Shafran LLP
49 West 37th Street
New York, New York 10018
Attn: Joseph M. Hershkowitz, Esq.

LESSEE:
Iron Mountain Information Management, LLC
a Delaware limited liability company
One Federal Street, Boston, MA 02110
Attn: Real Estate Department

with a copy to:

Iron Mountain Information Management, LLC
a Delaware limited liability company
One Federal Street, Boston, MA 02110
Attn: Legal Department

1.1
PREMISES ADDRESS: 3881 Old Gordon Rd., Atlanta, GA 30336

SQUARE FEET OF PREMISES: Approximately 63,473 square foot Building

1.2
COMMENCEMENT DATE: November 29, 2022

EXPIRATION DATE: December 31, 2028

TERM: Commencing on the Commencement Date and expiring on the Expiration Date.

1.3
RENT: $5.00 per square foot of the Premises per annum, increasing annually on each anniversary of the Commencement Date by three percent (3%); provided, however, if the Commencement Date is not the first day of a calendar month, such increase shall occur on each anniversary of the first day of the month immediately following the month in which the Commencement Date occurs.

1.4
PERMITTED USE OF PREMISES: General purposes of warehousing, receiving, storing, shipping and management of goods and chattel (both consumer and commercial), property (personal and otherwise), paper and

WAREHOUSE LEASE

THIS LEASE is made and entered into as of the day and year set forth on the Lease Cover Page by and between the Lessor and Lessee described on the Lease Cover Page.

WITNESSETH:

For and in consideration of the rents and covenants hereinafter set forth, Lessor hereby leases to Lessee and Lessee hereby rents from Lessor the following-described Premises upon the following terms and conditions:

ARTICLE I
PREMISES

1.1 **Premises**. Lessor, for and in consideration of the rents, covenants and agreements hereinafter set forth and hereby agreed to be paid, kept and performed by Lessee, does hereby lease to Lessee, and Lessee hereby leases from Lessor the Premises described in paragraph 1.1 of the Lease Cover Page, which are more particularly delineated on the diagram attached hereto as Exhibit A and incorporated herein by this reference (hereinafter referred to as the "Premises"). The Premises consists of the entire building (the "Building") located on the real property located at 3881 Old Gordon Rd., Atlanta, GA 30336 (the "Property"). Lessor represents and warrants that Lessor is the fee owner of the Premises and Property and has full right and authority to lease the Premises to Lessee on the terms and conditions set out herein. Lessee accepts the Premises "as-is" and waives any obligation of Lessor to deliver the Premises in any particular condition. Lessee agrees that it is fully familiar with and has accepted and approved all matters relating to the Premises, including zoning, condition of title, soils conditions, environmental status, and the physical condition and suitability of the Premises for Lessee's intended purposes. Lessee agrees that neither Lessor, nor any party purporting to act on behalf of Lessor, has made any representation or warranty with respect to the condition of the Premises except as expressly set forth herein.

ARTICLE II
TERM

2.1 **Term**. The Term and Commencement Date of this Lease are set forth in paragraph 1.2 of the Lease Cover Page. Lessor and Lessee hereby acknowledge that Lessee has been occupying the Premises prior to the Commencement Date, but that the terms and conditions of this Lease shall govern from and after the Commencement Date.

ARTICLE III
RENT

3.1 **Rent**. During the Term, Lessee shall pay to Lessor without demand, deduction, or offset (except as otherwise provided herein) as rent for the Premises, the amounts set forth in this Section 3.1 ("Rent"). The Rent shall be payable in advance on the first day of each calendar month during the term of this Lease. In the event the term of this Lease commences or ends on a day other than the first day of the calendar month, then the rental for such partial month shall be prorated in the proportion that the number of days that this Lease is in effect during such partial month bears to the total number of days in such month, and such rental shall be paid upon the commencement of such month. Lessor and Lessee acknowledge and agree that Rent shall be paid in accordance with the table set forth below:

Lease Year	Rate per Square Foot	Annual Rent	Monthly Payment
1	$5.00	$317,365	$26,447.08
2	$5.15	$326,886	$27,240.50
3	$5.30	$336,693	$28,057.75
4	$5.46	$346,793	$28,899.42
5	$5.63	$357,197	$29,766.42
6	$5.80	$367,913	$30,659.42
7* * (partial year)	$5.97	$378,950	$31,579.17

3.2 **Late Charge**. Any delinquent payment of Rent shall bear interest at a rate of interest that is equal to two (2) percentage points over the then prime rate of interest as published in the Wall Street Journal. This provision shall in no way affect the right of Lessor to declare Lessee in default of this Lease for the failure to pay Rent or other sums payable hereunder on the day that the same is due.

ARTICLE IV
ABSOLUTE NET LEASE AND TAXES

4.1 **Absolute Net Lease**. This Lease shall be deemed and construed to be an absolute net lease, it being the intent hereof that Lessor shall receive, except as herein otherwise specifically provided, all Rent and other charges payable hereunder free from any charges, taxes, assessments, fees, impositions, expenses, set-offs or deductions of any and every kind or nature whatsoever, including real estate taxes.

4.2 **Taxes**. Lessee shall pay all real estate taxes, assessments, governmental charges, and fees payable to tax consultants and attorneys for consultation and contesting taxes (collectively referred to as "Taxes") applicable to the Premises during the Term. If Lessor receives any bill for Taxes, it shall promptly send it to Lessee. Such payment by Lessee shall be made prior to the date any payment shall become delinquent (or if later, within thirty (30) days of receipt of a bill therefor from Lessor). If the Term of this Lease shall not expire concurrently with the expiration of a tax fiscal year, Lessee's liability for property taxes for the last year of the Term shall be prorated on an annual basis. If any tax or excise is levied or assessed directly against Lessee, or the Premises, or results from any Lessee alterations, then Lessee shall pay such tax or excise as required by the taxing authority.

ARTICLE V
PURPOSE

5.1 **Possession and Use**. The Premises shall be occupied and used for the use set forth in paragraph 1.4 of the Lease Cover Page. In no event, however, shall the Premises be used or

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

LESSOR:

LG GEORGIA COMMERCIAL LLC

By: ______________________________
Name: ______________________________
Title: ______________________________

LESSEE:

IRON MOUNTAIN INFORMATION MANAGEMENT, LLC

By: ______________________________
Name: Robert Schneiders
Title: Vice President – Transactions & Global Lease Administration

STEVEN R. ROMER, MAI
APPRAISER LICENSE

STATE OF GEORGIA
REAL ESTATE APPRAISERS BOARD

STEVEN R ROMER

404925

IS AUTHORIZED TO TRANSACT BUSINESS IN GEORGIA AS A

CERTIFIED GENERAL REAL PROPERTY APPRAISER

THE PRIVILEGE AND RESPONSIBILITIES OF THIS APPRAISER CLASSIFICATION SHALL CONTINUE IN EFFECT AS LONG AS THE APPRAISER PAYS REQUIRED APPRAISER FEES AND COMPLIES WITH ALL OTHER REQUIREMENTS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED, CHAPTER 43-39-A. THE APPRAISER IS SOLELY RESPONSIBLE FOR THE PAYMENT OF ALL FEES ON A TIMELY BASIS.

D. SCOTT MURPHY
Chairperson

JEFF A. LAWSON
Vice Chairperson

JEANMARIE HOLMES
KEITH STONE
WILLIAM A. MURRAY

2035756532140630

ROMER, STEVEN R.
500 S. AUSTRALIAN AVENUE
SUITE 600
WEST PALM BEACH, FL 33401

STEVEN R ROMER

#	404925
Status	ACTIVE

END OF RENEWAL
03/31/2024

CERTIFIED GENERAL REAL PROPERTY APPRAISER

THIS LICENSE EXPIRES IF YOU FAIL TO PAY RENEWAL FEES OR IF YOU FAIL TO COMPLETE ANY REQUIRED EDUCATION IN A TIMELY MANNER.

State of Georgia
Real Estate Commission
Suite 1000 - International Tower
229 Peachtree Street, N.E.
Atlanta, GA 30303-1605

LYNN DEMPSEY
Real Estate Commissioner

2035756532140630

STEVEN R ROMER

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Atlanta, GA 30303-1605

LYNN DEMPSEY
Real Estate Commissioner

2035756532140630

PROFESSIONAL LIABILITY BINDER (E&O)

ACORD

WESTAPP-01 GPOLTER

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 7/6/2023

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
The Omni Agency, Inc.
3877 Flatlands Ave
2nd Floor
Brooklyn, NY 11234

CONTACT NAME:
PHONE (A/C, No, Ext): (718) 831-7888 FAX (A/C, No): (718) 831-7889
E-MAIL ADDRESS:

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Interstate Fire & Casualty Company	
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
WestRock Appraisal Services Inc aka WestRock Appraisal Services Corp & its president Steven R Romer
500 South Australian Ave
Suite 600-1096
West Palm Beach, FL 33401

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY; CLAIMS-MADE; OCCUR; GEN'L AGGREGATE LIMIT APPLIES PER: POLICY; PRO-JECT; LOC; OTHER:						EACH OCCURRENCE	$
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
							GENERAL AGGREGATE	$
							PRODUCTS - COMP/OP AGG	$
								$
	AUTOMOBILE LIABILITY; ANY AUTO; OWNED AUTOS ONLY; SCHEDULED AUTOS; HIRED AUTOS ONLY; NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident)	$
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB; OCCUR; EXCESS LIAB; CLAIMS-MADE; DED; RETENTION $						EACH OCCURRENCE	$
							AGGREGATE	$
								$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N; ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH); If yes, describe under DESCRIPTION OF OPERATIONS below	N/A					PER STATUTE; OTH-ER	
							E.L. EACH ACCIDENT	$
							E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
A	Errors and Omissions			HI273DMLA231	7/6/2023	7/6/2024	Aggregate	2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

Evidence of Insurance

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
The Omni Agency, Inc.

ACORD 25 (2016/03)

STEVEN R. ROMER, MAI
APPRAISER QUALIFICATIONS

SUMMARY OF QUALIFICATIONS

Steven R. Romer has over 30 years of experience as a real estate appraiser and consultant, specializing in the appraisal of shopping centers, industrial and commercial facilities, apartment buildings and special purpose properties in the metropolitan and tri-state areas. Mr. Romer is the president and principal of Westrock Appraisal Services Corp.

In addition to holding the MAI designation from the Appraisal Institute, Mr. Romer has earned an MBA degree from the Bernard Baruch College of New York City.

BUSINESS EXPERIENCE

- **Westrock Appraisal Services Corp.** **1991 - Present**

President

Active in conducting appraisal assignments, implementing marketing strategies and developing computer-assisted appraisal programs.

- **Fee Appraiser** **1987 - 1990**

Performed appraisal assignments for various MAI's including Jerome Jakubovitz, Albert Dolfinger of Property Advisory Group, Lawrence Humphrey of Humphrey and Coyle, William Shubert of William Shubert and Company, among others.

LICENSES

- **Certified General R.E. Appraiser - NY**

Licensed by the State of New York as a Certified General Real Estate Appraiser, identification number 46000000719.

- **Certified General R.E. Appraiser - NJ**

Licensed by the State of New Jersey as a Certified General Real Estate Appraiser, identification number 42RG00197400.

- **Certified General R.E. Appraiser - CT**

Licensed by the State of Connecticut as a Certified General Real Estate Appraiser, identification number RCG.0001278.

PROFESSIONAL AFFILIATIONS

- **MAI Designation (No. 21364), Appraisal Institute**

EDUCATION

Appraisal Institute Courses Completed:

Real Estate Appraisal Principles
Residential Valuation
Basic Valuation Procedures
Capitalization Theory and Techniques, Part A
Capitalization Theory and Techniques, Part B
Case Studies in Real Estate Valuation
Valuation Analysis and Report Writing
Standards of Professional Practice
Rates, Ratios & Reasonableness

Bernard Baruch College: MBA Degree, May 1988
New York, N.Y.

WESTROCK APPRAISAL

MARKET VALUATION ANALYSIS

Appraisal Report

1890 Macarthur Boulevard Northwest
Atlanta, Georgia 30318

February 2, 2024

Mr. Avrumie Furst
The Lesser Group
1481 47th Street
Brooklyn, NY 11219

Re: Market Valuation Analysis
1890 Macarthur Boulevard Northwest
Atlanta, Georgia 30318

Dear Mr. Furst:

This is an Appraisal Report that is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value may be presented in summary form. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's workfile. The depth of discussion contained in this report is specific to the intended user(s) and use(s) identified within this report. This report is for the exclusive use of the specified intended user(s). The appraiser is not responsible for unauthorized use of this report.

The undersigned has either personally inspected and/or analyzed the above-captioned property for the purpose of forming an opinion of the "as is" market value of the Leased Fee Interest in the subject (land and improvements). The subject is identified as 1890 Macarthur Boulevard Northwest, which is located along the south side of Macarthur Boulevard Northwest, between General Truman Street Northwest and Westside Boulevard Northwest in the City of Atlanta, Fulton County, Georgia. The subject property consists of a (circa 1970) one-story industrial building which is on parcel 17-0229-LL-0455 and contains 3.15 acres and a vacant parcel of industrial land on parcel 17-0229-LL-0570. Per the clients request, we have valued each lot separately and combined the total value of both parcels in this report. As of the date of valuation, the property was tenanted, with a lease. There were no vacancies reported as of the valuation date. Total building area above grade is approximately 49,019 square feet and the site has a total area of 3.15± acres. The property is zoned I-1 (Light Industrial).

The attached appraisal report outlines the various methods and procedures of valuation. Based upon a physical inspection of the subject property and its surrounding neighborhood, our analysis of pertinent market information, and reviews of both public and private records, our “as is” market value conclusion(s) for the subject’s Leased Fee Estate, as of January 26, 2024, the effective date of valuation, is:

Eight Million Two Hundred Seventy Five Thousand Dollars

$8,275,000

The preceding value conclusion is reflective of the subject property’s “as is” condition. The indicated conclusions are further based upon our analysis of the information contained in this appraisal report, subject to the Limiting Conditions and Certifications set forth herein.

Based on recent activity within the subject’s market, we estimate that the typical exposure period of an industrial building is approximately 9-12 months to time of sale. A similar marketing period is anticipated based on current market conditions.

Kindly let us know whether you have any questions or comments on the conclusions of the appraisal report. Additionally, from your own understanding of this information and your knowledge of current market activity, we expect that you will advise us of any discrepancies in factual information presented in the report.

The reported analyses, opinions, and conclusions comply with the Comptroller of Currency appraisal standards as delineated by ruling 12U.S.C.93a. This appraisal has been prepared in conformance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and the Interagency Appraisal and Evaluation Guidelines dated December 2010.

Respectfully submitted,
WESTROCK APPRAISAL SERVICES

____
STEVEN R. ROMER, MAI, MBA, Founder-CEO
GA Certified General R.E. Appraiser
I.D. No. ACGO 404925

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Limiting Conditions

1. No survey of the property has been made by the appraiser(s) and no responsibility is assumed in connection with such matters. Sketches in this report are included only to assist the reader in visualizing the property.

2. No responsibility is assumed for matters of a legal nature affecting title to the property nor is an opinion of title rendered. The title is assumed to be insurable.

3. Information furnished by others is assumed to be true, correct, and reliable. A reasonable effort has been made to verify such information; however, no responsibility for its accuracy is assumed by the appraiser(s).

4. All mortgages, liens, encumbrances, leases, and servitude have been disregarded unless so specified within this report. This property is appraised as though under responsible ownership and competent management.

5. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them. The appraiser is not a building inspector; any inspections performed include only basic visual observations of accessible areas. As such, the appraisal report cannot be relied upon to disclose conditions and/or defects in the property.

6. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless a non-conformity has been stated, defined and considered in this appraisal report.

7. It is assumed that all applicable use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in this appraisal report.

8. It is assumed that all required licenses, consent, or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been, or can be, obtained or renewed for any use on which the value opinion contained in this report is based.

9. It is assumed that the utilization of the land and improvements are within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted within the appraisal report.

10. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material contained in this report, it is recommended that the reader contact the undersigned.

11. It is assumed that all of the necessary and required permits and licenses are in full force and effect.

12. It is assumed that an approved survey can be obtained, conforming to the sketches and estimates as represented in this report.

13. It is assumed that the subject property's income and expense information as furnished to the appraisers is accurate.

14. The total site area of 3.15± acres represents an estimate that is based on an examination of the City of Atlanta tax assessor's records as well as my own measurements.

15. The above-grade building area of 49,019± square feet (inclusive of any common areas as relevant) represents an estimate that is based on an examination of the City of Atlanta tax assessor's records as well as my own measurements.

16. This appraisal report represents a synopsis of the findings of the data-gathering process and the appropriate appraisal analysis. All input data would have been too voluminous to include in this report. The exclusion of same does not preclude the appraiser(s) from referring to this data at a future date. If the occasion arises, the appraiser(s) reserves the right to refer to any of the source material used in the preparation of this appraisal to further clarify any item contained in this report.

17. This appraisal report is meant to be presented in its entirety. If this report is represented in any form other than its complete form, it becomes invalid.

18. This information and conclusions contained within this report are for the exclusive use of the identified intended user(s), for the intended use(s) specified. The appraiser is not responsible for unauthorized use of this report.

19. To the best of my knowledge and belief, the statements of fact contained in this appraisal report upon which the analyses, opinions and conclusions are based, are true and correct, subject to the statement of Assumptions and Limiting Conditions herein set forth.

20. Estimates, projections, and opinions (including any prospective value opinions) as utilized in this report may be based on certain assumptions concerning future events and circumstances. These estimates, projections, and opinions may be affected by unforeseen events that alter market conditions. These phenomena may be local, national, or international in scope. It must be understood that actual results achieved during projection periods may vary from those indicated and the variations could be material. The appraiser(s) cannot be held responsible for unforeseeable events that alter market conditions in an unexpected manner.

21. Except where otherwise indicated, all numerical adjustments applied to comparable sales, rentals, and other such information are intended to be approximations. Extracting market-derived adjustment factors for most property types and markets is often impractical due to the limited quantity and quality of this data. Consequently, adjustments presented herein must be construed as the appraisers' approximations of the relative differences between the subject property and comparables, based on available market information, experience, and judgment.

22. It is assumed that any forecasted income and operating expense estimates provided by the subject's ownership, are based, in part, upon reported lease agreements and expenditures, in addition to projections based upon local conditions obtained through contractors, vendors, and others commonly involved in industrial building operations.

23. Demographic and economic projections used herein may be based in whole or in part on information obtained from outside sources. The undersigned takes no responsibility for the accuracy of this information although a reasonable attempt has been made to verify the presented demographic data.

24. Unless agreements have been made previously, the appraisers will not be required to give testimony or appear in court as a result of having made this appraisal with reference to the property in question. Additionally, this appraisal report was not prepared for court submission purposes.

25. Possession of this appraisal report, or a copy thereof, does not carry with it the right of publication. This appraisal may not be used for any other purpose or any person other than the party to whom it is addressed without the written consent of the appraisers and, in any event, only with properly written qualifications and in its entirety.

26. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials on or in the property. The appraisers, however, are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value opinion is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

27. Reliable electronic spreadsheet software (Microsoft® Excel) has been utilized for the quantitative analyses pertaining to this appraisal. Due to computerized rounding and report presentation requirements, certain figures and results may appear nominally above or below those expected. For example, $1.5530 + $2.1230 = $3.676 would be presented as $1.55 + $2.12 = $3.68, which at face value appears to be off by a cent. This is due to the fact that dollar amounts are rounded to the nearest cent or dollar in this report, while a greater degree of accuracy is utilized for actual calculations.

28. The distribution, if any, of the total valuation in this report, between land and improvements, applies only under the existing utilization. The separate valuation for land and improvements, if applicable, must not be used in conjunction with any other appraisal and are invalid if so used.

29. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific survey or analysis of this property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. Since compliance matches each owner’s financial ability with the cost to cure the property’s potential physical characteristics, the real estate appraisers cannot comment on compliance to ADA. A description of the physical aspects of the subject property may be included in this report. It in no way suggests ADA compliance by the current ownership. Given the compliance can change with each owner’s financial ability to cure non-accessibility, the valuation of the subject does not consider possible non-compliance. Specific study of both owner’s financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

30. This report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's workfile.

31. If a Certificate of Occupancy exists for the subject property and was accessible for review via a governmental agency or ownership, this document would be presented in the addenda of this report for edification purposes. In addition, a statement addressing the subject's legal use and occupancy would be presented within the Zoning section of this report. If a Certificate of Occupancy did not exist at the time of the subject's construction or if the appraisers were unable to obtain the Certificate of Occupancy for any reason, then the appraisers assume that the subject's use and occupancy are both legal and in full compliance of the law.

32. This appraisal does not involve any extraordinary assumptions or hypothetical conditions.

Certifications and General Assumptions

I hereby certify that, except as otherwise noted in this appraisal report:

1. The statements of fact contained in this appraisal report are true and correct. The effective date of valuation is January 26, 2024, which was also the date of inspection.

2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.

3. I have no present or prospective interest in the property that is the subject of this report and I have no personal interest with respect to the parties involved.

4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.

6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* (USPAP).

8. I have experience in the appraisal of properties similar to the subject and am in compliance with the Competency Rule of USPAP.

9. I have not provided appraisal services relating to the subject property in the past 36 months.

10. Ashley Garrison and Jude Delima provided significant real property appraisal assistance to the person(s) signing this certification. Specifically, he/she verified the comparable sales data, collected information, and researched market rents for the commercial space. No one else provided significant real property appraisal assistance to the person(s) signing this certification.

11. Abdul Raul Choudhry has made a personal (interior/exterior) inspection of the property that is the subject of this appraisal report, 1890 Macarthur Boulevard Northwest, Atlanta, Georgia. Steven Romer did not make a personal inspection of the appraised property and has therefore relied on the photographs and reportings provided by Mr. Abdul Raul Choudhry as well as property records and other information deemed reliable.

12. As of the date of this report, Steven Romer, MAI, has completed the requirements under the continuing education program of the Appraisal Institute.

13. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

14. The reported analyses, opinions, and conclusions comply with the Comptroller of Currency appraisal standards as delineated by ruling 12U.S.C.93a. This appraisal has been prepared in conformance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation, and the Interagency Appraisal and Evaluation Guidelines dated December 2010.

15. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

16. The value conclusion(s) as well as other opinions expressed herein are not based on a requested minimum value, a specific value or approval of a loan.

17. The appraiser(s) will maintain the confidentiality and privacy of customer information obtained in the course of the appraisal assignment.

18. The undersigned accepts full responsibility for the contents, analysis, and appraisal conclusions of all parties who have contributed to this appraisal report.

19. Any inquiry from the client's loan production staff during the appraisal process will result in both the appraiser directing said inquiry to the applicable client appraiser, or their designee, and a reporting of said inquiry to the client appraiser/appointee.

20. The appraiser(s) will provide full cooperation in the review process when contacted by any administrative and/or technical review representative.

21. This report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's workfile. The information contained in this report is specific to the needs of the client, for the intended use(s) stated in this report and no others. The appraiser is not responsible for unauthorized use of this report.

22. This appraisal does not involve any extraordinary assumptions or hypothetical conditions.

23. As a result of my examination, investigation, and analysis of the subject property and all of the data pertinent thereto, and in light of my experience as a real estate appraiser, my opinion of the "as is" market value(s) of the Leased Fee Estate in the subject property, as of January 26, 2024, is:

Eight Million Two Hundred Seventy Five Thousand Dollars

$8,275,000

____
STEVEN R. ROMER, MAI, MBA, Founder-CEO
GA Certified General R.E. Appraiser
I.D. No. ACGO 404925

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

BASIC INFORMATION			
Property Description:	1-Story Industrial Building	**Report Type:**	Appraisal Report
Address:	1890 Macarthur Boulevard Northwest	**Date of Value:**	1/26/2024
City:	Atlanta	**Date of Inspection:**	1/26/2024
State:	Georgia	**Date of Report:**	2/2/2024
ZIP Code:	30318	**Census Tract Number:**	0088.02
County:	Fulton	**Census MSA:**	
Property Ownership Entity:	LG GEORGIA COMMERCIAL LLC		
Interest Appraised:	Leased Fee		

SITE INFORMATION			
Land Area:	3.15± acres	**Site Shape:**	Irregular
Dimensions:	335' frontage, 575' maximum depth	**Frontage Rating:**	Good
Flood Zone:	X	**Access Rating:**	Good
Flood Map Number:	13121C0229F	**Visibility Rating:**	Good
Flood Map Date:	9/18/2013	**Location Rating:**	Good
Site Utility:	Good	**Parking Type:**	35 outdoor lot parking spaces
Site Topography:	Level with street grade		

BUILDING INFORMATION			
Type of Property:	Industrial Building	**Actual Age:**	54 Years
Number of Units:	1	**Quality:**	Average
Number of Buildings:	1	**Condition:**	good
GBA Above Grade:	49,019± square feet	**Year Built:**	1970
Number of Stories:	1	**Year Renovated:**	
Occupied Exempt Units:	0 (0.0% of revenue units)	**Land to Building Ratio:**	2.80:1
Occupied Rent-Regulated Units:	0 (0.0% of revenue units)	**Building Employees:**	
Vacant Units:	0 (0.0% of revenue units)		(units per employee)

MUNICIPAL INFORMATION			
Assessing Authority:	City of Atlanta	**Municipality Governing Zoning:**	City of Atlanta
Assessor's Parcel Identification:	Parcel ID: 17-0229-LL-045-5 (Building) and 17-0229-LL-057-0 (Vacant Land)	**Current Zoning:**	I-1
Current Tax Year:	2023	**Special Zoning District:**	n/a
Taxable Assessment:	$1,634,000	**Zoning Max FAR / Subject FAR:**	2.0 / .36
Current Tax Liability:	$67,191	**Is Current Use Permitted:**	Yes
Taxes Per SF:	$1.37	**Current Use Compliance:**	Legal, conforming, complying use
		Landmark:	Subject does not have landmark status

HIGHEST & BEST USE	
As Vacant:	**As Improved:**
Development of an industrial building as per zoning regulations	Retain the existing building in its current use

VALUATION CONCLUSIONS

SALES COMPARISON APPROACH- BUILDING + LAND	
Indicated Value:	$8,275,000
Per Square Foot:	$169
Per Unit:	N/A
SALES COMPARISON APPROACH-VACANT LAND	
Indicated Value:	$2,185,000
Per Square Foot:	$12/FAR/SF
Per Unit:	N/A
SALES COMPARISON APPROACH- INDUSTRIAL BUILDING	
Indicated Value:	$6,075,000
Per Square Foot:	$124
Per Unit:	$6,075,000

INCOME CAPITALIZATION APPROACH	
Indicated Value:	$5,875,000
Per Square Foot:	$120
Per Unit:	$5,875,000

COST APPROACH	
Indicated Value:	$0
Per Square Foot:	$0
Per Unit:	$0

MARKET VALUE CONCLUSION (Leased Fee Interest)	
Indicated Value:	$8,275,000
Per Square Foot:	$169
Per Unit:	N/A

EXPOSURE / MARKETING PERIOD	
Exposure Time:	9-12 Months
Marketing Time:	9-12 Months

NATURE OF THE ASSIGNMENT

STATEMENT OF OBJECTIVE:

The objective of this appraisal assignment was to undertake the investigations and analyses required to reach a supportable opinion of the "as is" market value(s) for the subject property, as of January 26, 2024, the date of valuation. The intended use of this appraisal report is to provide information to the client and intended user, The Lesser Group, for asset analysis purposes exclusively.

DEFINITION OF MARKET VALUE:

Market value is defined in the Appraisal Institute's Dictionary of Real Estate (4th ed., 2002) as:

The most probable price which a property would 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 the 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 best interests;*
3. *A reasonable time is allowed for exposure in the open market;*
4. *Payment is made in terms of cash and 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.*

SCOPE OF WORK PROCESS:

We have prepared an independent and impartial appraisal of the property in conformance with the requirements of the USPAP. This appraisal employs all approaches considered meaningful and relevant in the context of the valuation assignment.

As part of this appraisal, a number of independent investigations and analyses were required. The appraisal process performed included the following tasks:

Appraisal Process

- Identified the real estate being appraised
- Identified the real property interest being appraised
- Ascertained the purpose and intended use of the appraisal
- Stated and defined market value
- Inspected the property, and specified the effective date of the appraisal and the date of this report
- Determined the highest and best use of the subject property
- Researched comparable market rentals and sales in relation to the subject property
- Analyzed pertinent market information in order to value the subject property via the selected approach(es)
- Arrived at market value indications from each selected approach, and reconciled to a final market value opinion
- Set forth all assumptions and limiting conditions that affect the analyses, opinions and conclusions
- Provided a signed certification in accordance with Standards Rule 2-3

PROPERTY RIGHTS APPRAISED

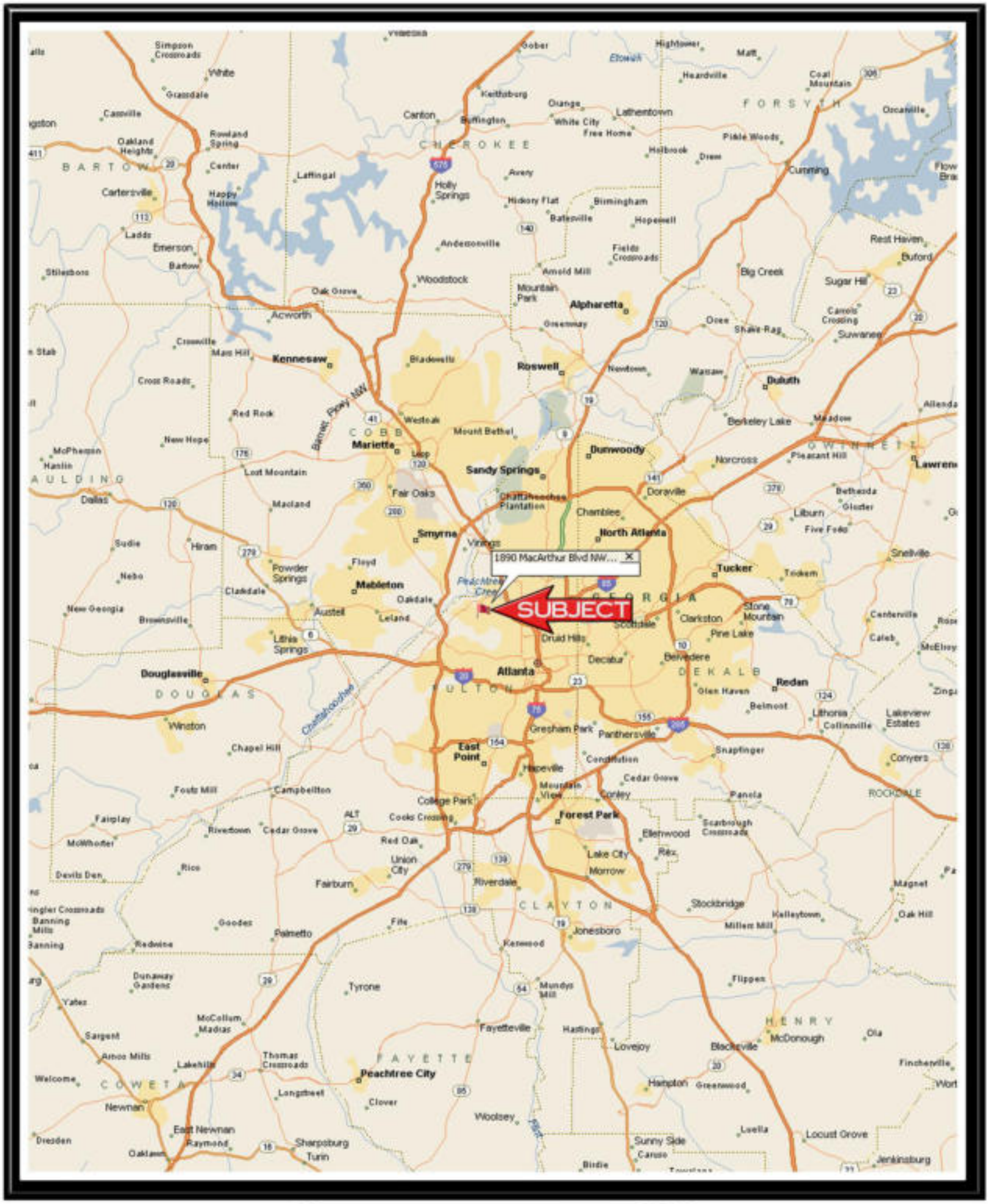
The value concluded herein reflects the Leased Fee Estate. According to the Appraisal Institute, the Leased Fee Estate is defined as “The ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others; the rights of lessor or the leased fee owner and leased fee are specified by contract terms contained within the lease.”

SUBJECT PROPERTY SALES HISTORY:

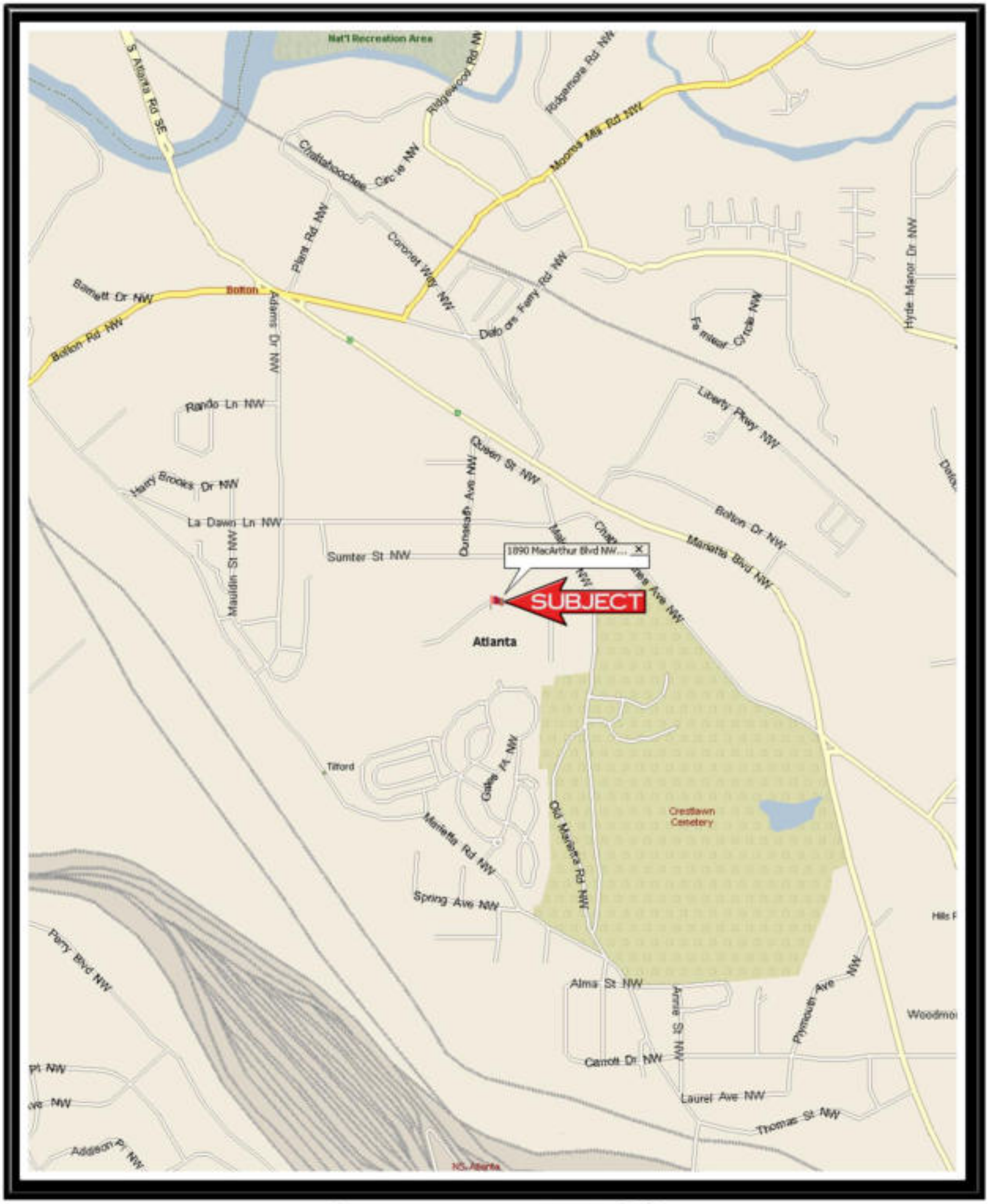
As of the date of valuation, the subject was owned by LG GEORGIA COMMERCIAL LLC. The subject property was purchased from Iron Mountain Information Management LLC by the current owner on 11/29/2022 for $3,904,283.

The subject property conveyed in 2022 as a part of a portfolio. The portfolio consisted of seven properties which are identified as 3150 Nifda Drive Southeast, Smyrna, GA, 1890 Macarthur Boulevard Northwest, Atlanta, GA, 3881 Old Gordon Road Northwest, Atlanta, GA, 13280 Vantage Way, Jacksonville, FL, 12855 Starkey Road, Largo, FL, 7801 Riviera Boulevard, Hollywood, FL, and 10002 Satellite Boulevard, Orlando, FL. To the appraiser’s knowledge, the subject property is not currently for sale, or under contract for sale or option to purchase.

AREA DESCRIPTION


1890 MacArthur Blvd NW...
SUBJECT
Atlanta
Marietta
Kennesaw
Roswell
Alpharetta
Sandy Springs
Dunwoody
Smyrna
Mableton
Chamblee
North Atlanta
Doraville
Tucker
Decatur
Druid Hills
East Point
Forest Park
Lithia Springs
Douglasville
Cumming
Duluth
Norcross
Stone Mountain
Clarkston
Conyers
Jonesboro
Morrow
Lake City
Riverdale
Union City
Fairburn
Peachtree City
Fayetteville
McDonough
Newnan
Woodstock
Canton
Acworth
Cartersville
C O B B
F U L T O N
D E K A L B
C L A Y T O N
H E N R Y
F A Y E T T E
C O W E T A
D O U G L A S
C H E R O K E E
F O R S Y T H
B A R T O W

AREA MAP


Nat'l Recreation Area
S Atlanta Rd SE
Ridgewood Rd NW
Ridgemore Rd NW
Moores Mill Rd NW
Chattahoochee Circle NW
Plant Rd NW
Coronet Way NW
Dale ora Ferry Rd NW
Barnett Dr NW
Bolton
Bolton Rd NW
Adams Dr NW
Fe mleaf Circle NW
Hyde Manor Dr NW
Rando Ln NW
Liberty Pkwy NW
Queen St NW
Harry Brooks Dr NW
La Dawn Ln NW
Dunseath Ave NW
Bolton Dr NW
Marietta Blvd NW
Sumter St NW
Mauldin St NW
1890 MacArthur Blvd NW...
SUBJECT
Atlanta
Gates Pl NW
Tilford
Old Marietta Rd NW
Crestlawn Cemetery
Marietta Rd NW
Spring Ave NW
Perry Blvd NW
Alma St NW
Annie St NW
Plymouth Ave NW
Carroll Dr NW
Laurel Ave NW
Thomas St NW
Addison Pl NW
NS Atlanta

LOCATION

AERIAL

National Economic & Real Estate Overview

The commercial real estate market is not like the stock market; there usually are no huge swings from day to day. We, at WestRock, have reached out to various real estate organizations, and there is unanimity that, as a result of the coronavirus ("COVID-19") outbreak, spread, horrendous death toll, and rising unemployment, we are in a period of unmatched uncertainty. While it is impossible to predict or quantify the exact impact on the economy and on market conditions, there will be an adverse effect on a global basis.

CCIM Institute for Commercial Real Estate has concluded that "while the full effects of the virus remain to be seen, commercial real estate professionals need to be prepared for what could be a challenging time." The National Association of Realtors stated, "COVID-19 and its long reaching effects continue to change the way we conduct our everyday business, and commercial real estate practitioners continue to adapt to these changes on a daily basis." "We've seen that investor confidence has been shaken," said Sam Chandan, associate dean of New York University's Schack Institute of Real Estate.

The multifamily sector could see significant upheavals as unemployment rises and vacancies increase. Businesses that are closed employ people who now will struggle to pay rent. It is a similar situation to retail, where dine-in restaurants, for example, could remain closed for the foreseeable future, only in this case the tenant is an individual or family who lost its source of income. Moody's Analytics' "protracted slump scenario", would create the same amount of contraction and disruption of commercial real estate, as the Great Recession.

The office leasing market is likely to suffer in the short-term due to COVID-19 as layoffs diminish tenants' overall need for space and, in many cases, set aside expansion plans. In addition, prospective tenants who remain in the market for additional space, will have a difficult time touring properties. Office workers' pushback against the open office environment is likely to accelerate, as illness is more easily transmitted in an open environment. Many employers already had recognized that in a competition to attract and retain top talent, squeezing workers into increasingly tight spaces was not a sustainable strategy. Now, an emphasis on social distancing and good health practices – continuing in some fashion even after the crisis has passed – may reverse the densification trend, with less shared space and fewer workers per leased square foot.

Homebuilders are feeling not only the demand pullback from home shoppers staying home in droves, but also the supply impact of materials that they normally import from China (supplying more than 30% of the materials). In a new survey by the National Association of Home Builders, 81% of respondents said the coronavirus has had an adverse effect on traffic of prospective home buyers, and it is probably closer to 100% at this time. Another 54% reported issues getting the building materials they need to finish homes. Builders are reporting a large drop in sales now. There is also growing concern about tighter lending conditions for non-conforming mortgage loans. Buyers who have debt-to-income ratios higher than 43%-45% or those who are self-employed, are now having significant difficulty with obtaining mortgages. With all of this going on, builders are predicting that land acquisition and development spending will decline.

While the longer-term consequences are more difficult to predict, the immediate market consequences of COVID-19 have been made clear – the public market sell-off in certain real estate types has been nothing short of dramatic. All companies, public and private, are working hard to navigate the

immediate crisis with respect to staff, tenants, and end users of space, while also facing tough business trade-offs. Most industry leaders seek to strike the right balance between capital preservation and further strengthening their competitive differentiation.

There can be no question that the highly uncertain economic backdrop makes any appraisal of real estate, particularly commercial properties, more difficult than usual. In many ways, the current state of the economy is virtually unprecedented and, as such, is difficult to predict what the future holds based on historical information alone. We have been mindful of these and other relevant issues throughout our appraisal of the subject property. However, it must be noted that with the Coronavirus outbreak and spread, and with the present declaration of a National Emergency, it is impossible to predict the scope of impact on market conditions.

Unemployment

As of December 2023, the national unemployment rate as estimated by the U.S. Bureau of Labor Statistics was 3.7%; the Fulton County unemployment rate was lower at 3.4% as of November 2023.

Federal Reserve Board Beige Book Economic Conditions Summary

An economic conditions report, commonly known as the Beige Book, is published by the Federal Reserve Board eight times per year. Each Federal Reserve Bank gathers anecdotal information on current economic conditions in its District through reports from Bank and Branch directors and interviews with key business contacts, economists, market experts, and other sources. The Beige Book summarizes this information by District and sector. Below we present the January 17 2024 report for the Atlanta District.

Summary of Economic Activity

The economy of the Sixth District grew slowly from mid-November through December. Labor availability and employee retention continued to improve, but hiring slowed for some firms, and wage pressures eased further. Nonlabor costs moderated for the most part, and pricing power slipped. Holiday retail sales were mixed; auto sales were strong. Travel activity was healthy, but spending at hotels continued to slow. Despite declines in mortgage interest rates, the housing market remained encumbered by the lack of affordability. Commercial real estate activity was sluggish. Transportation activity remained weak. Lending grew for certain types of loans, but consumer lending declined. Activity in the energy sector was robust. Agriculture conditions were mixed.

Labor Markets

Labor markets continued to cool, and some employers slowed hiring. Most contacts continued to report that labor markets had softened from earlier in the year amid more available labor and stronger retention rates. Many indicated that staffing levels had improved from a year ago; however, hiring in the leisure and hospitality sector remained challenging. Additionally, the lack of affordable housing was cited as an impediment to attracting workers to some areas. Weaker demand for products and services caused some employers to reduce hours or slow hiring which they expected to continue through the first half of 2024. One firm said that they were choosing to hold positions open and were "slow walking" new hires, as they sought to supplement productivity with Generative A.I. across all business lines and functions.

Most firms indicated that wage pressures continued to ease, and more modest wage growth is expected in the coming year.

Prices

Nonlabor input cost increases moderated over this reporting period. Firms cited improvements in supply chain predictability, contributing to lower freight and shipping costs. Construction costs were mixed; lumber costs decreased while concrete increased. Food product costs declined. The easing of some input costs was offset by persistent growth in labor and insurance costs, and most firms held consumer prices steady even amid diminishing pricing power. The Atlanta Fed's Business Inflation Expectations survey showed year-over-year unit cost growth decreased significantly in December to 2.9 percent, on average, from 3.2 percent in November; firms' year-ahead inflation expectations for unit cost growth remained relatively unchanged in December at 2.4 percent, on average.

Consumer Spending and Tourism

Consumer spending generally continued the trend of normalization from the pandemic's strong pace of growth. Holiday sales were mixed. In line with pre-pandemic trends, contacts reported managing inventories more closely and many offered customary promotions and discounts. Auto sales remained strong, On average, retailers' outlook remains positive for the first half of 2024.

Holiday travel activity was characterized as healthy, on balance, by tourism and hospitality contacts. Spending on merchandise, food, and services in hotels, however, decreased compared with the same time last year. Contacts are cautiously optimistic about travel demand in the first quarter, but characterize the environment as normalizing back to pre-pandemic levels.

Construction and Real Estate

Although mortgage rates retreated during the fourth quarter of 2023, home sales in the District were slow to respond, as most markets remained unaffordable for median income earners. Homeowners also faced challenges with other rising costs, such as property insurance. Florida, with strong demand generated from out-of-state buyers, is the only Sixth District state reporting increases in existing home sales compared with a year ago. Inventories of homes for sale, though still tight, were boosted by new construction. Sales strategies varied by homebuilder; smaller builders focused on reducing home sizes, while larger builders reported buying down interest rates to generate demand.

The Sixth District's office market continued to encounter negative absorption rates and diminishing occupancies. Leasing activity at the end of 2023 dropped to 2020 levels, creating a "tenant's market," where landlords were forced to offer incentives. Market conditions are expected to remain challenged in 2024 as new construction is delivered. Other property segments experienced weakening conditions as well; contacts in industrial markets reported that the amount of square feet in the pipeline is running well ahead of absorption, resulting in higher vacancy levels. Contacts expressed concerns over rising commercial real estate loan maturities in 2024.

Transportation

Transportation activity remained muted over the reporting period. Railroads reported declines in year-to-date total traffic; intermodal shipments were down significantly. Trucking firms cited continued softness in freight volumes, which is expected to continue well into 2024. Some carriers anticipate that additional trucking capacity will be taken offline in the next year as small owner-operators fold, and large carriers reduce capacity amid deteriorating demand. A few logistics contacts hinted at re-emerging

supply chain constraints resulting from drought conditions in the Panama Canal, as shippers are forced to deploy to the Suez Canal, extending lead times for products from China and southeast Asia.

Manufacturing

Manufacturing activity slowed slightly. Some contacts reported declines in new orders and backlogs of work, along with rising finished goods inventories and faster supplier delivery times. The Manufacturing Sector Report of the Atlanta Fed's Business Inflation Expectations Survey showed that for the majority of respondents, demand had decreased or was on par with year-earlier levels. The outlook is cautiously optimistic but concerns such as inflation, interest rates, and geopolitical uncertainty were mentioned.

Banking and Finance

Lending at Sixth District financial institutions increased since the previous report, especially for multifamily and home equity loans. Consumer lending contracted overall, alongside a rise in delinquencies in credit cards, auto loans and unsecured personal loans. Demand and large time deposit balances continued to increase as banks paid higher interest rates on deposits. However, these higher funding costs have led to earnings concerns. Hence, some banks restructured securities portfolios and reinvested proceeds into higher-yielding securities to protect margins.

Energy

Energy contacts reported historically high levels of crude oil production and record amounts of gas flow to liquefied natural gas export plants. Contacts also continued to report planning and development of industrial decarbonization and renewable energy projects; however, a few contacts noted that some of these projects are being delayed by federal approval processes. Utility contacts reported growing electricity demand, especially in the industrial and commercial segments, attributed to clean energy transitions at production facilities and hospital and healthcare projects, respectively.

Agriculture

Low cattle supply led to higher cattle prices, but consumers substituting less expensive proteins prevented full pass-through of prices. Domestic demand for chicken rose, but demand was down overall as cases of avian flu led to additional export restrictions and lower egg supply. Milk prices rose amid growing domestic demand for dairy, but low export levels continued to depress the market. There was little change in demand or supply for row crops, but demand for cotton remained weak.

The following census, land use, economic, area development, and household income information is sourced from Costar.

<u>Subject's Vicinity</u>

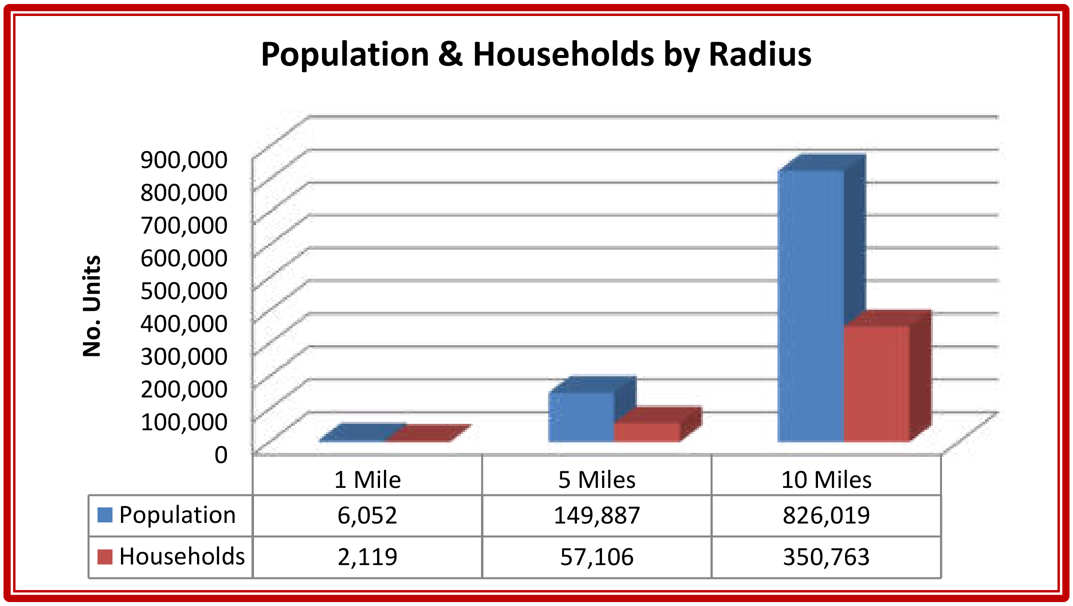
The subject is located within the Atlanta section of the City of Atlanta. Atlanta has a total land area of 135.32 square miles and the subject property is bounded by the bordering communities of Sandy Springs on the North, East Point to the South, and South Fulton to the West.

The subject property is located along the south side of Macarthur Boulevard Northwest, between General Truman Street Northwest and Westside Boulevard Northwest, in Atlanta. Macarthur Boulevard Northwest is a two-way, two-lane street with northeasterly and southwesterly traffic flows.

The subject property is located along a two-way moderately active street made up of commercial and buildings. There is an array of retail stores, eateries and other commercial buildings on the Marietta Boulevard Northwest just north of the subject property. There are several places of worship and schools within the subject's neighborhood. The subject property also lends itself to easy access to public transportation with a bus stop on the north west corner of Marietta Boulevard Northwest and Bolton Drive Northwest. The subject is located along a moderately active street based on the amount of automotive traffic observed at the time of inspection. Parking is available on the subject's parking lot.

Population

Population and number of households within a 1 mile, 5 mile and 10 mile radius is presented below:



As of 2024, the total population within a one mile radius of the subject amounts to 6,052, which reflects a change of 7.4% from the 2020 population of 5,635. Costar projects total population growth of 0.07% over the next five years. The subject is located within a low to medium density area, with the population per square mile equating to and the number of households reported to be 2,119, which is a change of 4.78% from the 2020 Census household reporting of 2,017. The number of households is projected to change by -0.28% over the next five years.

Economic Composition

The census categorizes the subject's economic base into 13 categories by industry. The table below depicts the economic make-up of the subject area within a 1 mile, 5 mile and 10 miles radius:

Industry Type	% Economic Base: 1 Mile	% Economic Base: 5 Miles	% Economic Base: 10 Miles
Agriculture, Forestry, Fishing & Hunting, and Mining	0.68%	0.18%	0.18%
Construction	6.85%	10.15%	7.82%
Manufacturing	10.96%	8.69%	4.06%
Wholesale Trade	13.01%	8.54%	3.93%
Retail Trade	20.55%	18.87%	17.34%
Transportation/Warehousing/Utilities	0.00%	0.12%	0.10%
Information	1.37%	2.97%	4.35%
Finance, Insurance, Real Estate, and Rental/Leasing	7.53%	7.78%	10.55%
Professional, Scientific, Management, Administrative, and Waste Management Services	10.96%	16.23%	24.71%
Educational, Health, and Social Services	5.48%	3.66%	3.22%
Arts, Entertainment, Recreation, Accommodation, and Food Services	2.74%	3.30%	3.27%
Other Services (except Public Administration)	15.07%	18.14%	17.54%
Public Administration	4.79%	1.36%	2.94%

The area within a 1 mile radius of the subject property is a predominately medium income based area with a Median Household Income of $41,552 as of 2024. This represents a 148.9% change from $16,694 as of the 2020 census. Average household income is reported to be $53,908.

The following table presents a 2024 tabulation of the local population working within select industries within a 1 mile, 5 mile and 10 mile radius of the subject property:

Industry Type/ Number Employed	% Economic Base: 1 Mile	% Economic Base: 5 Miles	% Economic Base: 10 Miles
Unemployed	226	4,286	15,724
Agricultural and Mining	0	100	917
Construction Industry	228	4,374	23,635
Construction Other	173	3,825	22,221
Education and Health	402	14,654	85,298
Farming	0	20	518
Industry	2,453	73,259	441,794
Information	35	2,535	16,072
Management	537	26,894	208,120
Manufacturing	185	4,213	26,576
Other Services	107	4,093	20,268
Production	548	11,152	48,790
Professional	174	10,319	81,311
Public Administration	95	3,785	17,920
Real Estate and Finance	105	4,672	34,707
Retail	356	8,094	44,388
Sales	564	17,377	91,463
Services	576	13,441	69,268
Utilities	398	7,031	31,580
Wholesale	47	2,148	11,946
Total Workforce	**7,209**	**216,272**	**1,292,516**

Fulton County unemployment rate was 3.4% as of November 2023. This must be compared with current unemployment rates and trends at the local, regional, and national levels. We note that 7.0% of those employed within one mile of the subject property commute to work via public transportation while 24.7% commute by car or truck and 0.9% commute by other means. The remainder of the workforce works locally.

In order to gauge the affordability of market rent vis-à-vis household income, we present below a table that depicts household income within a 1 mile, 5 mile and 10 mile radius of the subject property:

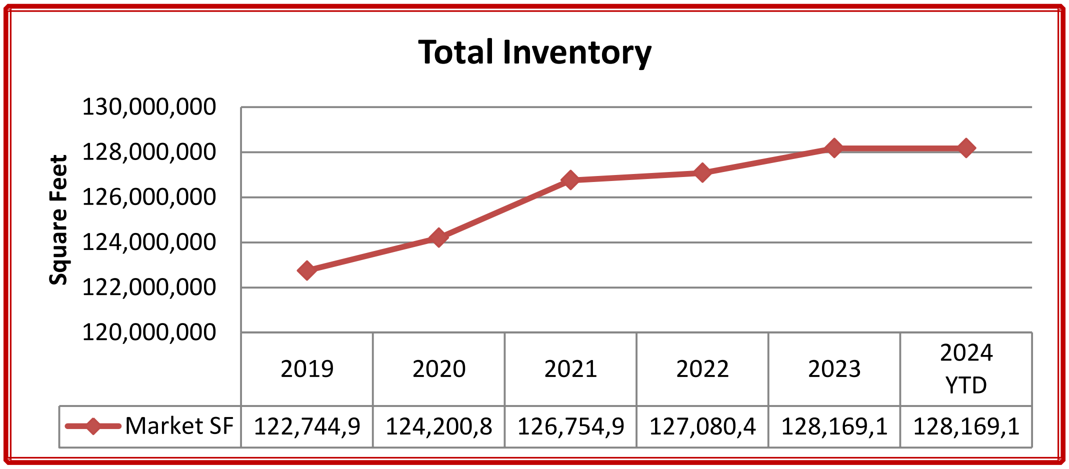
RADIUS FROM SUBJECT	HOUSEHOLD INCOME: 1, 5 & 10 MILES OF SUBJECT				
	Less than $10,000	$10,000 to $14,999	$15,000 to $24,999	$25,000 to $34,999	$35,000 to $49,999
1 Mile	12.3%	11.0%	4.9%	13.7%	17.6%
5 Miles	7.8%	5.8%	8.6%	9.9%	12.3%
10 Miles	6.9%	4.0%	7.0%	7.7%	11.4%
	$50,000 to $74,999	$75,000 to $99,999	$100,000 to $149,999	$150,000 to $199,999	$200,000 or more
1 Mile	17.5%	10.9%	7.3%	3.9%	0.9%
5 Miles	17.1%	9.7%	14.0%	6.5%	8.3%
10 Miles	15.8%	11.7%	15.5%	7.7%	12.4%

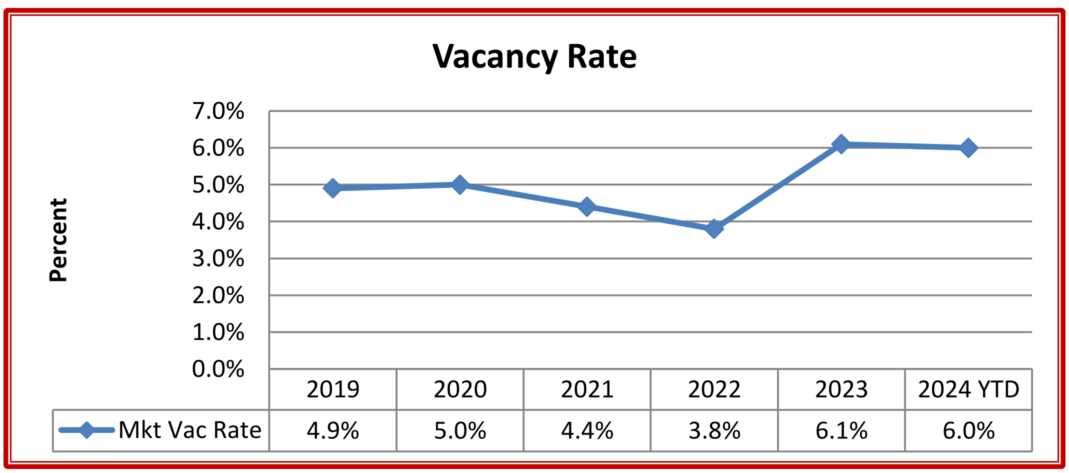
Typical properties in the subject's vicinity include low-rise walkup commercial and industrial buildings that appear to be satisfactorily maintained. The subject conforms to the surrounding land uses.

The subject property is located along a two-way moderately active street made up of commercial and buildings. There is an array of retail stores, eateries and other commercial buildings on the Marietta Boulevard Northwest just north of the subject property. There are several places of worship and schools within the subject's neighborhood. The subject property also lends itself to easy access to public transportation with a bus stop on the north west corner of Marietta Boulevard Northwest and Bolton Drive Northwest.

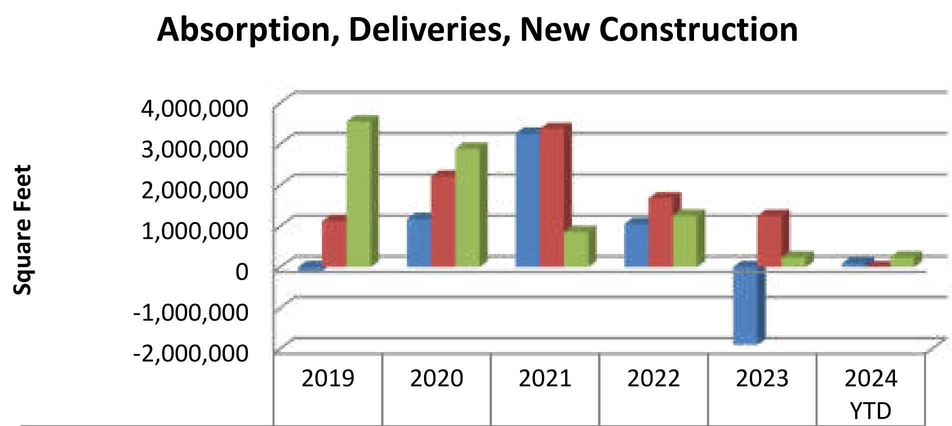
Competitive Atlanta Industrial Market Analysis

Market figures below have been obtained from CoStar Inc.'s Custom Analytics data source and reflect competitive market data as of the date of valuation. CoStar Inc. is a national real estate data service provider. The subject is located within the Atlanta industrial market which comprises 128,169,150± square feet of industrial space within 2,217 buildings. As of January 2024, the vacancy rate was 6.0% (7,706,738 total square feet). The following two charts reflect Atlanta's overall industrial inventory and vacancy rate over the past five years:



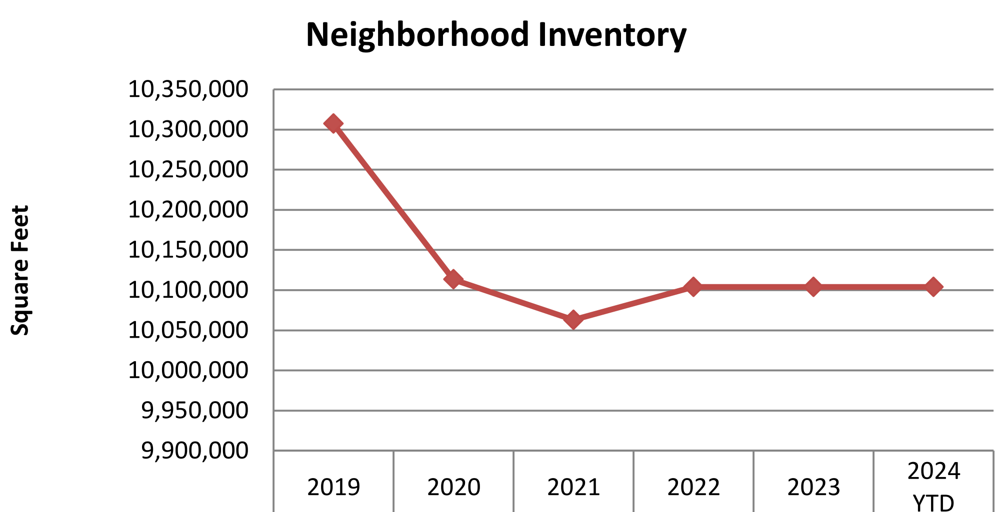


Net absorption is commonly defined as the net change in occupied space over a specified period of time. Unless otherwise noted, net absorption includes both direct leasing and subleased spaced. Negative net absorption typically corresponds to increased vacancy. Year-to-date net absorption within the Atlanta industrial market was 10,627 square feet while year-to-date deliveries and pending new construction amounted to 0 and 235,343 square feet, respectively. A snapshot of the year-to-date net absorption, deliveries and new construction as well as a historical perspective of Atlanta's industrial market dynamics is presented on the following page:

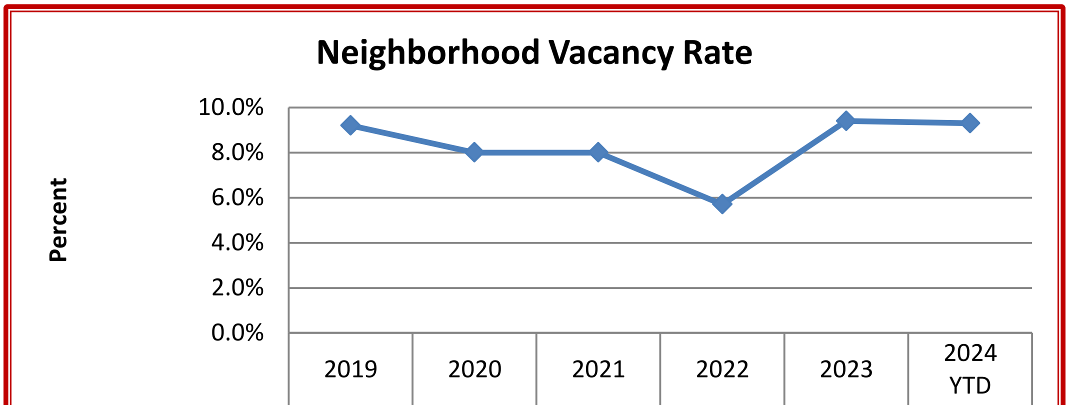


	2019	2020	2021	2022	2023	2024 YTD
Mkt Net Absorption	-86,601	1,177,552	3,253,337	1,059,410	-1,900,07	88,700
Mkt Deliveries	1,129,263	2,215,403	3,373,530	1,682,343	1,255,918	0
Mkt New Const	3,546,490	2,887,817	861,180	1,260,898	235,343	235,343

CoStar reports that the vacancy rate for industrial properties within the subject's immediate neighborhood is 9.3% year to date as compared to last year's vacancy rate of 9.4%. This is based on leasing activity within 272 buildings containing 10,103,809 square feet of rentable space. The vacancy rate in this area has generally increased from 8.0% to 9.3% since 2021. The following two charts reflect the subject's local neighborhood's industrial inventory and vacancy rate over the past five years:

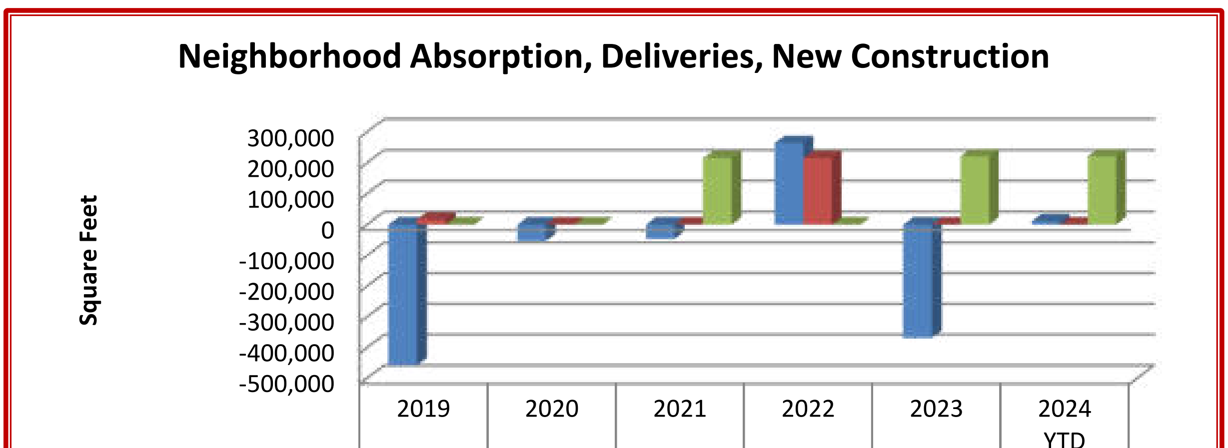


	2019	2020	2021	2022	2023	2024 YTD
Neighborhood SF	10,307,11	10,113,11	10,062,76	10,103,80	10,103,80	10,103,80



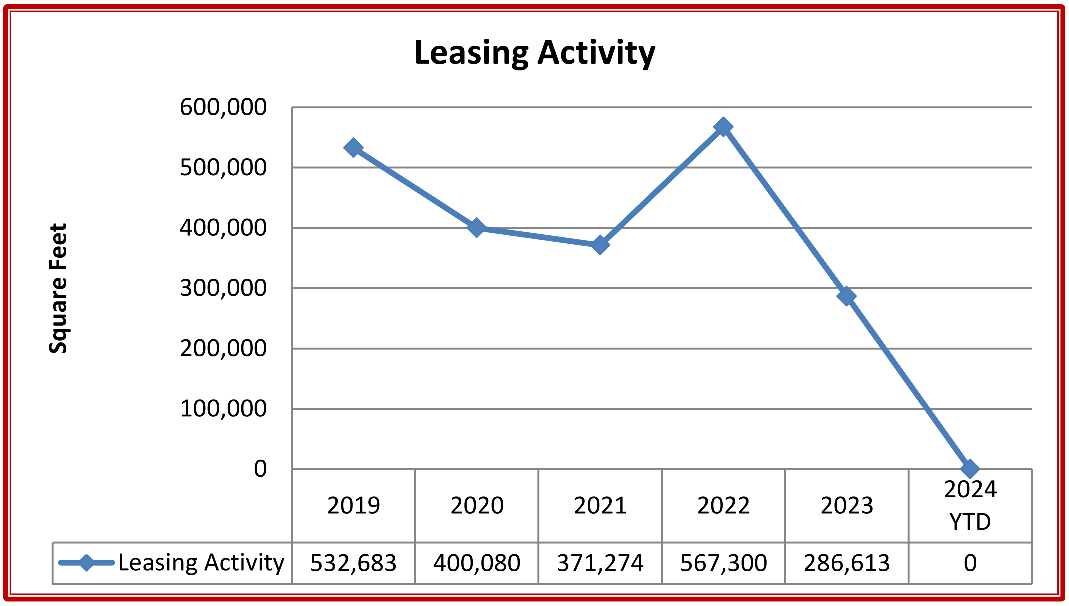
	2019	2020	2021	2022	2023	2024 YTD
Neigh Vac Rate	9.2%	8.0%	8.0%	5.7%	9.4%	9.3%

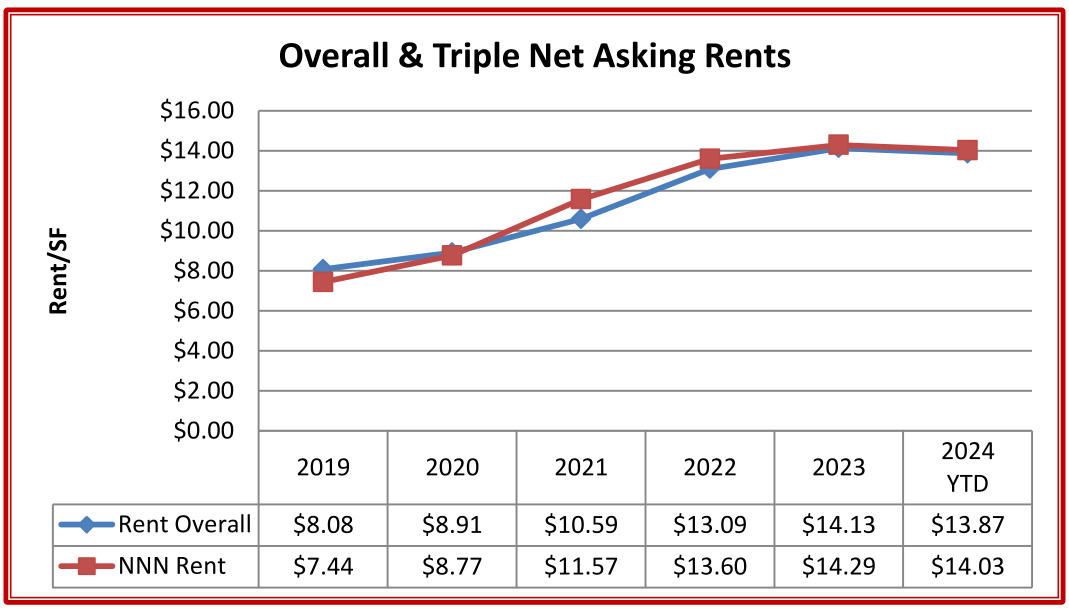
The two most recent years have seen negative absorption of -368,699 square feet for 2023 and positive absorption of 263,894 square feet for 2022, reflecting fluctuating demand for space. Net absorption for the current year to date is reported to be 10,627 SF, as compared to net absorption of -368,699 SF over the course of last year. A snapshot of the net absorption, deliveries, and new construction within the subject's neighborhood as well as historical perspective of these market dynamics are presented below:



	2019	2020	2021	2022	2023	2024 YTD
Neigh Net Absorption	-458,272	-52,319	-45,326	263,894	-368,699	10,627
Neigh Deliveries	16,200	0	0	215,000	0	0
Neigh New Const	0	0	215,000	0	220,863	220,863

While vacancy rates have declined and absorption over the most recent quarters has been positive, rental rates have trended upward from $11.57 per square foot three years ago, to $13.60 per square foot two years ago, to the current market rate of $14.03 per square foot. The following charts illustrate year-to-date and historical leasing activity and asking rents:





Taking into account the general trends in rental rates as well as the vacancy rate, we expect lease rates to escalate for at least some time going forward. In conjunction with rental rates, a major factor across all property characteristics is lease structure.

Industrial Rental Market Analysis

We surveyed both industrial rents and occupancy levels within the subject's general vicinity. Our survey revealed that market rents for industrial space ranged from $9.95 to $12.00 per square foot. Further details and an analysis of our market survey results can be found in the Income Approach section of this report.

The vacancy level of area industrial properties appeared to be low. During the course of our inspection, we observed few vacancies within the subject's immediate market vicinity. Short-term vacancy rates tend to fluctuate based on economic conditions and changes in market supply and demand. However, in the Income Approach of this analysis we employ the direct income capitalization technique, which utilizes stabilized (rather than temporary short-term) operating characteristics. Considering pertinent market information, historical long-term vacancy rates, and our observations of industrial occupancy within the subject's area, we have projected a stabilized vacancy and credit loss factor of 7.50% for the purposes of this analysis.

Market Value Trends Conclusion

In general, market values for industrial buildings within the subject's market area appear to have increased in the recent past. Our independent market survey of sales prices within the subject's general vicinity revealed sales prices which range from $2,300,000 to $7,590,000 or from $103 to $127 per square foot. The mean and median sales prices amount to $4,172,500 and $3,400,000, respectively, while per square foot they reflect $116 and $117, respectively.

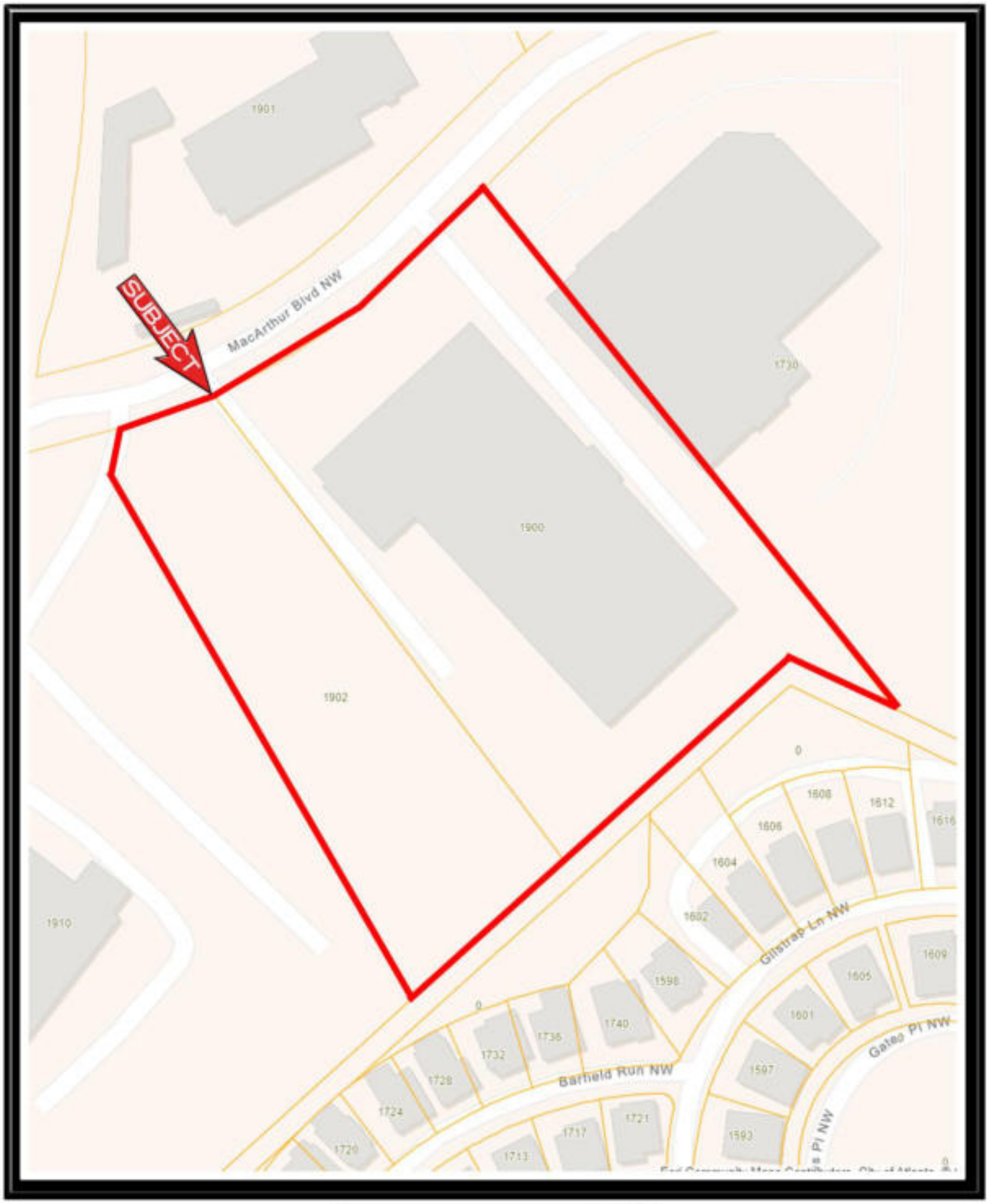
Transportation

The subject's area is easily accessible from all parts of Atlanta and benefits from a good public transportation network. Vehicular transportation in this area is considered good. Major avenues and cross streets provide reasonably good access throughout the locality during peak hours, although a moderate and occasionally high level of congestion may persist at times. One important consideration for any property is its proximity to area highways. In this regard, the subject benefits from convenient access to the I-285 and the I-75.

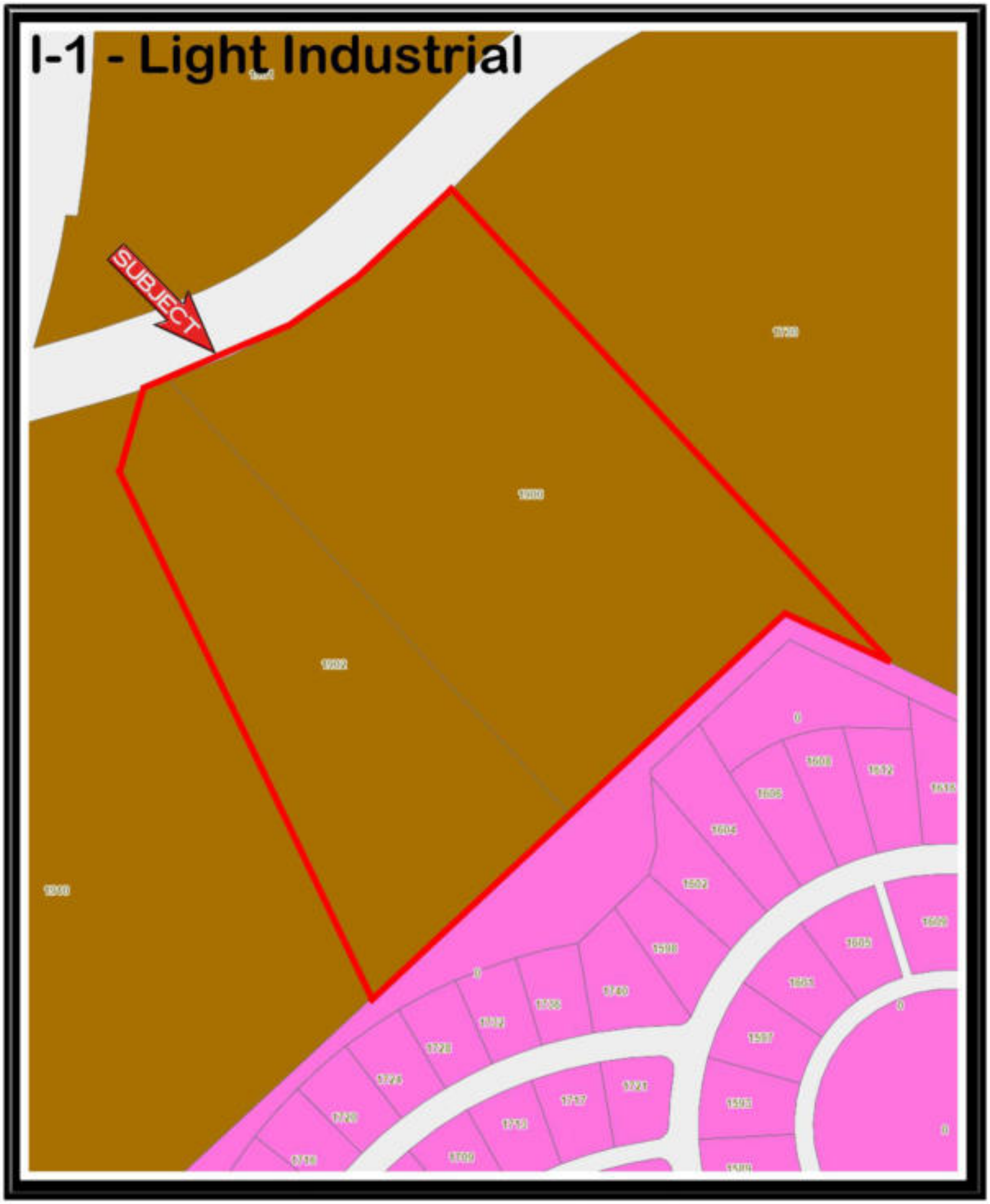
Conclusion

Atlanta has long been regarded as a primarily affordable area in which to live and conduct business. The subject property is well located within relatively close proximity to area business and shopping districts, and is locationally competitive within the local marketplace.

PROPERTY DESCRIPTION


SUBJECT
MacArthur Blvd NW
1901
1730
1900
1902
1910
Gilstrap Ln NW
Barfield Run NW
Gateo Pl NW

SITE MAP



ZONING MAP

SITE DESCRIPTION

The subject site is located along the south side of Macarthur Boulevard Northwest, between General Truman Street Northwest and Westside Boulevard Northwest. The site is irregular in shape with a frontage of 335.00 feet along Macarthur Boulevard Northwest and a maximum depth of 575.00 feet. Total site area is 3.15± acres. The site is level with street grade. Public services including electricity, natural gas, and telephone are either in place or available to the site. The subject is located within a Zone “X” Flood Area as represented on Community Panel Map Number 13121C0229F, effective September 18, 2013. Zone “X” flood areas consist of areas of minimal to moderate flood hazard determined to be outside the Special Flood Hazard areas. No public or private easements nor hazards of any kind that would be considered detrimental to the site were noted during our investigations. The subject property consists of an ndustrial building which is on parcel 17-0229-LL-0455 and contains 3.15 acres and a vacant parcel of industrial land on parcel 17-0229-LL-0570 which contains 2.09 acres.

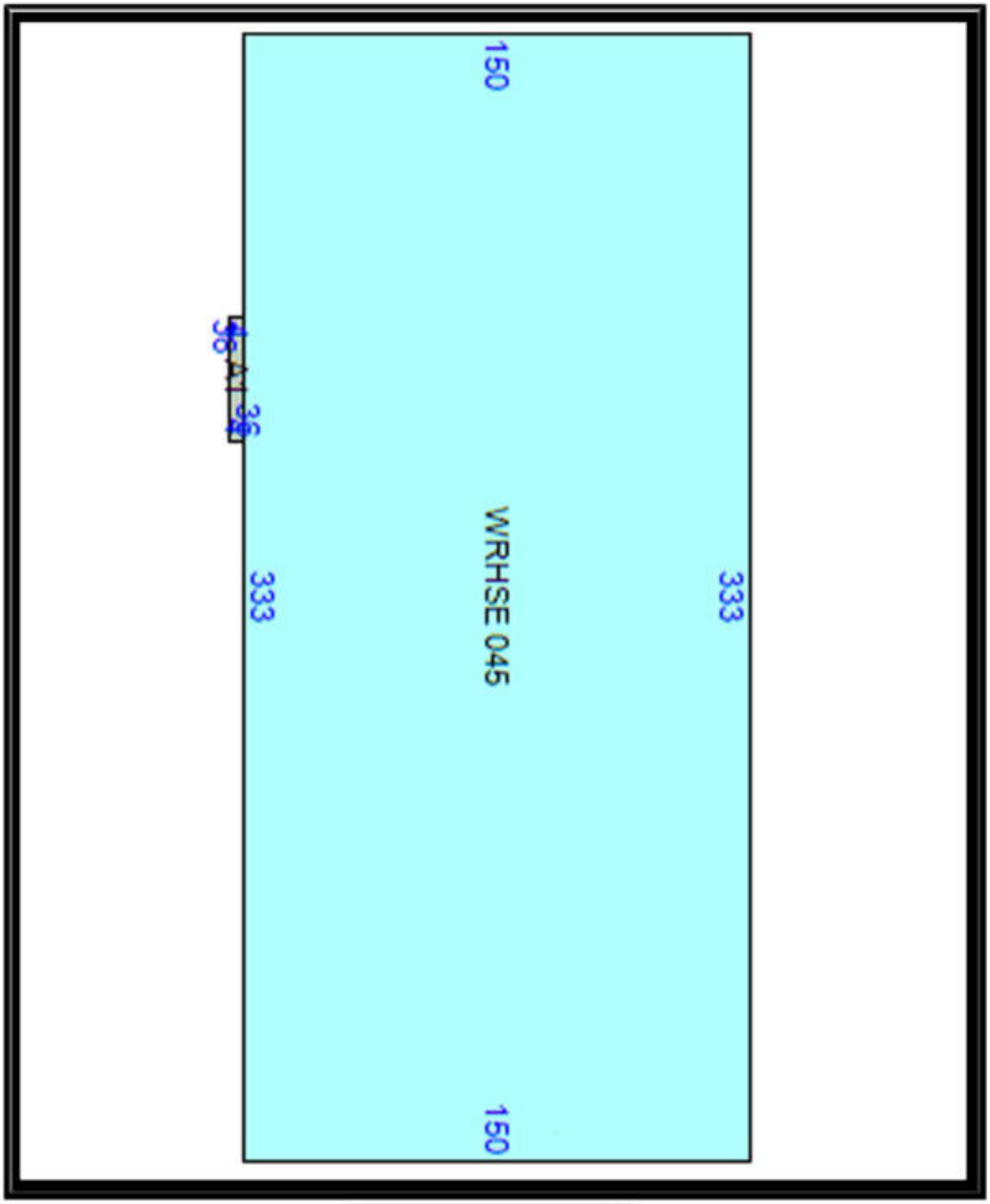
ZONING

According to the Planning Department of the City of Atlanta, the subject property is zoned I-1 (Light Industrial).

Permitted uses under this zoning include adult businesses as defined in section 16-29.001(3). See section 16-28.016 for locational requirements, conversion of existing industrial buildings which are 50 years of age or older to banks, savings and loan associations, and similar financial institutions, broadcasting towers, line-of-sight relay devices for telephonic, radio or television communications when located 200 feet or more from any off-site residential districts or residential use not located within an industrial district, and when such towers or devices are greater than 200 feet in height, when located a distance which is greater than or equal to the height of the tower or device from a residential district or residential use which is not in an industrial district, business service establishments, including those providing duplicating, printing, maintenance, communications, addressing, mailing, bookkeeping, or guard services, clubs and lodges, union halls, hiring halls, places of worship, conversion of existing industrial buildings which are 50 years of age or older to eating and drinking establishments, including those licensed for the on-premises consumption of malt beverages, wine and/or distilled spirits and those with drive-in service; catering establishments, delicatessens, bakeries, manufacturing, wholesaling, repairing, compounding, assembly, processing, preparation, packaging or treatment of articles, components, products, clothing, machines and appliances and the like, where character of operations, emissions and by-products do not create adverse effects beyond the boundaries of the property. This use does not include the preparation, processing, canning or packaging of food products as contemplated by the definitions of commercial food preparation or delivery-based commercial kitchens. Use of heavy drop hammers, punch presses or other machinery; or processing methods creating excessive noise or vibration is prohibited in this district, offices, clinics (including veterinary), laboratories, studios, parking surface and structures, professional and personal service establishments, conversion of existing industrial buildings which are 50 years of age or older to recreational establishments, repair garages, paint and body shops, welding shops, conversion of existing industrial buildings which are 50 years of age or older to retail establishments, including those with sales or display lots or storage lots, sales and leasing agencies for new and used passenger automobiles, bicycles, mopeds and commercial vehicles, service stations, battery exchange stations and car washes, provided that no service station may be located within 1,500 feet of another service station, general advertising signs subject to the limitations contained in section 16-16.006(1) in chapter 28A of this part, structures and uses required for operation of MARTA or a public utility, including uses involving extensive storage and railway rights-of-way and yards, trade schools, colleges and universities, warehousing, self-storage facilities, distribution centers, facilities except when any part of the property is within 500 feet of the beltline corridor as defined in City Code section 16-36.007. An existing self-storage facility within 500 feet of the beltline corridor may be redeveloped at its existing floor area ratio and consistent with the requirements of this part, yards for storage of contractor's equipment; sand and gravel; lumber and the like but specifically excluding junkyards, salvage yards and scrap metal processors, conversion of existing industrial buildings which are 50 years of age or older to hotels, conversion of existing industrial buildings which are 50 years of age or older to one-family, two-family, or multi-family dwellings, conversion of existing industrial buildings which are 50 years of age or older to supportive housing, urban gardens, market gardens, the use of a building or premises as a party house is expressly prohibited, short-term rentals, subject to the regulations in Atlanta City Code section 20-1001, commercial food preparation. Provided, however, that use of heavy drop hammers, punch presses or other machinery; or processing methods creating excessive noise or vibration is prohibited in this district.

Based on our best estimates, the subject property is in conformance and compliance with current zoning requirements.

DESCRIPTION OF THE IMPROVEMENTS

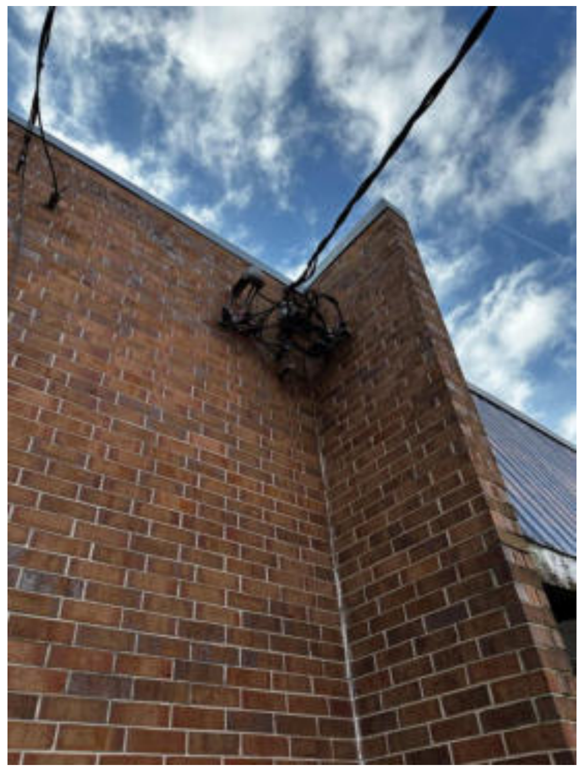


SKETCH

The subject property consists of a (circa 1970) one-story industrial building which is on parcel 17-0229-LL-0455 and contains 3.15 acres and a vacant parcel of industrial land on parcel 17-0229-LL-0570. Per the clients request, we have valued each lot separately and combined the total value of both parcels in this report. As of the date of valuation, the building was tenanted, with lease. The subject structurally conforms with existing similar-type improvements in the immediate vicinity and is located along the south side of Macarthur Boulevard Northwest, between General Truman Street Northwest and Westside Boulevard Northwest. The subject's total building area above grade amounts to approximately 49,019 square feet. The following description is based upon both a physical inspection of the property by Abdul Raul Choudhry on January 26, 2024, and conversations with the superintendent.

Foundation: The building foundation consists of slab concrete. Based on our limited assessment of the foundation's condition, building support appears to be adequate.

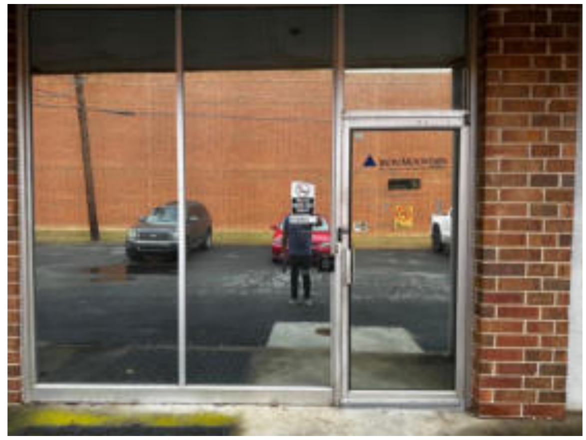
Exterior Walls: The building exterior wall façade finish consists of brickface. The subject is reported to be constructed with masonry or concrete exterior walls, and primarily wood or steel roof and floor structures (construction class C).



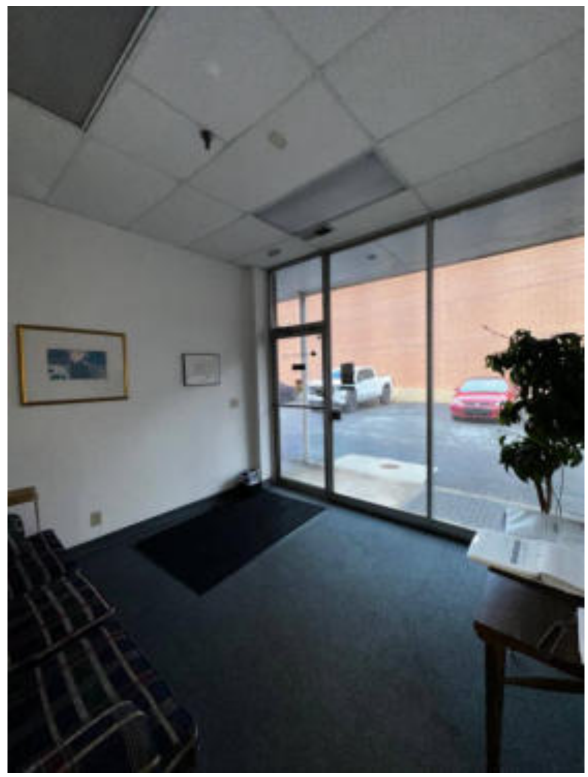
Roof: The subject has a flat built-up roof with a rolled roof system surface. There are gutters and leaders to provide water drainage away from the roof surfaces.

Windows: Windows are with frames.

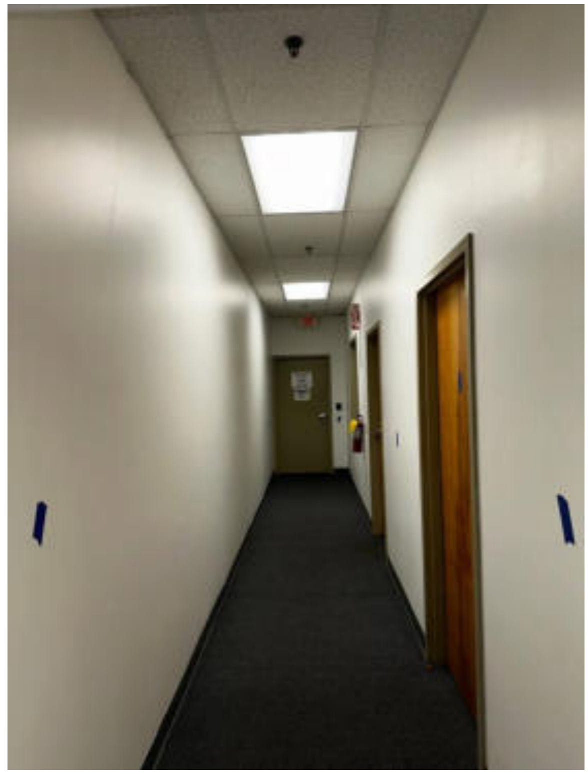
Building Entrance: The building is accessed via a single main entrance door that leads directly into the building's interior. The exterior door consists of aluminum and glass.



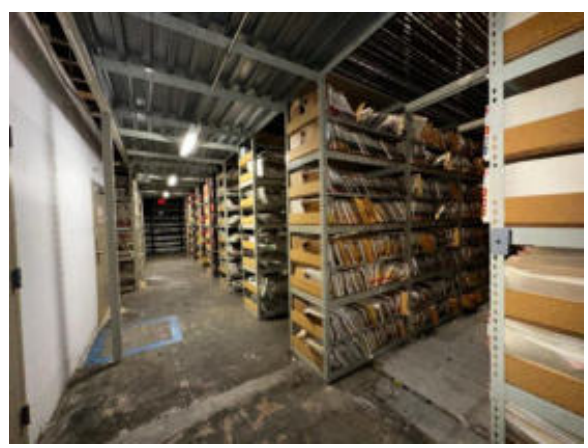
Lobby: Lobby ceilings are suspended acoustical tile while the walls are painted sheetrock. Floors are finished with carpet. Lighting is provided by incandescent fixtures.



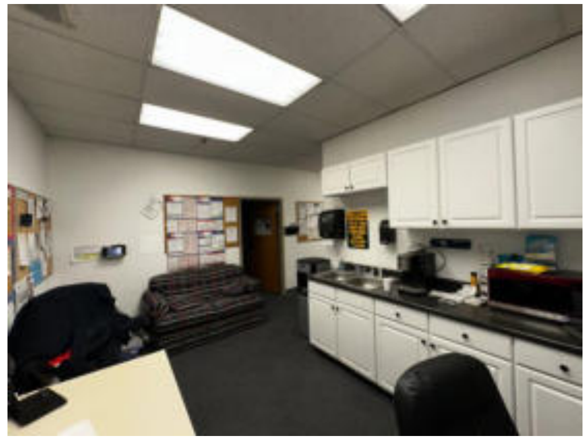
Common Area: Common area ceilings are suspended acoustical tile while the common area walls are painted sheetrock. Floors are finished with carpet. Lighting is provided by incandescent fixtures and the subject has stairways providing access to all of the building levels.



Interiors: The interiors feature brick walls and exposed joists ceilings; flooring is concrete. Lighting is provided by incandescent fixtures. Ceiling heights range from approximately ten feet in the offices to approximately sixteen feet in the main warehouse area.



Kitchens: The kitchens feature fixtures and equipment including cabinetry with hard surface countertops, sinks, refrigerators, and stoves.



Restrooms: Typical restrooms finishes include standard fixtures (low tank top type toilets and porcelain sinks). Bathroom walls are painted sheetrock while the ceilings are suspended acoustical tile; the floors are vinyl composition tile.

Plumbing: The plumbing lines throughout the building for cold water are cast iron while hot water is supplied through copper piping. Sewer lines are reported to be cast iron.

Heating/Hot Water: Heat is provided by a gas-fueled boiler providing heat through a forced-air heat conveyance system. There are ducts and registers throughout the building to distribute the heated air appropriately. The heating system is reported to exhibit average energy efficiency. Hot water is provided by a hot-water heater system.

Air-Conditioning: The subject has central air-conditioning.

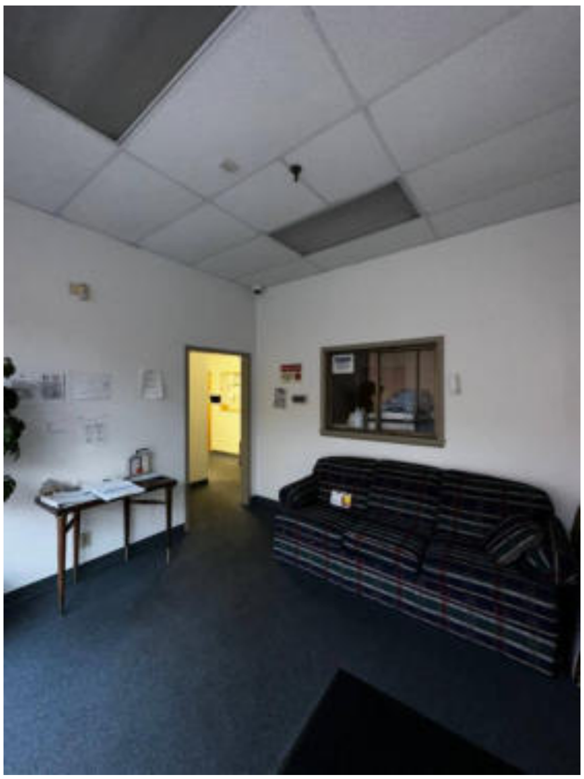
Electricity/Gas: The building is equipped with circuit breakers. There is a single electric meter for the building; the meter is located outside the building. The gas lines are brass. There is a single gas meter for the building; the meter is located outside the building.

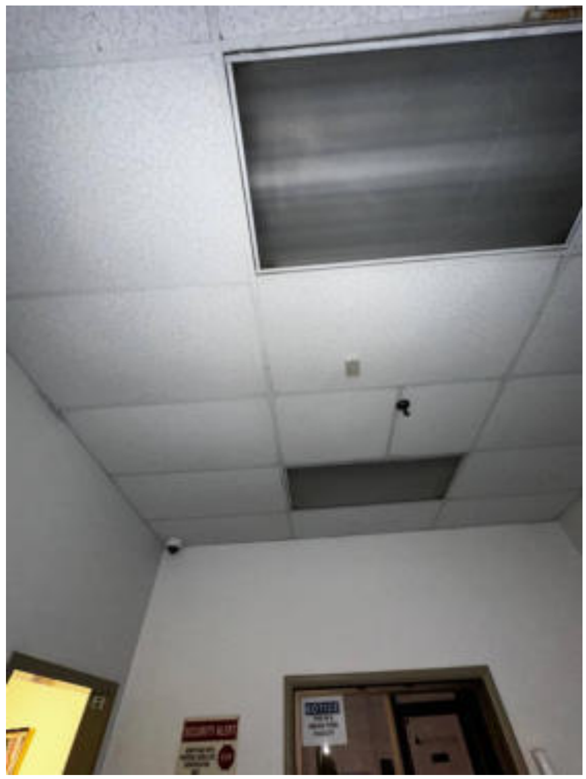
Water & Sewer: We have been informed that the subject property is billed on a metered basis. There is a single water meter for the building.

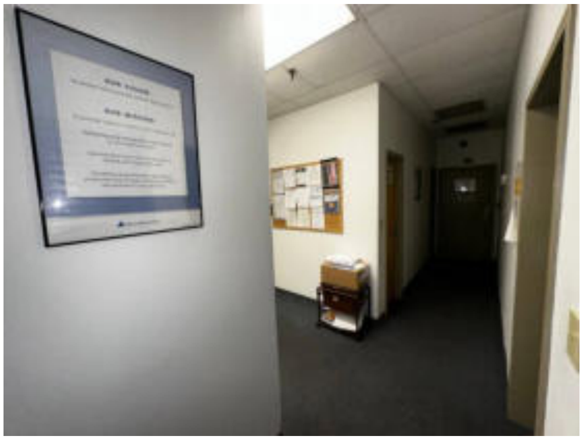
Parking: The subject benefits from on-site parking with a total of 35 outdoor lot spaces.

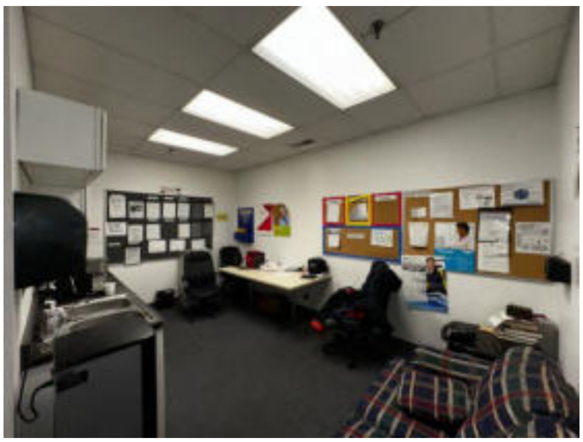
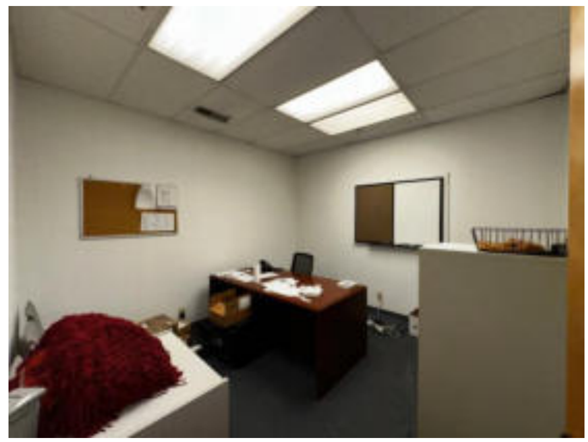
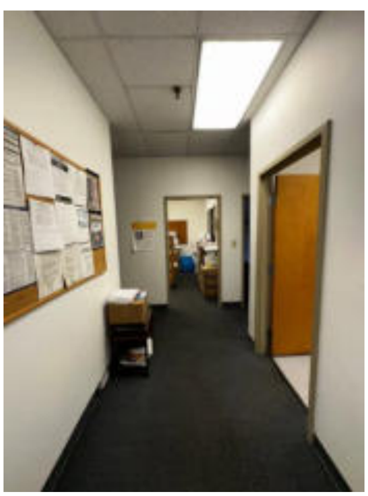
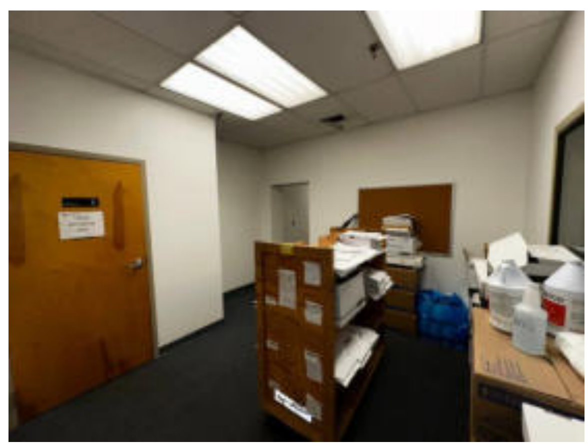
Overall Condition:	Good

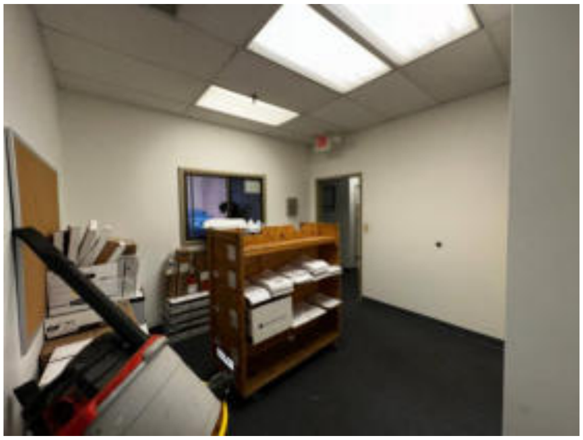
Additional Photos

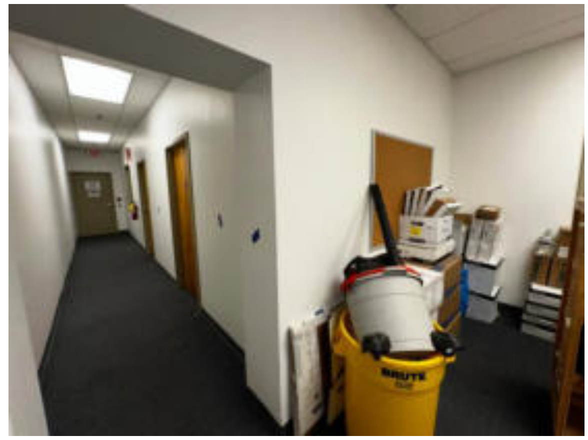


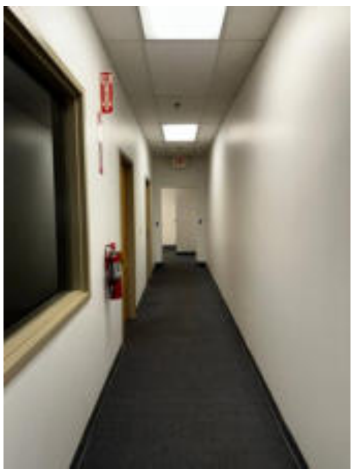


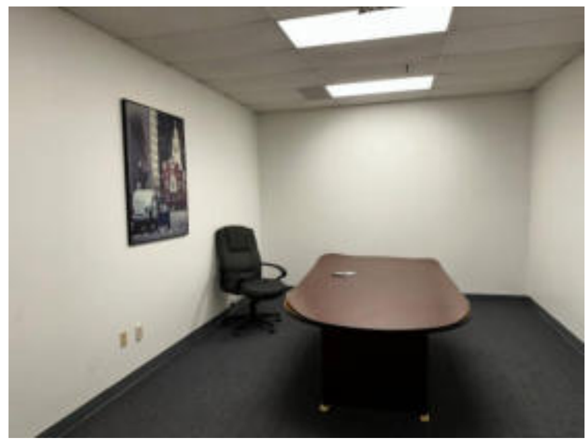


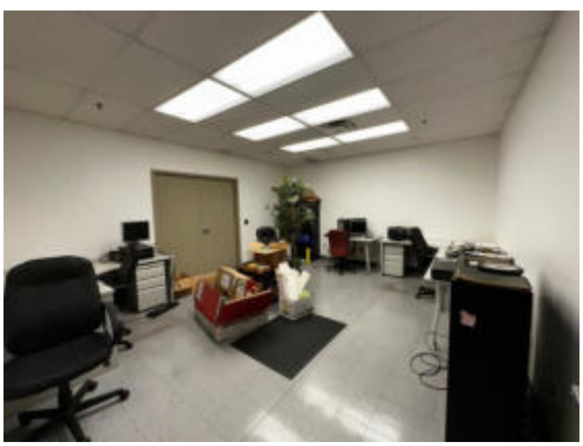





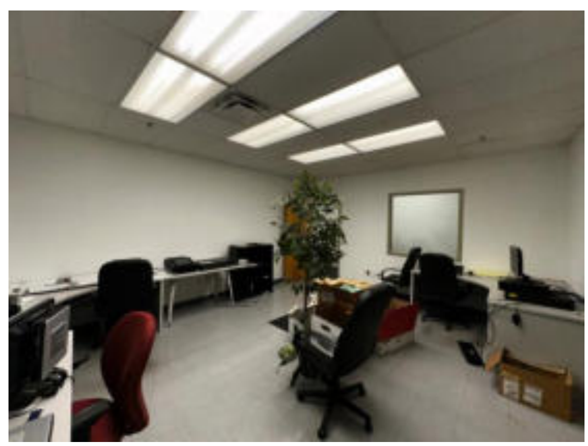


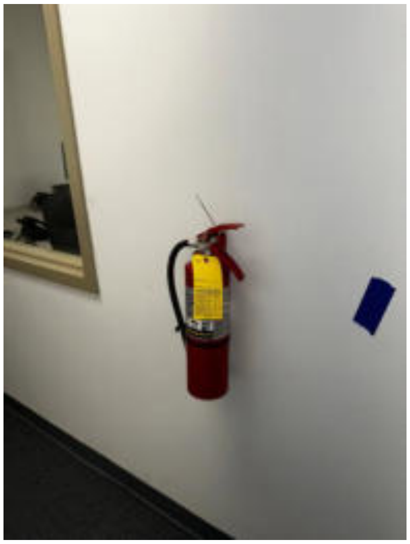




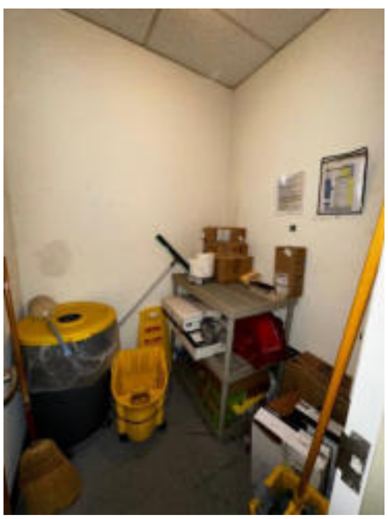


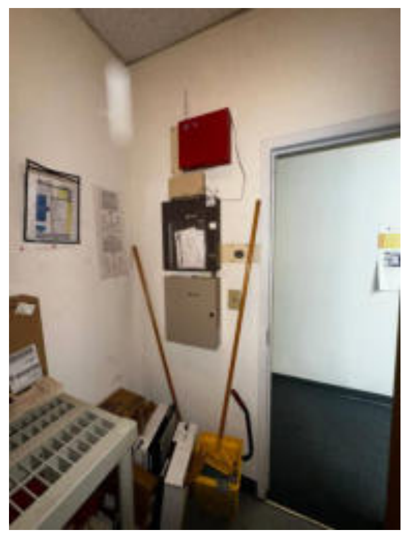




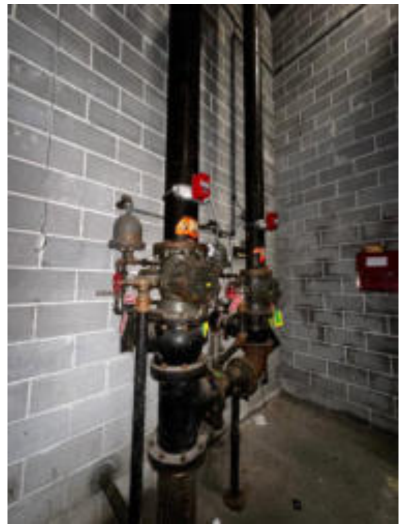


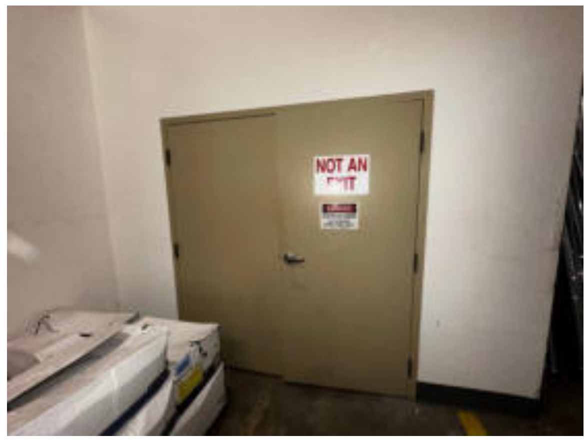

CLEANING
STATION






EXIT
EXIT

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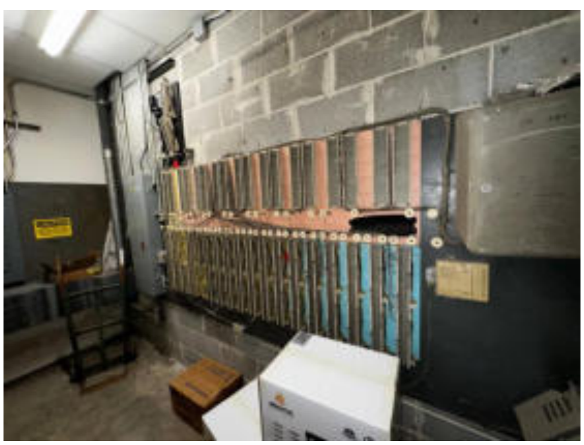

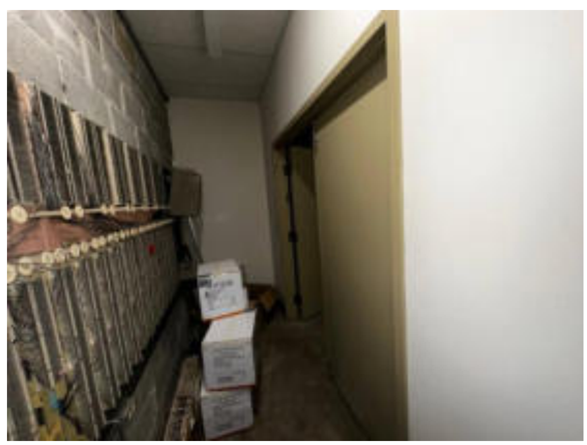

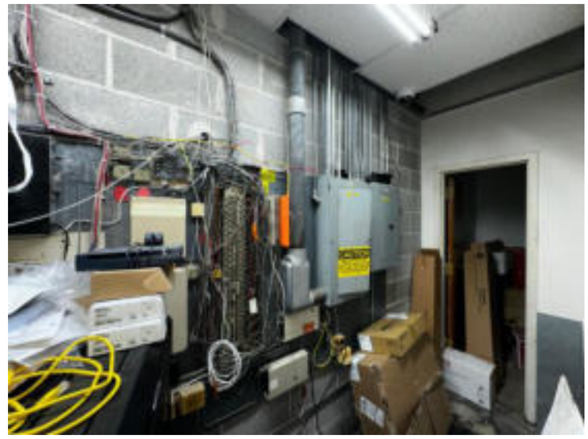


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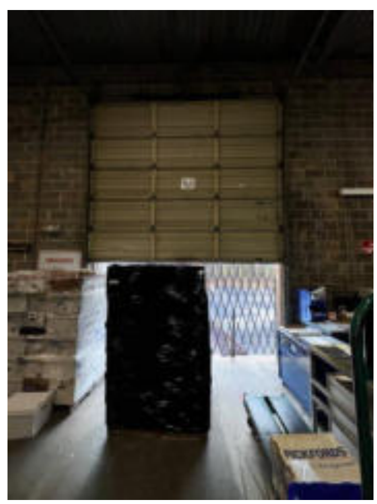


Industrial Unit Information

Tenant	SF	Lease Start Date	Lease Exp. Date	Renewal Options	Contract Base Rent	Contract Base Rent/SF	Collected Base Rent	Collected Base Rent/SF
Iron Mountain Information Management LLC	49,019	11/29/22	12/31/26	N/A	$315,682	$6.44	$315,682	$6.44
Totals:	**49,019**				**$315,682**	**$6.44**	**$315,682**	**$6.44**

Comments on Condition and Functionality

The subject property was inspected with the assistance of the building superintendent. The subject is a typical industrial building. In general, the subject was observed to be in good condition and appears to have received adequate maintenance. There was no significant deferred maintenance noted at the time of inspection. The property is in adequate demand and is competitive within its local market. Effective age is 10 years with a remaining economic life of 50 years, assuming proper management and maintenance.

In addition, the appraiser inspected the subject's common area, the lobby, the offices, and the warehouse. Despite our best efforts, we were unable to gain access to some parts of the subject. We thus have not inspected the roof.

A summary of the subject’s individual and aggregate room and unit counts is presented on the following page.

ASSESSED VALUE AND REAL ESTATE TAXES

The subject property is identified by the City of Atlanta as Parcel: 17-0229-LL-045-5, 17-0229-LL-057-0. Each year's tax liability is typically computed based upon the property's assessed value. The value for the subject's City and County taxes has remained stable over the past several years. Tax rates over the past three years have generally increased. The equalization rate for real property within the City of Atlanta is 8.52%. The subject's current assessed value is $1,634,000, which implies an equalized market value of approximately $19,178,404 ($1,634,000 ÷ 8.52%). We note that our opinion of market value for the subject is $8,275,000, which amounts to an equalization rate of 19.75% ($1,634,000 ÷ $8,275,000). Tax years for City and County taxes begin in July, respectively. The subject's City and County taxes for the period 2021/2022 - 2023/2024 and our projections for the 2024/2025 period are as follows:

CITY TAXES	Parcel: 17-0229-LL-045-5, 17-0229-LL-057-0		45-5	
LOT 1	2021	2022	2023	2024
Assessment	$1,498,520	$1,498,520	$1,498,520	$1,498,520
Tax Rate	3.10%	3.14%	3.19%	3.35%
Total Tax	$46,409	$47,054	$47,803	$50,193
% Change Tax Rate		1.39%	1.59%	5.00%
% Change Taxes		1.39%	1.59%	5.00%

COUNTY TAXES	Parcel: 17-0229-LL-045-5, 17-0229-LL-057-0		45-5	
LOT 1	2021	2022	2023	2024
Assessment	$1,498,520	$1,498,520	$1,498,520	$1,498,520
Tax Rate	0.95%	0.91%	0.90%	0.95%
Total Tax	$14,296	$13,592	$13,562	$14,240
% Change Tax Rate		-4.93%	-0.22%	5.00%
% Change Taxes		-4.93%	-0.22%	5.00%

CITY TAXES	Parcel: 17-0229-LL-045-5, 17-0229-LL-057-0		57	
LOT 2	2021	2022	2023	2024
Assessment	$135,480	$135,480	$135,480	$135,480
Tax Rate	3.10%	3.14%	3.19%	3.35%
Total Tax	$4,195	$4,254	$4,322	$4,538
% Change Tax Rate		1.42%	1.59%	5.00%
% Change Taxes		1.42%	1.59%	5.00%

COUNTY TAXES	Parcel: 17-0229-LL-045-5, 17-0229-LL-057-0	57		
LOT 2	2021	2022	2023	2024
Assessment	$135,480	$135,480	$135,480	$135,480
Tax Rate	0.95%	0.91%	0.91%	0.95%
Total Tax	$1,292	$1,229	$1,226	$1,287
% Change Tax Rate		-4.90%	-0.22%	5.00%
% Change Taxes		-4.90%	-0.22%	5.00%

TOTAL TAX SUMMARY								
YEAR/PERIOD	TAX			% CHG.				
City Taxes 2023	$52,125	÷	12	×	11	Month(s)	=	$47,781
City Taxes 2024	$54,731	÷	12	×	1	Month(s)	=	$4,561
County Taxes 2023	$14,788	÷	12	×	11	Month(s)	=	$13,555
County Taxes 2024	$15,527	÷	12	×	1	Month(s)	=	$1,294
Total Projected Taxes								$67,191

Real Estate Taxes Conclusion

The subject's total projected taxes for the **February 2024 - January 2025** period amount to $67,191.

VALUATION OVERVIEW

HIGHEST AND BEST USE ANALYSIS

Before proceeding with the specific valuation techniques employed to appraise the subject property, it is necessary to set the proper context by first considering the highest and best use (or uses) of the property.

Highest and Best Use as Though Vacant:

Highest and best use of land or a site as though vacant is defined as: "Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements."

The highest and best use must be legally permissible, physically possible, financially feasible and maximally productive.

In accordance with the regulations of the subject's I-1 (Light Industrial) zoning as detailed in the City of Atlanta zoning code, the legally permissible development of the site as though vacant would be for an industrial building with a gross building area of up to 274,428± square feet (based on FAR requirements alone, net of any allowable FAR deductions). It is the appraiser's opinion that, if the site were vacant, development of the site with such an improvement in compliance and conformance with the zoning district would be financially feasible and yield the highest net return to the land.

Highest and Best Use as Improved:

It is the appraiser's opinion that neither demolition nor substantial modification of the existing improvement would result in a higher net value return than is currently being achieved. The subject property is in conformance and compliance with current zoning requirements. It is clear that the existing improvements add value to the land. The highest and best use as improved is thus to retain the existing building in its current use.

VALUATION PROCESS:

The subject property consists of a (circa 1970) one-story industrial building which is on parcel 17-0229-LL-0455 and contains 3.15 acres and a vacant parcel of industrial land on parcel 17-0229-LL-0570. Per the clients request, we have valued each lot separately and combined the total value of both parcels in this report. .

Given that the objective of this assignment is to form an opinion of the "as is" market value(s) of the property, both the Sales Comparison and Income Approaches will be given consideration in this analysis. Based on the nature of the subject property and scope of this assignment, the appraiser did not use the Cost Approach to value. This approach is not generally considered primarily meaningful in appraising a property of this type and age.

SALES COMPARISON APPROACH

SALES COMPARISON APPROACH

This approach involves direct comparisons between the subject property and similar properties that have been sold in the same or in similar markets, in order to derive a market value indication. The approach represents an interpretation of the actions of buyers, sellers, and investors in the market, and is based upon the principle of substitution, which holds that a prudent person will not pay more to buy a property than it will cost to buy a comparable substitute property. The price paid for a property is usually the result of an extensive shopping process in which available alternatives are compared, based upon the buyer's purchase criteria. When a sufficient number of similar property purchases are made in the current market, the resulting pattern usually provides a good indication of market value.

In applying the Sales Comparison Approach, the appraiser employs the following five steps:

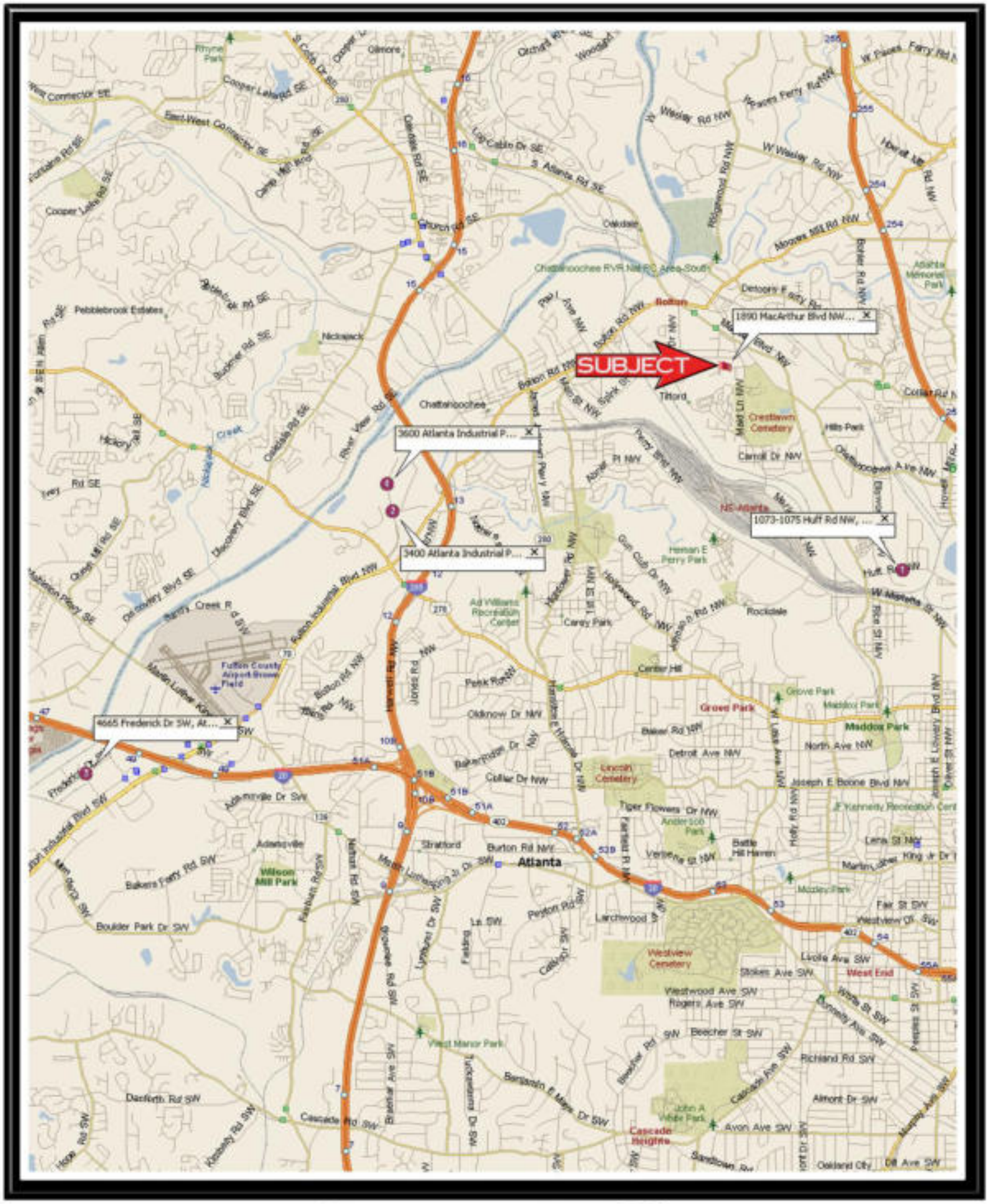
1. Research of the market to identify similar properties for which pertinent sales, listings, offerings, and/or rental data is available.

2. Qualification of the prices as to terms, motivating forces, and bona fide nature.

3. Comparison of important attributes (i.e. property rights conveyed, conditions of sale, financing, time, location, size, age/condition/quality, and miscellaneous considerations) between the comparable sales and the subject property.

4. Consideration of all dissimilarities and their probable effect on the price of each comparable sale to derive individual market value indications for the property being appraised.

5. From the pattern developed, formulation of an indication of market value for the property being appraised.


SUBJECT
1890 MacArthur Blvd NW...
3600 Atlanta Industrial P...
3400 Atlanta Industrial P...
1073-1075 Huff Rd NW, ...
4665 Frederick Dr SW, At...
Atlanta

SALES MAP

Comparable Sale #1

Location:	1073-1075 Huff Rd Nw, Atlanta, GA
Block/Lot:	Parcel ID 1701880003075
Grantor:	Huff Road Llc
Grantee:	Bfg Huff Llc
Date of Sale:	5/19/2022
Sale Price:	$7,590,000
Interest Conveyed:	Leased Fee
Financing:	All cash to seller.
Site Description	
Size:	156,816 SF
Shape:	Irregular
Utilities:	All available
Easements:	None noted
Topography:	Level with street grade. No flood issues noted.
Zoning:	I2
Floor Area Ratio:	0.38
Parking Ratio:	75%
Property Description:	One-story, 60,000 square foot industrial building (constructed circa 1970) with 1 unit.
Occupancy:	100.00%
Distance from Subject:	2.21 miles
Summary	
Price per Sq. Foot:	$127

Comparable Sale #1 Photo

Comparable Sale #2

Location:	3400 Atlanta Industrial Pky Nw, Atlanta, GA
Block/Lot:	Parcel ID 1702660002020
Grantor:	2DB LLC
Grantee:	Sl Industrial Acquisition Lp
Date of Sale:	8/25/2022
Sale Price:	$3,500,000
Interest Conveyed:	Leased Fee
Financing:	All cash to seller.
Site Description	
Size:	95,832 SF
Shape:	Irregular
Utilities:	All available
Easements:	None noted
Topography:	Level with street grade. No flood issues noted.
Zoning:	I2
Floor Area Ratio:	0.29
Parking Ratio:	216%
Property Description:	One-story, 27,829 square foot industrial building (constructed circa 1989) with 1 unit.
Occupancy:	100.00%
Distance from Subject:	2.92 miles
Summary	
Price per Sq. Foot:	$126

Comparable Sale #2 Photo

Comparable Sale #3

Location:	4665 Frederick Dr Sw, Atlanta, GA
Block/Lot:	Parcel ID 14F0056LL0405
Grantor:	H & H Holdings LLLP
Grantee:	AG APG Frederick Property Owner LLC
Date of Sale:	9/2/2022
Sale Price:	$3,300,000
Interest Conveyed:	Leased Fee
Financing:	All cash to seller.
Site Description	
Size:	157,687 SF
Shape:	Irregular
Utilities:	All available
Easements:	None noted
Topography:	Level with street grade. No flood issues noted.
Zoning:	M2
Floor Area Ratio:	0.20
Parking Ratio:	65%
Property Description:	One-story, 30,750 square foot industrial building (constructed circa 1972) with 1 unit.
Occupancy:	100.00%
Distance from Subject:	6.11 miles
Summary	
Price per Sq. Foot:	$107

Comparable Sale #3 Photo

Comparable Sale #4

Location:	3600 Atlanta Industrial Pky, Atlanta, GA
Block/Lot:	Parcel ID 17026600020126
Grantor:	D2 Ingredients, LP
Grantee:	n/a
Date of Sale:	3/1/2023
Sale Price:	$2,300,000
Interest Conveyed:	Fee Simple
Financing:	All cash to seller.
Site Description	
Size:	72,745 SF
Shape:	Irregular
Utilities:	All available
Easements:	None noted
Topography:	Level with street grade. No flood issues noted.
Zoning:	I2
Floor Area Ratio:	0.31
Property Description:	One-story, 22,353 square foot industrial building (constructed circa 1982) with 1 unit.
Occupancy:	0.00%
Distance from Subject:	2.88 miles
Summary	
Price per Sq. Foot:	$103

Comparable Sale #4 Photo

Adjustments to Comparable Sales

Property Rights Conveyed/Conditions of Sale

This adjustment reflects the type of conveyance (fee simple, leased fee, or leasehold interest) as well as conditions of sale, which may be either arms length, or referee or bank foreclosure and re-conveyance. Where applicable and available, information regarding special financial considerations (such as the 421-a and J-51 tax benefit programs in New York City) specific to a particular sale is considered as well.

Financing

Financing considerations include third-party conventional financing, special financing and seller financing, each of which can affect a property's perceived market value (i.e. the price a typical well-informed buyer would be willing to pay for the property).

Time (Changes in Market Conditions)

An adjustment necessary to reflect changes in market conditions (inflation/deflation, supply/demand) between the time of sale of a comparable property and the date of valuation of the subject, if any such changes are noted.

Location

An adjustment pertaining to location characteristics that affect the desirability, and therefore the value, of a particular property. Locational factors and their significance often vary with the type of property being appraised; for example, factors significant to a residential property are typically quite different than those important to, say, an industrial property. Location characteristics considered may include existing improvements and/or development patterns in the area, view and/or recreational amenities, quality of local schools, proximity to shopping areas, traffic levels, visibility and exposure, the type and quality of municipal services offered, adequacy of public transportation and population trends.

Size

The size of any building is a significant consideration in its valuation due to the correlation between building size and income stream, which impacts profitability. Generally, smaller buildings will be traded in the marketplace at higher prices per unit of measurement than larger ones. Therefore, differing property sizes may require adjustments between the subject property and the comparable sales, depending on whether each one is larger or smaller than the subject.

Age/Condition/Quality

A property's age, condition, and underlying construction quality are possibly the most obvious physical indications of value. This category considers the overall condition of the comparable as well as its functional and aesthetical suitability for its intended use.

Amenities/Miscellaneous

This category includes, but is not limited to, amenities (as relevant to the subject's property type) such as usable cellar/attic space, elevators, doorman service, a laundry room, a workout room, rooftop terraces, on-site parking, and other such features. Other characteristics considered may include ceiling height (for warehouse and industrial buildings in particular), storage sheds or other accessory structures on the site, site shape and topography, zoning regulations, and the like. Where applicable and available, information regarding the sales' rental income levels is reviewed and compared to the subject. In addition, where relevant we analyze the subject's land-to-building area ratio in comparison to the sales', and also consider any excess/surplus land and unused FAR/development rights. Another factor considered is whether the buildings are of similar story heights (e.g. for certain building types, one-story buildings generally tend to be more valuable than multi-story buildings with the same total floor area).

Adjustment Grid

The adjustment grid on the following page is utilized to illustrate the comparative factors judged to be of significance by the appraisers. The adjustments are stated in percent relationship and are made from the perspective of the subject property to the comparable. Therefore, a positive (+) adjustment indicates that the subject is judged to be superior to the comparable in a particular adjustment category, while a negative (-) adjustment indicates that the subject has been judged to be inferior as it relates to the comparable. Where no adjustment is made, this indicates that the appraisers have judged that the degree of difference between the subject and the comparable does not warrant one.

The adjustments made to each comparable are totaled to arrive at a net adjustment, which is then added to a factor of 1 for multiplication purposes. The resulting adjustment factor is then applied to the respective time adjusted per unit price to arrive at an indicated value for the subject property.

Comparable Sales Grid

	Sales	Date	No. Bldg. Units	Year Built	Sale Price	Abv. Grade Building Area SF	Distance from Subj.	$/SF Above Grade	Prop. Rts/Cd of Sale	Adj. Price/ SF	Finan- cing	Adj. Price/ SF	Time	Adj. Price/ SF	Location	Size	Age/ Cond./ Quality	Adj. Misc.	Total Adj.	Adj. Price/ SF	Adj. Price/ Unit
	Subject:	1/26/2024	1	1970		49,019	0.0														
1	1073-1075 Huff Rd Nw	5/19/2022	1	1970	$7,590,000	60,000	2.2	$126.50	$0	$126.50	$0	$126.50	8.5%	$137.19	0.0%	2.5%	-5.0%	0.0%	-2.5%	$133.76	$8,025,723
2	3400 Atlanta Industrial Pky Nw	8/25/2022	1	1989	$3,500,000	27,829	2.9	$125.77	$0	$125.77	$0	$125.77	7.1%	$134.71	0.0%	-5.0%	-5.0%	5.0%	-5.0%	$127.97	$3,561,394
3	4665 Frederick Dr Sw	9/2/2022	1	1972	$3,300,000	30,750	6.1	$107.32	$0	$107.32	$0	$107.32	7.0%	$114.83	0.0%	-2.5%	0.0%	10.0%	7.5%	$123.44	$3,795,825
4	3600 Atlanta Industrial Pky	3/1/2023	1	1982	$2,300,000	22,353	2.9	$102.89	$0	$102.89	$0	$102.89	4.5%	$107.56	0.0%	-5.0%	0.0%	7.5%	2.5%	$110.25	$2,464,395
5									$0		$0		620.8%								
	Average		1	1978	$4,172,500	35,233	3.5	$115.62							Adj. Avg.		$123.86				
	Median		1	1977	$3,400,000	29,290	2.9	$116.54							Adj. Median		$125.71		Indic. Val./	SF	$124.00
	Min.		1	1970	$2,300,000	22,353	2.2	$102.89							Adj. Min.		$110.25		Base Value:		$6,078,356
	Max.		1	1989	$7,590,000	60,000	6.1	$126.50							Adj. Max.		$133.76		Add./Ded.:		$0
																			Est. Mkt.	Value:	$6,075,000

EXPLANATION OF ADJUSTMENTS

This valuation is primarily to assist in developing the most accurate basis for comparing the subject property to recent comparable sales. This method of valuation seeks to compare the comparable sales to the subject property in terms of: (i) Property Rights Conveyed/Condition of Sale; (ii) Financing; (iii) Time; (iv) Location; (v) Size of the property; (vi) Age/Condition/Quality and (vii) Amenities/Miscellaneous.

Property Rights Conveyed/Conditions of Sale

All of the comparable sales appear to be arms-length transactions. Since there is limited information available regarding the purchase motivations between owner-users and investors in the subject's market and the concomitant impact of said motivations on sales prices, no adjustments for conditions of sale or property rights have been rendered.

Financing

Where available, we have reviewed the recorded mortgage instruments at time of conveyance for the comparable sales. To our knowledge, all of the comparable sales were conveyed all cash to seller and thus no adjustments for financing are required.

Time (Changes in Market Condition)

Based on our analysis of the real estate market conditions affecting the comparable sales compared to conditions as of the valuation date, a 5% annual adjustment for time is necessary. It is our opinion that industrial building market values within the subject’s market area have generally increased overall during the time period since the earliest of the selected comparable sale transactions occurred and that an estimated 5% per year adjustment is appropriate to reflect this trend.

Location

Physical location, with all of its attendant characteristics and considerations, directly influences the value of any property. The subject property is located along the south side of Macarthur Boulevard Northwest, between General Truman Street Northwest and Westside Boulevard Northwest. Local shopping areas are located along the Marietta Boulevard Northwest. All of the comparable sales were observed to be similar to the subject property in terms of location and did not require adjustment.

Size

The subject building contains 49,019 square feet. Each of the comparable sales has been adjusted based on the similarity or dissimilarity in size to the subject property. Sale No. 1 is significantly larger than the subject and was thus adjusted upward to account for the subject's smaller size and higher relative value per area unit. Sales Nos. 2, 3 and 4 are all appreciably smaller than the subject and were consequently adjusted downward to account for the subject's larger size and lower relative value per area unit.

Age/Condition/Quality

The subject property is a construction erected circa 1970. Our inspection revealed that the building is in good condition and the subject appears to have received adequate maintenance. Sales Nos. 3 and 4 both appear to be similar to the subject property in terms of age/condition/quality, and did not require adjustment. Sales Nos. 1 and 2 both appear to be superior to the subject in terms of age/condition/quality, and were thus adjusted downward.

Amenities/Miscellaneous

Our miscellaneous adjustments reflect the following considerations: Sale No. 1 has more truck bays than the subject, requiring a downward adjustment. Sales Nos. 2 and 4 have fewer truck bays than the subject, requiring upward adjustments. Sales Nos. 1 and 3 have relatively less office space compared to the subject, requiring upward adjustments. Sales Nos. 2, 3 and 4 all have lower land-to-building ratios than the subject, requiring upward adjustments.

Comp. No.	# Tenants	Vacancy	Avg. Rent /SF	Bldg. Type	Year Built	Ceiling Height	Adj.	# Loading Docks	# Drive Ins	Adj.	% Office	Adj.	# Parking Spaces	Parking Ratio per 1,000 SF	Adj.	# Stories	Adj.	Land: Bldg. Ratio	Adj.	Net Misc. Adjust.
Subject	1	0%	$10.87	Industrial Building	1970	18		5	1		15%		35	0.7		1		2.80:1		
1	1	0%		Industrial Building	1970/2007	18	0.0%	8	2	-5.0%	0%	5.0%	45	0.8	0.0%	1	0.0%	2.61:1	0.0%	**0.0%**
2	1	0%		Industrial Building	1989/2023	18	0.0%	3	1	2.5%	15%	0.0%	60	2.2	0.0%	1	0.0%	3.44:1	2.5%	**5.0%**
3	1	0%		Industrial Building	1972	18	0.0%	5	1	0.0%	0%	5.0%	20	0.7	0.0%	1	0.0%	5.13:1	5.0%	**10.0%**
4	1	0%		Industrial Building	1982	22	0.0%	3	0	5.0%	16%	0.0%	20	0.9	0.0%	1	0.0%	3.25:1	2.5%	**7.5%**

Sales Comparison Approach Valuation Conclusion

During the course of this analysis, we compared and adjusted the above-mentioned comparable sales to the subject property in terms of property rights conveyed, conditions of sale, financing, location, size, etc. Each sale was reviewed after adjustment on a price per square foot basis in order to establish a meaningful range of comparison.

Based on the foregoing analysis, we have developed our indicated value parameters on an adjusted price per square foot basis. This index of comparison affords us the narrowest and thus most reliable range in values from which to form an indication of the subject's market value via the Sales Comparison Approach. The adjusted price per square foot value indication reflects a range from $110 to $134. The average value of all sales is $124 per square foot. In consideration of the above analysis, it is our opinion that the subject is anticipated to achieve a market value of $124 per square foot. Our estimated value per SF is weighted more heavily on median range on the comparables. This is because of Sale No. 4 was transacted very recently, Sale No. 3 was the most comparable in terms of location, and age/quality/condition. Additionally, Sale No. 2 further lends support to the concluded value.

In light of the range of data presented and the current state of the real estate market, the subject's market value is indicated to be approximately $6,078,356 ($124/square foot x 49,019 square feet). To this value, we must reflect the following:

Base Indication	$6,078,356
Market Value Indication (As Is)	**$6,078,356**
Rounded	**$6,075,000**

Thus, the subject's indicated market value via the Sales Comparison Approach, as of January 26, 2024, is:

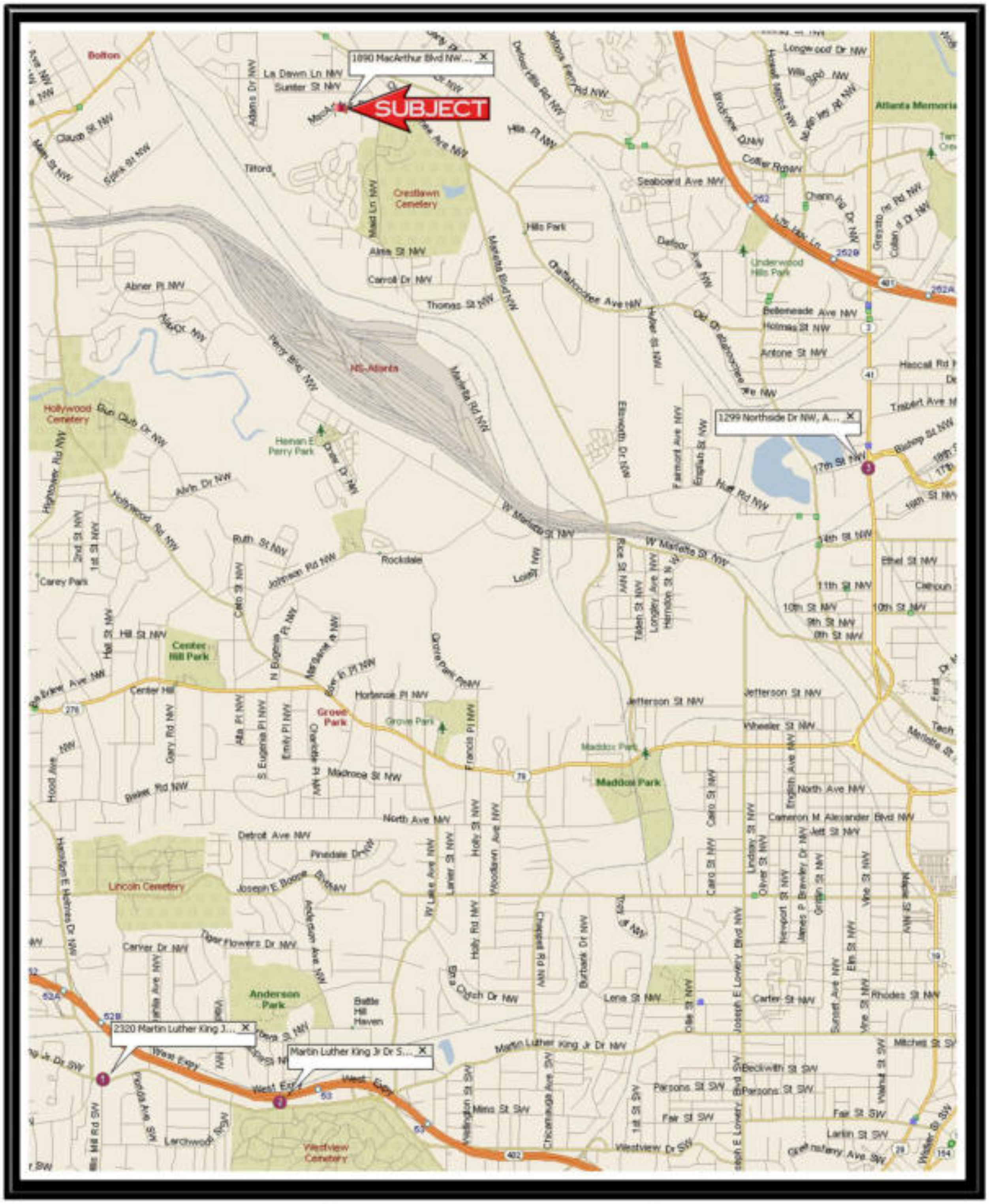
MARKET VALUE INDICATION VIA SALES COMPARISON APPROACH

$6,075,000

Approach	Value	$/Unit	$/SF	Overall Rate	GRM
Sales Comparison	$6,075,000	$6,075,000	$124	4.76%	11.40

LAND VALUE ANALYSIS

In order to derive a market-supported value indication for the subject's land, we have analyzed recent sales of comparable building lots within the subject's vicinity. Our findings are presented and discussed in the following pages.


1890 MacArthur Blvd NW...
SUBJECT
1299 Northside Dr NW, A...
2320 Martin Luther King J...
Martin Luther King Jr Dr S...
Crestlawn Cemetery
Hollywood Cemetery
Center Hill Park
Grove Park
Maddox Park
Lincoln Cemetery
Anderson Park
Westview Cemetery
Underwood Hills Park
Hills Park
Rockdale
Carey Park
Bolton
Atlanta Memorial

SALES MAP

Comparable Sale #1

Location:	2320 Martin Luther King JR Dr, Atlanta, GA
Block/Lot:	Parcel No. 14 020500030415
Grantor:	We Buy & Resell Homes LLC
Grantee:	Walter I Aaron Construction Company Inc
Date of Sale:	5/10/2022
Sale Price:	$350,000
Interest Conveyed:	Fee Simple
Financing:	All cash to seller.
Site Description	
Size:	15,246 SF
Shape:	Irregular
Utilities:	All available
Easements:	None noted
Topography:	Level with street grade. No flood issues noted.
Zoning:	C1
Property Description:	vacant land
Distance from Subject:	4.38 miles
Price per FAR-SF:	$11
Price per Sq. Foot:	$23
Comments:	We note that while there was an improvement on the property at the time of conveyance this comparable was reportedly sold for its land value.

Comparable Sale #1 Photo

Comparable Sale #2

Location:	SW Martin Luther King Jr Dr, Atlanta, GA
Block/Lot:	Parcel No. 14 0173 LL0144
Grantor:	NR Deed LLC
Grantee:	US Intl LLC
Date of Sale:	4/12/2023
Sale Price:	$750,000
Interest Conveyed:	Fee Simple
Financing:	All cash to seller.
Site Description	
Size:	17,860 SF
Shape:	Irregular
Utilities:	All available
Easements:	None noted
Topography:	Level with street grade. No flood issues noted.
Zoning:	C3
Property Description:	vacant land
Distance from Subject:	4.34 miles
Price per FAR-SF:	$8
Price per Sq. Foot:	$42

Comparable Sale #2 Photo

Comparable Sale #3

Location:	1299 Northside Dr NW, Atlanta, GA
Block/Lot:	Parcel No. 17 0148 LL7318
Grantor:	Kalinowski Real Estate Holdings, LLC
Grantee:	480 17th Street Investors, LLC
Date of Sale:	3/31/2022
Sale Price:	$9,160,198
Interest Conveyed:	Fee Simple
Financing:	All cash to seller.
Site Description	
Size:	303,613 SF
Shape:	Irregular
Utilities:	All available
Easements:	None noted
Topography:	Level with street grade. No flood issues noted.
Zoning:	I1
Property Description:	vacant land
Distance from Subject:	2.77 miles
Price per FAR-SF:	$15
Price per Sq. Foot:	$30
Comments:	We note that while there was an improvement on the property at the time of conveyance this comparable was reportedly sold for its land value.

Comparable Sale #3 Photo

Adjustments to Comparable Sales

Property Rights Conveyed/Conditions of Sale

This adjustment reflects the type of conveyance (fee simple, leased fee, or leasehold interest) as well as conditions of sale, which may be either arms length, or referee or bank foreclosure and re-conveyance.

Financing

Financing considerations include third-party conventional financing, special financing and seller financing, each of which can affect a property's perceived market value (i.e. the price a typical well-informed buyer would be willing to pay for the property).

Time (Changes in Market Conditions)

An adjustment necessary to reflect changes in market conditions (inflation/deflation, supply/demand) between the time of sale of a comparable property and the date of valuation of the subject, if any such changes are noted.

Location

An adjustment pertaining to location characteristics that affect the desirability, and therefore the value, of a particular property. Locational factors and their significance often vary with the type of property being appraised; for example, factors significant to a residential property are typically quite different than those important to, say, an industrial property. Location characteristics considered may include existing improvements and/or development patterns in the area, view and/or recreational amenities, quality of local schools, proximity to shopping areas, traffic levels, visibility and exposure, the type and quality of municipal services offered, adequacy of public transportation and population trends.

Size

The size of any parcel of vacant land is a significant consideration in its valuation due to the correlation between land size and development potential, which impacts profitability. Generally, smaller parcels of land will trade at higher prices per unit of measurement than larger ones. Therefore, differing property sizes may require adjustments between the subject property and the comparable sales, depending on whether each one is larger or smaller than the subject.

Miscellaneous

This category includes, but is not limited to, site shape, topography, zoning regulations, and the like.

Adjustment Grid

The adjustment grid on the following page is utilized to illustrate the comparative factors judged to be of significance by the appraisers. The adjustments are stated in percent relationship and are made from the perspective of the subject property to the comparable. Therefore, a positive (+) adjustment indicates that the subject is judged to be superior to the comparable in a particular adjustment category, while a negative (-) adjustment indicates that the subject has been judged to be inferior as it relates to the comparable. Where no adjustment is made, this indicates that the appraisers have judged that the degree of difference between the subject and the comparable does not warrant one.

The adjustments made to each comparable are totaled to arrive at a net adjustment, which is then added to a factor of 1 for multiplication purposes. The resulting adjustment factor is then applied to the respective time-adjusted sale price to arrive at an adjusted price with repsect to the subject property.

Comparable Land Sales Grid

	Sales	Date	Sale Price	Abv. Grade FAR-SF	$/SF Above $/FAR-SF	Prop. Rts/Cd of Sale	Adj. Price/ FAR-SF	Financing	Adj. Price/ FAR-SF	Time	Adj. Price/ FAR-SF	Location	Size	Adj. Misc.	Tot. Adj.	Distance From Subj.	Adj. Price/ FAR-SF
	Subject:	1/26/2024		182,081													
1	2320 Martin Luther King JR Dr	5/10/2022	$350,000	30,492	$11.48	$0	$11.48	$0	$11.48	8.6%	$12.46	5.0%	-7.5%	0.0%	-2.5%	4.4	$12.15
2	SW Martin Luther King Jr Dr	4/12/2023	$750,000	89,300	$8.40	$0	$8.40	$0	$8.40	4.0%	$8.73	5.0%	-5.0%	0.0%	0.0%	4.3	$8.73
3	1299 Northside Dr NW	3/31/2022	$9,160,198	607,226	$15.09	$0	$15.09	$0	$15.09	9.1%	$16.46	5.0%	10.0%	0.0%	15.0%	2.8	$18.93
	Average		$3,420,066	242,339	$11.65							Adj. Avg.		$13.27			
	Median		$750,000	89,300	$11.48							Adj. Median		$12.15	**Indic. Val./**	**FAR-SF**	$12.00
	Min.		$350,000	30,492	$8.40							Adj. Min.		$8.73	**Indic. Value:**		$2,184,970
	Max.		$9,160,198	607,226	$15.09							Adj. Max.		$18.93	**Rounded:**		$2,185,000

EXPLANATION OF ADJUSTMENTS

This valuation is primarily to assist in developing the most accurate basis for comparing the subject property to recent comparable sales. This method of valuation seeks to compare the comparable sales to the subject property in terms of: (i) Property Rights Conveyed/Condition of Sale; (ii) Financing; (iii) Time; (iv) Location; (v) Size of the property; and (vi) Amenities/Miscellaneous.

Property Rights Conveyed/Conditions of Sale

The subject is being appraised on the basis of its Leased Fee interest for the industrial lot and a fee simple interest for the land sales used for the vacant parcel of land. The Fee Simple interest was conveyed for all of the comparable land sales, which were purchased by owner-users. A fee simple interest in a development site is typically more valuable than a leased fee interest, which is impaired by the lease(s) encumbering the property. All of the comparable sales appear to be arms-length transactions and thus no adjustments for conditions of sale were necessary.

Financing

Where available, we have reviewed the recorded mortgage instruments at time of conveyance for the comparable sales. To our knowledge, all of the comparable sales were conveyed all cash to seller and thus no adjustments for financing are required.

Time (Changes in Market Condition)

Based on our analysis of the real estate market conditions affecting the comparable sales compared to conditions as of the valuation date, a 5% annual adjustment for time is necessary. It is our opinion that industrial land values within the subject’s market area have generally increased overall during the time period since the earliest of the selected comparable sale transactions occurred and that an estimated 5% per year adjustment is appropriate to reflect this trend.

Location

Physical location, with all of its attendant characteristics and considerations, directly influences the value of any property. The subject property is located along the south side of Macarthur Boulevard Northwest, between General Truman Street Northwest and Westside Boulevard Northwest. All of the comparable sales are situated within locations that are considered less desirable than the subject's location and were thus adjusted upward.

Size

The subject parcel contains 182,081 square feet. Each of the comparable sales has been adjusted based on the similarity or dissimilarity in size to the subject property. Sale No. 3 is significantly larger than the subject and was thus adjusted upward to account for the subject's smaller size and higher relative value per area unit. Sales Nos. 1 and 2 are appreciably smaller than the subject and were consequently adjusted downward to account for the subject's larger size and lower relative value per area unit.

We note that the square footage of this lot is based on parcel number 17-0229-LL0570 which is the vacant parcel of the subject property.

Miscellaneous

No miscellaneous adjustments were necessary.

Land Valuation Conclusion

During the course of this analysis, we compared and adjusted the above-mentioned comparable sales to the subject site in terms of property rights conveyed, conditions of sale, financing, location, size, etc. Each sale was reviewed after adjustment on a price per FAR-SF basis of comparison. The adjusted price per FAR-SF value indication reflects a range from $8.73 to $18.93. The average value of all sales is $13.27 per FAR-SF. In consideration of the above analysis, it is our opinion that the subject site has a market value of $12.00 per FAR-SF.

In light of the range of data presented and the current state of the local real estate market, the market value of the land is indicated to be approximately $2,184,970 ($12.00/FAR-SF x 182,081 FAR-SF), say $2,185,000.

Valuation Premise/Type	Interest Appraised	Effective Date of Value	Value Conclusion
As Is – Land Value	Fee Simple	January 18, 2024	$2,185,000

Sales Comparison Approach Valuation Conclusion

In order to address the market value of the subject property, we have included the value of the parcel with the industrial building and the value of the parcel with the vacant land. Below we present the following chart which reflects the market value for the industrial building plus the market value for the vacant land parcel.

Valuation Premise/Type	Property Type	Interest Appraised	Effective Date of Value	Market/Gross Sellout Value
As Is	industrial building	Leased Fee	January 26, 2024	$6,078,356
0	0	0	January 26, 2024	$0
0	0	0	January 26, 2024	$0
0	0	0	January 26, 2024	$0
0	0	0	January 26, 2024	$0
As Is	Industrial Land Value	Fee Simple	January 26, 2024	$2,185,000
			Market/Gross Sellout Value Total	$8,263,356
			Rounded	$8,275,000

In light of the range of data presented and the current state of the real estate market, the subject's market value is indicated to be approximately $8,263,356, say $8,275,000.

Thus, the subject's indicated market value via the sales comparison Approach, as of January 18, 2024, is:

MARKET VALUE INDICATION VIA SALES COMPARISON APPRAOCH

$8,275,000

COST APPROACH

For reasons set forth within the Valuation Overview section of this report, the Cost Approach to value has not been developed in this appraisal.

INCOME APPROACH

In arriving at a value indication via the Income Approach, the following steps are taken:

1. Estimate the annual Potential Gross Income of the property based on the actual leases in effect and/or on comparable rental data.

2. Deduct from Gross Potential Income the estimated loss of income resulting from vacancies and/or non-collections to arrive at an estimate of Effective Gross Income.

3. Estimate the expenses that are anticipated to be incurred in the operations of the property. The total expenses are deducted from Effective Gross Income to arrive at an estimate of net operating income (NOI - income before debt service, income taxes and depreciation).

4. Derive a capitalization rate by reference to the return requirements of the equity and capital (mortgage) markets and/or implied capitalization rates from comparable sale transaction. Utilized the appropriate method(s) of capitalization to convert the NOI into a value indication via direct capitalization. In addition, or alternatively, the income stream may be capitalized using GRM (Gross Rent Multiplier) or DCF (Discounted Cash Flow) analyses.

Analysis of Estimated Income and Expenses

The estimates of income and expenses provided in this appraisal represent a projection of operations for the one-year period commencing with the valuation date (1/26/2024-1/25/2025). Relevant documentation regarding the subject's occupancy and associated income has been submitted by the property management and this information has been reviewed and utilized in estimating the subject's Potential Gross Income (PGI).

The appraisers were not supplied with historical operating expenses, since the subject was purchased fairly recently and no expense information was available yet. Our projections of operating expenses for the subject property during the projection period are based on current market conditions and on our experiences with properties similar to the subject.

Gross Income Estimate: Industrial Space

The subject property contains approximately 49,019 square feet of industrial space that is devoted to one unit. As of the date of valuation, the subject’s space was occupied and encumbered by leased tenant.

A summary of the subject’s industrial rental income is presented on the following pages. For vacant or owner-occupied spaces, rent figures utilized are based on market indications as detailed subsequently in this section.

SUBJECT INDUSTRIAL UNIT NO. 1

LOCATION:	1890 Macarthur Boulevard Northwest Atlanta, Georgia
TENANT:	Iron Mountain Information Management LLC
USAGE:	Industrial
STARTING DATE:	11/29/2022
EXPIRATION DATE:	12/31/2026
RENEWAL OPTIONS:	N/A
SIZE (SF):	49,019
CONTRACT RENT:	$382,873 (Includes $315,682 in base rent plus real estate tax contribution of $67,191.)
CONTRACT RENT/SF:	Base rent: $6.44; Total rent: $7.81
COLLECTED RENT:	$382,873 (Includes $315,682 in base rent plus real estate tax contribution of $67,191.)
COLLECTED RENT/SF:	Base rent: $6.44; Total rent: $7.81
PROJECTED TOTAL RENT:	$532,872 (Indicates appraiser's current projected rent, which is ascertained by comparing both contract and collected rent to our estimate of market rent. Includes $465,681 in base rent plus real estate tax contribution of $67,191.)
PROJECTED TOTAL RENT/SF:	Base rent: $9.50; Total rent: $10.87
PROJECTED TOTAL RENT AT ANNUAL RENEWAL:	$532,872 (Indicates appraiser's current projected rent, which is ascertained by comparing both contract and collected rent to our estimate of market rent. Includes $465,681 in base rent plus real estate tax contribution of $67,191.)
PROJECTED TOTAL RENEWAL RENT/SF:	Base rent: $9.50; Total rent: $10.87
PROJECTED STABILIZED TOTAL RENT:	$532,872 (Projected Stabilized Total Rent is a synthesis of the Projected Total Rent of $532,872 and the Projected Total Rent at Annual Renewal of $532,872 during the one-year projection period.)
PROJECTED STABILIZED TOTAL RENT/SF:	$10.87

ANNUAL ESCALATIONS:

Period Start	Nov-2022	Jan-2024	Jan-2025	Jan-2026
Period End	Dec-2023	Dec-2024	Dec-2025	Dec-2026
Rent	$306,369	$315,560	$325,027	$334,777
Rent/SF	$6.25	$6.44	$6.63	$6.83
% Increase	N/A	3.00%	3.00%	3.00%

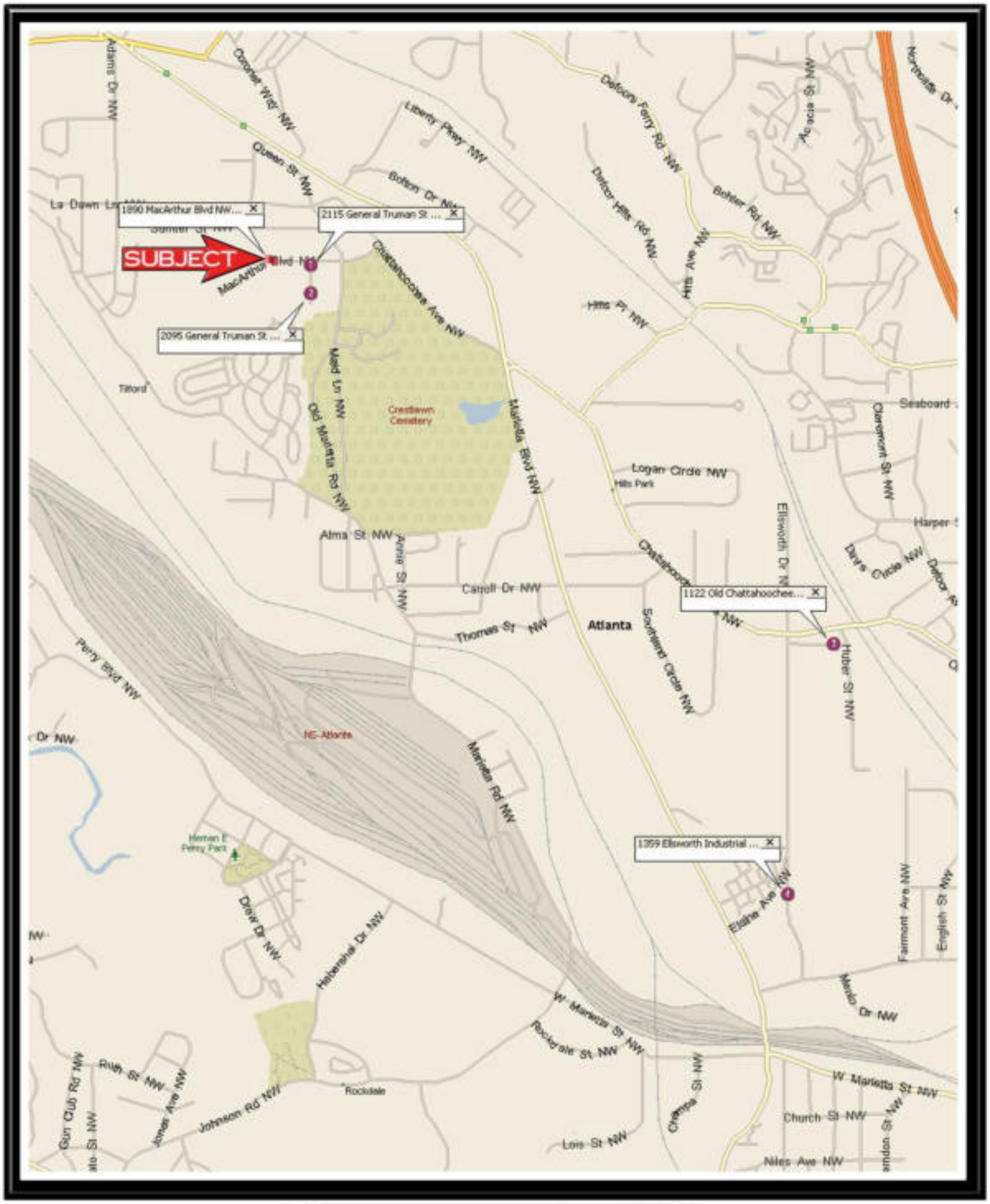
REAL ESTATE TAX CONTRIBUTION: 100.00% of all real estate taxes.

Current R.E. Taxes	Difference	% Contribution	$ Contribution
$67,191	**$67,191**	**100.00%**	**$67,191**

COMMENTS: The tenant pays all the utilities and also 100% of taxes. Additionally the tenant is responsible on maintaining the premises. We have accounted for the rent shortfall regarding the difference in market and contract rent for the specified time period and deducted this amount from our estimate of market value via the Sales Comparison and Income Approaches to value.

<u>Market Rent Estimate: Industrial Space</u>

The subject includes 1 industrial space which is 49,019 square feet. We have surveyed comparable rentals in the subject's vicinity in support of the rent currently being achieved for this space and as a measure of upside or downside income potential. The results of our survey are as follows:


SUBJECT
1890 MacArthur Blvd NW...
2115 General Truman St ...
2095 General Truman St ...
1122 Old Chattahoochee...
1359 Ellsworth Industrial ...
Crestlawn Cemetery
Atlanta
NS-Atlanta
Marietta Blvd NW
Chattahoochee Ave NW
Marietta Rd NW
W Marietta St NW
Defoors Ferry Rd NW
Logan Circle NW
Carroll Dr NW
Thomas St NW
Alma St NW
Huber St NW
Perry Blvd NW
Johnson Rd NW
Church St NW
Lois St NW
Rockdale

RENTAL MAP

Comparable Industrial Rentals

No.	Address	Unit/ Floor	Year Built/ Renov.	Type/Use	Start Date	Term	Space (SF)	Adjusted Annual Base Rent/SF	Direct Services	Distance From Subj.	Leasing Company	Lease Type	Mos. on Market
1	2115 General Truman St NW	1st	1985	Industrial	5/1/2023	5 yrs	31,749	$8.16	NNN	0.10	King Industrial Realty Inc/CORFAC Intertional	Effective	2 Mos
2	2095 General Truman St NW	1st	1973	Industrial	1/1/2023	5 yrs	35,000	$9.50	NNN	0.10	Strategic Real Estate Partners	Effective	5 Mos
3	1122 Old Chattahoochee Ave NW	1st	1949	Industrial	8/1/2022	n/a	14,482	$11.40	NNN	1.62	Avison Young	Effective	1 Mo
4	1359 Ellsworth Industrial Dr	1st	1971	Industrial	8/1/2022	5 yrs 5 mos	35,133	$9.00	NNN	1.94	Stream Realty Partners, LP	Effective	3 Mos

Comparable Rentals Adjustments Grid

No.	Address	Space (SF)	Base Rent/SF	Location	Size	Age & Cond.	Terms	Misc.	Net Adj.	Gross Adj.	Adjusted Base Rent/SF
Min.	1890 Macarthur Boulevard Northwest	49,019	$7.81								
Max.	Atlanta	49,019	$7.81								
Avg.	Georgia	49,019	$7.81								
1	2115 General Truman St NW	31,749	$9.95	0%	-8%	-5%	0%	-5.0%	-18%	18%	$8.16
2	2095 General Truman St NW	35,000	$10.00	0%	-5%	-5%	0%	5.0%	-5%	15%	$9.50
3	1122 Old Chattahoochee Ave NW	14,482	$12.00	0%	-10%	0%	0%	5.0%	-5%	15%	$11.40
4	1359 Ellsworth Industrial Dr	35,133	$10.00	0%	-5%	-5%	0%	0.0%	-10%	10%	$9.00

	Space (SF)	Base Rent/SF
Average	29,091	$10.49
Median	33,375	$10.00
Min	14,482	$9.95
Max	35,133	$12.00

Adj. Average	$9.51
Adj. Median	$9.25
Adj. Min	$8.16
Adj. Max	$11.40

Comparable Rentals Photos

2115 General Truman St NW

2095 General Truman St NW

1122 Old Chattahoochee Ave NW

1359 Ellsworth Industrial Dr

During the course of our analysis, we surveyed industrial rentals, leases, and listings within the subject's vicinity. All of the comparable rentals surveyed constitute recent rental transactions and no adjustment for market conditions apply. Due to qualitative and quantitative differences between the subject and the other properties surveyed, certain adjustments were made to the comparable rentals. Adjustment categories considered include Location, Size, Age/Condition/Quality, and Misc./Terms which covers such considerations as differing terms (e.g. gross vs. net), time adjustments for older comparables, availability of parking, basement/attic space, ceiling height, and other miscellaneous factors as relevant.

All of the comparable rentals were observed to be similar to the subject property in terms of location and did not require adjustment.

All of the comparable rentals are appreciably smaller than the subject and were consequently adjusted downward to account for the subject's larger size and lower relative value per area unit.

Rental No. 3 appears to be similar to the subject property in terms of age/condition/quality and did not require adjustment. Rentals Nos. 1, 2 and 4 all appear to be superior to the subject in terms of age/condition/quality and were thus adjusted downward.

All of the comparable rentals have lease terms similar to the subject's and did not require adjustment.

Our miscellaneous adjustments reflect the following considerations: Rental No. 3 has fewer loading docks than the subject, requiring an upward adjustment. Rental No. 2 has relatively less office space compared to the subject, requiring an upward adjustment. Rental No. 1 has relatively more parking in comparison to the subject, requiring a downward adjustment.

Comp. No.	Ceiling Height Range	Adj.	Drive-Ins	Adj.	Loading Docks	Adj.	% Office	Adj.	Parking Ratio per 1,000 SF	Adj.	Stories	Adj.	Net Miscellaneous Adjustment
Subject	18		1		5		15%		0.7		1		
1	20	0.0%	0	0.0%	6	0.0%	15%	0.0%	2.0	-5.0%	1	0.0%	**-5.0%**
2	22	0.0%	2	0.0%	4	0.0%	(n/a)	5.0%	0.5	0.0%	1	0.0%	**5.0%**
3	16	0.0%	2	0.0%	1	5.0%	15%	0.0%	0.5	0.0%	1	0.0%	**5.0%**
4	26	0.0%	2	0.0%	6	0.0%	19%	0.0%	0.4	0.0%	1	0.0%	**0.0%**
5	(n/a)	0.0%	0	0.0%	0	0.0%	(n/a)	0.0%	0.0	0.0%	0	0.0%	**0.0%**

Our analysis of the above comparable industrial space rentals after adjustments reveals a market rent range of $8.16/SF to $11.40/SF annually for triple net leases, with the indicated probable market rent being approximately $9.50/SF. Information regarding our rental survey was gathered from a variety of sources.

Leases in the subject’s market are typically classified by rent basis, which specifies what operating expenses are included and excluded in the rent. The most common rent bases are:

Full Service

All costs of operation are paid by the landlord up to a base year or expense stop. In some parts of the U.S., this rent basis is called Full Service Gross.

Modified Gross

Any arrangement whereby the tenant pays one or more of the expenses covered by the landlord in a Full Service lease, but not all of the expenses as in a Triple Net lease. Modified Gross leases cover a range of lease types and terminologies used in various markets around the nation. Some of the more common are Industrial Gross, Single Net and Double Net. The definitions of these bases vary from market to market depending on the expenses they include or exclude.

Net of Electric

A popular form of Modified Gross, this is like a Full Service lease, but the tenant pays for his or her electric charges either to the utility company (according to a meter) or to the landlord on a pro rata basis. In the Northeast, this arrangement may be called Full Service Gross Plus Electric.

Triple Net

All costs of operation including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a pro rata basis.

We note that this analysis is based on triple net lease terms as defined above. We have considered the above findings in estimating the subject's income potential and in analyzing any existing rents vis-à-vis market indications. Rents significantly outside of the indicated range are adjusted to reflect a market-indicated rent. We note that all of the comparable rentals are triple net leases so no itemized adjustment for lease terms or miscellaneous adjustment is required.

Industrial Projected Potential Gross Income Conclusion

Based on the above analysis, Projected Potential Gross Income from the subject's industrial space is presented below:

Projected Potential Gross Industrial Income

Tenant	Proj. Base Rent	Proj. Base Rent/SF	Proj. RETax Contrib.	Proj. RETax Contrib. /SF	Proj. Add'l Contrib.	Proj. Add'l Contrib. /SF	Projected Base Rent at Annual Renewal	Projected Base Rent at Annual Renewal/SF	Projected RETax Contrib. at Annual Renewal	Projected RETax Contrib. at Annual Renewal/SF	Projected Additional Contrib. at Annual Renewal	Projected Additional Contrib. at Annual Renewal/SF	Projected Stabilized Base Rent	Projected Stabilized Base Rent/SF	Projected Stabilized RETax Contrib.	Projected Stabilized RETax Contrib./SF	Projected Stabilized Additional Contrib.	Projected Stabilized Additional Contrib./SF	Total Projected Stabilized Rent	Total Projected Stabilized Rent/SF
Iron Mountain Information Management LLC	$465,681	$9.50	$67,191	$1.37	$0	$0.00	$465,681	$9.50	$67,191	$1.37	$0	$0.00	$465,681	$9.50	$67,191	$1.37	$0	$0.00	$532,872	$10.87
Totals:	**$465,681**	**$9.50**	**$67,191**	**$1.37**	**$0**	**$0.00**	**$465,681**	**$9.50**	**$67,191**	**$1.37**	**$0**	**$0.00**	**$465,681**	**$9.50**	**$67,191**	**$1.37**	**$0**	**$0.00**	**$532,872**	**$10.87**

Please note that the Projected Stabilized Total Rent is a synthesis of the Projected Total Rent and the Projected Total Rent at Annual Renewal during the one-year projection period. The Projected Total Rent constitutes the appraiser's opinion of the subject's achievable industrial rent as of the date of valuation. The Total Rent at Annual Renewal represents the appraiser's projection of the subject's achievable rent within one year of the date of valuation. Projected Stabilized Total Rent is the sum of the proportionate share of both Projected Total Rent and Projected Total Rent at Annual Renewal.

Deduction for Sub-Market Contract Rent (Rent-Shortfall)

The subject has one tenant for which market rent is being applied on a stabilized basis, but which is currently encumbered by an existing lease with a contract rent that is significantly below market. In order to account for the reduced income that will be in effect until the lease expires, we calculate the amount of the rent shortfall (i.e., the difference between market rent and contract rent), and then take the present value of this shortfall over the remaining term by discounting it at an estimated "safe" yield rate of 7.5%, as follows:

Tenant	Current Rent/Annum	Market Rent/Annum	Annual Rent Shortfall	Date Market Rent Applies	Years Remaining	PV of Annuity Factor	PV of Shortfall
Iron Mountain Information Management LLC	$382,873	$532,872	$149,998	1/1/2027	2.93	2.546487	$381,968
						Total:	**$381,968**

As illustrated, the rent shortfall has a present value of $381,968. This amount will be deducted from the base value indication in arriving at a market value conclusion for the subject.

Potential Gross Income Conclusion

Based on our analysis of area market rents and industrial lease, our estimates of the subject's actual and projected Potential Gross Income are as follows:

Potential Gross Income Summary		
Income Category	**Modified Actual Income**	**Projected Income**
Industrial	$532,872	$532,872
Total Income	**$532,872**	**$532,872**

EXPENSE ANALYSIS

(1/26/2024-1/25/2025)

Leases within the subject's market are generally executed on a triple-net basis, with the tenants responsible for all or most building expenses or their pro-rata share thereof. Such expenses typically include real estate taxes, insurance, utilities, and most repairs required to maintain the building. However, there are additional expenses incurred that a typical owner pays. Additionally, because real estate tax contributions have been included in the property income, the tax amount is included here too as an expense item.

As noted earlier in this report, the appraisers were not supplied with historical operating expenses for the subject. In estimating appropriate operating expenses for the subject property, we have relied upon our experience with similar properties and, where applicable, analyzed comparable building operating statements and various professional publications that reflect similar operating information. We have based our estimates primarily on our survey of operating expense information from comparable industrial buildings located within the Atlanta area and general vicinity.

Real Estate Taxes - $67,191

Please refer to the Real Estate Tax section of this report.

Insurance - $14,097

The appraisers have utilized an insurance industry standard for commercial buildings to estimate the subject's insurance premium for 2024 by applying the following formula: Total Insurable Value (TIV) x $.4 (Commercial Property Insurance Rate/$100 of TIV) ÷ 100 x an inflationary factor. Thus, $3,175,000 TIV x .4 ÷ 100 = 12,700 x 1.11 = $14,097. Total projected insurance cost for 2024 thus amounts to $14,097 which amounts to $14,097/unit or $.28/SF.

Legal, Audit & Professional - $2,000

Though ownership does not report a legal and audit expense, the appraisers believe the projected cost is appropriate. Taking into account the subject's building size, we estimate legal, audit and professional costs to amount to $2,000.

Repairs, Maintenance & Supplies - $12,255

Though ownership does not report a repairs and maintenance expense, the appraisers believe the projected cost is appropriate. We have selected $12,255 per annum ($0.25 per square foot) as a viable indication of this cost to the ownership.

Management - $12,323

A typical management fee amounts to 1% to 6% of Effective Gross Income depending on property size, rent levels, etc. Applying a management fee of $12,323 amounts to $0.25 per SF or 2.5% of Effective Gross Income (EGI is estimated to be $492,906).

Reserves for Replacement - $9,804

Reserve for replacement cost reflects the accrued annual expense for the periodic replacement of both short-term and long-term building items. Based on our experience with properties similar to the subject, we have ascribed a reserves for replacement cost of $9,804 ($0.20 per SF).

Vacancy and Credit/Collection Loss

In consideration of the anticipated demand for the subject, and based on historical and current occupancy levels within the subject's general vicinity, we have ascribed an estimated stabilized vacancy and credit loss of 7.50%. We note that short-term vacancy rates tend to fluctuate (often considerably) in response to changes in economic conditions as well as supply and demand. However, the direct income capitalization technique considers not short-term fluctuations, but rather stabilized long-term operating characteristics.

General Comments

The subject's total expense burden of $117,669 amounts to $2.40 per square foot.

HISTORICAL & PROJECTED INCOME & EXPENSES

Subject: 1890 Macarthur Boulevard Northwest Atlanta Georgia

	2021	Per Unit	Per Room	Per SF	2022	Per Unit	Per Room	Per SF	% Change	2023	Per Unit	Per Room	Per SF	% Change	Market Projection	Per Unit	Per Room	Per SF	% Change
P.G.I.		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$532,872	$532,872	N/A	$10.87	N/A
R.E. Taxes		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$67,191	$67,191	N/A	$1.37	N/A
Insurance		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$14,097	$14,097	N/A	$0.29	N/A
Fuel		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$0	$0	N/A	$0.00	N/A
Common Area Utilities		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$0	$0	N/A	$0.00	N/A
Water & Sewer		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$0	$0	N/A	$0.00	N/A
Repair/Maint/Supplies		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$12,255	$12,255	N/A	$0.25	N/A
Inter/Exter Decorating		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$0	$0	N/A	$0.00	N/A
Elevator Maintenance		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$0	$0	N/A	$0.00	N/A
Payroll		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$0	$0	N/A	$0.00	N/A
Legal & Audit		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$2,000	$2,000	N/A	$0.04	N/A
Management		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$12,323	$12,323	N/A	$0.25	N/A
Miscellaneous		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$0	$0	N/A	$0.00	N/A
Reserves		N/A	N/A	N/A		N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A	$9,804	$9,804	N/A	$0.20	N/A
TOTAL EXPENSES	$0	$0	N/A	$0.00	$0	$0	N/A	$0.00	N/A	$0	$0	N/A	$0.00	N/A	$117,669	$117,669	N/A	$2.40	N/A

Pro Forma – Estimated Income and Expenses 1/26/2024-1/25/2025

	$ Amount	PSF	Per Unit	Per Room
Income				
Residential Income	$0	$0.00	$0	$0
Industrial Base Income	$465,681	$9.50	$465,681	$0
Industrial RE Tax Contributions	$67,191	$1.37	$67,191	$0
Industrial Additional Contributions	$0	$0.00	$0	$0
Other Income	$0	$0.00	$0	$0
Potential Gross Income	**$532,872**	**$10.87**	**$532,872**	**$0**
Less Residential/Other V&C Loss @ 5.0%	$0	$0.00	$0	$0
Less Industrial V&C Loss @ 7.5%	$39,965	$0.82	$39,965	$0
Effective Gross Income	**$492,906**	**$10.06**	**$492,906**	**$0**
Operating Expenses				
R.E. Taxes	$67,191	$1.37	$67,191	$0
Insurance	$14,097	$0.29	$14,097	$0
Fuel	$0	$0.00	$0	$0
Common Area Utilities	$0	$0.00	$0	$0
Water & Sewer	$0	$0.00	$0	$0
Repairs/Maint./Supplies	$12,255	$0.25	$12,255	$0
Interior/Exterior Decorating	$0	$0.00	$0	$0
Elevator Maintenance	$0	$0.00	$0	$0
Payroll	$0	$0.00	$0	$0
Legal & Audit	$2,000	$0.04	$2,000	$0
Management	$12,323	$0.25	$12,323	$0
Miscellaneous	$0	$0.00	$0	$0
Reserves	$9,804	$0.20	$9,804	$0
Total Operating Expenses	**$117,669**	**$2.40**	**$117,669**	**$0**
Total Expenses Excluding RE Taxes	**$50,478**	**$1.03**	**$50,478**	**$0**
Net Operating Income	**$375,237**	**$7.65**	**$375,237**	**$0**
Operating Expense Ratio (EGI)	***23.87%***			

DIRECT INCOME CAPITALIZATION ANALYSIS

Capitalization refers to the conversion of income into value, and a Capitalization Rate is any rate used to convert income into value. Direct Capitalization is defined as:

> A capitalization technique that employs capitalization rates and multipliers extracted from sales. Only the first year's income is considered. Yield and value change are implied, but not identified.[1]

Direct Capitalization is also defined as:

> A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor.[2]

We have selected the Mortgage-Equity Technique (Ellwood Method) in order to derive a reliable overall capitalization rate for capitalizing the subject's estimated net income.

The Mortgage-Equity Technique (Ellwood Method) utilizes a formula to calculate an overall capitalization rate based on a series of input variables that reflect the mortgage financing and equity investment components of the total property yield. Conceptually, the Ellwood formula builds on the "basic" weighted rate (weighted average of mortgage return rate and equity yield rate) by applying adjustments to reflect equity buildup over time as well as anticipated appreciation/depreciation of the property's value over the investor's holding period. By design, this formula is applicable only to properties with a stabilized income stream that may be expected to change according to specific growth patterns.

Overall Capitalization Rate Development via Mortgage-Equity Technique

The Mortgage-Equity Technique recognizes that real estate investors typically purchase property using a combination of mortgage financing and equity funds. Mortgage financing is favored by investors because it offers the opportunity for positive leverage and gives investors the ability to control properties that would otherwise be beyond their means.

The yield to the equity investor reflects the cash flows that provide for return of, and on, the initial equity investment. The yield requirement of the mortgage lender is expressed as a mortgage constant based on currently available mortgage terms. In addition to these two core components, the Ellwood Method also accounts for equity buildup as well as the expected change (typically, appreciation) in property value during the holding period. Equity buildup reflects the fact that as mortgage payments are made, the remaining loan principal is gradually reduced, while the investor's equity position increases correspondingly.

In all investments, the element of recapture is central. The investor expects a return on investment capital as well a return of the investment itself. Recapture of the mortgage is accomplished through amortization over the investment term, with a balloon payment at the end of the investment term if any balance remains. Recapture of the equity investment is achieved through the operating cash

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[1] Dictionary of Real Estate Appraisal (4th edition, 2002), published by the Appraisal Institute, Chicago, Illinois.

[2] Ibid.

flows and from the proceeds of a hypothetical property sale at the end of the holding period. The equity growth on the annual equity dividend rate to produce the equity yield rate is based on the use of the sinking fund factor to discount and annualize the equity buildup and value appreciation.

Equity Yield Rate Selection

A yield rate to the equity investor has been selected through a combination of financial and real estate market information, indicating the prospective rate of return necessary to attract long-term real estate investment capital. In addition, we must also consider the risk characteristics inherent to the subject and its operating environment. These include market absorption and vacancy rates, and the economic stability of the local market area. The search for a yield rate begins in the financial markets, which offer rates on current alternative instruments as economic benchmarks. Investors are typically guided psychologically by the ten-year Treasury Note rate, which was approximately 4.14% as of the valuation date.

Although not considered a meaningful alternative investment vehicle, the note rate does represent a benchmark reflective of the costs of debt capital, with minimal ("baseline") risk and appreciation components. Considering the higher risks associated with real estate investment, as well as the management requirements and impairment of liquidity, an upward adjustment must be made to this rate indication.

The subject property consists of a (circa 1970) one-story industrial building which is on parcel 17-0229-LL-0455 and contains 3.15 acres and a vacant parcel of industrial land on parcel 17-0229-LL-0570. Per the clients request, we have valued each lot separately and combined the total value of both parcels in this report. . It appears to have received adequate maintenance and is located within the City of Atlanta. The element of risk in this investment would not be perceived as unusually high by most investors in our opinion, nor will illiquidity or management be unusual burdens in this locality. Based on these considerations, placing greatest reliance on local real estate market information, it is our opinion that an equity yield rate of 6.00% would be sufficient to attract investment capital to the subject property based on the subject's location.

Mortgage Rate Selection

The second key component in the Ellwood formula consists of the mortgage rate, which is expressed as an annual constant and is based on the particular terms of the anticipated mortgage. Consideration must be given to the availability of financing and mortgage terms. A recent survey was conducted in order to more accurately reflect local lending requirements within the subject's general community. Our survey included lending institutions (primarily banks) that offer collateralized loans throughout the metropolitan New York City area and the surrounding environs. We note that the subject's Atlanta location is considered a primary investment area by most lending institutions.

Lending rates generally ranged from 150 to 250 basis points above the 10-year Treasury, depending on property type, location, size, occupancy, and other pertinent factors affecting risk. Spreads tend to fluctuate in response to changes in the 10-year Treasury rate; as the yield falls, spreads often increase, and as the yield rises, spreads may decrease. This tends to have a stabilizing effect on financing rates. Furthermore, lending rates tend to have an inverse relationship to loan size; i.e. smaller loans often have somewhat higher rates than comparable larger loans.

Taking into account the subject's location, condition, and other pertinent factors, we would expect a mortgage at 175 basis points above the ten-year treasury, for an interest rate of 5.89%. In addition, the typical loan-to-value ratio for properties similar to the subject supports 70% for debt and 30% towards equity. The basic rate normally accounts for the major part of the overall rate. The composition of the basic rate is usually defined with an algebraic formula, but it can also be demonstrated by a regular band of investment.

Expectation of Appreciation/Depreciation

The adjustment for anticipated increase or decrease in property is akin to the recapture allowance used in other capitalization techniques. When there is no expectation for depreciation or appreciation in value, no adjustment is required. The subject property is located within the City of Atlanta.

Based on the inputs discussed above, our application of the Mortgage-Equity Technique is presented on the following page.

Basic Assumptions			
Ratio to Value		Mortgage: 70%	Equity Position: 30%
Term/Holding Period		25 Years	10 Years
Rate: Interest/Yield		5.89%	6.00%
Mortgage Constant			
	25 Years	7.65%	
	10 Years	13.26%	
Mortgage:	70% (D)	x 7.65%	= 5.36%
Equity:	30%	x 6.00%	= 1.80%

Weighted Rate			=7.16%
<u>Less Credit for Equity Build-Up</u>			
5.89%	Loan,	Years: 25	
	Constant:	7.65%	
	Interest Rate	5.89%	
	Amortization:	1.76%	(A)
5.89%	Loan,	Years: 10	
	Constant:	13.26%	
	Interest Rate:	5.89%	
	Amortization	7.37%	(B)
% Paid Off	(A)/(B)	= 23.91%	(C)
<u>Sinking Fund Fact. @ 6.00% for 10 years:</u>		7.59%	(E)
Amount Paid Off:			
	Based on % Paid Off:	23.91%	(B)
	Mortgage Ratio:	70%	(C)
	Sinking Fund Factor:	7.59%	(E)
(C)	x (D)	x (E)	
23.91%	x 70%	x 7.59%	= 1.27%
<u>Unload for Appreciation/Depreciation</u>**			
Projected Appreciation Rate Over Holding Period:		0.00%	/Year
Total Compounded Appreciation of 0.00% x Sinking Funds Factor:			
0.00%	x 7.59%		= 0.00%
		Overall Rate:	**5.89%**
		Rounded Overall Rate:	**6.00%**

**Adjustment to the basic rate to reflect an expected change in overall property value. If the value change is positive (appreciation), the overall capitalization rate is reduced to reflect this anticipated monetary benefit; if the change is negative (depreciation) the overall capitalization rate is increased.

Based upon the data presented, our analysis of the subject property, the overall marketplace, published real estate investment criteria, and our calculation of a capitalization rate using the Mortgage-Equity technique, it is our opinion that an Overall Capitalization Rate for the subject property of 6.00% is viable for our development of a market value indication via this approach.

Additional market extracted cap rate support is presented below:

	Property Address	Date of Sale	Sales Price	Building SF	Occupancy	Overall Cap Rate
1	3500 Browns Mill Rd Se, Atlanta, GA	2/1/2022	$3,600,000	73,000	100.00%	7.00%
2	3640 Royal South Pky, Atlanta, GA	9/15/2023	$14,300,000	116,848	100.00%	6.74%
3	1400 Oakley Industrial Blvd, Fairburn, GA	8/15/2023	$5,539,261	20,990	100.00%	6.00%
4	2005 Marietta Rd Nw, Atlanta, GA	9/23/2022	$4,900,000	27,000	100.00%	5.25%

The subject's market value indication is calculated as follows:

$375,237 ÷ 6.00% =	$6,253,949
Less Rent Shortfall	$381,968
Market Value Indication (As Is)	**$5,871,980**
Rounded	**$5,875,000**

Thus, the subject's indicated market value, as of January 26, 2024, is:

MARKET VALUE INDICATION VIA DIRECT INCOME CAPITALIZATION

$5,875,000

Approach	Value	Price/Unit	Price/SF	Overall Rate	GRM
Income	$5,875,000	$5,875,000	$120	6.39%	11.03

REPLACEMENT COST NEW/INSURABLE VALUE

REPLACEMENT COST NEW, FOR INSURANCE PURPOSES
("INSURABLE VALUE")

In this section, we estimate the replacement cost new of the subject building improvements. *Replacement cost new* is the total cost of construction required to replace a building, as if in new condition, with a substitute of like or equal utility using current standards of material and design. The cost is arrived at by multiplying the building area(s) by adjusted per-square-foot replacement costs. The costs are conventionally derived from published construction cost survey manuals, such as the Marshall Valuation Service cost manual, published by Marshall & Swift. This manual is recognized as an industry standard and is the source used in this analysis.

The term *insurable value* is often used in place of replacement cost new. However, there is a subtle difference between these two expressions. Per the Marshall manual, insurable value may be defined as "Value used by insurance companies as the basis for insurance. Often considered to be replacement or reproduction cost plus allowances for debris removal or demolition less deterioration and uninsurable items. Sometimes cash value or market value, but often entirely a cost concept."

The Marshall manual makes the salient point that "Insurance exclusions or additions are a matter of underwriting and not a matter of valuation; the appraiser must know the type of coverage and the company policy regarding underwriting and claims before he prepares his report. Also, these items in some cases may be controlled by local governmental rules and regulations." Because of the nuances and complexities involved in arriving at an insurable value, in this analysis we provide only the replacement cost new and not the true insurable value. However, we have included the more familiar term in headings because it is more familiar to many readers.

The Marshall manual makes the salient point that "Insurance exclusions or additions are a matter of underwriting and not a matter of valuation; the appraiser must know the type of coverage and the company policy regarding underwriting and claims before he prepares his report. Also, these items in some cases may be controlled by local governmental rules and regulations." In this case the client defines the exclusions as well as additional indirect costs to be included according to the engagement letter. These additional indirect cost items include "…releasing expense, building permits, reconstruction fees, and owner's supervision expense for reconstruction. Excluded items include land value, site improvements, and entrepreneurial profit." Our analysis of replacement cost presented below does not include any of the excluded items. To account for the additional indirect cost items, we apply a -5% addition to the replacement cost estimate.

For this property, the applicable data was taken from the Marshall Valuation Service cost manual, section/page 14/14 (industrial building). We have selected the cost factors presented on the following page to estimate the replacement costs of the subject's improvements. The factors do not include land cost/value but are inclusive of most primary hard & soft costs.

In certain instances, the unit cost utilized may be an interpolated figure. For example, if a building is constructed with a combination of Class A and Class C construction techniques, it may be most accurate to calculate the construction cost based on a unit cost interpolated between Class A and Class C unit costs for the appropriate building type. As another example, for a building with a partially finished cellar, the cellar unit cost may be an interpolation between unfinished and finished cellar unit costs.

The listed cost(s) per square foot will be modified by a cost multiplier and a location multiplier, each appropriate to the prevailing cost levels in the subject property's region. Following is an itemized breakdown of Replacement Cost New of the subject's improvements:

REPLACEMENT COST NEW / "INSURABLE VALUE"

Occupancy Type:					industrial building		
Construction Class:					C		
Quality:					Average		
Building Height:					one stories		
Building Size (Gross SF):							
Estimated Cost New:							14/14
Marshal Valuation Section/Page:							
Estimate Cost per SF:							66.5
Heating Cost Modification per SF:							
							——————
Base Building Cost:							66.5
Multiplier Refinements:							
Height Adjustment:					1		
Perimeter Adjustment:					1		
Current Cost Multiplier (Eastern):					1.09		
Local Cost Multiplier:					0.94		
Other Adjustment:					1		
					—————		
Combined Refinements:					1.0246		
Adjusted Base Building Cost per SF:							$68.14
Estimated Cost New:			49,019	x	$68.14	=	$3,339,954
Cellar Costs:	0	x		x	1.0246	=	$0
Other Costs:							
							——————
Replacement Cost New:							$3,339,954
Additional Indirect Cost Items:			-5%				-$166,998
Total Replacement Cost New:							$3,172,956
Rounded:							$3,175,000

REPLACEMENT COST NEW CONCLUSION: $3,175,000

RECONCILIATION

RECONCILIATION & FINAL VALUE OPINION

The approaches utilized have yielded the following value indications:

Approaches	Value	$/Unit	$/Room	$/SF	Overall Rate	GRM
Cost **As-Is**	N/A	N/A	N/A	N/A	N/A	N/A
Sales Comparison **As-Is Industrial Building**	$6,075,000	$6,075,000	N/A	$124	4.76%	11.40
Sales Comparison **As-Is Vacant Industrial Land**	$2,185,000	N/A	N/A	$12/FAR/SF	N/A	N/A
Sales Comparison **As-Is Industrial Building + Vacant Industrial Land**	$8,275,000	N/A	N/A	$161	4.76%	15.53
Income **As-Is**	$5,875,000	$5,875,000	N/A	$120	6.39%	11.03

The appraisers were requested to form an opinion of the "as is" market value(s) of the Fee Simple Estate in the subject property. We have concluded to the Fee Simple Estate due to the subject having value in the vacant land parcel as well as in the Industrial Building. To this end, we have utilized both the Sales Comparison and Income Approaches to Value. The Cost Approach was not developed in this appraisal since the subject property does not constitute a specialty use; rather it is a property that would be purchased for its income potential, occupancy, or alternative use. Furthermore, reliable estimates of depreciation and obsolescence are difficult and subjective due to the type and age of the subject's improvements. It is, therefore, our opinion that this approach is of limited applicability in this context. Consequently, it has been omitted from this analysis.

The subject property's type of realty in the local market is preponderantly wholly or partially owner occupied, with the prevailing motivation of ownership being not for investment purposes requiring a competitive return, but rather as an integral part of a business. There is recurrent market evidence that prices paid for properties comparable to the subject are higher than what the capitalization of market-supported income projections would support. The Sales Comparison Approach is based on a comparison of recent market conveyances of properties to comparable the subject property. All sales information is obtained from published market data.

In the Income Approach, our analysis of the subject's reported or estimated income and expenses, and our evaluation of these figures in light of current market conditions and comparable market data enabled us to establish a supportable estimate of the subject's current Net Operating Income. After applying market-reflective yield and mortgage rates, and considering typical terms and availability of financing, a viable capitalization rate was selected and utilized to arrive at a value indication.

Our employment of both the Sales Comparison and Income Approaches resulted in a range of value indications. The Sales Comparison Approach directly reflects the actions of participants in the market and is often utilized as a test of reasonableness for the Income Approach when appraising income-producing properties. For properties that are typically wholly or partially owner occupied, this approach is often considered to be a primary indicator of value. The degree of reliability placed on this approach is in direct relation to the availability and comparability of the sales data. We have cited sales of four properties located within the subject's market.

Nominal reliability has been afforded to the income approach based on the fact that the investment criteria utilized by typical investors in the subject's marketplace would require a substantially higher yield requirement and thus lower purchase price than that which would be considered reasonable by the typical owner-user. Nonetheless, our application of the Income Approach in light of these considerations does lend considerable support to the value indication arrived at via the Sales Comparison Approach.

Based on the foregoing analysis, we have based our value conclusion on the Sales Comparison Approach exclusively. Our final opinion of the "as is" market value(s) for the subject's Fee Simple Estate, as of January 26, 2024, is:

Eight Million Two Hundred Seventy Five Thousand Dollars

$8,275,000

Exposure and Marketing Periods:

Based on recent activity within the subject's market, we estimate that the typical exposure period of an industrial building is approximately 9-12 months to time of sale. A similar marketing period is anticipated based on current market conditions.

ADDENDA

WESTROCK APPRAISAL

WestRock Appraisal Services Inc.
500 S Australian Avenue, Suite 600
West Palm Beach, FL 33401
973.937.8762
WestRockAppraisal.com

Appraisal Address To:	The Lesser Group Avrumie Furst 1481 47th Street Brooklyn, NY 11219 af@theleserqroup.com
Property Addresses Being Appraised:	1890 Macarthur Boulevard Northwest Parcel: 17-0229-LL-045-5, 17-0229-LL-057-0 Atlanta, GA 30318
Interest Appraised:	Leased Fee Interest
Purpose of the Appraisal:	Determine As-Is Market Value
Type of Appraisal/Report:	Complete Appraisal/Summary Report
Type/Size of Property:	Industrial Building-1 Unit and Land Valuation
Due Date:	Two weeks from execution of this letter
Fee:	$3,000.00 (50% down and 50% upon completion)
Payment Options:	In advance, see following page
Purpose of Appraisal:	Asset Analysis
Appraisal Report Delivery:	**Unless instructed to the contrary and regardless of who satisfies the fee requirement of this appraisal, only the lender named above will receive a copy of the appraisal.**

APPRAISAL STANDARDS: This appraisal will:

1) Adhere to generally accepted professional appraisal standards and reporting guidelines of the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Foundation;
2) Comply with appraisal regulations of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA); and
3) Comply with the appraisal rules and regulations of the Office of Thrift Supervision (OTS).

If for any reason the undersigned cannot deliver the report according to the agreed upon schedule, you will be contacted immediately.

Respectfully submitted,
WESTROCK APPRAISAL SERVICES

STEVEN R. RØMER, MAI, President
NYS Certified General R.E. Appraiser
I.D. No. 46000000719

Appraisal Institute MAI

Agreed to and accepted by:

DocuSigned by:
Avrumi Furst
75A8A7C3A004F4...

Name

1/30/2024
Date

WAREHOUSE LEASE

LEASE COVER PAGE

Date November 29, 2022

LESSOR: LG Georgia Commercial LLC c/o The Leser Group, Ltd. 1481 47th Street Brooklyn, New York 11219 Attention: Abraham Furst	**LESSEE**: Iron Mountain Information Management, LLC a Delaware limited liability company One Federal Street, Boston, MA 02110 Attn: Real Estate Department
with a copy to:	with a copy to:
Frenkel, Hershkowitz & Shafran LLP 49 West 37th Street New York, New York 10018 Attn: Joseph M. Hershkowitz, Esq.	Iron Mountain Information Management, LLC a Delaware limited liability company One Federal Street, Boston, MA 02110 Attn: Legal Department
1.1 PREMISES ADDRESS:	1890 MacArthur Blvd., Atlanta, GA 30318
SQUARE FEET OF PREMISES:	Approximately 49,019 square foot Building
1.2 COMMENCEMENT DATE:	November 29, 2022
EXPIRATION DATE:	December 31, 2026
TERM:	Commencing on the Commencement Date and expiring on the Expiration Date.
1.3 RENT:	$6.25 per square foot of the Premises per annum, increasing annually on each anniversary of the Commencement Date by three percent (3%); provided, however, if the Commencement Date is not the first day of a calendar month, such increase shall occur on each anniversary of the first day of the month immediately following the month in which the Commencement Date occurs.
1.4 PERMITTED USE OF PREMISES:	General purposes of warehousing, receiving, storing, shipping and management of goods and chattel (both consumer and commercial), property (personal and otherwise), paper and

WAREHOUSE LEASE

THIS LEASE is made and entered into as of the day and year set forth on the Lease Cover Page by and between the Lessor and Lessee described on the Lease Cover Page.

WITNESSETH:

For and in consideration of the rents and covenants hereinafter set forth, Lessor hereby leases to Lessee and Lessee hereby rents from Lessor the following-described Premises upon the following terms and conditions:

ARTICLE I
PREMISES

1.1 **Premises**. Lessor, for and in consideration of the rents, covenants and agreements hereinafter set forth and hereby agreed to be paid, kept and performed by Lessee, does hereby lease to Lessee, and Lessee hereby leases from Lessor the Premises described in paragraph 1.1 of the Lease Cover Page, which are more particularly delineated on the diagram attached hereto as Exhibit A and incorporated herein by this reference (hereinafter referred to as the "Premises"). The Premises consists of the entire building (the "Building") located on the real property located at 1890 MacArthur Blvd., Atlanta, GA 30318 (the "Property"). Lessor represents and warrants that Lessor is the fee owner of the Premises and Property and has full right and authority to lease the Premises to Lessee on the terms and conditions set out herein. Lessee accepts the Premises "as-is" and waives any obligation of Lessor to deliver the Premises in any particular condition. Lessee agrees that it is fully familiar with and has accepted and approved all matters relating to the Premises, including zoning, condition of title, soils conditions, environmental status, and the physical condition and suitability of the Premises for Lessee's intended purposes. Lessee agrees that neither Lessor, nor any party purporting to act on behalf of Lessor, has made any representation or warranty with respect to the condition of the Premises except as expressly set forth herein.

ARTICLE II
TERM

2.1 **Term**. The Term and Commencement Date of this Lease are set forth in paragraph 1.2 of the Lease Cover Page. Lessor and Lessee hereby acknowledge that Lessee has been occupying the Premises prior to the Commencement Date, but that the terms and conditions of this Lease shall govern from and after the Commencement Date.

ARTICLE III
RENT

3.1 **Rent**. During the Term, Lessee shall pay to Lessor without demand, deduction, or offset (except as otherwise provided herein) as rent for the Premises, the amounts set forth in this Section 3.1 ("Rent"). The Rent shall be payable in advance on the first day of each calendar month during the term of this Lease. In the event the term of this Lease commences or ends on a day other than the first day of the calendar month, then the rental for such partial month shall be prorated in the proportion that the number of days that this Lease is in effect during such partial month bears to the total number of days in such month, and such rental shall be paid upon the commencement of such month. Lessor and Lessee acknowledge and agree that Rent shall be paid in accordance with the table set forth below:

Lease Year	Rate per Square Foot	Annual Rent	Monthly Payment
1	$6.25	$306,369	$25,530.75
2	$6.44	$315,560	$26,296.67
3	$6.63	$325,027	$27,085.58
4	$6.83	$334,777	$27,898.08
5* * (partial year)	$7.03	$344,821	$28,735.08

3.2 **Late Charge**. Any delinquent payment of Rent shall bear interest at a rate of interest that is equal to two (2) percentage points over the then prime rate of interest as published in the Wall Street Journal. This provision shall in no way affect the right of Lessor to declare Lessee in default of this Lease for the failure to pay Rent or other sums payable hereunder on the day that the same is due.

ARTICLE IV
ABSOLUTE NET LEASE AND TAXES

4.1 **Absolute Net Lease**. This Lease shall be deemed and construed to be an absolute net lease, it being the intent hereof that Lessor shall receive, except as herein otherwise specifically provided, all Rent and other charges payable hereunder free from any charges, taxes, assessments, fees, impositions, expenses, set-offs or deductions of any and every kind or nature whatsoever, including real estate taxes.

4.2 **Taxes**. Lessee shall pay all real estate taxes, assessments, governmental charges, and fees payable to tax consultants and attorneys for consultation and contesting taxes (collectively referred to as "Taxes") applicable to the Premises during the Term. If Lessor receives any bill for Taxes, it shall promptly send it to Lessee. Such payment by Lessee shall be made prior to the date any payment shall become delinquent (or if later, within thirty (30) days of receipt of a bill therefor from Lessor). If the Term of this Lease shall not expire concurrently with the expiration of a tax fiscal year, Lessee's liability for property taxes for the last year of the Term shall be prorated on an annual basis. If any tax or excise is levied or assessed directly against Lessee, or the Premises, or results from any Lessee alterations, then Lessee shall pay such tax or excise as required by the taxing authority.

ARTICLE V
PURPOSE

5.1 **Possession and Use**. The Premises shall be occupied and used for the use set forth in paragraph 1.4 of the Lease Cover Page. In no event, however, shall the Premises be used or occupied by Lessee in any manner contrary to law, zoning regulations or recorded restrictions, if any, after giving effect to any variance or grandfathered status.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

LESSOR:

LG GEORGIA COMMERCIAL LLC

By: ______________________________
Name: ______________________________
Title: ______________________________

LESSEE:

IRON MOUNTAIN INFORMATION MANAGEMENT, LLC

By: ______________________________
Name: Robert Schneiders
Title: Vice President – Transactions & Global Lease Administration

Page 19 of 22

STEVEN R. ROMER, MAI
APPRAISER LICENSE

STATE OF GEORGIA
REAL ESTATE APPRAISERS BOARD

STEVEN R ROMER

404925

IS AUTHORIZED TO TRANSACT BUSINESS IN GEORGIA AS A

CERTIFIED GENERAL REAL PROPERTY APPRAISER

THE PRIVILEGE AND RESPONSIBILITIES OF THIS APPRAISER CLASSIFICATION SHALL CONTINUE IN EFFECT AS LONG AS THE APPRAISER PAYS REQUIRED APPRAISER FEES AND COMPLIES WITH ALL OTHER REQUIREMENTS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED, CHAPTER 43-39-A. THE APPRAISER IS SOLELY RESPONSIBLE FOR THE PAYMENT OF ALL FEES ON A TIMELY BASIS.

D. SCOTT MURPHY
Chairperson

JEFF A. LAWSON
Vice Chairperson

JEANMARIE HOLMES
KEITH STONE
WILLIAM A. MURRAY

2035756532140630

ROMER, STEVEN R
500 S. AUSTRALIAN AVENUE
SUITE 600
WEST PALM BEACH, FL 33401

STEVEN R ROMER

**404925**
Status **ACTIVE**

END OF RENEWAL
03/31/2024

CERTIFIED GENERAL REAL PROPERTY APPRAISER

THIS LICENSE EXPIRES IF YOU FAIL TO PAY RENEWAL FEES OR IF YOU FAIL TO COMPLETE ANY REQUIRED EDUCATION IN A TIMELY MANNER.

State of Georgia
Real Estate Commission
Suite 1000 - International Tower
229 Peachtree Street, N.E.
Atlanta, GA 30303-1605

LYNN DEMPSEY
Real Estate Commissioner

2035756532140630

STEVEN R ROMER

**404925**
Status **ACTIVE**

END OF RENEWAL
03/31/2024

CERTIFIED GENERAL REAL PROPERTY APPRAISER

THIS LICENSE EXPIRES IF YOU FAIL TO PAY RENEWAL FEES OR IF YOU FAIL TO COMPLETE ANY REQUIRED EDUCATION IN A TIMELY MANNER.

State of Georgia
Real Estate Commission
Suite 1000 - International Tower
229 Peachtree Street, N.E.
Atlanta, GA 30303-1605

LYNN DEMPSEY
Real Estate Commissioner

2035756532140630

PROFESSIONAL LIABILITY BINDER (E&O)

ACORD

WESTAPP-01 GPOLTER

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 7/6/2023

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
The Omni Agency, Inc.
3877 Flatlands Ave
2nd Floor
Brooklyn, NY 11234

CONTACT NAME:
PHONE (A/C, No, Ext): (718) 831-7888
FAX (A/C, No): (718) 831-7889
E-MAIL ADDRESS:

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Interstate Fire & Casualty Company	
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
WestRock Appraisal Services Inc aka WestRock Appraisal Services Corp & its president Steven R Romer
500 South Australian Ave
Suite 600-1096
West Palm Beach, FL 33401

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY; CLAIMS-MADE; OCCUR; GEN'L AGGREGATE LIMIT APPLIES PER: POLICY; PRO-JECT; LOC; OTHER:						EACH OCCURRENCE	$
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
							GENERAL AGGREGATE	$
							PRODUCTS - COMP/OP AGG	$
								$
	AUTOMOBILE LIABILITY; ANY AUTO; OWNED AUTOS ONLY; SCHEDULED AUTOS; HIRED AUTOS ONLY; NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident)	$
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB; OCCUR; EXCESS LIAB; CLAIMS-MADE; DED; RETENTION $						EACH OCCURRENCE	$
							AGGREGATE	$
								$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N; ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A					PER STATUTE; OTH-ER	
							E.L. EACH ACCIDENT	$
							E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
A	Errors and Omissions			HI273DMLA231	7/6/2023	7/6/2024	Aggregate	2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

Evidence of Insurance

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
The Omni Agency, Inc.

ACORD 25 (2016/03)

STEVEN R. ROMER, MAI
APPRAISER QUALIFICATIONS

SUMMARY OF QUALIFICATIONS

Steven R. Romer has over 30 years of experience as a real estate appraiser and consultant, specializing in the appraisal of shopping centers, industrial and commercial facilities, apartment buildings and special purpose properties in the metropolitan and tri-state areas. Mr. Romer is the president and principal of Westrock Appraisal Services Corp.

In addition to holding the MAI designation from the Appraisal Institute, Mr. Romer has earned an MBA degree from the Bernard Baruch College of New York City.

BUSINESS EXPERIENCE

- **Westrock Appraisal Services Corp.** **1991 - Present**

President

Active in conducting appraisal assignments, implementing marketing strategies and developing computer-assisted appraisal programs.

- **Fee Appraiser** **1987 - 1990**

Performed appraisal assignments for various MAI's including Jerome Jakubovitz, Albert Dolfinger of Property Advisory Group, Lawrence Humphrey of Humphrey and Coyle, William Shubert of William Shubert and Company, among others.

LICENSES

- **Certified General R.E. Appraiser - NY**

Licensed by the State of New York as a Certified General Real Estate Appraiser, identification number 46000000719.

- **Certified General R.E. Appraiser - NJ**

Licensed by the State of New Jersey as a Certified General Real Estate Appraiser, identification number 42RG00197400.

- **Certified General R.E. Appraiser - CT**

Licensed by the State of Connecticut as a Certified General Real Estate Appraiser, identification number RCG.0001278.

PROFESSIONAL AFFILIATIONS

- **MAI Designation (No. 21364), Appraisal Institute**

EDUCATION

Appraisal Institute Courses Completed:

Real Estate Appraisal Principles
Residential Valuation
Basic Valuation Procedures
Capitalization Theory and Techniques, Part A
Capitalization Theory and Techniques, Part B
Case Studies in Real Estate Valuation
Valuation Analysis and Report Writing
Standards of Professional Practice
Rates, Ratios & Reasonableness

Bernard Baruch College: MBA Degree, May 1988
New York, N.Y.

MARKET VALUATION ANALYSIS

Appraisal Report

3150 Nifda Drive Southeast
Smyrna, Georgia 30080

February 2, 2024

Mr. Avrumie Furst
The Lesser Group
1481 47th Street
Brooklyn, NY 11219

Re: Market Valuation Analysis
3150 Nifda Drive Southeast
Smyrna, Georgia 30080

Dear Mr. Furst:

This is an Appraisal Report that is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value may be presented in summary form. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's workfile. The depth of discussion contained in this report is specific to the intended user(s) and use(s) identified within this report. This report is for the exclusive use of the specified intended user(s). The appraiser is not responsible for unauthorized use of this report.

The undersigned has either personally inspected and/or analyzed the above-captioned property for the purpose of forming an opinion of the "as is" market value of the Leased Fee Interest in the subject (land and improvements). The subject is identified as 3150 Nifda Drive Southeast, which is located along the south side of Nifda Drive Southeast to the west of Port Cobb Drive in the City of Smyrna, Cobb County, Georgia. The subject property consists of a (circa 1963) one-story industrial building. As of the date of valuation, the property was Tenanted, with lease. There were no vacancies reported as of the valuation date. Total building area above grade is approximately 29,609 square feet and the site has a total area of 60,984± square feet (1.40± acres). The property is zoned HI (Heavy Industrial).

The attached appraisal report outlines the various methods and procedures of valuation. Based upon a physical inspection of the subject property and its surrounding neighborhood, our analysis of pertinent market information, and reviews of both public and private records, our "as is" market value conclusion(s) for the subject's Leased Fee Estate, as of January 26, 2024, the effective date of valuation, is:

Three Million Four Hundred Seventy Five Thousand Dollars

$3,475,000

Mr. Avrumie Furst
February 2, 2024
Cont'd

The preceding value conclusion is reflective of the subject property's "as is" condition. The indicated conclusions are further based upon our analysis of the information contained in this appraisal report, subject to the Limiting Conditions and Certifications set forth herein.

Based on recent activity within the subject's market, we estimate that the typical exposure period of an industrial building is approximately 9-12 months to time of sale. A similar marketing period is anticipated based on current market conditions.

Kindly let us know whether you have any questions or comments on the conclusions of the appraisal report. Additionally, from your own understanding of this information and your knowledge of current market activity, we expect that you will advise us of any discrepancies in factual information presented in the report.

The reported analyses, opinions, and conclusions comply with the Comptroller of Currency appraisal standards as delineated by ruling 12U.S.C.93a. This appraisal has been prepared in conformance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and the Interagency Appraisal and Evaluation Guidelines dated December 2010.

Respectfully submitted,
WESTROCK APPRAISAL SERVICES

STEVEN R. ROMER, MAI, MBA, Founder-CEO
GA Certified General R.E. Appraiser
I.D. No. ACGO 404925

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Limiting Conditions

1. No survey of the property has been made by the appraiser(s) and no responsibility is assumed in connection with such matters. Sketches in this report are included only to assist the reader in visualizing the property.

2. No responsibility is assumed for matters of a legal nature affecting title to the property nor is an opinion of title rendered. The title is assumed to be insurable.

3. Information furnished by others is assumed to be true, correct, and reliable. A reasonable effort has been made to verify such information; however, no responsibility for its accuracy is assumed by the appraiser(s).

4. All mortgages, liens, encumbrances, leases, and servitude have been disregarded unless so specified within this report. This property is appraised as though under responsible ownership and competent management.

5. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them. The appraiser is not a building inspector; any inspections performed include only basic visual observations of accessible areas. As such, the appraisal report cannot be relied upon to disclose conditions and/or defects in the property.

6. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless a non-conformity has been stated, defined and considered in this appraisal report.

7. It is assumed that all applicable use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in this appraisal report.

8. It is assumed that all required licenses, consent, or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been, or can be, obtained or renewed for any use on which the value opinion contained in this report is based.

9. It is assumed that the utilization of the land and improvements are within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted within the appraisal report.

10. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material contained in this report, it is recommended that the reader contact the undersigned.

11. It is assumed that all of the necessary and required permits and licenses are in full force and effect.

12. It is assumed that an approved survey can be obtained, conforming to the sketches and estimates as represented in this report.

13. It is assumed that the subject property's income and expense information as furnished to the appraisers is accurate.

14. The total site area of 60,984± square feet (1.40± acres) represents an estimate that is based on an examination of the City of Smyrna tax assessor's records as well as my own measurements.

15. The above-grade building area of 29,609± square feet (inclusive of any common areas as relevant) represents an estimate that is based on an examination of the City of Smyrna tax assessor's records as well as my own measurements.

16. This appraisal report represents a synopsis of the findings of the data-gathering process and the appropriate appraisal analysis. All input data would have been too voluminous to include in this report. The exclusion of same does not preclude the appraiser(s) from referring to this data at a future date. If the occasion arises, the appraiser(s) reserves the right to refer to any of the source material used in the preparation of this appraisal to further clarify any item contained in this report.

17. This appraisal report is meant to be presented in its entirety. If this report is represented in any form other than its complete form, it becomes invalid.

18. This information and conclusions contained within this report are for the exclusive use of the identified intended user(s), for the intended use(s) specified. The appraiser is not responsible for unauthorized use of this report.

19. To the best of my knowledge and belief, the statements of fact contained in this appraisal report upon which the analyses, opinions and conclusions are based, are true and correct, subject to the statement of Assumptions and Limiting Conditions herein set forth.

20. Estimates, projections, and opinions (including any prospective value opinions) as utilized in this report may be based on certain assumptions concerning future events and circumstances. These estimates, projections, and opinions may be affected by unforeseen events that alter market conditions. These phenomena may be local, national, or international in scope. It must be understood that actual results achieved during projection periods may vary from those indicated and the variations could be material. The appraiser(s) cannot be held responsible for unforeseeable events that alter market conditions in an unexpected manner.

21. Except where otherwise indicated, all numerical adjustments applied to comparable sales, rentals, and other such information are intended to be approximations. Extracting market-derived adjustment factors for most property types and markets is often impractical due to the limited quantity and quality of this data. Consequently, adjustments presented herein must be construed as the appraisers' approximations of the relative differences between the subject property and comparables, based on available market information, experience, and judgment.

22. It is assumed that any forecasted income and operating expense estimates provided by the subject's ownership, are based, in part, upon reported lease agreements and expenditures, in addition to projections based upon local conditions obtained through contractors, vendors, and others commonly involved in industrial building operations.

23. Demographic and economic projections used herein may be based in whole or in part on information obtained from outside sources. The undersigned takes no responsibility for the accuracy of this information although a reasonable attempt has been made to verify the presented demographic data.

24. Unless agreements have been made previously, the appraisers will not be required to give testimony or appear in court as a result of having made this appraisal with reference to the property in question. Additionally, this appraisal report was not prepared for court submission purposes.

25. Possession of this appraisal report, or a copy thereof, does not carry with it the right of publication. This appraisal may not be used for any other purpose or any person other than the party to whom it is addressed without the written consent of the appraisers and, in any event, only with properly written qualifications and in its entirety.

26. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials on or in the property. The appraisers, however, are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value opinion is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

27. Reliable electronic spreadsheet software (Microsoft® Excel) has been utilized for the quantitative analyses pertaining to this appraisal. Due to computerized rounding and report presentation requirements, certain figures and results may appear nominally above or below those expected. For example, $1.5530 + $2.1230 = $3.676 would be presented as $1.55 + $2.12 = $3.68, which at face value appears to be off by a cent. This is due to the fact that dollar amounts are rounded to the nearest cent or dollar in this report, while a greater degree of accuracy is utilized for actual calculations.

28. The distribution, if any, of the total valuation in this report, between land and improvements, applies only under the existing utilization. The separate valuation for land and improvements, if applicable, must not be used in conjunction with any other appraisal and are invalid if so used.

29. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific survey or analysis of this property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. Since compliance matches each owner's financial ability with the cost to cure the property's potential physical characteristics, the real estate appraisers cannot comment on compliance to ADA. A description of the physical aspects of the subject property may be included in this report. It in no way suggests ADA compliance by the current ownership. Given the compliance can change with each owner's financial ability to cure non-accessibility, the valuation of the subject does not consider possible non-compliance. Specific study of both owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

30. This report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's workfile.

31. If a Certificate of Occupancy exists for the subject property and was accessible for review via a governmental agency or ownership, this document would be presented in the addenda of this report for edification purposes. In addition, a statement addressing the subject's legal use and occupancy would be presented within the Zoning section of this report. If a Certificate of Occupancy did not exist at the time of the subject's construction or if the appraisers were unable to obtain the Certificate of Occupancy for any reason, then the appraisers assume that the subject's use and occupancy are both legal and in full compliance of the law.

32. This appraisal does not involve any extraordinary assumptions or hypothetical conditions.

Certifications and General Assumptions

I hereby certify that, except as otherwise noted in this appraisal report:

1. The statements of fact contained in this appraisal report are true and correct. The effective date of valuation is January 26, 2024, which was also the date of inspection.

2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.

3. I have no present or prospective interest in the property that is the subject of this report and I have no personal interest with respect to the parties involved.

4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.

6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* (USPAP).

8. I have experience in the appraisal of properties similar to the subject and am in compliance with the Competency Rule of USPAP.

9. I have not provided appraisal services relating to the subject property in the past 36 months.

10. Ashley Garrison and Jude Delima provided significant real property appraisal assistance to the person(s) signing this certification. Specifically, they verified the comparable sales data, collected information, and researched market rents for the commercial space. No one else provided significant real property appraisal assistance to the person(s) signing this certification.

11. Abdul Raul Choudhry has made a personal (interior/exterior) inspection of the property that is the subject of this appraisal report, 3150 Nifda Drive Southeast, Smyrna, Georgia. Steven Romer did not make a personal inspection of the appraised property and has therefore relied on the photographs and reportings provided by Mr. Adbul Raul Choudhry as well as property records and other information deemed reliable.

12. As of the date of this report, Steven Romer, MAI, has completed the requirements under the continuing education program of the Appraisal Institute.

13. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

14. The reported analyses, opinions, and conclusions comply with the Comptroller of Currency appraisal standards as delineated by ruling 12U.S.C.93a. This appraisal has been prepared in conformance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation, and the Interagency Appraisal and Evaluation Guidelines dated December 2010.

15. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

16. The value conclusion(s) as well as other opinions expressed herein are not based on a requested minimum value, a specific value or approval of a loan.

17. The appraiser(s) will maintain the confidentiality and privacy of customer information obtained in the course of the appraisal assignment.

18. The undersigned accepts full responsibility for the contents, analysis, and appraisal conclusions of all parties who have contributed to this appraisal report.

19. Any inquiry from the client’s loan production staff during the appraisal process will result in both the appraiser directing said inquiry to the applicable client appraiser, or their designee, and a reporting of said inquiry to the client appraiser/appointee.

20. The appraiser(s) will provide full cooperation in the review process when contacted by any administrative and/or technical review representative.

21. This report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser’s opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser’s workfile. The information contained in this report is specific to the needs of the client, for the intended use(s) stated in this report and no others. The appraiser is not responsible for unauthorized use of this report.

22. This appraisal does not involve any extraordinary assumptions or hypothetical conditions.

23. As a result of my examination, investigation, and analysis of the subject property and all of the data pertinent thereto, and in light of my experience as a real estate appraiser, my opinion of the "as is" market value(s) of the Leased Fee Estate in the subject property, as of January 26, 2024, is:

Three Million Four Hundred Seventy Five Thousand Dollars

$3,475,000

____
STEVEN R. ROMER, MAI, MBA, Founder-CEO
GA Certified General R.E. Appraiser
I.D. No. ACGO 404925

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

BASIC INFORMATION

Property Description:	1-Story Industrial Building	**Report Type:**	Appraisal Report
Address:	3150 Nifda Drive Southeast	**Date of Value:**	1/26/2024
City:	Smyrna	**Date of Inspection:**	1/26/2024
State:	Georgia	**Date of Report:**	2/2/2024
ZIP Code:	30080	**Census Tract Number:**	0312.14
County:	Cobb	**Census MSA:**	
Property Ownership Entity:	LG GEORGIA COMMERCIAL LLC		
Interest Appraised:	Leased Fee		

SITE INFORMATION

Land Area:	60,984± square feet (1.40± acres)	**Site Shape:**	Irregular
Dimensions:	340' frontage, 185' maximum depth	**Frontage Rating:**	Good
Flood Zone:	X	**Access Rating:**	Good
Flood Map Number:	13067C0229H	**Visibility Rating:**	Good
Flood Map Date:	3/4/2013	**Location Rating:**	Good
Site Utility:	Good	**Parking Type:**	50 outdoor lot parking spaces
Site Topography:	Level with street grade		

BUILDING INFORMATION

Type of Property:	Industrial Building	**Actual Age:**	61 Years
Number of Units:	1	**Quality:**	Average
Number of Buildings:	1	**Condition:**	satisfactory
GBA Above Grade:	29,609± square feet	**Year Built:**	1963
Number of Stories:	1	**Year Renovated:**	
Occupied Exempt Units:	0 (0.0% of revenue units)	**Land to Building Ratio:**	2.06:1
Occupied Rent-Regulated Units:	0 (0.0% of revenue units)	**Building Employees:**	
Vacant Units:	0 (0.0% of revenue units)		(units per employee)

MUNICIPAL INFORMATION

Assessing Authority:	City of Smyrna	**Municipality Governing Zoning:**	City of Smyrna
Assessor's Parcel Identification:	Parcel: 17-0965-0-012-0	**Current Zoning:**	HI
Current Tax Year:	2023	**Special Zoning District:**	n/a
Taxable Assessment:	$690,000	**Zoning Max FAR / Subject FAR:**	/ .49
Current Tax Liability:	$20,890	**Is Current Use Permitted:**	Yes
Taxes Per SF:	$0.71	**Current Use Compliance:**	Legal, conforming, complying use
		Landmark:	Subject does not have landmark status

HIGHEST & BEST USE

As Vacant:	**As Improved:**
Development of an industrial building as per zoning regulations	Retain the existing building in its current use

VALUATION CONCLUSIONS

SALES COMPARISON APPROACH	
Indicated Value:	$3,475,000
Per Square Foot:	$117
Per Unit:	$3,475,000

INCOME CAPITALIZATION APPROACH	
Indicated Value:	$2,900,000
Per Square Foot:	$98
Per Unit:	$2,900,000

COST APPROACH	
Indicated Value:	$0
Per Square Foot:	$0
Per Unit:	$0

MARKET VALUE CONCLUSION (Leased Fee Interest)	
Indicated Value:	$3,475,000
Per Square Foot:	$117
Per Unit:	$3,475,000

EXPOSURE / MARKETING PERIOD	
Exposure Time:	9-12 Months
Marketing Time:	9-12 Months

NATURE OF THE ASSIGNMENT

STATEMENT OF OBJECTIVE:

The objective of this appraisal assignment was to undertake the investigations and analyses required to reach a supportable opinion of the "as is" market value(s) for the subject property, as of January 26, 2024, the date of valuation. The intended use of this appraisal report is to provide information to the client and intended user, The Lesser Group, for asset analysis purposes exclusively.

DEFINITION OF MARKET VALUE:

Market value is defined in the Appraisal Institute's Dictionary of Real Estate (4^{th} ed., 2002) as:

The most probable price which a property would 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 the 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 best interests;*
3. *A reasonable time is allowed for exposure in the open market;*
4. *Payment is made in terms of cash and 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.*

SCOPE OF WORK PROCESS:

We have prepared an independent and impartial appraisal of the property in conformance with the requirements of the USPAP. This appraisal employs all approaches considered meaningful and relevant in the context of the valuation assignment.

As part of this appraisal, a number of independent investigations and analyses were required. The appraisal process performed included the following tasks:

Appraisal Process

- Identified the real estate being appraised
- Identified the real property interest being appraised
- Ascertained the purpose and intended use of the appraisal
- Stated and defined market value
- Inspected the property, and specified the effective date of the appraisal and the date of this report
- Determined the highest and best use of the subject property
- Researched comparable market rentals and sales in relation to the subject property
- Analyzed pertinent market information in order to value the subject property via the selected approach(es)
- Arrived at market value indications from each selected approach, and reconciled to a final market value opinion
- Set forth all assumptions and limiting conditions that affect the analyses, opinions and conclusions
- Provided a signed certification in accordance with Standards Rule 2-3

PROPERTY RIGHTS APPRAISED

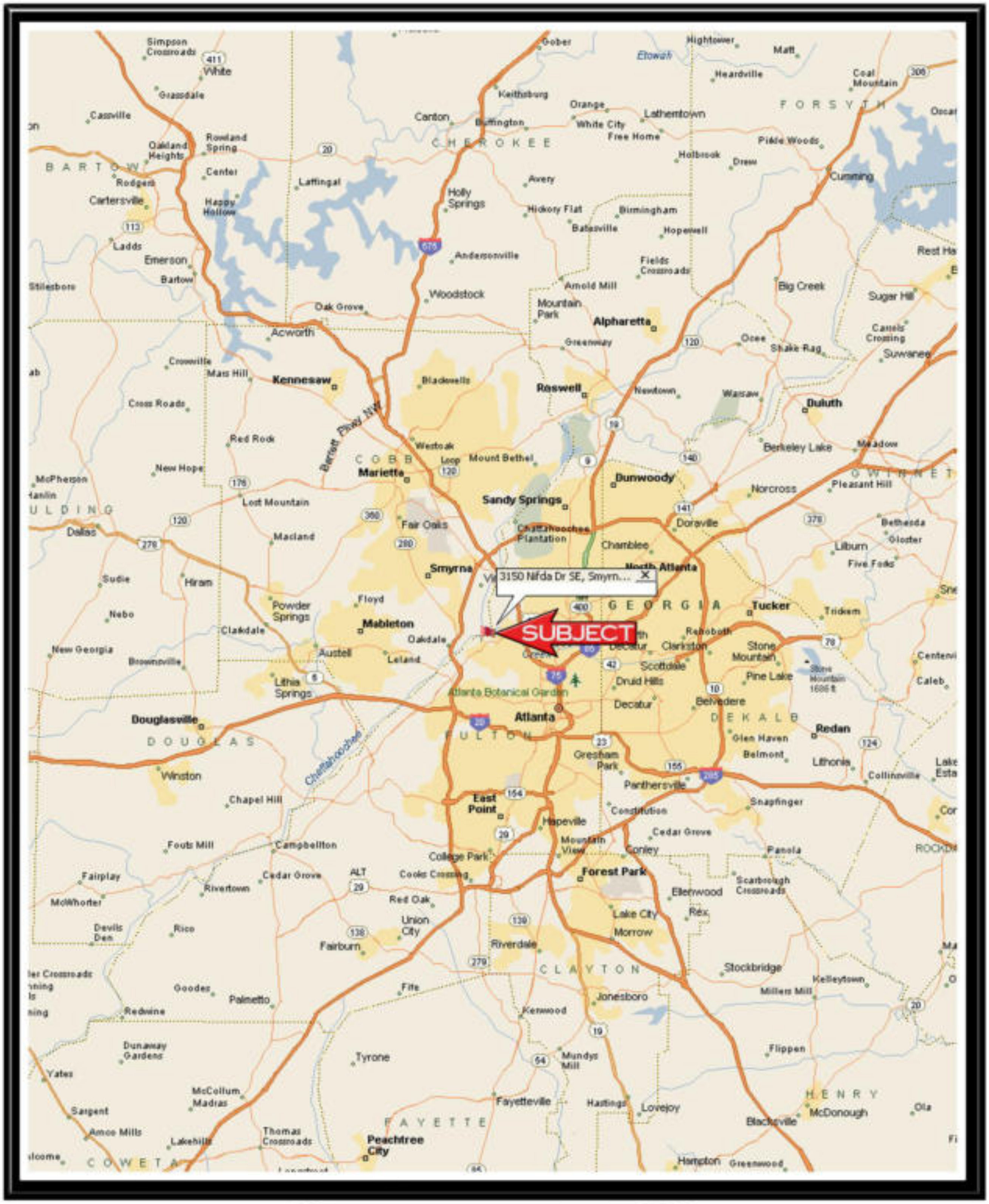
The value concluded herein reflects the Leased Fee Estate. According to the Appraisal Institute, the Leased Fee Estate is defined as "The ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others; the rights of lessor or the leased fee owner and leased fee are specified by contract terms contained within the lease."

SUBJECT PROPERTY SALES HISTORY:

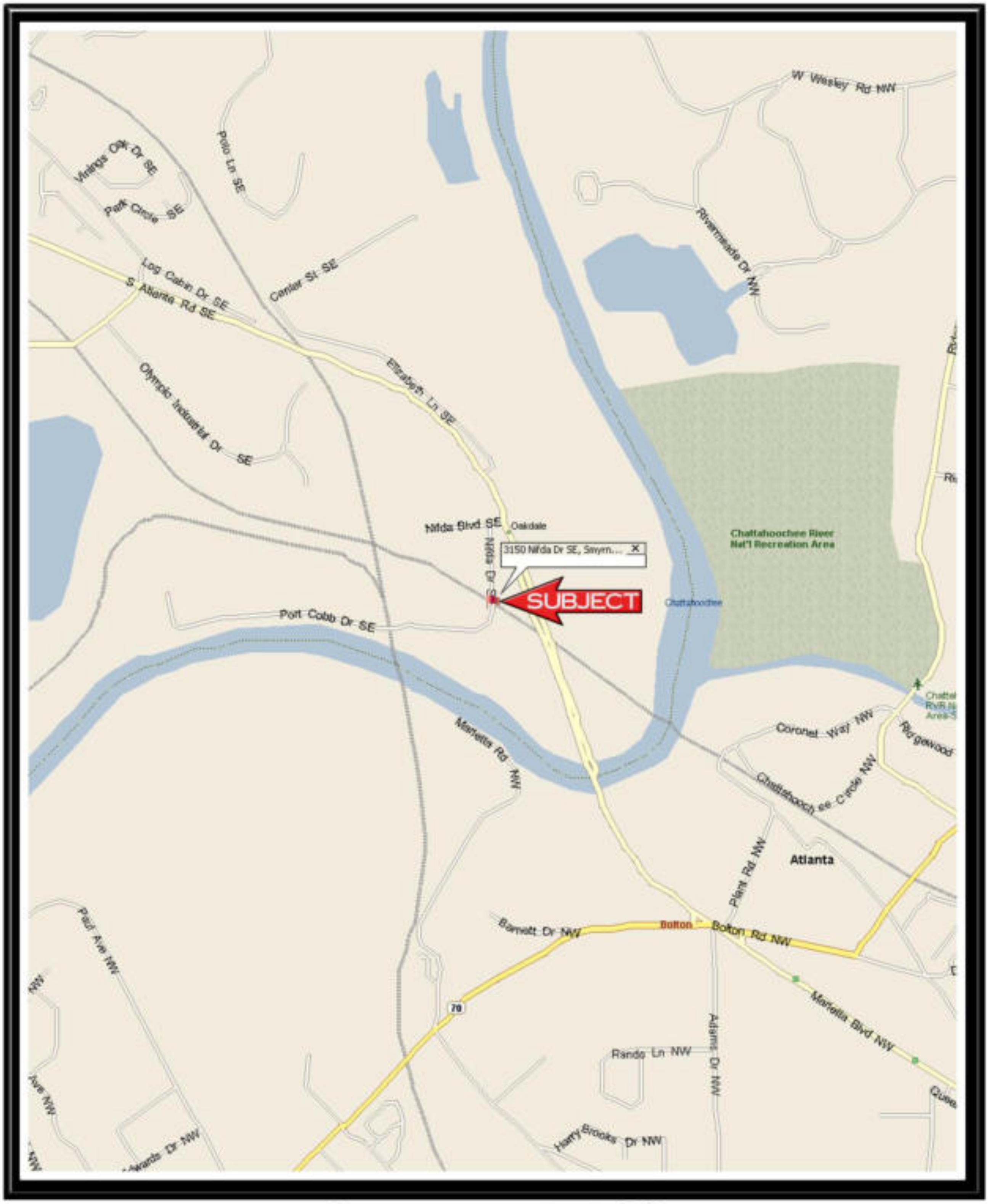
As of the date of valuation, the subject was owned by LG GEORGIA COMMERCIAL LLC. The subject property was purchased from Iron Mountain Information Management LLC by the current owner on 11/28/2022 for $2,358,303.

The subject property conveyed in 2022 as a part of a portfolio. The portfolio consisted of seven properties which are identified as 3150 Nifda Drive Southeast, Smyrna, GA, 1890 Macarthur Boulevard Northwest, Atlanta, GA, 3881 Old Gordon Road Northwest, Atlanta, GA, 13280 Vantage Way, Jacksonville, FL, 12855 Starkey Road, Largo, FL, 7801 Riviera Boulevard, Hollywood, FL, and 10002 Satellite Boulevard, Orlando, FL. To the appraiser's knowledge, the subject property is not currently for sale, or under contract for sale or option to purchase.

AREA DESCRIPTION



AREA MAP


W Wesley Rd NW
Vinings Oak Dr SE
Polo Ln SE
Park Circle SE
Riverview Dr NW
Log Cabin Dr SE
S Atlanta Rd SE
Center St SE
Elizabeth Ln SE
Olympic Industrial Dr SE
Nifda Blvd SE
Oakdale
Nifda Dr S
3150 Nifda Dr SE, Smyrn...
SUBJECT
Chattahoochee River Nat'l Recreation Area
Chattahoochee
Port Cobb Dr SE
Marietta Rd NW
Coronet Way NW
Ridgewood
Chattahoochee Circle NW
Plant Rd NW
Atlanta
Barnett Dr NW
Bolton
Bolton Rd NW
Paul Ave NW
70
Marietta Blvd NW
Rando Ln NW
Adams Dr NW
Harry Brooks Dr NW

LOCATION

AERIAL

National Economic & Real Estate Overview

The commercial real estate market is not like the stock market; there usually are no huge swings from day to day. We, at WestRock, have reached out to various real estate organizations, and there is unanimity that, as a result of the coronavirus ("COVID-19") outbreak, spread, horrendous death toll, and rising unemployment, we are in a period of unmatched uncertainty. While it is impossible to predict or quantify the exact impact on the economy and on market conditions, there will be an adverse effect on a global basis.

CCIM Institute for Commercial Real Estate has concluded that "while the full effects of the virus remain to be seen, commercial real estate professionals need to be prepared for what could be a challenging time." The National Association of Realtors stated, "COVID-19 and its long reaching effects continue to change the way we conduct our everyday business, and commercial real estate practitioners continue to adapt to these changes on a daily basis." "We've seen that investor confidence has been shaken," said Sam Chandan, associate dean of New York University's Schack Institute of Real Estate.

The multifamily sector could see significant upheavals as unemployment rises and vacancies increase. Businesses that are closed employ people who now will struggle to pay rent. It is a similar situation to retail, where dine-in restaurants, for example, could remain closed for the foreseeable future, only in this case the tenant is an individual or family who lost its source of income. Moody's Analytics' "protracted slump scenario", would create the same amount of contraction and disruption of commercial real estate, as the Great Recession.

The office leasing market is likely to suffer in the short-term due to COVID-19 as layoffs diminish tenants' overall need for space and, in many cases, set aside expansion plans. In addition, prospective tenants who remain in the market for additional space, will have a difficult time touring properties. Office workers' pushback against the open office environment is likely to accelerate, as illness is more easily transmitted in an open environment. Many employers already had recognized that in a competition to attract and retain top talent, squeezing workers into increasingly tight spaces was not a sustainable strategy. Now, an emphasis on social distancing and good health practices – continuing in some fashion even after the crisis has passed – may reverse the densification trend, with less shared space and fewer workers per leased square foot.

Homebuilders are feeling not only the demand pullback from home shoppers staying home in droves, but also the supply impact of materials that they normally import from China (supplying more than 30% of the materials). In a new survey by the National Association of Home Builders, 81% of respondents said the coronavirus has had an adverse effect on traffic of prospective home buyers, and it is probably closer to 100% at this time. Another 54% reported issues getting the building materials they need to finish homes. Builders are reporting a large drop in sales now. There is also growing concern about tighter lending conditions for non-conforming mortgage loans. Buyers who have debt-to-income ratios higher than 43%-45% or those who are self-employed, are now having significant difficulty with obtaining mortgages. With all of this going on, builders are predicting that land acquisition and development spending will decline.

While the longer-term consequences are more difficult to predict, the immediate market consequences of COVID-19 have been made clear – the public market sell-off in certain real estate types has been nothing short of dramatic. All companies, public and private, are working hard to navigate the

immediate crisis with respect to staff, tenants, and end users of space, while also facing tough business trade-offs. Most industry leaders seek to strike the right balance between capital preservation and further strengthening their competitive differentiation.

There can be no question that the highly uncertain economic backdrop makes any appraisal of real estate, particularly commercial properties, more difficult than usual. In many ways, the current state of the economy is virtually unprecedented and, as such, is difficult to predict what the future holds based on historical information alone. We have been mindful of these and other relevant issues throughout our appraisal of the subject property. However, it must be noted that with the Coronavirus outbreak and spread, and with the present declaration of a National Emergency, it is impossible to predict the scope of impact on market conditions.

Unemployment

As of December 2023, the national unemployment rate as estimated by the U.S. Bureau of Labor Statistics was 3.7%; the Cobb County unemployment rate was lower at 2.8% as of November 2023.

Federal Reserve Board Beige Book Economic Conditions Summary

An economic conditions report, commonly known as the Beige Book, is published by the Federal Reserve Board eight times per year. Each Federal Reserve Bank gathers anecdotal information on current economic conditions in its District through reports from Bank and Branch directors and interviews with key business contacts, economists, market experts, and other sources. The Beige Book summarizes this information by District and sector. Below we present the January 18 2023 report for the Atlanta District.

Summary of Economic Activity

The economy of the Sixth District grew slowly from mid-November through December. Labor availability and employee retention continued to improve, but hiring slowed for some firms, and wage pressures eased further. Nonlabor costs moderated for the most part, and pricing power slipped. Holiday retail sales were mixed; auto sales were strong. Travel activity was healthy, but spending at hotels continued to slow. Despite declines in mortgage interest rates, the housing market remained encumbered by the lack of affordability. Commercial real estate activity was sluggish. Transportation activity remained weak. Lending grew for certain types of loans, but consumer lending declined. Activity in the energy sector was robust. Agriculture conditions were mixed.

Labor Markets

Labor markets continued to cool, and some employers slowed hiring. Most contacts continued to report that labor markets had softened from earlier in the year amid more available labor and stronger retention rates. Many indicated that staffing levels had improved from a year ago; however, hiring in the leisure and hospitality sector remained challenging. Additionally, the lack of affordable housing was cited as an impediment to attracting workers to some areas. Weaker demand for products and services caused some employers to reduce hours or slow hiring which they expected to continue through the first half of 2024. One firm said that they were choosing to hold positions open and were "slow walking" new hires, as they sought to supplement productivity with Generative A.I. across all business lines and functions.

Most firms indicated that wage pressures continued to ease, and more modest wage growth is expected in the coming year.

Prices

Nonlabor input cost increases moderated over this reporting period. Firms cited improvements in supply chain predictability, contributing to lower freight and shipping costs. Construction costs were mixed; lumber costs decreased while concrete increased. Food product costs declined. The easing of some input costs was offset by persistent growth in labor and insurance costs, and most firms held consumer prices steady even amid diminishing pricing power. The Atlanta Fed's Business Inflation Expectations survey showed year-over-year unit cost growth decreased significantly in December to 2.9 percent, on average, from 3.2 percent in November; firms' year-ahead inflation expectations for unit cost growth remained relatively unchanged in December at 2.4 percent, on average.

Consumer Spending and Tourism

Consumer spending generally continued the trend of normalization from the pandemic's strong pace of growth. Holiday sales were mixed. In line with pre-pandemic trends, contacts reported managing inventories more closely and many offered customary promotions and discounts. Auto sales remained strong, On average, retailers' outlook remains positive for the first half of 2024.

Holiday travel activity was characterized as healthy, on balance, by tourism and hospitality contacts. Spending on merchandise, food, and services in hotels, however, decreased compared with the same time last year. Contacts are cautiously optimistic about travel demand in the first quarter, but characterize the environment as normalizing back to pre-pandemic levels.

Construction and Real Estate

Although mortgage rates retreated during the fourth quarter of 2023, home sales in the District were slow to respond, as most markets remained unaffordable for median income earners. Homeowners also faced challenges with other rising costs, such as property insurance. Florida, with strong demand generated from out-of-state buyers, is the only Sixth District state reporting increases in existing home sales compared with a year ago. Inventories of homes for sale, though still tight, were boosted by new construction. Sales strategies varied by homebuilder; smaller builders focused on reducing home sizes, while larger builders reported buying down interest rates to generate demand.

The Sixth District's office market continued to encounter negative absorption rates and diminishing occupancies. Leasing activity at the end of 2023 dropped to 2020 levels, creating a "tenant's market," where landlords were forced to offer incentives. Market conditions are expected to remain challenged in 2024 as new construction is delivered. Other property segments experienced weakening conditions as well; contacts in industrial markets reported that the amount of square feet in the pipeline is running well ahead of absorption, resulting in higher vacancy levels. Contacts expressed concerns over rising commercial real estate loan maturities in 2024.

Transportation

Transportation activity remained muted over the reporting period. Railroads reported declines in year-to-date total traffic; intermodal shipments were down significantly. Trucking firms cited continued softness in freight volumes, which is expected to continue well into 2024. Some carriers anticipate that additional trucking capacity will be taken offline in the next year as small owner-operators fold, and large carriers reduce capacity amid deteriorating demand. A few logistics contacts hinted at re-emerging

supply chain constraints resulting from drought conditions in the Panama Canal, as shippers are forced to deploy to the Suez Canal, extending lead times for products from China and southeast Asia.

Manufacturing

Manufacturing activity slowed slightly. Some contacts reported declines in new orders and backlogs of work, along with rising finished goods inventories and faster supplier delivery times. The Manufacturing Sector Report of the Atlanta Fed's Business Inflation Expectations Survey showed that for the majority of respondents, demand had decreased or was on par with year-earlier levels. The outlook is cautiously optimistic but concerns such as inflation, interest rates, and geopolitical uncertainty were mentioned.

Banking and Finance

Lending at Sixth District financial institutions increased since the previous report, especially for multifamily and home equity loans. Consumer lending contracted overall, alongside a rise in delinquencies in credit cards, auto loans and unsecured personal loans. Demand and large time deposit balances continued to increase as banks paid higher interest rates on deposits. However, these higher funding costs have led to earnings concerns. Hence, some banks restructured securities portfolios and reinvested proceeds into higher-yielding securities to protect margins.

Energy

Energy contacts reported historically high levels of crude oil production and record amounts of gas flow to liquefied natural gas export plants. Contacts also continued to report planning and development of industrial decarbonization and renewable energy projects; however, a few contacts noted that some of these projects are being delayed by federal approval processes. Utility contacts reported growing electricity demand, especially in the industrial and commercial segments, attributed to clean energy transitions at production facilities and hospital and healthcare projects, respectively.

Agriculture

Low cattle supply led to higher cattle prices, but consumers substituting less expensive proteins prevented full pass-through of prices. Domestic demand for chicken rose, but demand was down overall as cases of avian flu led to additional export restrictions and lower egg supply. Milk prices rose amid growing domestic demand for dairy, but low export levels continued to depress the market. There was little change in demand or supply for row crops, but demand for cotton remained weak.

The following census, land use, economic, area development, and household income information is sourced from Costar.

Subject's Vicinity

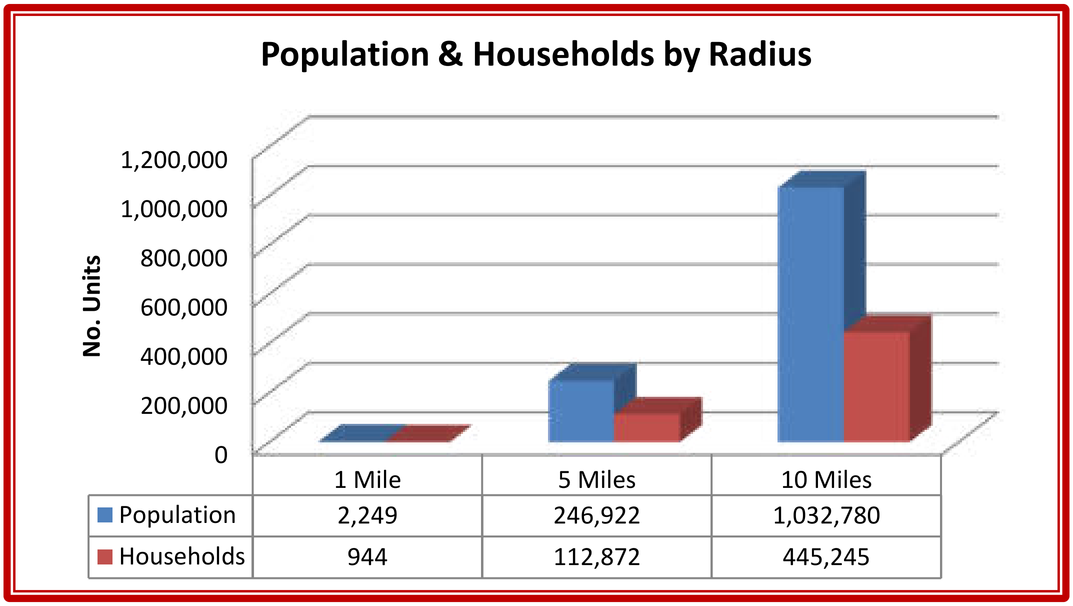
The subject is located within the Smyrna section of the City of Smyrna. Smyrna has a total land area of 15.56 square miles and is bounded by the bordering communities of Marietta to the North, Austell to the South, and Powder Springs to the West.

The subject property is located along the south side of Nifda Drive Southeast to the west of Port Cobb Drive, in Smyrna. Nifda Drive Southeast is a two-way, two-lane street with easterly and westerly traffic flows.

The subject property is located along a two-way moderately active street made up of commercial and industrial buildings. There is an array of retail stores, eateries and other commercial buildings on the Marietta Boulevard Northwest just southeast of the subject property. There are several places of worship and schools within the subject's neighborhood. The subject property also lends itself to easy access to public transportation with a bus stop on the north west corner of Marietta Boulevard Northwest and Bolton Road Northwest. The subject is located along a moderately active street based on the amount of automotive traffic observed at the time of inspection. Parking is available on the subject's parking lot.

Population

Population and number of households within a 1 mile, 5 mile and 10 mile radius is presented below:



	1 Mile	5 Miles	10 Miles
Population	2,249	246,922	1,032,780
Households	944	112,872	445,245

As of 2024, the total population within a one mile radius of the subject amounts to 2,249, which reflects a change of 18% from the 2020 population of 1,906. Costar projects total population growth of 1.56% over the next five years. The subject is located within a low density area, with the population per square mile equating to and the number of households reported to be 944, which is a change of 13.32% from the 2020 Census household reporting of 837. The number of households is projected to change by 0.95% over the next five years.

Economic Composition

The census categorizes the subject's economic base into 13 categories by industry. The table below depicts the economic make-up of the subject area within a 1 mile, 5 mile and 10 miles radius:

Industry Type	% Economic Base: 1 Mile	% Economic Base: 5 Miles	% Economic Base: 10 Miles
Agriculture, Forestry, Fishing & Hunting, and Mining	0.00%	0.20%	0.15%
Construction	20.51%	8.37%	7.46%
Manufacturing	9.40%	4.57%	3.56%
Wholesale Trade	15.38%	3.90%	3.51%
Retail Trade	19.66%	17.86%	17.13%
Transportation/Warehousing/Utilities	0.00%	0.06%	0.08%
Information	2.56%	5.09%	4.39%
Finance, Insurance, Real Estate, and Rental/Leasing	3.42%	11.75%	12.54%
Professional, Scientific, Management, Administrative, and Waste Management Services	11.97%	26.06%	26.01%
Educational, Health, and Social Services	2.56%	2.86%	3.29%
Arts, Entertainment, Recreation, Accommodation, and Food Services	1.71%	3.43%	3.13%
Other Services (except Public Administration)	11.11%	15.01%	16.18%
Public Administration	1.71%	0.84%	2.58%

The area within a 1 mile radius of the subject property is a predominately medium income based area with a Median Household Income of $129,231 as of 2024. This represents a 65.9% change from $77,907 as of the 2020 census. Average household income is reported to be $154,965.

The following table presents a 2024 tabulation of the local population working within select industries within a 1 mile, 5 mile and 10 mile radius of the subject property:

Industry Type/ Number Employed	% Economic Base: 1 Mile	% Economic Base: 5 Miles	% Economic Base: 10 Miles
Unemployed	25	3,441	16,417
Agricultural and Mining	0	288	996
Construction Industry	43	3,800	31,687
Construction Other	52	4,403	32,011
Education and Health	222	24,153	107,765
Farming	0	26	303
Industry	1,312	134,858	562,592
Information	60	6,024	22,119
Management	813	78,497	291,690
Manufacturing	74	8,703	32,391
Other Services	43	5,004	26,215
Production	91	9,640	46,697
Professional	306	30,272	112,732
Public Administration	42	4,327	20,357
Real Estate and Finance	152	14,487	49,342
Retail	146	12,810	51,836
Sales	277	27,845	111,672
Services	88	15,049	80,543
Utilities	73	7,352	30,464
Wholesale	59	4,727	15,898
Total Workforce	**3,878**	**395,706**	**1,643,727**

Cobb County unemployment rate was 2.8% as of November 2023. This must be compared with current unemployment rates and trends at the local, regional, and national levels. We note that 0.6% of those employed within one mile of the subject property commute to work via public transportation while 30.3% commute by car or truck and 0.5% commute by other means. The remainder of the workforce works locally.

In order to gauge the affordability of market rent vis-à-vis household income, we present below a table that depicts household income within a 1 mile, 5 mile and 10 mile radius of the subject property:

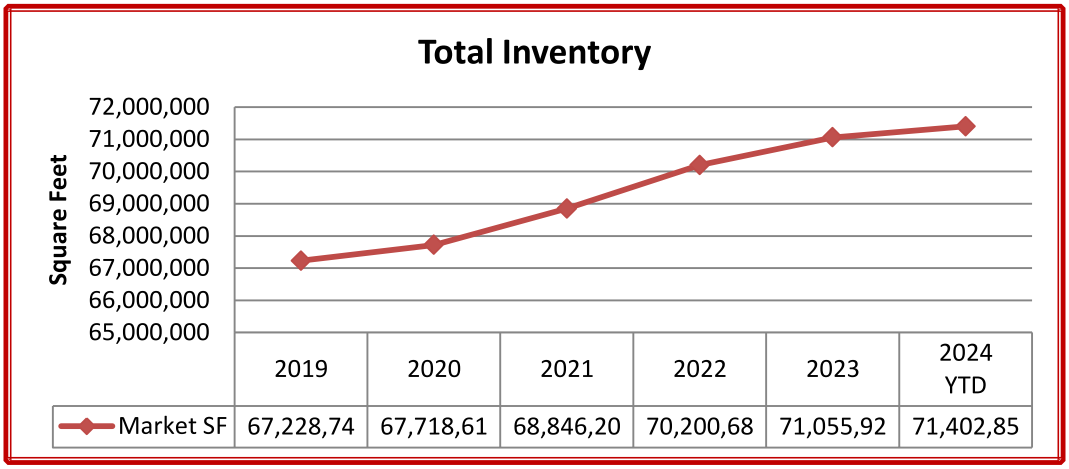
RADIUS FROM SUBJECT	HOUSEHOLD INCOME: 1, 5 & 10 MILES OF SUBJECT				
	Less than $10,000	$10,000 to $14,999	$15,000 to $24,999	$25,000 to $34,999	$35,000 to $49,999
1 Mile	1.0%	4.0%	2.5%	2.9%	8.4%
5 Miles	4.8%	3.1%	5.3%	5.9%	9.7%
10 Miles	6.1%	3.3%	6.2%	6.8%	10.5%
	$50,000 to $74,999	$75,000 to $99,999	$100,000 to $149,999	$150,000 to $199,999	$200,000 or more
1 Mile	10.9%	10.7%	15.4%	17.1%	27.2%
5 Miles	15.5%	11.9%	16.7%	8.7%	18.4%
10 Miles	15.0%	11.3%	16.0%	8.6%	16.2%

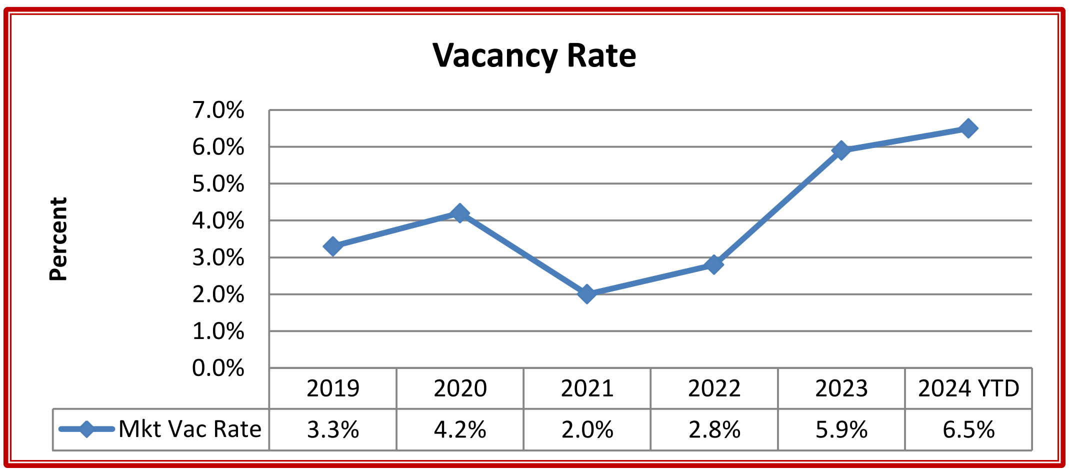
Typical properties in the subject's vicinity include low-rise walkup commercial and industrial buildings that appear to be satisfactorily maintained. The subject conforms to the surrounding land uses.

The subject property is located along a two-way moderately active street made up of commercial and industrial buildings. There is an array of retail stores, eateries and other commercial buildings on the Marietta Boulevard Northwest just southeast of the subject property. There are several places of worship and schools within the subject's neighborhood. The subject property also lends itself to easy access to public transportation with a bus stop on the north west corner of Marietta Boulevard Northwest and Bolton Road Northwest.

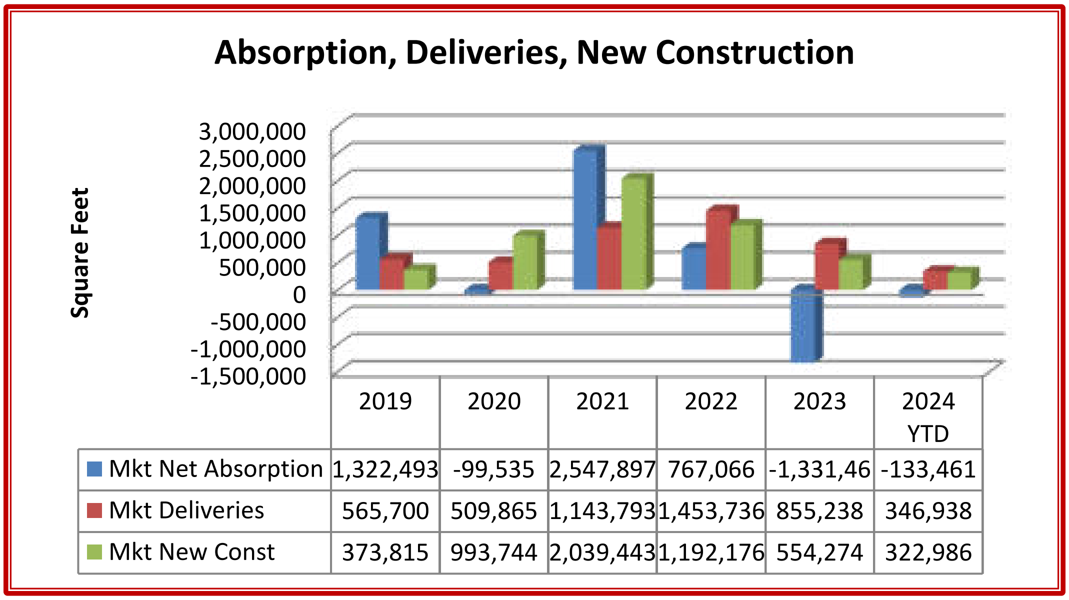
Competitive Smyrna Industrial Market Analysis

Market figures below have been obtained from CoStar Inc.'s Custom Analytics data source and reflect competitive market data as of the date of valuation. CoStar Inc. is a national real estate data service provider. The subject is located within the Smyrna industrial market which comprises 71,402,858± square feet of industrial space within 1,632 buildings. As of January 2024, the vacancy rate was 6.5% (4,653,953 total square feet). The following two charts reflect Smyrna's overall industrial inventory and vacancy rate over the past five years:



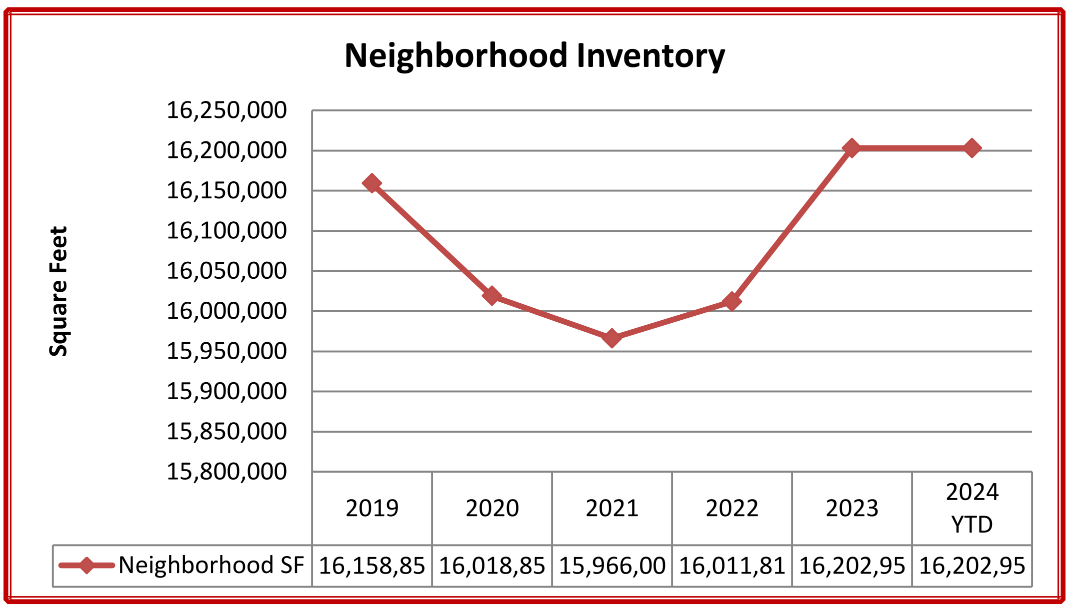


Net absorption is commonly defined as the net change in occupied space over a specified period of time. Unless otherwise noted, net absorption includes both direct leasing and subleased spaced. Negative net absorption typically corresponds to increased vacancy. Year-to-date net absorption within the Smyrna industrial market was -7,373 square feet while year-to-date deliveries and pending new construction amounted to 346,938 and 322,986 square feet, respectively. A snapshot of the year-to-date net absorption, deliveries and new construction as well as a historical perspective of Smyrna's industrial market dynamics is presented on the following page:

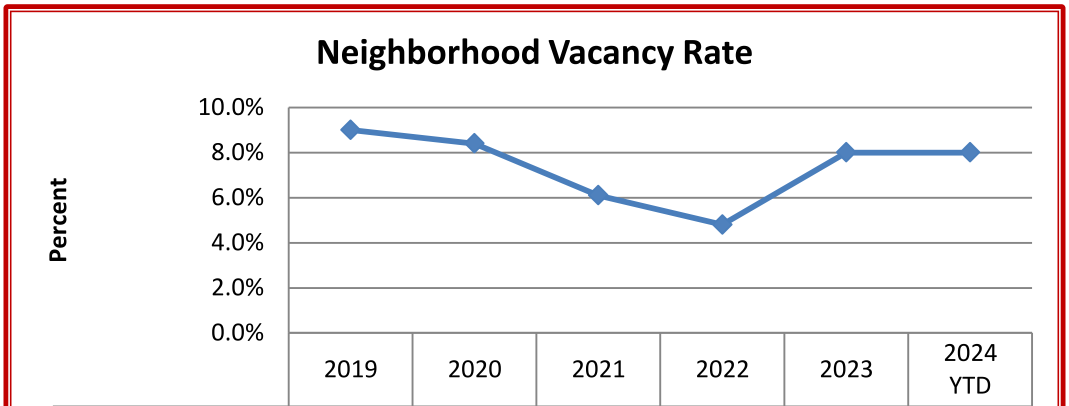


	2019	2020	2021	2022	2023	2024 YTD
Mkt Net Absorption	1,322,493	-99,535	2,547,897	767,066	-1,331,46	-133,461
Mkt Deliveries	565,700	509,865	1,143,793	1,453,736	855,238	346,938
Mkt New Const	373,815	993,744	2,039,443	1,192,176	554,274	322,986

CoStar reports that the vacancy rate for industrial properties within the subject's immediate neighborhood is 8.0% year to date as compared to last year's vacancy rate of 8.0%. This is based on leasing activity within 407 buildings containing 16,202,954 square feet of rentable space. The vacancy rate in this area has generally increased from 6.1% to 8.0% since 2021. The following two charts reflect the subject's local neighborhood's industrial inventory and vacancy rate over the past five years:

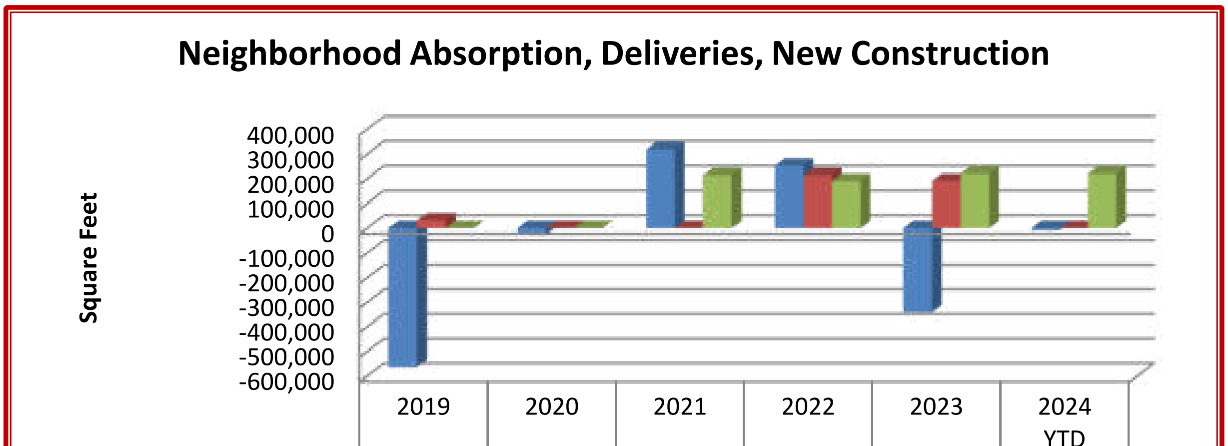


	2019	2020	2021	2022	2023	2024 YTD
Neighborhood SF	16,158,85	16,018,85	15,966,00	16,011,81	16,202,95	16,202,95



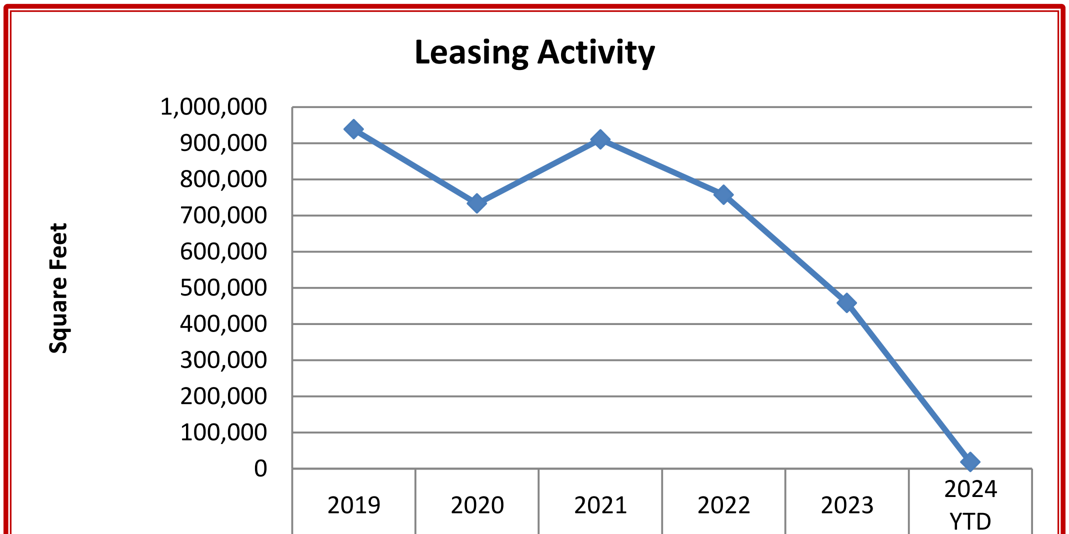
	2019	2020	2021	2022	2023	2024 YTD
Neigh Vac Rate	9.0%	8.4%	6.1%	4.8%	8.0%	8.0%

The two most recent years have seen negative absorption of -340,616 square feet for 2023 and positive absorption of 252,511 square feet for 2022, reflecting fluctuating demand for space. Net absorption for the current year to date is reported to be -7,373 SF, as compared to net absorption of -340,616 SF over the course of last year. A snapshot of the net absorption, deliveries, and new construction within the subject's neighborhood as well as historical perspective of these market dynamics are presented below:

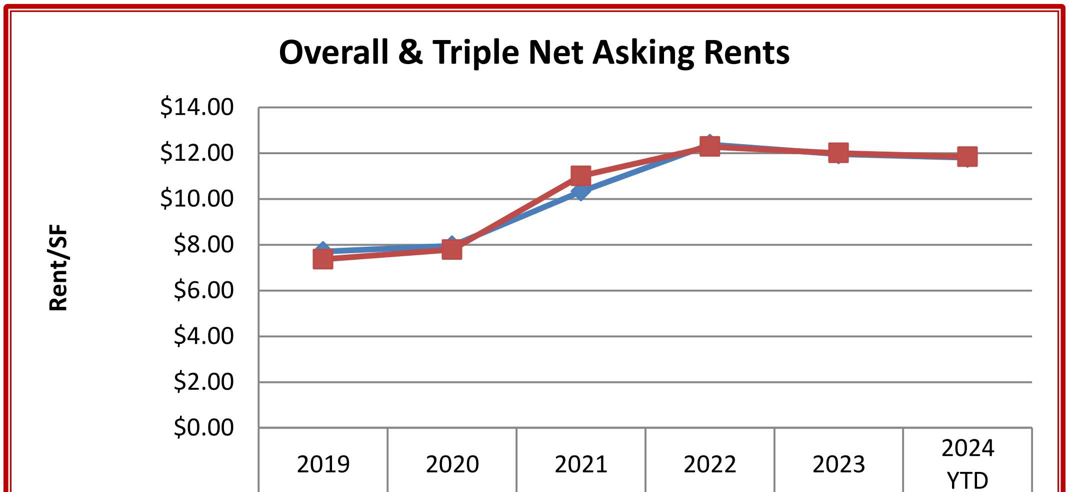


	2019	2020	2021	2022	2023	2024 YTD
Neigh Net Absorption	-563,964	-23,953	318,323	252,511	-340,616	-7,373
Neigh Deliveries	31,739	0	0	215,000	191,135	0
Neigh New Const	0	0	215,000	191,135	220,863	220,863

While vacancy rates have held steady and absorption over the most recent quarters has been negative, rental rates have fluctuated from $11.00 per square foot three years ago, to $12.28 per square foot two years ago, to the current market rate of $11.84 per square foot. The following charts illustrate year-to-date and historical leasing activity and asking rents:



	2019	2020	2021	2022	2023	2024 YTD
Leasing Activity	938,404	733,118	910,454	757,146	458,365	18,000



	2019	2020	2021	2022	2023	2024 YTD
Rent Overall	$7.70	$7.95	$10.32	$12.38	$11.95	$11.80
NNN Rent	$7.36	$7.78	$11.00	$12.28	$12.00	$11.84

Taking into account the general trends in rental rates as well as the vacancy rate, we expect lease rates to escalate for at least some time going forward. In conjunction with rental rates, a major factor across all property characteristics is lease structure.

Industrial Rental Market Analysis

We surveyed both industrial rents and occupancy levels within the subject's general vicinity. Our survey revealed that market rents for industrial space ranged from $5.95 to $9.00 per square foot. Further details and an analysis of our market survey results can be found in the Income Approach section of this report.

The vacancy level of area industrial properties appeared to be low. During the course of our inspection, we observed few vacancies within the subject's immediate market vicinity. Short-term vacancy rates tend to fluctuate based on economic conditions and changes in market supply and demand. However, in the Income Approach of this analysis we employ the direct income capitalization technique, which utilizes stabilized (rather than temporary short-term) operating characteristics. Considering pertinent market information, historical long-term vacancy rates, and our observations of industrial occupancy within the subject's area, we have projected a stabilized vacancy and credit loss factor of 6.50% for the purposes of this analysis.

Market Value Trends Conclusion

In general, market values for industrial buildings within the subject's market area appear to have increased in the recent past. Our independent market survey of sales prices within the subject's general vicinity revealed sales prices which range from $2,500,000 to $14,500,000 or from $93 to $123 per square foot. The mean and median sales prices amount to $6,350,000 and $4,200,000, respectively, while per square foot they reflect $110 and $113, respectively.

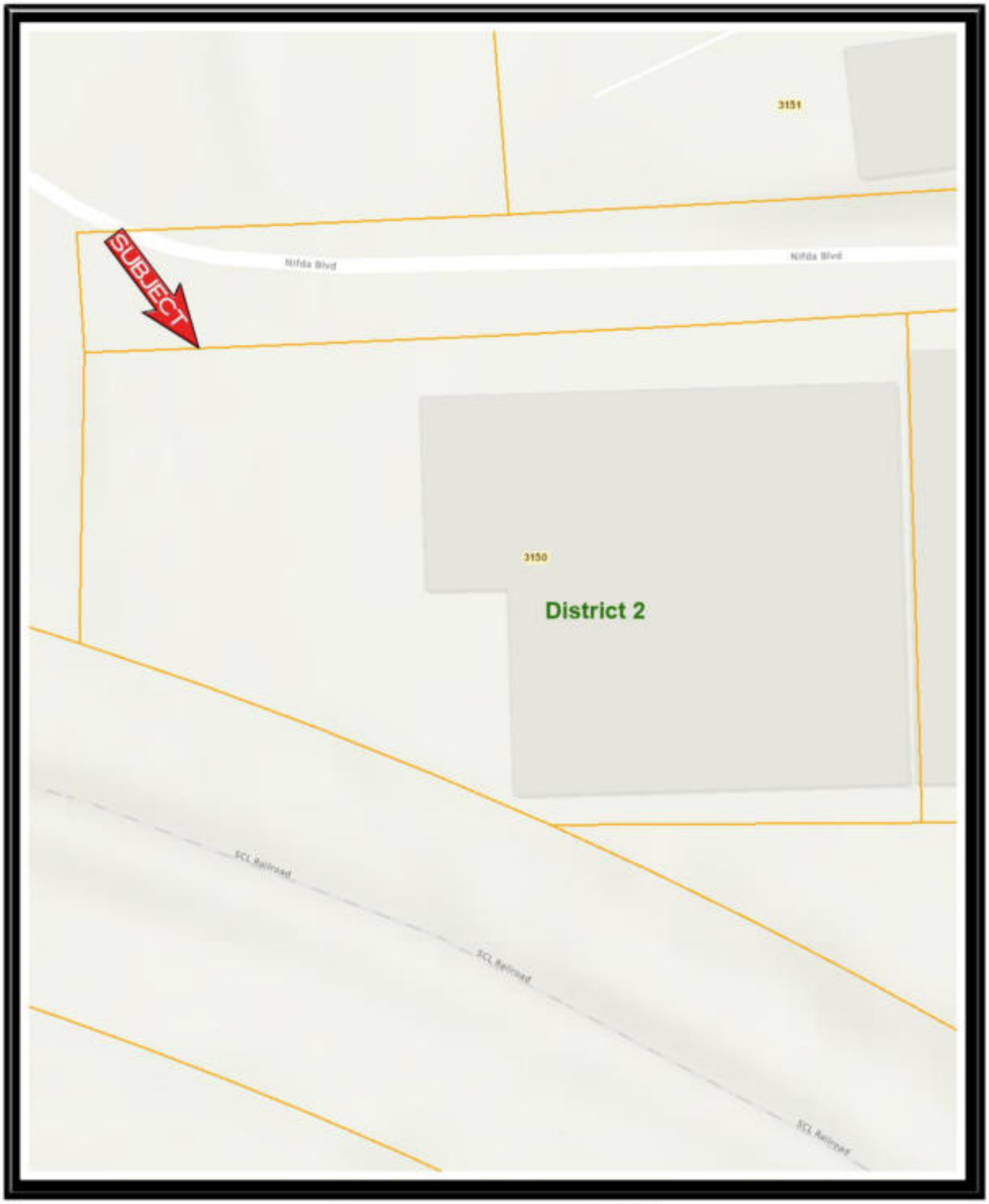
Transportation

The subject's area is easily accessible from all parts of Smyrna and benefits from a good public transportation network. Vehicular transportation in this area is considered good. Major avenues and cross streets provide reasonably good access throughout the locality during peak hours, although a moderate and occasionally high level of congestion may persist at times. One important consideration for any property is its proximity to area highways. In this regard, the subject benefits from convenient access to the I-285 and the I-75.

Conclusion

Smyrna has long been regarded as a primarily affordable area in which to live and conduct business. The subject property is well located within relatively close proximity to area business and shopping districts, and is locationally competitive within the local marketplace.

PROPERTY DESCRIPTION


3151
SUBJECT
Nifda Blvd
Nifda Blvd
3150
District 2
SCL Railroad
SCL Railroad
SCL Railroad

SITE MAP


HI - Heavy Industrial
SUBJECT
District 2
HI
SCL Railroad
3141
3151
3150
5024
5028
5070
5076
3121

ZONING MAP

SITE DESCRIPTION

The subject site is located along the south side of Nifda Drive Southeast to the west of Port Cobb Drive. The site is irregular in shape with a frontage of 340.00 feet along Nifda Drive Southeast and a maximum depth of 185.00 feet. Total site area is 60,984± square feet (1.40± acres). The site is level with street grade. Public services including electricity, natural gas, and telephone are either in place or available to the site. The subject is located within a Zone “X” Flood Area as represented on Community Panel Map Number 13067C0229H, effective March 4, 2013. Zone “X” flood areas consist of areas of minimal to moderate flood hazard determined to be outside the Special Flood Hazard areas. No public or private easements nor hazards of any kind that would be considered detrimental to the site were noted during our investigations.

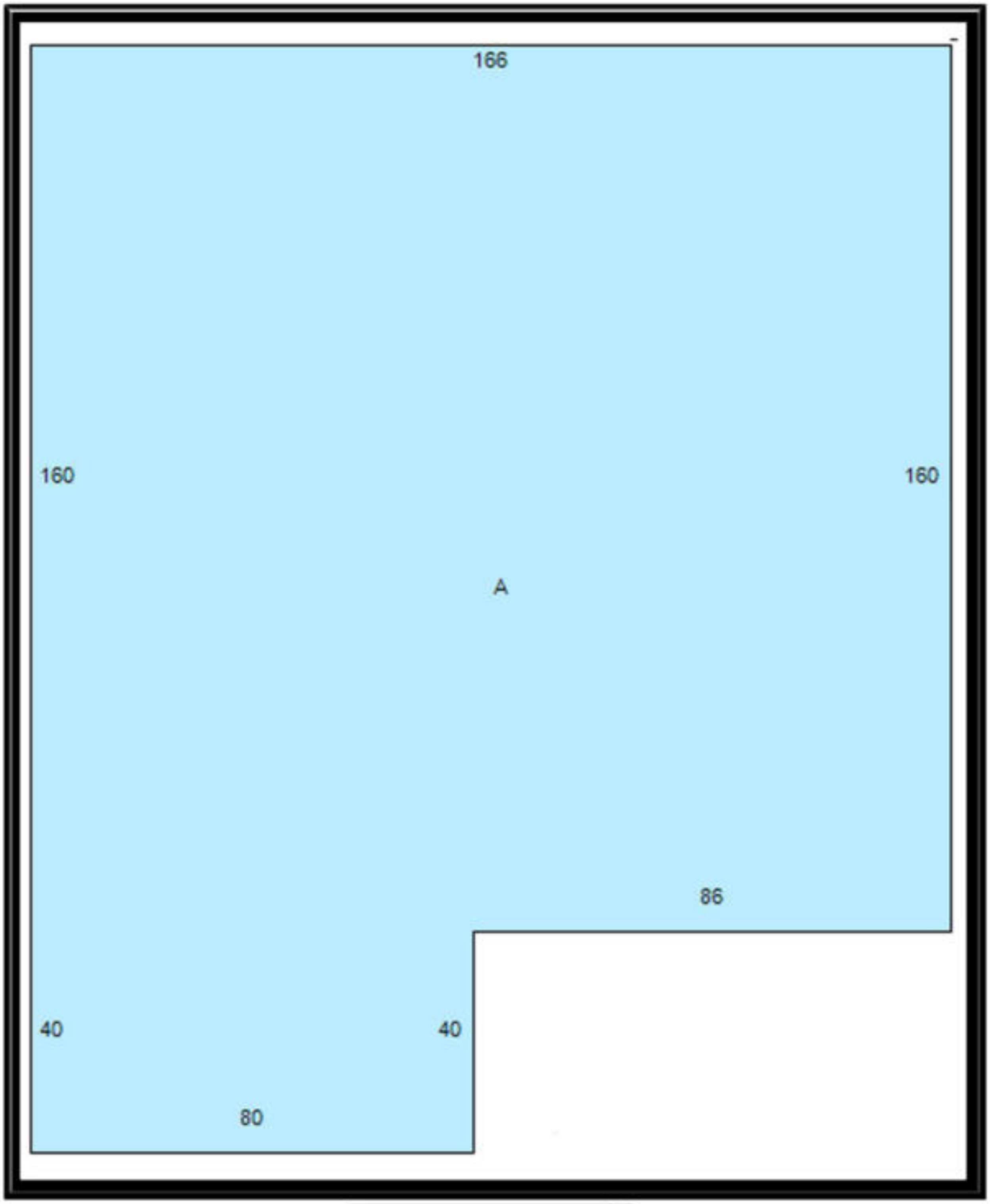
ZONING

According to the Planning Department of the City of Smyrna, the subject property is zoned HI (Heavy Industrial).

Permitted uses under this zoning include ambulance services, amusement centers, animal hospitals, assembly halls, any industrial use which involves manufacturing, processing, or assembly operations or the storage and sale of heavy materials, products or equipment; but not including those uses which emit obnoxious, injurious or offensive noise, vibrations, smoke, dust, gas fumes or odors or create fire or explosion hazards or other objectionable conditions, automobile and truck sales and service, provided the minimum lot area is one acre or more, automotive paint and body repair shops, such uses shall not be established upon a lot which is either adjacent to or directly across the street from any residential district, automotive parking lots or garages, automotive repair and maintenance facilities, automobile service stations, provided that all gasoline pumps shall be located at least 15 feet from any property line, automotive upholstery shops, banks and financial institutions with drive-in establishments or automated transfer machines, boat sales and service, breeding and boarding kennels, breweries, distilleries, wineries and brewpubs, including accessory tasting rooms, building materials stores, bus stations and bus stations for freight, business, medical, professional and contractors offices, including general building, heavy construction and special trade, carwashes, churches, chapels, temples, synagogues, and other such places of worship, clinics, clubs or lodges (noncommercial), colleges and universities (private), including but not limited to research and training facilities, commercial greenhouses and plant nurseries, provided that all goods stored outside shall be stored in a designated area, commercial produce and agricultural product stands, community fairs, contractors (general, heavy or special), corporate or administrative offices, dairies, designated recycling collection locations, drive-in theaters, dry cleaning plants, eating establishments, including restaurants, drive-in restaurants and cafeterias, electrical supply stores, emissions and inspections stations, exterminators, farm equipment stores and repair establishments, farm and garden supply stores, film and movie studios, freight terminals, fuel and ice dealers, full service gasoline stations, golf courses, 18-hole regulation, public and private, golf courses, par 3, group homes, heavy automotive repair establishments, heavy repair service and trade shops, indoor recreational and outdoor facilities. Outdoor recreational facilities shall be screened when adjacent to residential property and operated only with the normal times that the facility is open to participants, in-home day care, landscape contractors, laundry and dry cleaning pickup establishments, light automotive repair establishments, light manufacturing establishments, linen and diaper services, livestock, nondomestic and wild animals, and poultry, lumber, hardware and other building material establishments, machine shops, mausoleums, medical and dental laboratories (with no limitations other than state and federal regulations), mining, mobile home and travel trailer sale, newspaper publishing facilities, nonautomotive repair service establishments, office service and supply establishments, outdoor golf driving ranges, parking for vehicles, planned industrial parks, plumbing and heating equipment dealers, printing, publishing and reproducing establishments, private community centers, private parks, private schools of general and special education, pro shops, if accessory to driving ranges or golf courses, public buildings and uses, radio and television stations, radio, television and other communication towers and antennas, rail stations, railroad car classification yards, railroad stations for freight, recreation grounds other than tennis courts and golf courses, repair services and trade shops, including sheetmetal, upholstering, electrical, plumbing, carpentry, sign painting and other similar activities, research, development centers and experimental testing laboratories, reupholstery and furniture repair establishments, sawmills (temporary), self-service storage facilities, shelters (homeless), signs and outdoor advertising facilities, sports training facilities, taxi stands and taxi dispatching agencies, tire retreading and recapping plants, trailer salesrooms and sales lots, transportation equipment storage and maintenance facilities, truck terminals, utility facilities (private), vocational schools (commercial), warehouse and storage facilities, wholesale sales offices, and wholesale trade and distribution facilities, including packing of wholesale commodities for distribution.

Based on our best estimates, the subject property is in conformance and compliance with current zoning requirements. The subject predates the current zoning regulations and is consequently permitted as a pre-existing use. This is common for the area and does not negatively impact the subject property.

DESCRIPTION OF THE IMPROVEMENTS

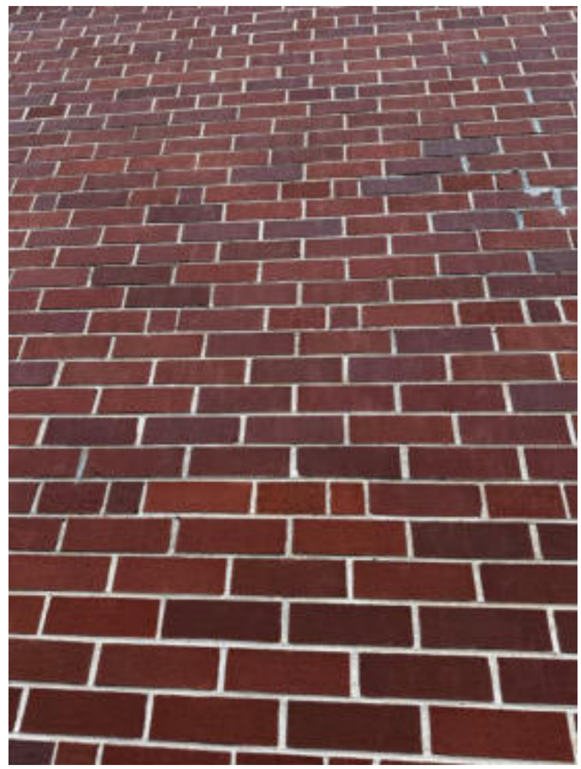


SKETCH

The subject property consists of a (circa 1963) one-story industrial building. As of the date of valuation, the building was tenanted, with lease. The subject structurally conforms with existing similar-type improvements in the immediate vicinity and is located along the south side of Nifda Drive Southeast to the west of Port Cobb Drive. The subject's total building area above grade amounts to approximately 29,609 square feet. The following description is based upon both a physical inspection of the property by Abdul Raul Choudhry on January 26, 2024, and conversations with the superintendent.

Foundation: The building foundation consists of slab concrete. Based on our limited assessment of the foundation's condition, building support appears to be adequate.

Exterior Walls: The building exterior wall façade finish consists of brickface. The subject is reported to be constructed with masonry or concrete exterior walls, and primarily wood or steel roof and floor structures (construction class C).



Roof: The subject has a low slope roof with a metal surface. There are gutters and leaders to provide water drainage away from the roof surfaces.

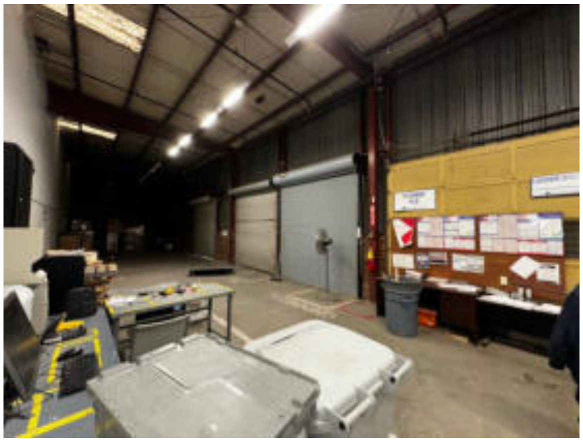
Windows: Windows are fixed glass with wood frames.

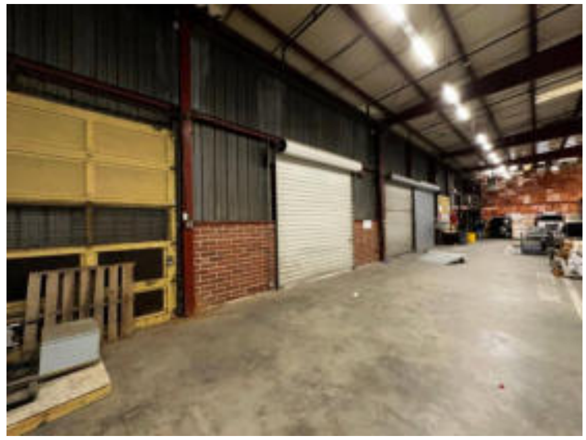
Building Entrance: The building is accessed via a single main entrance door that leads directly into the building's interior. The exterior door consists of metal and glass.

Lobby: Lobby ceilings are suspended acoustical tile while the walls are painted sheetrock. Floors are finished with concrete. Lighting is provided by incandescent fixtures.

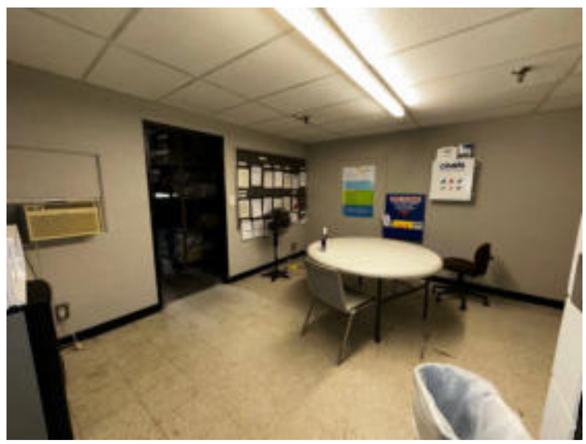
Common Area: Common area ceilings are suspended acoustical tile while the common area walls are painted sheetrock. Floors are finished with concrete. Lighting is provided by incandescent fixtures and the subject has stairways providing access to all of the building levels.

Interiors: The interiors feature brick walls and exposed joists ceilings; flooring is concrete. Lighting is provided by incandescent fixtures. Ceiling heights range from approximately ten feet in the offices to approximately twenty-five feet in the main warehouse area.





Kitchens: The kitchens feature fixtures and equipment including cabinetry with hard surface countertops, sinks, refrigerators, and stoves.



Restrooms: Typical restrooms finishes include standard fixtures (low tank top type toilets and porcelain sinks). Bathroom walls are painted sheetrock while the ceilings are suspended acoustical tile; the floors are vinyl composition tile.

Plumbing: The plumbing lines throughout the building for cold and hot water are cast iron. Sewer lines are reported to be cast iron.

Heating/Hot Water: Each building unit is supplied with an individual gas-fueled HVAC system which provides both heat and air conditioning, as well as a separate hot water heater, the cost of which is borne by the building tenants. The heating system is reported to exhibit average energy efficiency.

Air-Conditioning: Air-conditioning in the subject is provided by window/wall units controlled by the occupants.

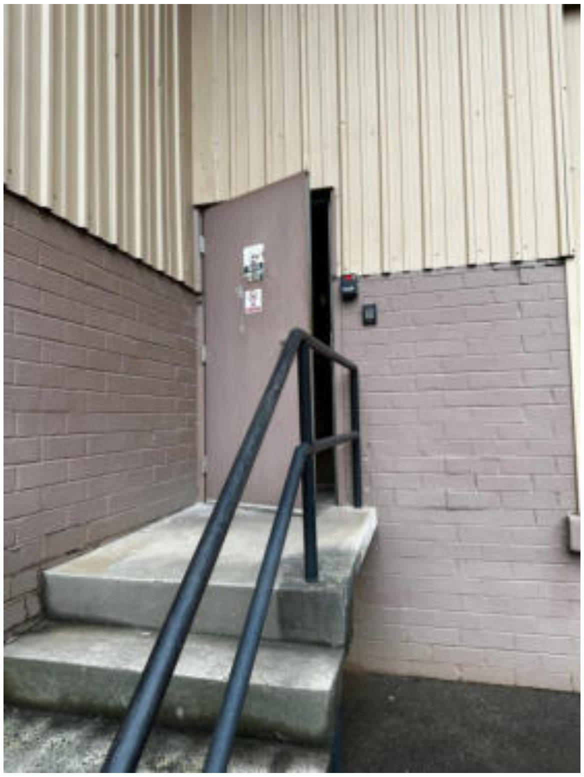
Electricity/Gas: The building is equipped with circuit breakers. There is a single electric meter for the building; the meter is located in the units. The gas lines are galvanized iron/steel. There is a single gas meter for the building; the meter is located outside the building.

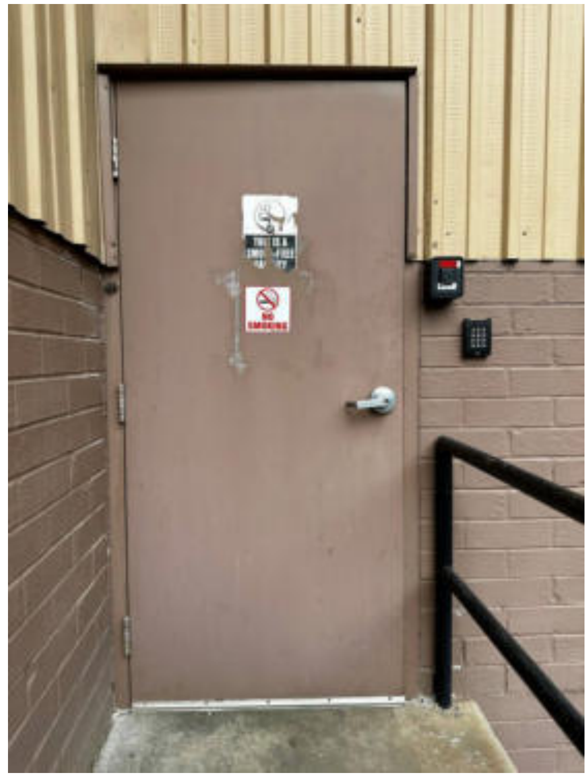
Water & Sewer: We have been informed that the subject property is billed on a metered basis. There is a single water meter for the building.

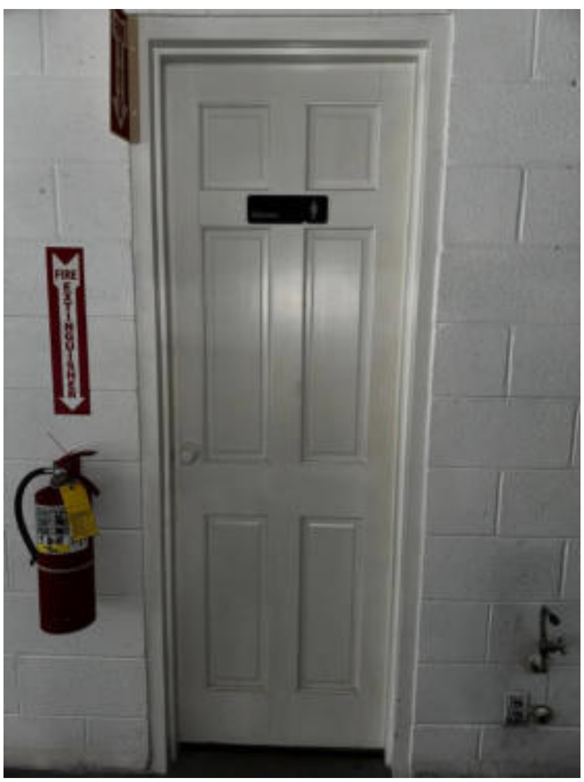
Parking: The subject benefits from on-site parking with a total of 50 outdoor lot spaces.

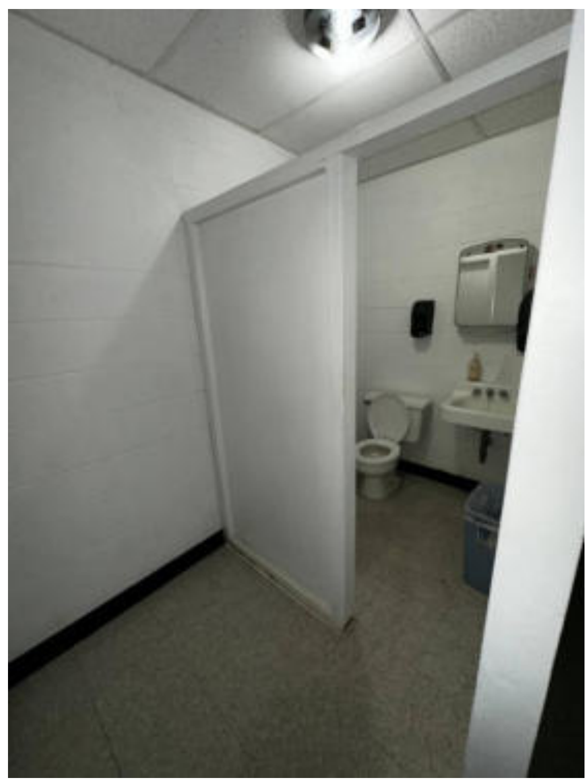
Overall Condition: Satisfactory

Additional Photos

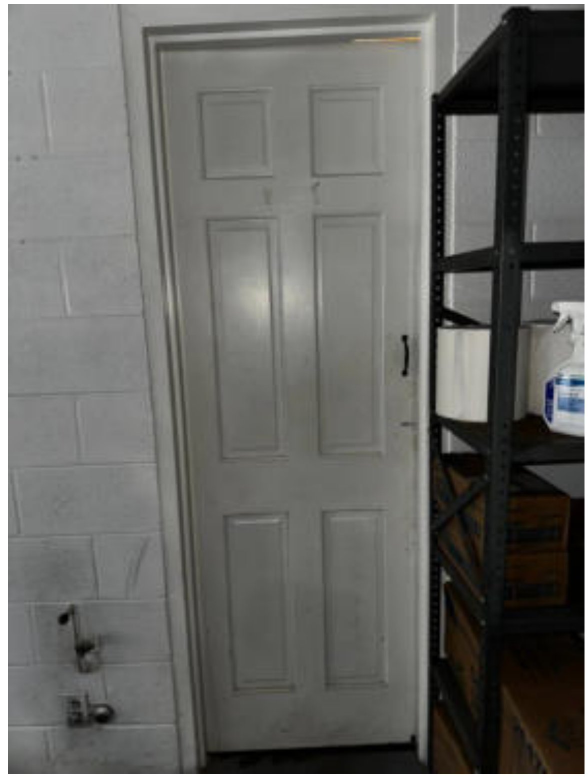


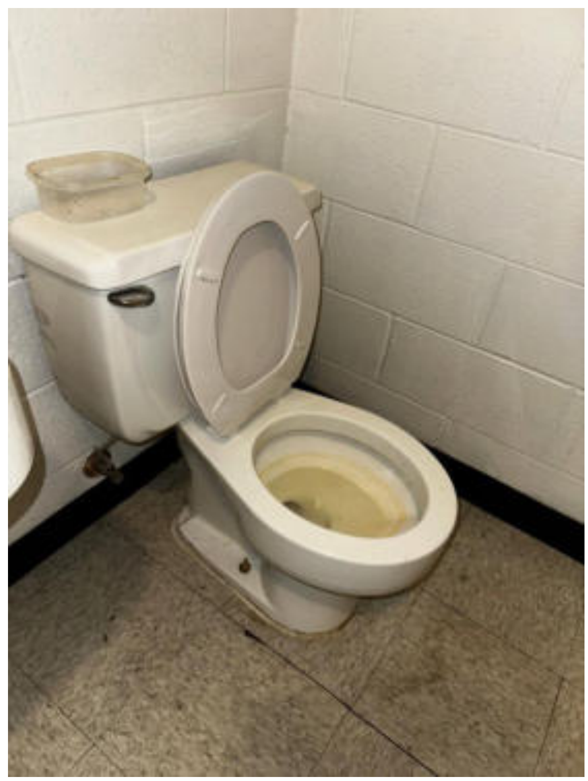




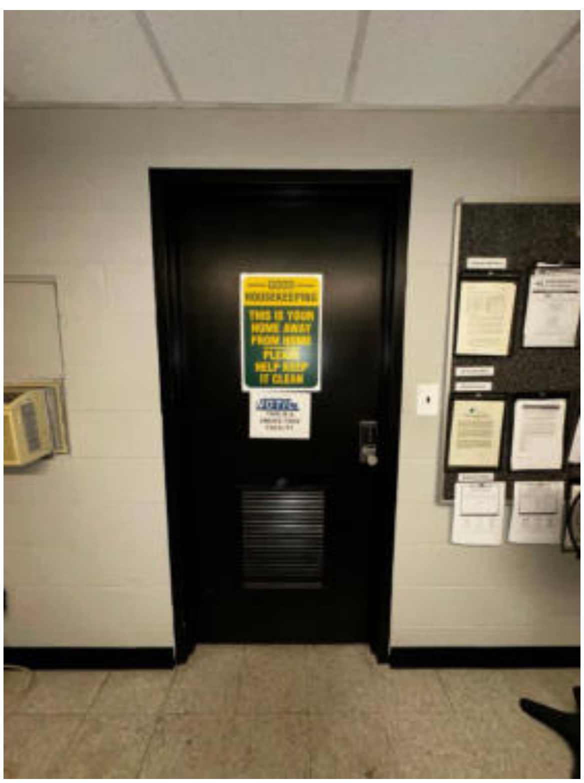


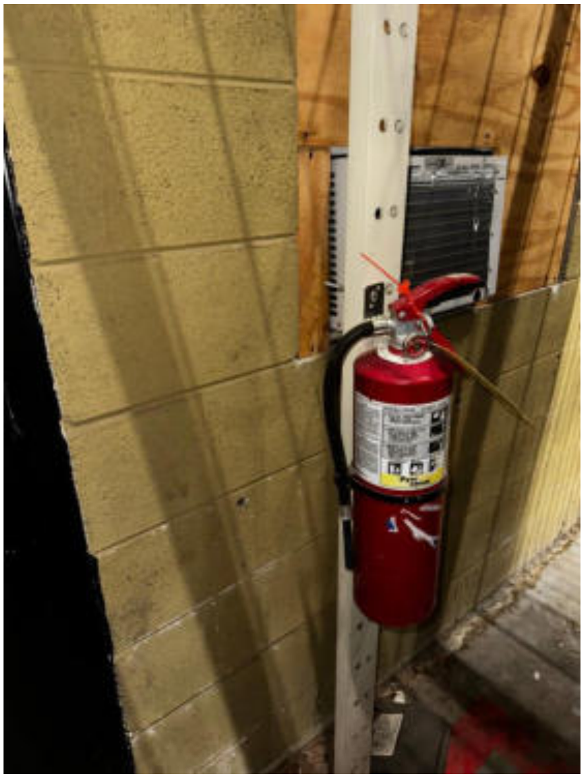

COASTWIDE

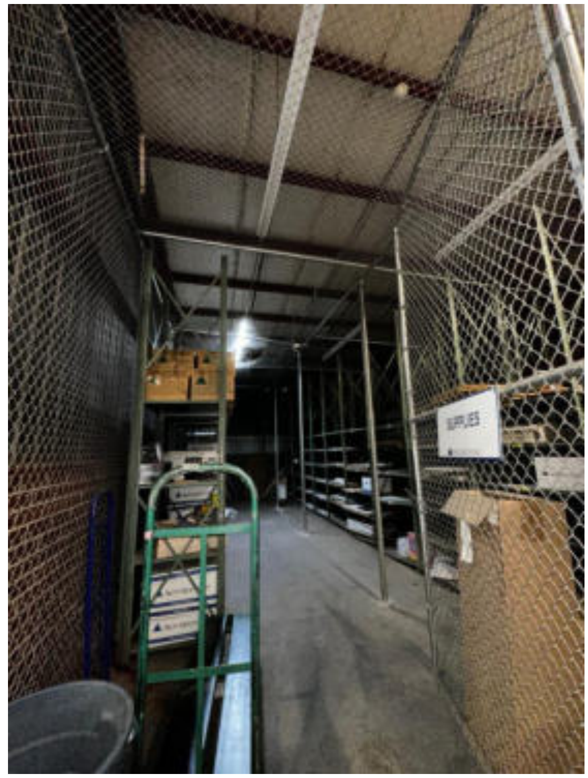




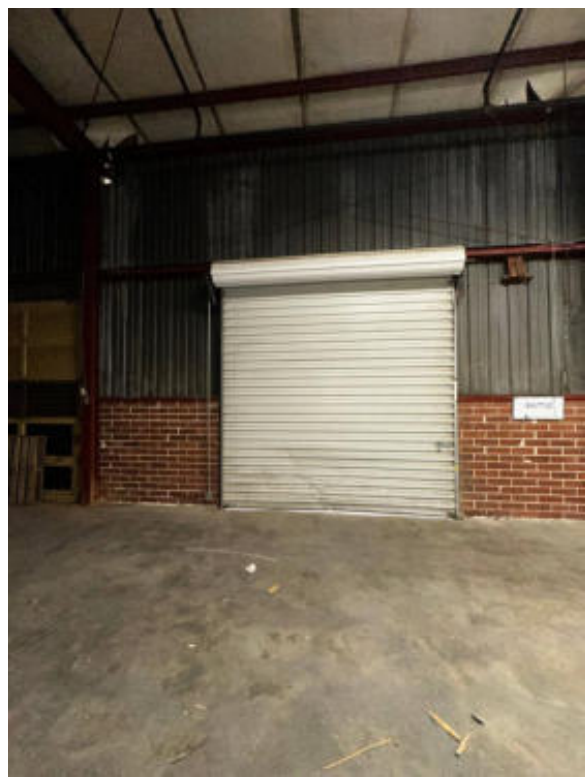

CLEANING
STATION

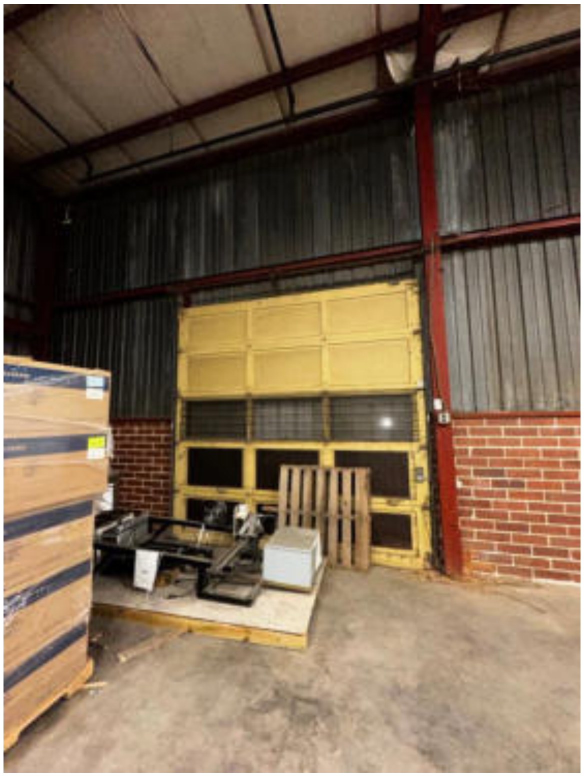


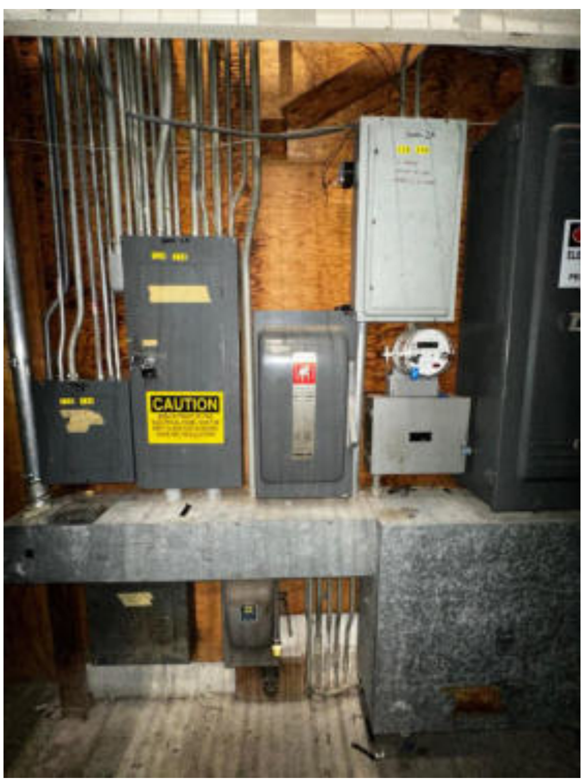


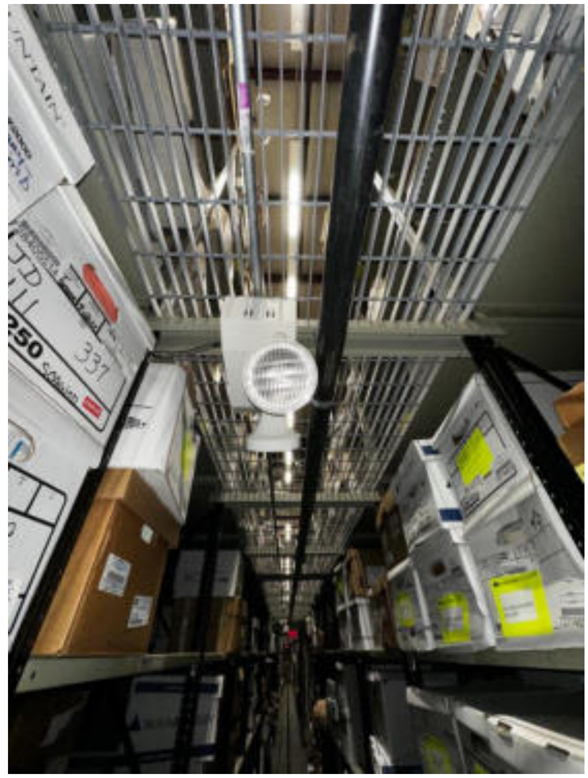

SUPPLIES

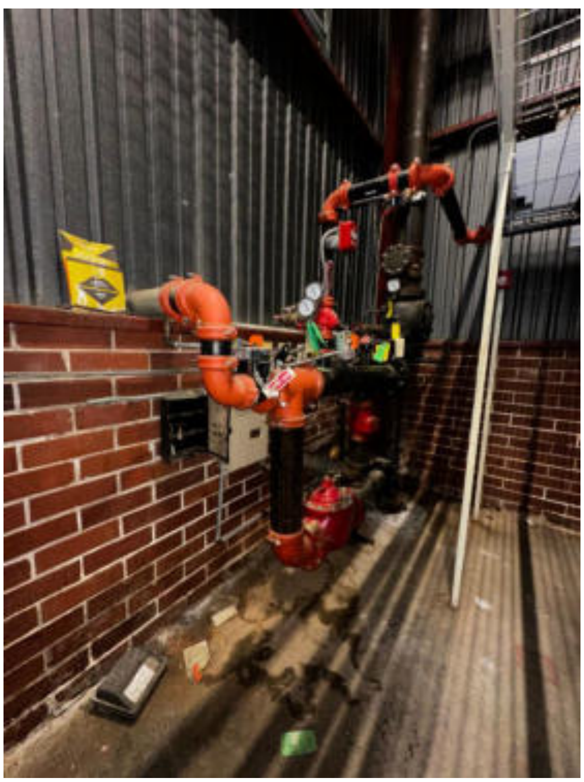

RUSH

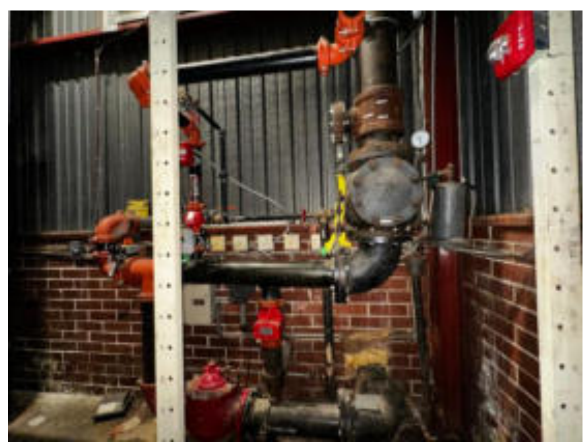


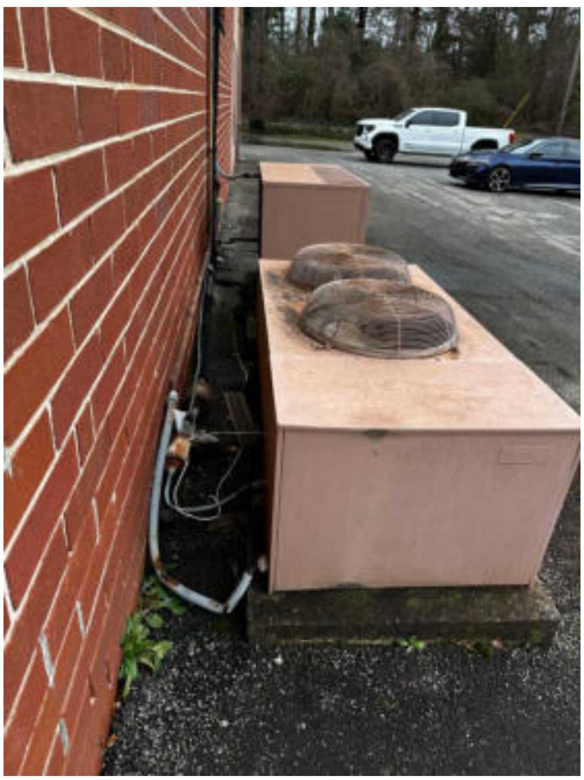



CAUTION










3150

Industrial Unit Information

Tenant	SF	Lease Start Date	Lease Exp. Date	Renewal Options	Contract Base Rent	Contract Base Rent/SF	Collected Base Rent	Collected Base Rent/SF
Iron Mountain Information Management, LLC	29,609	11/29/22	12/31/27	N/A	$190,608	$6.44	$190,608	$6.44
Totals:	**29,609**				**$190,608**	**$6.44**	**$190,608**	**$6.44**

Comments on Condition and Functionality

The subject property was inspected with the assistance of the building superintendent. The subject is a typical industrial building. In general, the subject was observed to be in satisfactory condition and appears to have received adequate maintenance. Deferred maintenance was noted which included the ceiling, windows, and floor of the offices of the subject property. The projected cost to address these items is approximately $50,000. We anticipate a $50,000 cost to cure to remedy these issues. This amount will be deducted from our estimate of market value via the Sales Comparison and Income Approaches to value. We estimate a period of 60 to 90 days to remedy the foregoing deferred maintenance. We do not anticipate any prospective vacancy resulting from this repair work nor any lease-up ramifications.

The property is in adequate demand and is competitive within its local market. Effective age is 20 years with a remaining economic life of 40 years, assuming proper management and maintenance.

In addition, the appraiser inspected the subject's lobby, the office, and the warehouse. Despite our best efforts, we were unable to gain access to some parts of the subject. We thus have not inspected the roof.

A summary of the subject’s individual and aggregate room and unit counts is presented on the following page.

ASSESSED VALUE AND REAL ESTATE TAXES

The subject property is identified by the City of Smyrna as Parcel: 17-0965-0-012-0. Each year's tax liability is typically computed based upon the property's assessed value. The value for the subject's City/County taxes has remained stable over the past several years. Tax rates over the past three years have generally increased. The equalization rate for real property within the City of Smyrna is 0.30%. The subject's current assessed value is $690,000, which implies an equalized market value of approximately $228,855,721 ($690,000 ÷ 0.30%). We note that our opinion of market value for the subject is $3,475,000, which amounts to an equalization rate of 19.86% ($690,000 ÷ $3,475,000). Tax years for City/County taxes begin in July, respectively. The subject's City/County taxes for the period 2021/2022 - 2023/2024 and our projections for the 2024/2025 period are as follows:

CITY/COUNTY TAXES :	Parcel: 17-0965-0-012-0			
LOT 1	2021	2022	2023	2024
Assessment	$690,000	$690,000	$690,000	$690,000
Tax Rate	2.00%	3.04%	3.02%	3.17%
Total Tax	$13,768	$20,942	$20,804	$21,844
% Change Tax Rate		52.10%	-0.66%	5.00%
% Change Taxes		52.10%	-0.66%	5.00%

TOTAL TAX SUMMARY								
YEAR/PERIOD	TAX							
City/County Taxes 2023	$20,804	÷	12	×	11	Month(s)	=	$19,070
City/County Taxes 2024	$21,844	÷	12	×	1	Month(s)	=	$1,820
Total Projected Taxes								$20,890

Real Estate Taxes Conclusion

The subject's total projected taxes for the **February 2024 - January 2025** period amount to $20,890.

VALUATION OVERVIEW

HIGHEST AND BEST USE ANALYSIS

Before proceeding with the specific valuation techniques employed to appraise the subject property, it is necessary to set the proper context by first considering the highest and best use (or uses) of the property.

Highest and Best Use as Though Vacant:

Highest and best use of land or a site as though vacant is defined as: "Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements."

The highest and best use must be legally permissible, physically possible, financially feasible and maximally productive.

In accordance with the regulations of the subject's HI (Heavy Industrial) zoning as detailed in the City of Smyrna zoning code, the legally permissible development of the site as though vacant would be for an industrial building. It is the appraiser's opinion that, if the site were vacant, development of the site with such an improvement in compliance and conformance with the zoning district would be financially feasible and yield the highest net return to the land.

Highest and Best Use as Improved:

It is the appraiser's opinion that neither demolition nor substantial modification of the existing improvement would result in a higher net value return than is currently being achieved. The subject property is in conformance and compliance with current zoning requirements. It is clear that the existing improvements add value to the land. The highest and best use as improved is thus to retain the existing building in its current use.

VALUATION PROCESS:

The subject property consists of a (circa 1963) one-story industrial building.

Given that the objective of this assignment is to form an opinion of the "as is" market value(s) of the property, both the Sales Comparison and Income Approaches will be given consideration in this analysis. Based on the nature of the subject property and scope of this assignment, the appraiser did not use the Cost Approach to value. This approach is not generally considered primarily meaningful in appraising a property of this type and age.

SALES COMPARISON APPROACH

SALES COMPARISON APPROACH

This approach involves direct comparisons between the subject property and similar properties that have been sold in the same or in similar markets, in order to derive a market value indication. The approach represents an interpretation of the actions of buyers, sellers, and investors in the market, and is based upon the principle of substitution, which holds that a prudent person will not pay more to buy a property than it will cost to buy a comparable substitute property. The price paid for a property is usually the result of an extensive shopping process in which available alternatives are compared, based upon the buyer's purchase criteria. When a sufficient number of similar property purchases are made in the current market, the resulting pattern usually provides a good indication of market value.

In applying the Sales Comparison Approach, the appraiser employs the following five steps:

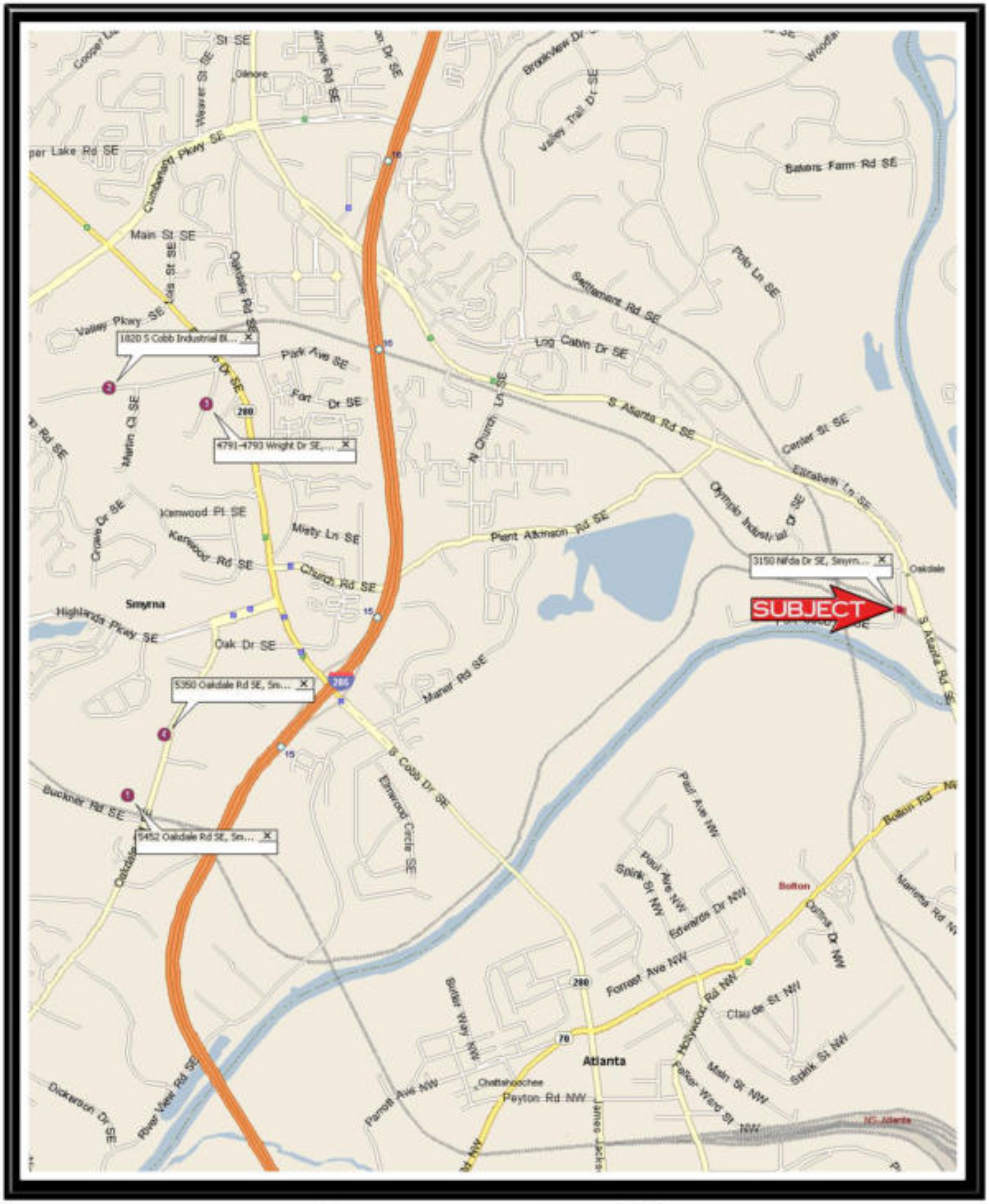
1. Research of the market to identify similar properties for which pertinent sales, listings, offerings, and/or rental data is available.

2. Qualification of the prices as to terms, motivating forces, and bona fide nature.

3. Comparison of important attributes (i.e. property rights conveyed, conditions of sale, financing, time, location, size, age/condition/quality, and miscellaneous considerations) between the comparable sales and the subject property.

4. Consideration of all dissimilarities and their probable effect on the price of each comparable sale to derive individual market value indications for the property being appraised.

5. From the pattern developed, formulation of an indication of market value for the property being appraised.


1820 S Cobb Industrial Bl...
4791-4793 Wright Dr SE,...
5350 Oakdale Rd SE, Sm...
5452 Oakdale Rd SE, Sm...
3150 Nifda Dr SE, Smyrn...
SUBJECT
Smyrna
Atlanta
Bolton
Oakdale
Cumberland Pkwy SE
Main St SE
Valley Pkwy SE
Park Ave SE
Fort Dr SE
Kenwood Pl SE
Kenwood Rd SE
Misty Ln SE
Church Rd SE
Highlands Pkwy SE
Oak Dr SE
Plant Atkinson Rd SE
Maner Rd SE
S Cobb Dr SE
Elmwood Circle SE
Buckner Rd SE
River View Rd SE
S Atlanta Rd SE
Log Cabin Dr SE
Settlement Rd SE
Polo Ln SE
Bakers Farm Rd SE
Center St SE
Elizabeth Ln SE
Olympic Industrial Dr SE
Bolton Rd NW
Paul Ave NW
Edwards Dr NW
Forrest Ave NW
Peyton Rd NW
Parrott Ave NW
Main St NW
Spink St NW
Collins Dr NW
Chattahoochee

SALES MAP

Comparable Sale #1

Location:	5452 Oakdale Rd Se, Smyrna, GA
Block/Lot:	Parcel No. 17068300020
Grantor:	Meridian Brick LLC
Grantee:	5452 Oakdale Road Owner, LLC
Date of Sale:	12/28/2023
Sale Price:	$14,500,000
Interest Conveyed:	Leased Fee
Financing:	All cash to seller.
Site Description	
Size:	1,711,034 SF
Shape:	Irregular
Utilities:	All available
Easements:	None noted
Topography:	Level with street grade. No flood issues noted.
Zoning:	HI
Floor Area Ratio:	0.07
Property Description:	One-story, 120,000 square foot industrial building (constructed circa 1971) with 1 unit.
Occupancy:	100.00%
Distance from Subject:	2.27 miles
Summary	
Price per Sq. Foot:	$121

Comparable Sale #1 Photo

Comparable Sale #2

Location:	1820 S Cobb Industrial Blvd Se, Smyrna, GA
Block/Lot:	Parcel No. 17061900180
Grantor:	1820 South Cobb Industrial Boulevard, LLC
Grantee:	Exeter 1820 S Cobb Industrial, llc
Date of Sale:	8/14/2023
Sale Price:	$5,750,000
Interest Conveyed:	Leased Fee
Financing:	All cash to seller.
Site Description	
Size:	127,631 SF
Shape:	Irregular
Utilities:	All available
Easements:	None noted
Topography:	Level with street grade. No flood issues noted.
Zoning:	HI
Floor Area Ratio:	0.37
Parking Ratio:	53%
Property Description:	One-story, 46,920 square foot industrial building (constructed circa 1984) with 1 unit.
Occupancy:	100.00%
Distance from Subject:	2.36 miles
Summary	
Price per Sq. Foot:	$123

Comparable Sale #2 Photo

Comparable Sale #3

Location:	4791-4793 Wright Dr (Part Of A 2 Property Sale), Smyrna, GA
Block/Lot:	Parcel No. 17069100090, and 17069100080 & 17069100070
Grantor:	4776 Wright Llc
Grantee:	MEK Business Park LLC
Date of Sale:	2/3/2023
Sale Price:	$2,500,000
Interest Conveyed:	Leased Fee
Financing:	All cash to seller.
Site Description	
Size:	27,878 SF
Shape:	Irregular
Utilities:	All available
Easements:	None noted
Topography:	Level with street grade. No flood issues noted.
Zoning:	HI
Floor Area Ratio:	0.86
Property Description:	One-story, 23,847 square foot industrial building (constructed circa 1995) with 1 unit.
Occupancy:	100.00%
Distance from Subject:	2.08 miles
Summary	
Price per Sq. Foot:	$105

Comparable Sale #3 Photo

Comparable Sale #4

Location:	5350 Oakdale Rd Se, Smyrna, GA
Block/Lot:	Parcel No. 17068200020
Grantor:	Atlanta Metal Inc
Grantee:	CRE CAPITAL POO1 LLC
Date of Sale:	9/7/2022
Sale Price:	$2,650,000
Interest Conveyed:	Leased Fee
Financing:	All cash to seller.
Site Description	
Size:	187,308 SF
Shape:	Irregular
Utilities:	All available
Easements:	None noted
Topography:	Level with street grade. No flood issues noted.
Zoning:	LI
Floor Area Ratio:	0.15
Parking Ratio:	300%
Property Description:	One-story, 28,500 square foot industrial building (constructed circa 1987) with 1 unit.
Occupancy:	100.00%
Distance from Subject:	2.15 miles
Summary	
Price per Sq. Foot:	$93

Comparable Sale #4 Photo

Adjustments to Comparable Sales

Property Rights Conveyed/Conditions of Sale

This adjustment reflects the type of conveyance (fee simple, leased fee, or leasehold interest) as well as conditions of sale, which may be either arms length, or referee or bank foreclosure and re-conveyance. Where applicable and available, information regarding special financial considerations (such as the 421-a and J-51 tax benefit programs in New York City) specific to a particular sale is considered as well.

Financing

Financing considerations include third-party conventional financing, special financing and seller financing, each of which can affect a property's perceived market value (i.e. the price a typical well-informed buyer would be willing to pay for the property).

Time (Changes in Market Conditions)

An adjustment necessary to reflect changes in market conditions (inflation/deflation, supply/demand) between the time of sale of a comparable property and the date of valuation of the subject, if any such changes are noted.

Location

An adjustment pertaining to location characteristics that affect the desirability, and therefore the value, of a particular property. Locational factors and their significance often vary with the type of property being appraised; for example, factors significant to a residential property are typically quite different than those important to, say, an industrial property. Location characteristics considered may include existing improvements and/or development patterns in the area, view and/or recreational amenities, quality of local schools, proximity to shopping areas, traffic levels, visibility and exposure, the type and quality of municipal services offered, adequacy of public transportation and population trends.

Size

The size of any building is a significant consideration in its valuation due to the correlation between building size and income stream, which impacts profitability. Generally, smaller buildings will be traded in the marketplace at higher prices per unit of measurement than larger ones. Therefore, differing property sizes may require adjustments between the subject property and the comparable sales, depending on whether each one is larger or smaller than the subject.

Age/Condition/Quality

A property's age, condition, and underlying construction quality are possibly the most obvious physical indications of value. This category considers the overall condition of the comparable as well as its functional and aesthetical suitability for its intended use.

Amenities/Miscellaneous

This category includes, but is not limited to, amenities (as relevant to the subject's property type) such as usable cellar/attic space, elevators, doorman service, a laundry room, a workout room, rooftop terraces, on-site parking, and other such features. Other characteristics considered may include ceiling height (for warehouse and industrial buildings in particular), storage sheds or other accessory structures on the site, site shape and topography, zoning regulations, and the like. Where applicable and available, information regarding the sales' rental income levels is reviewed and compared to the subject. In addition, where relevant we analyze the subject's land-to-building area ratio in comparison to the sales', and also consider any excess/surplus land and unused FAR/development rights. Another factor considered is whether the buildings are of similar story heights (e.g. for certain building types, one-story buildings generally tend to be more valuable than multi-story buildings with the same total floor area).

Adjustment Grid

The adjustment grid on the following page is utilized to illustrate the comparative factors judged to be of significance by the appraisers. The adjustments are stated in percent relationship and are made from the perspective of the subject property to the comparable. Therefore, a positive (+) adjustment indicates that the subject is judged to be superior to the comparable in a particular adjustment category, while a negative (-) adjustment indicates that the subject has been judged to be inferior as it relates to the comparable. Where no adjustment is made, this indicates that the appraisers have judged that the degree of difference between the subject and the comparable does not warrant one.

The adjustments made to each comparable are totaled to arrive at a net adjustment, which is then added to a factor of 1 for multiplication purposes. The resulting adjustment factor is then applied to the respective time adjusted per unit price to arrive at an indicated value for the subject property.

Comparable Sales Grid

	Sales	Date	No. Bldg. Units	Year Built	Sale Price	Abv. Grade Building Area SF	Distance from Subj.	$/SF Above Grade	Prop. Rts/Cd of Sale	Adj. Price/ SF	Finan-cing	Adj. Price/ SF	Time	Adj. Price/ SF	Location	Size	Age/ Cond./ Quality	Adj. Misc.	Total Adj.	Adj. Price/ SF	Adj. Price/ Unit
	Subject:	1/26/2024	1	1963		29,609	0.0														
1	5452 Oakdale Rd Se	12/28/2023	1	1971	$14,500,000	120,000	2.3	$120.83	$0	$120.83	$0	$120.83	0.4%	$121.31	0.0%	15.0%	5.0%	-15.0%	5.0%	$127.38	$15,285,483
2	1820 S Cobb Industrial Blvd Se	8/14/2023	1	1984	$5,750,000	46,920	2.4	$122.55	$0	$122.55	$0	$122.55	2.3%	$125.32	0.0%	7.5%	-5.0%	10.0%	12.5%	$140.98	$6,614,961
3	4791-4793 Wright Dr (Part Of A 2 Property Sale)	2/3/2023	1	1995	$2,500,000	23,847	2.1	$104.83	$0	$104.83	$0	$104.83	4.9%	$109.96	-5.0%	0.0%	5.0%	0.0%	0.0%	$109.96	$2,622,260
4	5350 Oakdale Rd Se	9/7/2022	1	1987	$2,650,000	28,500	2.2	$92.98	$0	$92.98	$0	$92.98	6.9%	$99.43	5.0%	0.0%	10.0%	-10.0%	5.0%	$104.40	$2,975,369
	Average		1	1984	$6,350,000	54,817	2.2	$110.30							Adj. Avg.		$120.68				
	Median		1	1986	$4,200,000	37,710	2.2	$112.83							Adj. Median		$118.67		Indic. Val./	SF	$120.00
	Min.		1	1971	$2,500,000	23,847	2.1	$92.98							Adj. Min.		$104.40		Base Value:		$3,553,080
	Max.		1	1995	$14,500,000	120,000	2.4	$122.55							Adj. Max.		$140.98		Add./Ded.:		-$68,864
																			Est. Mkt.	Value:	$3,475,000

EXPLANATION OF ADJUSTMENTS

This valuation is primarily to assist in developing the most accurate basis for comparing the subject property to recent comparable sales. This method of valuation seeks to compare the comparable sales to the subject property in terms of: (i) Property Rights Conveyed/Condition of Sale; (ii) Financing; (iii) Time; (iv) Location; (v) Size of the property; (vi) Age/Condition/Quality and (vii) Amenities/Miscellaneous.

Property Rights Conveyed/Conditions of Sale

All of the comparable sales appear to be arms-length transactions. The subject is being appraised on the basis of its Leased Fee interest. As all of the sales represent Leased Fee transfers, no adjustments for conditions of sale or property rights have been rendered.

Financing

Where available, we have reviewed the recorded mortgage instruments at time of conveyance for the comparable sales. To our knowledge, all of the comparable sales were conveyed all cash to seller and thus no adjustments for financing are required.

Time (Changes in Market Condition)

Based on our analysis of the real estate market conditions affecting the comparable sales compared to conditions as of the valuation date, a 5% annual adjustment for time is necessary. It is our opinion that industrial building market values within the subject's market area have generally increased overall during the time period since the earliest of the selected comparable sale transactions occurred and that an estimated 5% per year adjustment is appropriate to reflect this trend.

Location

Physical location, with all of its attendant characteristics and considerations, directly influences the value of any property. The subject property is located along the south side of Nifda Drive Southeast to the west of Port Cobb Drive. Local shopping areas are located along the Marietta Boulevard Northwest. Sales Nos. 1 and 2 were both observed to be similar to the subject property in terms of location and did not require adjustment. Sale No. 4 is situated within a location that is considered less desirable than the subject's location and was thus adjusted upward. Sale No. 3 is situated within a location that is deemed superior to the subject's location and was consequently adjusted downward.

Size

The subject building contains 29,609 square feet. Each of the comparable sales has been adjusted based on the similarity or dissimilarity in size to the subject property. Sales Nos. 3 and 4 are both relatively close in size compared to the subject property and did not require adjustment. Sales Nos. 1 and 2 are significantly larger than the subject and were thus adjusted upward to account for the subject's smaller size and higher relative value per area unit.

Age/Condition/Quality

The subject property is a construction erected circa 1963. Our inspection revealed that the building is in satisfactory condition and the subject appears to have received adequate maintenance. Sales Nos. 1, 3 and 4 are all deemed inferior to the subject with respect to age and condition, and were consequently adjusted upward. Sale No. 2 appears to be superior to the subject in terms of age and condition, and was thus adjusted downward.

Amenities/Miscellaneous

Our miscellaneous adjustments reflect the following considerations: Sales Nos. 3 and 4 have higher ceilings compared to the subject, requiring downward adjustments. Sale No. 1 has more truck bays than the subject, requiring a downward adjustment. All of the sales have relatively less office space compared to the subject, requiring upward adjustments. Sale No. 4 has relatively more parking in comparison to the subject, requiring a downward adjustment. Sales Nos. 2 and 3 have relatively less parking in comparison to the subject, requiring upward adjustments. Sales Nos. 1, 3 and 4 all have higher land-to-building ratios than the subject, requiring downward adjustments.

Comp. No.	# Tenants	Vacancy	Avg. Rent /SF	Bldg. Type	Year Built	Ceiling Height	Adj.	# Loading Docks	# Drive Ins	Adj.	% Office	Adj.	# Parking Spaces	Parking Ratio per 1,000 SF	Adj.	# Stories	Adj.	Land: Bldg. Ratio	Adj.	Net Misc. Adjust.
Subject	1	0%	$7.71	Industrial Building	1967	16		5	1		20%		50	1.7		1		2.06:1		
1	1	0%		Industrial Building	1971	20	0.0%	0	14	-10.0%	10%	5.0%	n/a	(n/a)	0.0%	1	0.0%	14.26:1	-10.0%	**-15.0%**
2	1	0%		Industrial Building	1984	20	0.0%	5	1	0.0%	9%	5.0%	25	0.5	5.0%	1	0.0%	2.72:1	0.0%	**10.0%**
3	1	0%		Industrial Building	1995	24	-2.5%	0	8	0.0%	7%	5.0%	10	0.6	2.5%	1	0.0%	1.17:1	-5.0%	**0.0%**
4	1	0%		Industrial Building	1987	32	-5.0%	6	3	0.0%	10%	5.0%	100	3.5	-5.0%	1	0.0%	6.57:1	-5.0%	**-10.0%**

Sales Comparison Approach Valuation Conclusion

During the course of this analysis, we compared and adjusted the above-mentioned comparable sales to the subject property in terms of property rights conveyed, conditions of sale, financing, location, size, etc. Each sale was reviewed after adjustment on a price per square foot basis in order to establish a meaningful range of comparison.

Based on the foregoing analysis, we have developed our indicated value parameters on an adjusted price per square foot basis. This index of comparison affords us the narrowest and thus most reliable range in values from which to form an indication of the subject's market value via the Sales Comparison Approach. The adjusted price per square foot value indication reflects a range from $104 to $141. The average value of all sales is $121 per square foot. In consideration of the above analysis, it is our opinion that the subject is anticipated to achieve a market value of $120 per square foot. Our estimated value per SF is weighted on all comparable sales, as they all lend considerable support to the subject property.

In light of the range of data presented and the current state of the real estate market, the subject's market value is indicated to be approximately $3,553,080 ($120/square foot x 29,609 square feet). To this value, we must reflect the following:

Base Indication	$3,553,080
Less Rent Shortfall[1]	$18,864
Market Value Indication (As Is)	**$3,484,216**
Rounded	**$3,475,000**

Thus, the subject's indicated market value via the Sales Comparison Approach, as of January 26, 2024, is:

MARKET VALUE INDICATION VIA SALES COMPARISON APPROACH

$3,475,000

Approach	Value	$/Unit	$/SF	Overall Rate	GRM
Sales Comparison	$3,475,000	$3,475,000	$117	4.70%	15.28

[1] See Income Approach section of this report for derivation of this deduction.

COST APPROACH

For reasons set forth within the Valuation Overview section of this report, the Cost Approach to value has not been developed in this appraisal.

INCOME APPROACH

In arriving at a value indication via the Income Approach, the following steps are taken:

1. Estimate the annual Potential Gross Income of the property based on the actual leases in effect and/or on comparable rental data.

2. Deduct from Gross Potential Income the estimated loss of income resulting from vacancies and/or non-collections to arrive at an estimate of Effective Gross Income.

3. Estimate the expenses that are anticipated to be incurred in the operations of the property. The total expenses are deducted from Effective Gross Income to arrive at an estimate of net operating income (NOI - income before debt service, income taxes and depreciation).

4. Derive a capitalization rate by reference to the return requirements of the equity and capital (mortgage) markets and/or implied capitalization rates from comparable sale transaction. Utilized the appropriate method(s) of capitalization to convert the NOI into a value indication via direct capitalization. In addition, or alternatively, the income stream may be capitalized using GRM (Gross Rent Multiplier) or DCF (Discounted Cash Flow) analyses.

Analysis of Estimated Income and Expenses

The estimates of income and expenses provided in this appraisal represent a projection of operations for the one-year period commencing with the valuation date (1/26/2024-1/25/2025). Relevant documentation regarding the subject's occupancy and associated income has been submitted by the property management and this information has been reviewed and utilized in estimating the subject's Potential Gross Income (PGI).

The appraisers were not supplied with historical operating expenses, since the subject was purchased fairly recently and no expense information was available yet. Our projections of operating expenses for the subject property during the projection period are based on current market conditions and on our experiences with properties similar to the subject.

Gross Income Estimate: Industrial Space

The subject property contains approximately 29,609 square feet of industrial space. As of the date of valuation, the subject’s space was occupied and encumbered by leased.

A summary of the subject’s industrial rental income is presented on the following pages. For vacant or owner-occupied spaces, rent figures utilized are based on market indications as detailed subsequently in this section.

SUBJECT INDUSTRIAL UNIT NO. 1

LOCATION:	3150 Nifda Drive Southeast Smyrna, Georgia
TENANT:	Iron Mountain Information Management, LLC
USAGE:	Industrial
STARTING DATE:	11/29/2022
EXPIRATION DATE:	12/31/2027
RENEWAL OPTIONS:	N/A
SIZE (SF):	29,609
CONTRACT RENT:	$227,447 (Includes $190,608 in base rent plus real estate tax contribution of $20,890, plus CAM contribution of $15,949.)
CONTRACT RENT/SF:	Base rent: $6.44; Total rent: $7.68
COLLECTED RENT:	$227,447 (Includes $190,608 in base rent plus real estate tax contribution of $20,890, plus CAM contribution of $15,949.)
COLLECTED RENT/SF:	Base rent: $6.44; Total rent: $7.68
PROJECTED TOTAL RENT:	$227,447 (Indicates appraiser's current projected rent, which is ascertained by comparing both contract and collected rent to our estimate of market rent. Includes $190,608 in base rent plus real estate tax contribution of $20,890, plus CAM contribution of $15,949.)
PROJECTED TOTAL RENT/SF:	Base rent: $6.44; Total rent: $7.68
PROJECTED TOTAL RENT AT ANNUAL RENEWAL:	$233,165 (Indicates appraiser's current projected rent, which is ascertained by comparing both contract and collected rent to our estimate of market rent. Includes $196,326 in base rent plus real estate tax contribution of $20,890, plus CAM contribution of $15,949.)
PROJECTED TOTAL RENEWAL RENT/SF:	Base rent: $6.63; Total rent: $7.87
PROJECTED STABILIZED TOTAL RENT:	$228,400 (Projected Stabilized Total Rent is a synthesis of the Projected Total Rent of $227,447 and the Projected Total Rent at Annual Renewal of $233,165 during the one-year projection period.)
PROJECTED STABILIZED TOTAL RENT/SF:	$7.71

ANNUAL ESCALATIONS:

Period Start	Nov-2022	Jan-2024	Jan-2025	Jan-2026	Jan-2027
Period End	Dec-2023	Dec-2024	Dec-2025	Dec-2026	Dec-2027
Rent	$185,056	$190,608	$196,326	$202,216	$208,282
Rent/SF	$6.25	$6.44	$6.63	$6.83	$7.03
% Increase	N/A	3.00%	3.00%	3.00%	3.00%

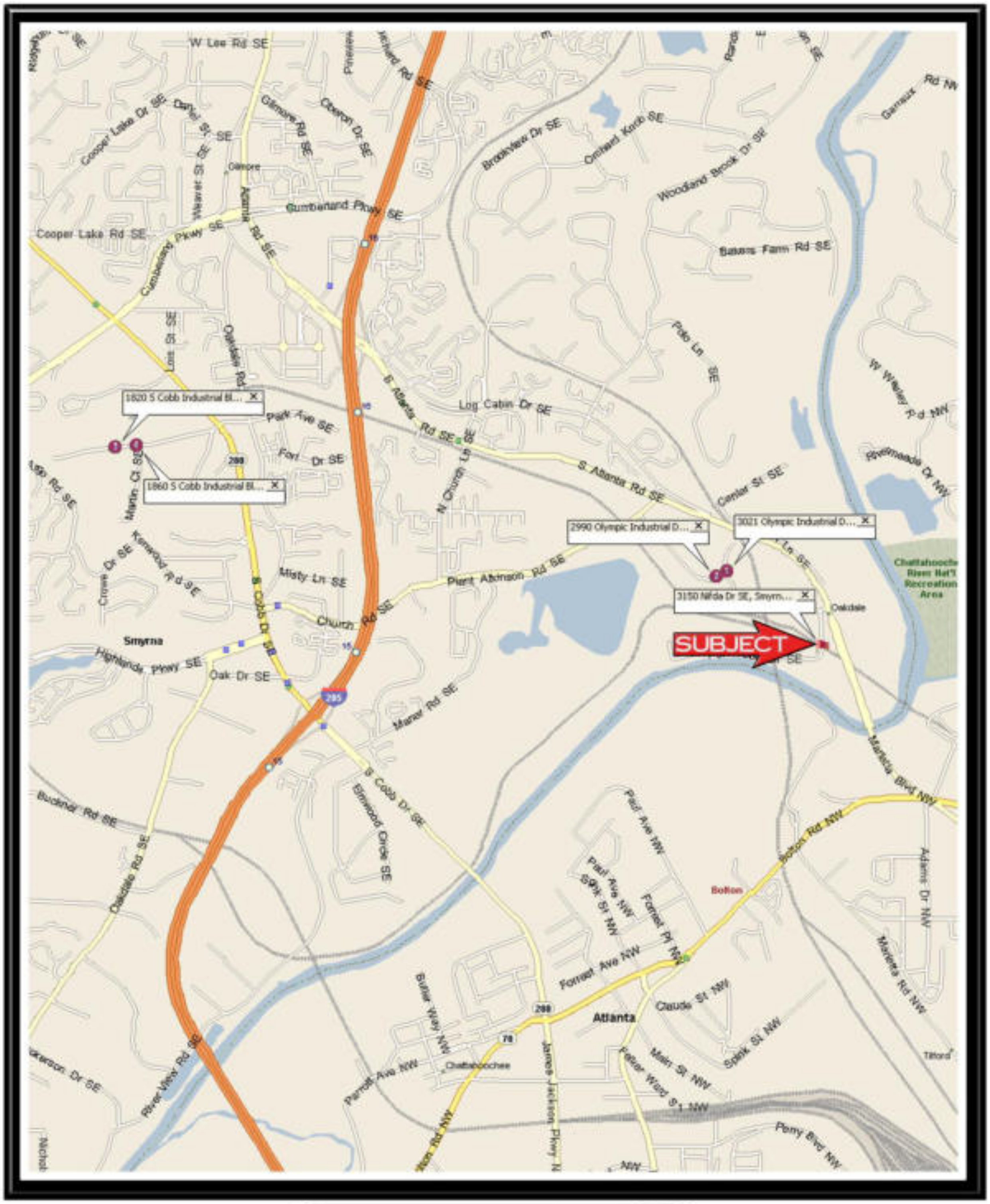
REAL ESTATE TAX CONTRIBUTION: 100.00% of all real estate taxes.

Current R.E. Taxes	Difference	% Contribution	$ Contribution
$20,890	**$20,890**	**100.00%**	**$20,890**

COMMENTS: Tenant is responsible for 100% of real estate taxes as well as 100% of CAM. Additionally the tenant is responsible for maintaining the premises. This tenant is paying a rent that is well below market and the lease is expiring shortly. Consequently, the appraisers have applied a market rent and considered the rent shortfall between market and current contract rents below. We have accounted for the rent shortfall regarding the difference in market and contract rent for the specified time period and deducted this amount from our estimate of market value via the Sales Comparison and Income Approaches to value.

Market Rent Estimate: Industrial Space

The subject includes 1 industrial space which is 29,609 square feet. We have surveyed comparable rentals in the subject's vicinity in support of the rent currently being achieved for this space and as a measure of upside or downside income potential. The results of our survey are as follows:


1820 S Cobb Industrial Bl...
1860 S Cobb Industrial Bl...
2990 Olympic Industrial D...
3021 Olympic Industrial D...
3150 Nifda Dr SE, Smyrn...
SUBJECT
W Lee Rd SE
Cooper Lake Rd SE
Cumberland Pkwy SE
Park Ave SE
S Atlanta Rd SE
Log Cabin Dr SE
Plant Atkinson Rd SE
Church Rd SE
Highlands Pkwy SE
Oak Dr SE
Smyrna
S Cobb Dr SE
Bolton Rd NW
Marietta Blvd NW
Atlanta
Bolton
Oakdale
Chattahoochee River Nat'l Recreation Area

RENTAL MAP

Comparable Industrial Rentals

No.	Address	Unit/ Floor	Year Built/ Renov.	Type/Use	Start Date	Term	Space (SF)	Adjusted Annual Base Rent/SF	Direct Services	Distance From Subj.	Leasing Company	Lease Type	Mos. on Market
1	3021 Olympic Industrial Dr SE	1st	1970	Industrial	3/1/2022	n/a	36,730	$6.84	NNN	0.39	Colliers	Effective	18 Mos
2	2990 Olympic Industrial Dr SE	1st	1969	Industrial	3/1/2022	n/a	22,940	$7.65	NNN	0.39	Wilson, Hull & Neal, Prologis, Inc.	Effective	18 Mos
3	1820 S Cobb Industrual Blvd SE	1st	1984	Industrial	n/a	n/a	46,920	$7.35	NNN	2.38	Exeter 1820 S Cobb Industrial, LLC	Asking	n/a
4	1860 S Cobb Industrial Blvd SE	1st	1965	Industrial	n/a	n/a	27,136	$9.23	NNN	2.30	AMC Cobb Holdings, LLC	Asking	n/a

Comparable Rentals Adjustments Grid

No.	Address	Space (SF)	Base Rent/SF	Location	Size	Age & Cond.	Terms	Misc.	Net Adj.	Gross Adj.	Adjusted Base Rent/SF
Min.	3150 Nifda Drive Southeast	29,609	$7.68								
Max.	Smyrna	29,609	$7.68								
Avg.	Georgia	29,609	$7.68								
1	3021 Olympic Industrial Dr SE	36,730	$5.95	5%	5%	0%	0%	5.0%	15%	15%	$6.84
2	2990 Olympic Industrial Dr SE	22,940	$6.95	5%	0%	0%	0%	5.0%	10%	10%	$7.65
3	1820 S Cobb Industrual Blvd SE	46,920	$6.00	5%	8%	0%	0%	10.0%	23%	23%	$7.35
4	1860 S Cobb Industrial Blvd SE	27,136	$9.00	5%	0%	0%	0%	-2.5%	3%	8%	$9.23

	Space (SF)	Base Rent/SF
Average	33,432	$6.98
Median	31,933	$6.48
Min	22,940	$5.95
Max	46,920	$9.00

Adj. Average	$7.77
Adj. Median	$7.50
Adj. Min	$6.84
Adj. Max	$9.23

Comparable Rentals Photos

3021 Olympic Industrial Dr SE

2990 Olympic Industrial Dr SE

1820 S Cobb Industrual Blvd SE

1860 S Cobb Industrial Blvd SE

During the course of our analysis, we surveyed industrial rentals, leases, and listings within the subject's vicinity. All of the comparable rentals surveyed constitute recent rental transactions and no adjustment for market conditions apply. Due to qualitative and quantitative differences between the subject and the other properties surveyed, certain adjustments were made to the comparable rentals. Adjustment categories considered include Location, Size, Age/Condition/Quality, and Misc./Terms which covers such considerations as differing terms (e.g. gross vs. net), time adjustments for older comparables, availability of parking, basement/attic space, ceiling height, and other miscellaneous factors as relevant.

All of the comparable rentals are situated within locations that are considered less desirable than the subject's location and were thus adjusted upward.

Rentals Nos. 2 and 4 are both relatively close in size compared to the subject property and did not require adjustment. Rentals Nos. 1 and 3 are both significantly larger than the subject and were thus adjusted upward to account for the subject's smaller size and higher relative value per area unit.

All of the comparable rentals appear to be similar to the subject property in terms of age/condition/quality and did not require adjustment.

All of the comparable rentals have lease terms similar to the subject's and did not require adjustment.

Our miscellaneous adjustments reflect the following considerations: Rental No. 4 has a higher ceiling compared to the subject, requiring a downward adjustment. Rental No. 2 has more loading docks than the subject, requiring a downward adjustment. Rentals Nos. 2 and 3 have relatively less office space compared to the subject, requiring upward adjustments. Rentals Nos. 1, 2 and 3 all have relatively less parking in comparison to the subject, requiring upward adjustments.

Comp. No.	Ceiling Height Range	Adj.	Drive-Ins	Adj.	Loading Docks	Adj.	% Office	Adj.	Parking Ratio per 1,000 SF	Adj.	Stories	Adj.	Net Miscellaneous Adjustment
Subject	16		1		5		20%		1.7		1		
1	20	0.0%	1	0.0%	4	0.0%	(n/a)	0.0%	0.8	5.0%	1	0.0%	**5.0%**
2	19	0.0%	1	0.0%	24	-5.0%	0%	5.0%	0.4	5.0%	1	0.0%	**5.0%**
3	20	0.0%	1	0.0%	5	0.0%	9%	5.0%	0.5	5.0%	1	0.0%	**10.0%**
4	26	-2.5%	2	0.0%	2	0.0%	21%	0.0%	1.2	0.0%	1	0.0%	**-2.5%**

Our analysis of the above comparable industrial space rentals after adjustments reveals a market rent range of $6.84/SF to $9.23/SF annually for triple net leases, with the indicated probable market rent being approximately $7.50/SF. Information regarding our rental survey was gathered from a variety of sources.

Leases in the subject's market are typically classified by rent basis, which specifies what operating expenses are included and excluded in the rent. The most common rent bases are:

Full Service

All costs of operation are paid by the landlord up to a base year or expense stop. In some parts of the U.S., this rent basis is called Full Service Gross.

Modified Gross

Any arrangement whereby the tenant pays one or more of the expenses covered by the landlord in a Full Service lease, but not all of the expenses as in a Triple Net lease. Modified Gross leases cover a range of lease types and terminologies used in various markets around the nation. Some of the more common are Industrial Gross, Single Net and Double Net. The definitions of these bases vary from market to market depending on the expenses they include or exclude.

Net of Electric

A popular form of Modified Gross, this is like a Full Service lease, but the tenant pays for his or her electric charges either to the utility company (according to a meter) or to the landlord on a pro rata basis. In the Northeast, this arrangement may be called Full Service Gross Plus Electric.

Triple Net

All costs of operation including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a pro rata basis.

We note that this analysis is based on triple net lease terms as defined above. We have considered the above findings in estimating the subject's income potential and in analyzing any existing rents vis-à-vis market indications. Rents significantly outside of the indicated range are adjusted to reflect a market-indicated rent. We note that all of the comparable rentals are triple net leases so no itemized adjustment for lease terms or miscellaneous adjustment is required.

Industrial Projected Potential Gross Income Conclusion

Based on the above analysis, Projected Potential Gross Income from the subject's industrial space is presented below:

Projected Potential Gross Industrial Income

Tenant	Proj. Base Rent	Proj. Base Rent/SF	Proj. RETax Contrib.	Proj. RETax Contrib. /SF	Proj. Add'l Contrib.	Proj. Add'l Contrib. /SF	Projected Base Rent at Annual Renewal	Projected Base Rent at Annual Renewal/SF	Projected RETax Contrib. at Annual Renewal	Projected RETax Contrib. at Annual Renewal/SF	Projected Additional Contrib. at Annual Renewal	Projected Additional Contrib. at Annual Renewal/SF	Projected Stabilized Base Rent	Projected Stabilized Base Rent/SF	Projected Stabilized RETax Contrib.	Projected Stabilized RETax Contrib./SF	Projected Stabilized Additional Contrib.	Projected Stabilized Additional Contrib./SF	Total Projected Stabilized Rent	Total Projected Stabilized Rent/SF
Iron Mountain Information Management, LLC	$190,608	$6.44	$20,890	$0.71	$15,949	$0.54	$196,326	$6.63	$20,890	$0.71	$15,949	$0.54	$191,561	$6.47	$20,890	$0.71	$15,949	$0.54	$228,400	$7.71
Totals:	**$190,608**	**$6.44**	**$20,890**	**$0.71**	**$15,949**	**$0.54**	**$196,326**	**$6.63**	**$20,890**	**$0.71**	**$15,949**	**$0.54**	**$191,561**	**$6.47**	**$20,890**	**$0.71**	**$15,949**	**$0.54**	**$228,400**	**$7.71**

Please note that the Projected Stabilized Total Rent is a synthesis of the Projected Total Rent and the Projected Total Rent at Annual Renewal during the one-year projection period. The Projected Total Rent constitutes the appraiser's opinion of the subject's achievable industrial rent as of the date of valuation. The Total Rent at Annual Renewal represents the appraiser's projection of the subject's achievable rent within one year of the date of valuation. Projected Stabilized Total Rent is the sum of the proportionate share of both Projected Total Rent and Projected Total Rent at Annual Renewal.

Deduction for Sub-Market Contract Rent (Rent-Shortfall)

The subject has one tenant for which market rent is being applied on a stabilized basis, but which is currently encumbered by an existing lease with a contract rent that is significantly below market. In order to account for the reduced income that will be in effect until the lease expires, we calculate the amount of the rent shortfall (i.e., the difference between market rent and contract rent), and then take the present value of this shortfall over the remaining term by discounting it at an estimated "safe" yield rate of 7.5%, as follows:

Tenant	Current Rent/Annum	Market Rent/Annum	Annual Rent Shortfall	Date Market Rent Applies	Years Remaining	PV of Annuity Factor	PV of Shortfall
Iron Mountain Information Management, LLC	$227,447	$233,165	$5,718	1/1/2028	3.93	3.299058	$18,864
						Total:	**$18,864**

As illustrated, the rent shortfall has a present value of $18,864. This amount will be deducted from the base value indication in arriving at a market value conclusion for the subject.

Potential Gross Income Conclusion

Based on our analysis of area market rents and industrial lease, our estimates of the subject's actual and projected Potential Gross Income are as follows:

Potential Gross Income Summary		
Income Category	**Modified Actual Income**	**Projected Income**
Industrial	$227,447	$228,400
Total Income	**$227,447**	**$228,400**

EXPENSE ANALYSIS

(1/26/2024-1/25/2025)

Leases within the subject's market are generally executed on a triple-net basis, with the tenants responsible for all or most building expenses or their pro-rata share thereof. Such expenses typically include real estate taxes, insurance, utilities, and most repairs required to maintain the building. However, there are additional expenses incurred that a typical owner pays. Additionally, because real estate tax contributions have been included in the property income, the tax amount is included here too as an expense item.

As noted earlier in this report, the appraisers were not supplied with historical operating expenses for the subject. In estimating appropriate operating expenses for the subject property, we have relied upon our experience with similar properties and, where applicable, analyzed comparable building operating statements and various professional publications that reflect similar operating information. We have based our estimates primarily on our survey of operating expense information from comparable industrial buildings located within the Smyrna area and general vicinity.

Real Estate Taxes - $20,890

Please refer to the Real Estate Tax section of this report.

Insurance - $8,547

The appraisers have utilized an insurance industry standard for commercial buildings to estimate the subject's insurance premium for 2024 by applying the following formula: Total Insurable Value (TIV) x $.4 (Commercial Property Insurance Rate/$100 of TIV) ÷ 100 x an inflationary factor. Thus, $1,925,000 TIV x .4 ÷ 100 = 7,700 x 1.11 = $8,547. Total projected insurance cost for 2024 thus amounts to $8,547which amounts to $8,547/unit or $.28/SF.

Legal, Audit & Professional - $2,000

Though ownership does not report a legal and audit expense, the appraisers believe the projected cost is appropriate. Taking into account the subject's building size, we estimate legal, audit and professional costs to amount to $2,000.

Repairs, Maintenance & Supplies - $7,402

Though ownership does not report a repairs and maintenance expense, the appraisers believe the projected cost is appropriate. We have selected $7,402 per annum ($0.25 per square foot) as a viable indication of this cost to the ownership.

Management - $5,339

A typical management fee amounts to 1% to 6% of Effective Gross Income depending on property size, rent levels, etc. Applying a management fee of $5,339 amounts to $0.18 per SF or 2.5% of Effective Gross Income (EGI is estimated to be $213,554).

Reserves for Replacement - $5,922

Reserve for replacement cost reflects the accrued annual expense for the periodic replacement of both short-term and long-term building items. Based on our experience with properties similar to the subject, we have ascribed a reserves for replacement cost of $5,922 ($0.20 per SF).

Vacancy and Credit/Collection Loss

In consideration of the anticipated demand for the subject, and based on historical and current occupancy levels within the subject's general vicinity, we have ascribed an estimated stabilized vacancy and credit loss of 6.50%. We note that short-term vacancy rates tend to fluctuate (often considerably) in response to changes in economic conditions as well as supply and demand. However, the direct income capitalization technique considers not short-term fluctuations, but rather stabilized long-term operating characteristics.

General Comments

The subject's total expense burden of $50,100 amounts to $1.69 per square foot.

HISTORICAL & PROJECTED INCOME & EXPENSES

Subject: 3150 Nifda Drive Southeast Smyrna Georgia

		Per Unit	Per Room	Per SF		Per Unit	Per Room	Per SF	% Change	Proforma	Per Unit	Per Room	Per SF	% Change	Market Projection	Per Unit	Per Room	Per SF	% Change
P.G.I.		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$228,400	$228,400	N/A	$7.71	N/A
R.E. Taxes		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$20,890	$20,890	N/A	$0.71	N/A
Insurance		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$8,547	$8,547	N/A	$0.29	N/A
Fuel		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$0	$0	N/A	$0.00	N/A
Common Area Utilities		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$0	$0	N/A	$0.00	N/A
Water & Sewer		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$0	$0	N/A	$0.00	N/A
Repair/Maint/Supplies		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$7,402	$7,402	N/A	$0.25	N/A
Inter/Exter Decorating		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$0	$0	N/A	$0.00	N/A
Elevator Maintenance		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$0	$0	N/A	$0.00	N/A
Payroll		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$0	$0	N/A	$0.00	N/A
Legal & Audit		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$2,000	$2,000	N/A	$0.07	N/A
Management		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$5,339	$5,339	N/A	$0.18	N/A
Miscellaneous		$0	N/A	$0.00		$0	N/A	$0.00	N/A		$0	N/A	$0.00	N/A	$0	$0	N/A	$0.00	N/A
Reserves		N/A	N/A	N/A		N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A	$5,922	$5,922	N/A	$0.20	N/A
TOTAL EXPENSES	$0	$0	N/A	$0.00	$0	$0	N/A	$0.00	N/A	$0	$0	N/A	$0.00	N/A	$50,100	$50,100	N/A	$1.69	N/A

Pro Forma – Estimated Income and Expenses 1/26/2024-1/25/2025

	$ Amount	PSF	Per Unit	Per Room
Income				
Residential Income	$0	$0.00	$0	$0
Industrial Base Income	$191,561	$6.47	$191,561	$0
Industrial RE Tax Contributions	$20,890	$0.71	$20,890	$0
Industrial Additional Contributions	$15,949	$0.54	$15,949	$0
Other Income	$0	$0.00	$0	$0
Potential Gross Income	**$228,400**	**$7.71**	**$228,400**	**$0**
Less Residential/Other V&C Loss @ 5.0%	$0	$0.00	$0	$0
Less Industrial V&C Loss @ 6.5%	$14,846	$0.50	$14,846	$0
Effective Gross Income	**$213,554**	**$7.21**	**$213,554**	**$0**
Operating Expenses				
R.E. Taxes	$20,890	$0.71	$20,890	$0
Insurance	$8,547	$0.29	$8,547	$0
Fuel	$0	$0.00	$0	$0
Common Area Utilities	$0	$0.00	$0	$0
Water & Sewer	$0	$0.00	$0	$0
Repairs/Maint./Supplies	$7,402	$0.25	$7,402	$0
Interior/Exterior Decorating	$0	$0.00	$0	$0
Elevator Maintenance	$0	$0.00	$0	$0
Payroll	$0	$0.00	$0	$0
Legal & Audit	$2,000	$0.07	$2,000	$0
Management	$5,339	$0.18	$5,339	$0
Miscellaneous	$0	$0.00	$0	$0
Reserves	$5,922	$0.20	$5,922	$0
Total Operating Expenses	**$50,100**	**$1.69**	**$50,100**	**$0**
Total Expenses Excluding RE Taxes	**$29,210**	**$0.99**	**$29,210**	**$0**
Net Operating Income	**$163,454**	**$5.52**	**$163,454**	**$0**
Operating Expense Ratio (EGI)	***23.46%***			

DIRECT INCOME CAPITALIZATION ANALYSIS

Capitalization refers to the conversion of income into value, and a Capitalization Rate is any rate used to convert income into value. Direct Capitalization is defined as:

> A capitalization technique that employs capitalization rates and multipliers extracted from sales. Only the first year's income is considered. Yield and value change are implied, but not identified.[2]

Direct Capitalization is also defined as:

> A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor.[3]

We have selected the Mortgage-Equity Technique (Ellwood Method) in order to derive a reliable overall capitalization rate for capitalizing the subject's estimated net income.

The Mortgage-Equity Technique (Ellwood Method) utilizes a formula to calculate an overall capitalization rate based on a series of input variables that reflect the mortgage financing and equity investment components of the total property yield. Conceptually, the Ellwood formula builds on the "basic" weighted rate (weighted average of mortgage return rate and equity yield rate) by applying adjustments to reflect equity buildup over time as well as anticipated appreciation/depreciation of the property's value over the investor's holding period. By design, this formula is applicable only to properties with a stabilized income stream that may be expected to change according to specific growth patterns.

Overall Capitalization Rate Development via Mortgage-Equity Technique

The Mortgage-Equity Technique recognizes that real estate investors typically purchase property using a combination of mortgage financing and equity funds. Mortgage financing is favored by investors because it offers the opportunity for positive leverage and gives investors the ability to control properties that would otherwise be beyond their means.

The yield to the equity investor reflects the cash flows that provide for return of, and on, the initial equity investment. The yield requirement of the mortgage lender is expressed as a mortgage constant based on currently available mortgage terms. In addition to these two core components, the Ellwood Method also accounts for equity buildup as well as the expected change (typically, appreciation) in property value during the holding period. Equity buildup reflects the fact that as mortgage payments are made, the remaining loan principal is gradually reduced, while the investor's equity position increases correspondingly.

In all investments, the element of recapture is central. The investor expects a return on investment capital as well a return of the investment itself. Recapture of the mortgage is accomplished through amortization over the investment term, with a balloon payment at the end of the investment term if any balance remains. Recapture of the equity investment is achieved through the operating cash

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[2] Dictionary of Real Estate Appraisal (4th edition, 2002), published by the Appraisal Institute, Chicago, Illinois.

[3] Ibid.

flows and from the proceeds of a hypothetical property sale at the end of the holding period. The equity growth on the annual equity dividend rate to produce the equity yield rate is based on the use of the sinking fund factor to discount and annualize the equity buildup and value appreciation.

Equity Yield Rate Selection

A yield rate to the equity investor has been selected through a combination of financial and real estate market information, indicating the prospective rate of return necessary to attract long-term real estate investment capital. In addition, we must also consider the risk characteristics inherent to the subject and its operating environment. These include market absorption and vacancy rates, and the economic stability of the local market area. The search for a yield rate begins in the financial markets, which offer rates on current alternative instruments as economic benchmarks. Investors are typically guided psychologically by the ten-year Treasury Note rate, which was approximately 4.14% as of the valuation date.

Although not considered a meaningful alternative investment vehicle, the note rate does represent a benchmark reflective of the costs of debt capital, with minimal ("baseline") risk and appreciation components. Considering the higher risks associated with real estate investment, as well as the management requirements and impairment of liquidity, an upward adjustment must be made to this rate indication.

The subject property consists of a (circa 1963) one-story industrial building. It appears to have received adequate maintenance and is located within the City of Smyrna. The element of risk in this investment would not be perceived as unusually high by most investors in our opinion, nor will illiquidity or management be unusual burdens in this locality. Based on these considerations, placing greatest reliance on local real estate market information, it is our opinion that an equity yield rate of 7.00% would be sufficient to attract investment capital to the subject property based on the subject's location.

Mortgage Rate Selection

The second key component in the Ellwood formula consists of the mortgage rate, which is expressed as an annual constant and is based on the particular terms of the anticipated mortgage. Consideration must be given to the availability of financing and mortgage terms. A recent survey was conducted in order to more accurately reflect local lending requirements within the subject's general community. Our survey included lending institutions (primarily banks) that offer collateralized loans throughout the metropolitan New York City area and the surrounding environs. We note that the subject's Smyrna location is considered a primary investment area by most lending institutions.

Lending rates generally ranged from 150 to 250 basis points above the 10-year Treasury, depending on property type, location, size, occupancy, and other pertinent factors affecting risk. Spreads tend to fluctuate in response to changes in the 10-year Treasury rate; as the yield falls, spreads often increase, and as the yield rises, spreads may decrease. This tends to have a stabilizing effect on financing rates. Furthermore, lending rates tend to have an inverse relationship to loan size; i.e. smaller loans often have somewhat higher rates than comparable larger loans.

Taking into account the subject's location, condition, and other pertinent factors, we would expect a mortgage at 175 basis points above the ten-year treasury, for an interest rate of 5.89%. In addition, the typical loan-to-value ratio for properties similar to the subject supports 70% for debt and 30% towards equity. The basic rate normally accounts for the major part of the overall rate. The composition of the basic rate is usually defined with an algebraic formula, but it can also be demonstrated by a regular band of investment.

Expectation of Appreciation/Depreciation

The adjustment for anticipated increase or decrease in property is akin to the recapture allowance used in other capitalization techniques. When there is no expectation for depreciation or appreciation in value, no adjustment is required. The subject property is located within the City of Smyrna.

Based on the inputs discussed above, our application of the Mortgage-Equity Technique is presented on the following page.

Basic Assumptions			
Ratio to Value		Mortgage: 70%	Equity Position: 30%
Term/Holding Period		25 Years	10 Years
Rate: Interest/Yield		5.89%	7.00%
Mortgage Constant			
	25 Years	7.65%	
	10 Years	13.26%	
Mortgage:	70% (D)	x 7.65%	= 5.36%
Equity:	30%	x 7.00%	= 2.10%

Weighted Rate			=7.46%
Less Credit for Equity Build-Up			
5.89%	Loan,	Years: 25	
	Constant:	7.65%	
	Interest Rate	5.89%	
	Amortization:	1.76%	(A)
5.89%	Loan,	Years: 10	
	Constant:	13.26%	
	Interest Rate:	5.89%	
	Amortization	7.37%	(B)
% Paid Off	(A)/(B)	= 23.91%	(C)
Sinking Fund Fact. @ 7.00% for 10 years:		7.24%	(E)
Amount Paid Off:			
	Based on % Paid Off:	23.91%	(B)
	Mortgage Ratio:	70%	(C)
	Sinking Fund Factor:	7.24%	(E)
(C)	x (D)	x (E)	
23.91%	x 70%	x 7.24%	= 1.21%
Unload for Appreciation/Depreciation**			
Projected Appreciation Rate Over Holding Period:		1.00%	/Year
Total Compounded Appreciation of 10.46% x Sinking Funds Factor:			
10.46%	x 7.24%		= 0.76%
		Overall Rate:	**5.49%**
		Rounded Overall Rate:	**5.50%**

**Adjustment to the basic rate to reflect an expected change in overall property value. If the value change is positive (appreciation), the overall capitalization rate is reduced to reflect this anticipated monetary benefit; if the change is negative (depreciation) the overall capitalization rate is increased.

Based upon the data presented, our analysis of the subject property, the overall marketplace, published real estate investment criteria, and our calculation of a capitalization rate using the Mortgage-Equity technique, it is our opinion that an Overall Capitalization Rate for the subject property of 5.50% is viable for our development of a market value indication via this approach.

Additional market extracted cap rate support is presented below:

	Property Address	Date of Sale	Sales Price	Building SF	No. Units	Occupancy	Overall Cap Rate
1	1300 Canton Hwy, Marietta, GA	12/21/2022	$5,627,076	48,525	1	100.00%	6.50%
2	2501 S Main St, Kennesaw, GA	1/6/2023	$3,028,280	4,800	1	100.00%	6.35%
3	3619 Cantrell Industrial Ct Nw, Acworth, GA	7/21/2023	$1,350,000	10,550	1	100.00%	6.00%
4	2285 Northwest Pky, Marietta, GA	7/15/2022	$9,564,630	28,822	1	100.00%	5.40%

The subject's market value indication is calculated as follows:

$163,454 ÷ 5.50% =	$2,971,892
Less Rent Shortfall	$18,864
Less Cost to Cure[4]	$50,000
Market Value Indication (As Is)	**$2,903,028**
Rounded	**$2,900,000**

Thus, the subject's indicated market value, as of January 26, 2024, is:

MARKET VALUE INDICATION VIA DIRECT INCOME CAPITALIZATION

$2,900,000

Approach	Value	Price/Unit	Price/SF	Overall Rate	GRM
Income	$2,900,000	$2,900,000	$98	5.64%	12.75

[4] This deduction reflects those items detailed in the "Comments on Condition and Functionality" found within the Description of the Improvements section of this report.

REPLACEMENT COST NEW/INSURABLE VALUE

REPLACEMENT COST NEW, FOR INSURANCE PURPOSES (“INSURABLE VALUE”)

In this section, we estimate the replacement cost new of the subject building improvements. *Replacement cost new* is the total cost of construction required to replace a building, as if in new condition, with a substitute of like or equal utility using current standards of material and design. The cost is arrived at by multiplying the building area(s) by adjusted per-square-foot replacement costs. The costs are conventionally derived from published construction cost survey manuals, such as the Marshall Valuation Service cost manual, published by Marshall & Swift. This manual is recognized as an industry standard and is the source used in this analysis.

The term *insurable value* is often used in place of replacement cost new. However, there is a subtle difference between these two expressions. Per the Marshall manual, insurable value may be defined as “Value used by insurance companies as the basis for insurance. Often considered to be replacement or reproduction cost plus allowances for debris removal or demolition less deterioration and uninsurable items. Sometimes cash value or market value, but often entirely a cost concept.”

The Marshall manual makes the salient point that “Insurance exclusions or additions are a matter of underwriting and not a matter of valuation; the appraiser must know the type of coverage and the company policy regarding underwriting and claims before he prepares his report. Also, these items in some cases may be controlled by local governmental rules and regulations.” Because of the nuances and complexities involved in arriving at an insurable value, in this analysis we provide only the replacement cost new and not the true insurable value. However, we have included the more familiar term in headings because it is more familiar to many readers.

The Marshall manual makes the salient point that “Insurance exclusions or additions are a matter of underwriting and not a matter of valuation; the appraiser must know the type of coverage and the company policy regarding underwriting and claims before he prepares his report. Also, these items in some cases may be controlled by local governmental rules and regulations.” In this case the client defines the exclusions as well as additional indirect costs to be included according to the engagement letter. These additional indirect cost items include “…releasing expense, building permits, reconstruction fees, and owner’s supervision expense for reconstruction. Excluded items include land value, site improvements, and entrepreneurial profit.” Our analysis of replacement cost presented below does not include any of the excluded items. To account for the additional indirect cost items, we apply a -5% addition to the replacement cost estimate.

For this property, the applicable data was taken from the Marshall Valuation Service cost manual, section/page 14/14 (industrial building). We have selected the cost factors presented on the following page to estimate the replacement costs of the subject’s improvements. The factors do not include land cost/value but are inclusive of most primary hard & soft costs.

In certain instances, the unit cost utilized may be an interpolated figure. For example, if a building is constructed with a combination of Class A and Class C construction techniques, it may be most accurate to calculate the construction cost based on a unit cost interpolated between Class A and Class C unit costs for the appropriate building type. As another example, for a building with a partially finished cellar, the cellar unit cost may be an interpolation between unfinished and finished cellar unit costs.

The listed cost(s) per square foot will be modified by a cost multiplier and a location multiplier, each appropriate to the prevailing cost levels in the subject property's region. Following is an itemized breakdown of Replacement Cost New of the subject’s improvements:

REPLACEMENT COST NEW / "INSURABLE VALUE"

Occupancy Type:					industrial building		
Construction Class:					C		
Quality:					Average		
Building Height:					one stories		
Building Size (Gross SF):							
Estimated Cost New:							14/14
Marshal Valuation Section/Page:							
Estimate Cost per SF:							66.5
Heating Cost Modification per SF:							
							——————
Base Building Cost:							66.5
Multiplier Refinements:							
Height Adjustment:					1		
Perimeter Adjustment:					1		
Current Cost Multiplier (Eastern):					1.09		
Local Cost Multiplier:					0.94		
Other Adjustment:					1		
					—————		
Combined Refinements:					1.0246		
Adjusted Base Building Cost per SF:							$68.14
Estimated Cost New:			29,609	x	$68.14	=	$2,017,436
Cellar Costs:	0	x		x	1.0246	=	$0
Other Costs:							
							——————
Replacement Cost New:							$2,017,436
Additional Indirect Cost Items:			-5%				-$100,872
Total Replacement Cost New:							$1,916,564
Rounded:							$1,925,000

REPLACEMENT COST NEW CONCLUSION: $1,925,000

RECONCILIATION

RECONCILIATION & FINAL VALUE OPINION

The approaches utilized have yielded the following value indications:

Approaches	Value	$/Unit	$/Room	$/SF	Overall Rate	GRM
Cost **As-Is**	N/A	N/A	N/A	N/A	N/A	N/A
Sales Comparison **As-Is**	$3,475,000	$3,475,000	N/A	$117	4.70%	15.28
Income **As-Is**	$2,900,000	$2,900,000	N/A	$98	5.64%	12.75

The appraisers were requested to form an opinion of the "as is" market value(s) of the Leased Fee Estate in the subject property. To this end, we have utilized both the Sales Comparison and Income Approaches to Value. The Cost Approach was not developed in this appraisal since the subject property does not constitute a specialty use; rather it is a property that would be purchased for its income potential, occupancy, or alternative use. Furthermore, reliable estimates of depreciation and obsolescence are difficult and subjective due to the type and age of the subject's improvements. It is, therefore, our opinion that this approach is of limited applicability in this context. Consequently, it has been omitted from this analysis.

The subject property's type of realty in the local market is preponderantly wholly or partially owner occupied, with the prevailing motivation of ownership being not for investment purposes requiring a competitive return, but rather as an integral part of a business. There is recurrent market evidence that prices paid for properties comparable to the subject are higher than what the capitalization of market-supported income projections would support. The Sales Comparison Approach is based on a comparison of recent market conveyances of properties to comparable the subject property. All sales information is obtained from published market data.

In the Income Approach, our analysis of the subject's reported or estimated income and expenses, and our evaluation of these figures in light of current market conditions and comparable market data enabled us to establish a supportable estimate of the subject's current Net Operating Income. After applying market-reflective yield and mortgage rates, and considering typical terms and availability of financing, a viable capitalization rate was selected and utilized to arrive at a value indication.

Our employment of both the Sales Comparison and Income Approaches resulted in a relatively narrow range of value indications. The Sales Comparison Approach directly reflects the actions of participants in the market and is often utilized as a test of reasonableness for the Income Approach when appraising income-producing properties. For properties that are typically wholly or partially owner occupied, this approach is often considered to be a primary indicator of value. The degree of reliability placed on this approach is in direct relation to the availability and comparability of the sales data. We have cited sales of four properties located within the subject's market.

Nominal reliability has been afforded to the income approach based on the fact that the investment criteria utilized by typical investors in the subject's marketplace would require a substantially higher yield requirement and thus lower purchase price than that which would be considered reasonable by the typical owner-user. Nonetheless, our application of the Income Approach in light of these considerations does lend considerable support to the value indication arrived at via the Sales Comparison Approach.

Based on the foregoing analysis, we have based our value conclusion on the Income Approach exclusively. Our final opinion of the "as is" market value(s) for the subject's Leased Fee Estate, as of January 26, 2024, is:

Three Million Four Hundred Seventy Five Thousand Dollars

$3,475,000

Exposure and Marketing Periods:

Based on recent activity within the subject's market, we estimate that the typical exposure period of an industrial building is approximately 9-12 months to time of sale. A similar marketing period is anticipated based on current market conditions.

ADDENDA

DocuSign Envelope ID: A0772A3A-DCD4-4C80-B33F-35CE9BD1EFBD

WESTROCK APPRAISAL

WestRock Appraisal Services Inc.
500 S Australian Avenue, Suite 600
West Palm Beach, FL 33401
973.937.8762
WestRockAppraisal.com

Appraisal Address To:	The Lesser Group Avrumie Furst 1481 47th Street Brooklyn, NY 11219 af@thelesergroup.com
Property Addresses Being Appraised:	3150 Nifda Drive Southeast Parcel: 17-0965-0-012-0 Smyrna, GA 30080
Interest Appraised:	Leased Fee Interest
Purpose of the Appraisal:	Determine As-Is Market Value
Type of Appraisal/Report:	Complete Appraisal/Summary Report
Type/Size of Property:	Industrial Building-1 Unit
Due Date:	Two weeks from execution of this letter
Fee:	$2,400.00(50% down and 50% upon completion)
Payment Options:	In advance, see following page
Purpose of Appraisal:	Asset Analysis
Appraisal Report Delivery:	**Unless instructed to the contrary and regardless of who satisfies the fee requirement of this appraisal, only the lender named above will receive a copy of the appraisal.**

APPRAISAL STANDARDS: This appraisal will:

1) Adhere to generally accepted professional appraisal standards and reporting guidelines of the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Foundation;
2) Comply with appraisal regulations of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA); and
3) Comply with the appraisal rules and regulations of the Office of Thrift Supervision (OTS).

If for any reason the undersigned cannot deliver the report according to the agreed upon schedule, you will be contacted immediately.

Respectfully submitted,
WESTROCK APPRAISAL SERVICES

S. Romer

STEVEN R. RØMER, MAI, President
NYS Certified General R.E. Appraiser
I.D. No. 46000000719

Appraisal Institute MAI

Agreed to and accepted by:

DocuSigned by:
Avrumi Furst
75AABATC3A004F4...

Name

1/12/2024

Date

Florida | Georgia | Mississippi | South Carolina | North Carolina | Virginia | Kentucky | Maryland | Delaware | New Jersey
New York | Pennsylvania | Connecticut | Massachusetts | Ohio | Indiana | Illinois | Michigan | Texas | Oklahoma | Nebraska | Arizona |
Idaho | Washington | Oregon | Utah | Nevada | California

WAREHOUSE LEASE

LEASE COVER PAGE

Date November 29, 2022

LESSOR:
LG Georgia Commercial LLC
c/o The Leser Group, Ltd.
1481 47th Street
Brooklyn, New York 11219
Attention: Abraham Furst

with a copy to:

Frenkel, Hershkowitz & Shafran LLP
49 West 37th Street
New York, New York 10018
Attn: Joseph M. Hershkowitz, Esq.

LESSEE:
Iron Mountain Information Management, LLC
a Delaware limited liability company
One Federal Street, Boston, MA 02110
Attn: Real Estate Department

with a copy to:

Iron Mountain Information Management, LLC
a Delaware limited liability company
One Federal Street, Boston, MA 02110
Attn: Legal Department

1.1
PREMISES ADDRESS: 3150 Nifda Dr., Smyrna, GA 30080

SQUARE FEET OF PREMISES: Approximately 29,609 square foot Building

1.2
COMMENCEMENT DATE: November 29, 2022

EXPIRATION DATE: December 31, 2027

TERM: Commencing on the Commencement Date and expiring on the Expiration Date.

1.3
RENT: $6.25 per square foot of the Premises per annum, increasing annually on each anniversary of the Commencement Date by three percent (3%); provided, however, if the Commencement Date is not the first day of a calendar month, such increase shall occur on each anniversary of the first day of the month immediately following the month in which the Commencement Date occurs.

1.4
PERMITTED USE OF PREMISES: General purposes of warehousing, receiving, storing, shipping and management of goods and chattel (both consumer and commercial), property (personal and otherwise), paper and

WAREHOUSE LEASE

THIS LEASE is made and entered into as of the day and year set forth on the Lease Cover Page by and between the Lessor and Lessee described on the Lease Cover Page.

WITNESSETH:

For and in consideration of the rents and covenants hereinafter set forth, Lessor hereby leases to Lessee and Lessee hereby rents from Lessor the following-described Premises upon the following terms and conditions:

ARTICLE I
PREMISES

1.1 **Premises**. Lessor, for and in consideration of the rents, covenants and agreements hereinafter set forth and hereby agreed to be paid, kept and performed by Lessee, does hereby lease to Lessee, and Lessee hereby leases from Lessor the Premises described in paragraph 1.1 of the Lease Cover Page, which are more particularly delineated on the diagram attached hereto as Exhibit A and incorporated herein by this reference (hereinafter referred to as the "Premises"). The Premises consists of the entire building (the "Building") located on the real property located at 3150 Nifda Dr., Smyrna, GA 30080 (the "Property"). Lessor represents and warrants that Lessor is the fee owner of the Premises and Property and has full right and authority to lease the Premises to Lessee on the terms and conditions set out herein. Lessee accepts the Premises "as-is" and waives any obligation of Lessor to deliver the Premises in any particular condition. Lessee agrees that it is fully familiar with and has accepted and approved all matters relating to the Premises, including zoning, condition of title, soils conditions, environmental status, and the physical condition and suitability of the Premises for Lessee's intended purposes. Lessee agrees that neither Lessor, nor any party purporting to act on behalf of Lessor, has made any representation or warranty with respect to the condition of the Premises except as expressly set forth herein.

ARTICLE II
TERM

2.1 **Term**. The Term and Commencement Date of this Lease are set forth in paragraph 1.2 of the Lease Cover Page. Lessor and Lessee hereby acknowledge that Lessee has been occupying the Premises prior to the Commencement Date, but that the terms and conditions of this Lease shall govern from and after the Commencement Date.

ARTICLE III
RENT

3.1 **Rent**. During the Term, Lessee shall pay to Lessor without demand, deduction, or offset (except as otherwise provided herein) as rent for the Premises, the amounts set forth in this Section 3.1 ("Rent"). The Rent shall be payable in advance on the first day of each calendar month during the term of this Lease. In the event the term of this Lease commences or ends on a day other than the first day of the calendar month, then the rental for such partial month shall be prorated in the proportion that the number of days that this Lease is in effect during such partial month bears to the total number of days in such month, and such rental shall be paid upon the commencement of such month. Lessor and Lessee acknowledge and agree that Rent shall be paid in accordance with the table set forth below:

Lease Year	Rate per Square Foot	Annual Rent	Monthly Payment
1	$6.25	$185,056	$15,421.33
2	$6.44	$190,608	$15,884.00
3	$6.63	$196,326	$16,360.50
4	$6.83	$202,216	$16,851.33
5	$7.03	$208,282	$17,356.83
6* * (partial year)	$7.25	$214,531	$17,877.58

3.2 **Late Charge**. Any delinquent payment of Rent shall bear interest at a rate of interest that is equal to two (2) percentage points over the then prime rate of interest as published in the Wall Street Journal. This provision shall in no way affect the right of Lessor to declare Lessee in default of this Lease for the failure to pay Rent or other sums payable hereunder on the day that the same is due.

ARTICLE IV
ABSOLUTE NET LEASE AND TAXES

4.1 **Absolute Net Lease**. This Lease shall be deemed and construed to be an absolute net lease, it being the intent hereof that Lessor shall receive, except as herein otherwise specifically provided, all Rent and other charges payable hereunder free from any charges, taxes, assessments, fees, impositions, expenses, set-offs or deductions of any and every kind or nature whatsoever, including real estate taxes.

4.2 **Taxes**. Lessee shall pay all real estate taxes, assessments, governmental charges, and fees payable to tax consultants and attorneys for consultation and contesting taxes (collectively referred to as "Taxes") applicable to the Premises during the Term. If Lessor receives any bill for Taxes, it shall promptly send it to Lessee. Such payment by Lessee shall be made prior to the date any payment shall become delinquent (or if later, within thirty (30) days of receipt of a bill therefor from Lessor). If the Term of this Lease shall not expire concurrently with the expiration of a tax fiscal year, Lessee's liability for property taxes for the last year of the Term shall be prorated on an annual basis. If any tax or excise is levied or assessed directly against Lessee, or the Premises, or results from any Lessee alterations, then Lessee shall pay such tax or excise as required by the taxing authority.

ARTICLE V
PURPOSE

5.1 **Possession and Use**. The Premises shall be occupied and used for the use set forth in paragraph 1.4 of the Lease Cover Page. In no event, however, shall the Premises be used or occupied by Lessee in any manner contrary to law, zoning regulations or recorded restrictions, if any, after giving effect to any variance or grandfathered status.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

LESSOR:

LG GEORGIA COMMERCIAL LLC

By: ______________________
Name: Abraham Leser
Title: Authorized Signatory

LESSEE:

IRON MOUNTAIN INFORMATION MANAGEMENT, LLC

By: ______________________
Name: Robert Schneiders
Title: Vice President – Transactions & Global Lease Administration

STEVEN R. ROMER, MAI
APPRAISER LICENSE

STATE OF GEORGIA
REAL ESTATE APPRAISERS BOARD

STEVEN R ROMER

404925

IS AUTHORIZED TO TRANSACT BUSINESS IN GEORGIA AS A

CERTIFIED GENERAL REAL PROPERTY APPRAISER

THE PRIVILEGE AND RESPONSIBILITIES OF THIS APPRAISER CLASSIFICATION SHALL CONTINUE IN EFFECT AS LONG AS THE APPRAISER PAYS REQUIRED APPRAISER FEES AND COMPLIES WITH ALL OTHER REQUIREMENTS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED, CHAPTER 43-39-A. THE APPRAISER IS SOLELY RESPONSIBLE FOR THE PAYMENT OF ALL FEES ON A TIMELY BASIS.

D. SCOTT MURPHY
Chairperson

JEFF A. LAWSON
Vice Chairperson

JEANMARIE HOLMES
KEITH STONE
WILLIAM A. MURRAY

2035756532140630

ROMER, STEVEN R
500 S. AUSTRALIAN AVENUE
SUITE 600
WEST PALM BEACH, FL 33401

STEVEN R ROMER

#	404925	END OF RENEWAL
Status	ACTIVE	03/31/2024

CERTIFIED GENERAL REAL PROPERTY APPRAISER

THIS LICENSE EXPIRES IF YOU FAIL TO PAY RENEWAL FEES OR IF YOU FAIL TO COMPLETE ANY REQUIRED EDUCATION IN A TIMELY MANNER.

State of Georgia
Real Estate Commission
Suite 1000 - International Tower
229 Peachtree Street, N.E.
Atlanta, GA 30303-1605

LYNN DEMPSEY
Real Estate Commissioner

2035756532140630

STEVEN R ROMER

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Real Estate Commissioner

2035756532140630

PROFESSIONAL LIABILITY BINDER (E&O)

ACORD

WESTAPP-01 GPOLTER

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 7/6/2023

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
The Omni Agency, Inc.
3877 Flatlands Ave
2nd Floor
Brooklyn, NY 11234

CONTACT NAME:
PHONE (A/C, No, Ext): (718) 831-7888 FAX (A/C, No): (718) 831-7889
E-MAIL ADDRESS:

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Interstate Fire & Casualty Company	
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
WestRock Appraisal Services Inc aka WestRock Appraisal Services Corp & its president Steven R Romer
500 South Australian Ave
Suite 600-1096
West Palm Beach, FL 33401

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY; CLAIMS-MADE; OCCUR; GEN'L AGGREGATE LIMIT APPLIES PER: POLICY; PRO-JECT; LOC; OTHER:						EACH OCCURRENCE	$
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
							GENERAL AGGREGATE	$
							PRODUCTS - COMP/OP AGG	$
								$
	AUTOMOBILE LIABILITY; ANY AUTO; OWNED AUTOS ONLY; SCHEDULED AUTOS; HIRED AUTOS ONLY; NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident)	$
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB; OCCUR; EXCESS LIAB; CLAIMS-MADE; DED; RETENTION $						EACH OCCURRENCE	$
							AGGREGATE	$
								$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N; ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH); If yes, describe under DESCRIPTION OF OPERATIONS below	N/A					PER STATUTE; OTH-ER	
							E.L. EACH ACCIDENT	$
							E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
A	Errors and Omissions			HI273DMLA231	7/6/2023	7/6/2024	Aggregate	2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

Evidence of Insurance

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
The Omni Agency, Inc.

ACORD 25 (2016/03)

STEVEN R. ROMER, MAI
APPRAISER QUALIFICATIONS

SUMMARY OF QUALIFICATIONS

Steven R. Romer has over 30 years of experience as a real estate appraiser and consultant, specializing in the appraisal of shopping centers, industrial and commercial facilities, apartment buildings and special purpose properties in the metropolitan and tri-state areas. Mr. Romer is the president and principal of Westrock Appraisal Services Corp.

In addition to holding the MAI designation from the Appraisal Institute, Mr. Romer has earned an MBA degree from the Bernard Baruch College of New York City.

BUSINESS EXPERIENCE

- **Westrock Appraisal Services Corp.** **1991 - Present**

President

Active in conducting appraisal assignments, implementing marketing strategies and developing computer-assisted appraisal programs.

- **Fee Appraiser** **1987 - 1990**

Performed appraisal assignments for various MAI's including Jerome Jakubovitz, Albert Dolfinger of Property Advisory Group, Lawrence Humphrey of Humphrey and Coyle, William Shubert of William Shubert and Company, among others.

LICENSES

- **Certified General R.E. Appraiser - NY**

Licensed by the State of New York as a Certified General Real Estate Appraiser, identification number 46000000719.

- **Certified General R.E. Appraiser - NJ**

Licensed by the State of New Jersey as a Certified General Real Estate Appraiser, identification number 42RG00197400.

- **Certified General R.E. Appraiser - CT**

Licensed by the State of Connecticut as a Certified General Real Estate Appraiser, identification number RCG.0001278.

PROFESSIONAL AFFILIATIONS

- **MAI Designation (No. 21364), Appraisal Institute**

EDUCATION

Appraisal Institute Courses Completed:

Real Estate Appraisal Principles
Residential Valuation
Basic Valuation Procedures
Capitalization Theory and Techniques, Part A
Capitalization Theory and Techniques, Part B
Case Studies in Real Estate Valuation
Valuation Analysis and Report Writing
Standards of Professional Practice
Rates, Ratios & Reasonableness

Bernard Baruch College: MBA Degree, May 1988
New York, N.Y.