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**Proposed 7-Unit Apartment Building**

49-51 Rosa Parks Boulevard (a/k/a 49-51 Graham Boulevard)  
Paterson, New Jersey 07524

BBG File #0126004058

**Prepared For**

Mr. Shauzab Ladha  
Forte Series A LLC  
58 Main Street, Fl 2  
Hackensack, NJ 07601

**Report Date**

March 12, 2026

**Prepared By**

BBG, Inc., New York Office  
112 Madison Avenue, 11th Floor  
New York, NY 10016  
212-682-0400

Client Manager: Eric Hoening, MAI  
ehoening@bbgres.com

**BBG Website**

[bbgres.com](http://bbgres.com)



March 12, 2026

Mr. Shauzab Ladha  
Forte Series A LLC  
58 Main Street, Fl 2  
Hackensack, NJ 07601

Re: Appraisal of Real Property  
**Proposed 7-Unit Apartment Building**  
49-51 Rosa Parks Boulevard (a/k/a 49-51 Graham Boulevard)  
Paterson, New Jersey 07524  
**BBG File No. 0126004058**

Dear Mr. Ladha:

As requested, we have completed an appraisal of 49-51 Rosa Parks Boulevard (a/k/a 49-51 Graham Boulevard) for the purpose of advancing an opinion of the market values under the following scenarios:

- ❖ The Hypothetical Market Value of the Fee Simple estate in the subject, As Is, on March 5, 2026
- ❖ Prospective Market Value of the Fee Simple estate in the subject, As Complete, on November 5, 2026, 2026
- ❖ Prospective Market Value of the Leased Fee interest in the subject, As Stabilized, on January 5, 2027

The underlying site is a rectangular-shaped, 2,346 square foot (0.054-acre) parcel located at the northeast corner of Rosa Parks Boulevard and Keen Street, within the City of Paterson, Passaic County, NJ. The subject is further identified on the Passaic County tax maps as Block 3007, Lot 19. The property is currently improved with a 2,364 SF 2-story 2-family dwelling completed circa 2019.

Upon completion, the subject will be improved with a 3-story walk-up multifamily apartment building. The improvements will contain 7 apartments and a lobby on the ground floor, housed in 4,041± square feet of gross building area. There will be a 424 sq. ft. tenant amenity room on the first floor, which can house a fitness center, meeting/office space, or a bike storage room. The unit mix will consist of seven studios, and the net rentable area will be 2,794 square feet. Based on our experience in the submarket, we expect the project to be completed in 2026. Building construction will consist of a brick/masonry veneer and horizontal lap siding exterior and is expected to be a Class B property in good/excellent condition.

Additionally, the property is expected to benefit from a 30-year tax PILOT. This is a hypothetical assumption of this appraisal.

The developer provided us with an estimated construction budget of (hard costs) of \$691,500. The budget excludes soft costs, which we estimated at 7.5% of the hard costs, which equates to \$51,863 (soft costs). For the purposes of the analysis, we have included \$51,863 in soft costs which we assume have not already been spent, bringing the total estimated construction budget to \$743,363 (\$691,500 + \$51,863). Based on our knowledge of similar proposed multifamily buildings within Paterson, these costs are understated. For the purposes of the analysis, we have relied upon the Comparable Cost Method from MVS and cost comparables to determine the project's costs.

This report was prepared for our client and is intended only for its specified use. The appraisal report that follows sets forth the identification of the property, the assumptions and limiting conditions, pertinent facts about the area and the subject property, comparable market data, the results of the investigation, and the reasoning leading to the conclusions set forth.

This report has been written in accordance with the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute. In addition, this appraisal report was prepared to conform with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP), and any additional standards of our client. Our client may read and rely upon the findings and conclusions of this report.

#### EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)

The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards, it is stated here that the use of any extraordinary assumptions and/or hypothetical conditions might have affected the assignment results.

##### Extraordinary Assumption(s)

We are appraising the subject under the extraordinary assumption that the overview of building specifications provided by the developer is accurate. Our prospective market value conclusions are subject to completion of the improvements in accordance with what has been described by documentation provided by the developer. It is assumed that completion of construction will occur in a timely manner and that the quality of workmanship will be consistent with what has been envisioned for the project. The use of the extraordinary assumption may have affected assignment results.

According to the information provided, the subject is expected to secure a 30-year PILOT tax exemption program. Therefore, we are appraising the subject under the extraordinary assumption that the subject property will be granted the tax PILOT under the program. Should the subject fail to obtain approval, the value conclusions herein are subject to change. The use of the extraordinary assumption may have affected assignment results.

##### Hypothetical Condition(s)

This appraisal employs the hypothetical assumption that the property has received all necessary variances and development approvals for the construction of the proposed 7-unit apartment building. Note many variances are needed for the proposed development.

Based on our inspection of the property and the investigation and the analysis undertaken, we have developed the following value opinions.

MARKET VALUE CONCLUSION(S)			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Hypothetical Market Value - As Is	Fee Simple	March 5, 2026	\$700,000
Prospective Market Value - As Complete	Fee Simple	November 5, 2026	\$2,080,000
Prospective Market Value - As Stabilized	Leased Fee	January 5, 2027	\$2,120,000

Based on recent market transactions, as well as discussions with market participants, a sale of the subject property at the above-stated opinion of market value would have required an exposure time of approximately 12 months. Furthermore, a marketing time of approximately 12 months is currently warranted for the subject property.

This letter must remain attached to the report, which should be transmitted in its entirety, in order for the value opinions set forth to be considered valid.

Mr. Ladha  
March 12, 2026  
Page 3

Our firm appreciates the opportunity to have performed this appraisal assignment on your behalf. If we may be of further service, please contact us.

Sincerely,  
**BBG, Inc.**



**Peter J. Enright, MAI**  
Senior Appraiser  
New Jersey State Certified General Real Estate Appraiser License #42RG000130200  
penright@bbgres.com

# TABLE OF CONTENTS

**Subject Property ..... 1**

**Aerial Photograph..... 2**

**Building Renderings ..... 3**

**Floorplans ..... 5**

**Summary of Salient Facts..... 6**

**Scope of Work ..... 8**

**Regional Analysis ..... 10**

**Primary Market Area Analysis ..... 18**

**Demographic Overview ..... 19**

**Site Description ..... 21**

**Improvements Description ..... 25**

**Real Property Taxes and Assessment..... 27**

**Market Analysis ..... 32**

**Highest and Best Use ..... 42**

**Valuation Process ..... 44**

**Cost Approach ..... 45**

**Income Capitalization Approach ..... 54**

**Sales Comparison Approach ..... 74**

**Reconciliation ..... 81**

**Certification ..... 83**

**Standard Assumptions and Limiting Conditions ..... 84**

**Addenda ..... 88**

# SUBJECT PROPERTY-AS IS



# AERIAL PHOTOGRAPH



*\*Imagery per Google Maps*

# BUILDING RENDERINGS



PROPOSED EXTERIOR RENDERING



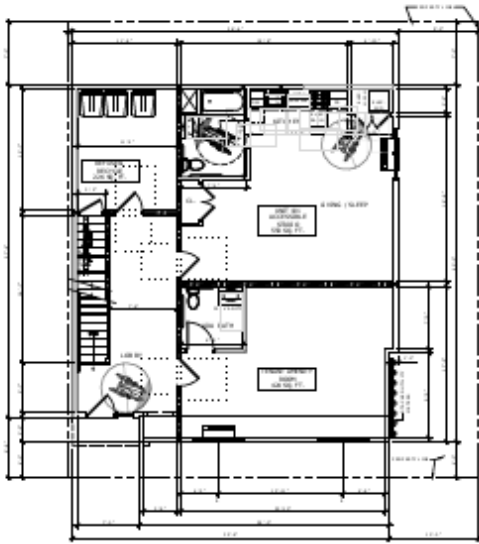
PROPOSED INTERIOR RENDERING

*\*Per Architectural Plans performed Sebastian Faciolince, AIA on September 10, 2025*

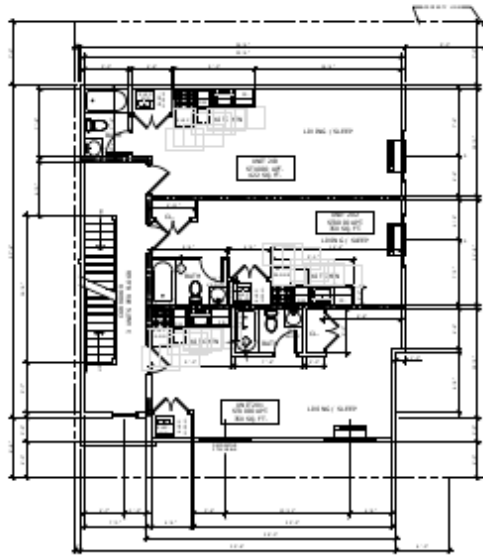
49-51 ROSA PARKS BOULEVARD (A/K/A 49-51 GRAHAM BOULEVARD) APPRAISAL



# FLOOR PLANS

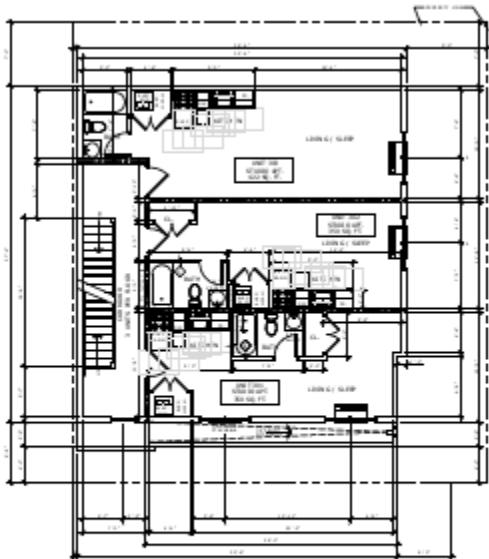


**FIRST FLOOR PLAN**

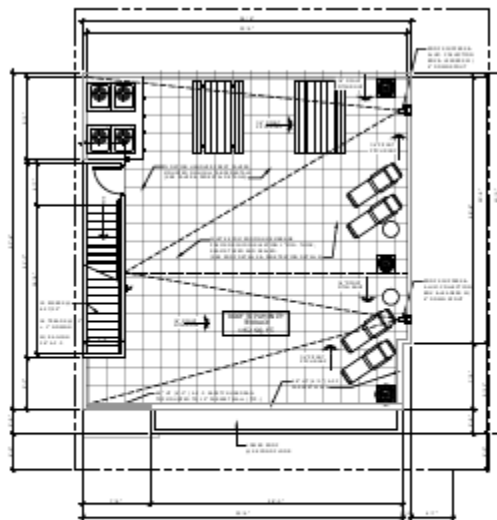


**SECOND FLOOR PLAN**

APPOINTMENT SCHEDULE			
DAY	TIME	ROOM	NO.
MON	9:00 AM	CONFERENCE	101
TUE	10:00 AM	CONFERENCE	102
WED	11:00 AM	CONFERENCE	103
THUR	12:00 PM	CONFERENCE	104
FRI	1:00 PM	CONFERENCE	105
SAT	2:00 PM	CONFERENCE	106
SUN	3:00 PM	CONFERENCE	107



**THIRD FLOOR PLAN**



**FOURTH FLOOR PLAN**

\*Per Architectural Plans performed Sebastian Faciolince, AIA on August 13<sup>th</sup>, 2025

# SUMMARY OF SALIENT FACTS

## APPRAISAL INFORMATION

<b>Client</b>	Fortes Series A, LLC 58 Main Street, Fl 2 Hackensack, NJ 07601
<b>Intended User(s)</b>	Forte Series A, LLC their affiliates, participants and/or assigns
<b>Intended Use</b>	This appraisal is to be used for potential financing purposes.
<b>Premise Summary</b>	As Is Hypothetical Market Value as of March 5, 2026 Prospective As Complete Market Value as of November 5, 2026 Prospective As Stabilized Market Value as of January 5, 2027
<b>Date of Inspection</b>	March 5, 2026
<b>Marketing Time</b>	12 months
<b>Exposure Time</b>	12 months
<b>Owner of Record</b>	Mach Properties LLC
<b>Property Contact(s)</b>	Michael Kim
<b>Highest and Best Use</b>	
<b>If Vacant</b>	Multifamily development

## PROPERTY DATA

<b>Property Name</b>	Proposed 7-unit Apartment Building	
<b>Address</b>	49-51 Rosa Parks Blvd. (a/k/a 49-51 Graham Blvd.) Paterson, New Jersey 07524	
<b>Location</b>	The subject is situated at the northeast corner of Rosa Parks Boulevard and Keen Street	
<b>Proposed Use</b>	Walk-Up Multifamily Apartment Building	
<b>Parcel Number (Tax ID)</b>	Block 3007, Lot 19	
<b>Census Tract No.</b>	1808.00	
<b>Site Area</b>		
<b>Primary Site</b>	2,346 square feet	(0.054 acres)
<b>Zoning</b>	R-2	
<b>Flood Status (Map / Zone)</b>	34031C0216G / Zone X (Unshaded)	
<b>Year Built</b>	Proposed 2026	
<b>Type of Construction</b>	Brick/Masonry Veneer, James Hardie Plank Horizontal Lap Siding, Aluminum Coping	
<b>Number of Buildings</b>	1	
<b>Gross Building Area</b>	4,041 square feet	
<b>Net Rentable Area</b>	2,794 square feet	
<b>Total Number of Apt. Units</b>	7	
<b>Apartment Occupancy</b>	0.0%	95%+ (Stabilized)
<b>Overall Condition/Quality</b>	Good/Excellent	(Upon Completion)

VALUE INDICATIONS			
<b>Hypothetical As Is Market Value as of March 5, 2026</b>			
<b>Cost Approach</b>	\$700,000	\$100,000	Per Dwelling Unit
<i>Underlying Land Value</i>	\$700,000	\$100,000	<i>Per Buildable Dwelling Unit</i>
<b>Sales Comparison Approach</b>	\$1,190,000	\$170,000	Per Dwelling Unit
<b>Income Capitalization Approach</b>			
<b>Direct Capitalization</b>	\$1,040,000	\$148,571	Per Dwelling Unit
<b>Approach Reliance</b>	<b>Cost Approach</b>		
<b>Value Conclusion - As Is</b>	<b>\$700,000</b>	<b>\$100,000</b>	<b>Per Dwelling Unit</b>
<b>Prospective As Complete as of November 5, 2026</b>			
<b>Cost Approach</b>	\$1,740,000	\$248,571	Per Dwelling Unit
<b>Sales Comparison Approach</b>	\$2,230,000	\$318,571	Per Dwelling Unit
<b>Income Capitalization Approach</b>			
<b>Direct Capitalization</b>	\$2,080,000	\$297,143	Per Dwelling Unit
<b>Approach Reliance</b>	<b>Direct Capitalization</b>		
<b>Value Conclusion - As Complete</b>	<b>\$2,080,000</b>	<b>\$297,143</b>	<b>Per Dwelling Unit</b>
<b>Prospective As Stabilized as of January 5, 2027</b>			
<b>Sales Comparison Approach</b>	\$2,270,000	\$324,286	Per Dwelling Unit
<b>Income Capitalization Approach</b>			
<b>Direct Capitalization</b>	\$2,120,000	\$302,857	Per Dwelling Unit
<b>Approach Reliance</b>	<b>Direct Capitalization</b>		
<b>Value Conclusion - As Stabilized</b>	<b>\$2,120,000</b>	<b>\$302,857</b>	<b>Per Dwelling Unit</b>

PROPERTY HISTORY	
<b>Property Ownership</b>	
<b>Property Owner</b>	Mach Properties Llc
<b>Comments</b>	The property was purchased by the current owner in a non arm's-length intercorporate sale on November 7, 2025 for \$10. There was a prior arm's length sale on November 14, 2023 at a price of \$515,000. Note our as is value assumes that the property has received

# SCOPE OF WORK

## SCOPE OF THE INVESTIGATION

**General and Market Data Analyzed**

- Researched and investigated the location in terms of economic activity, development patterns, and future trends, relating 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 similar land development sites as well as improved multifamily sales.
- Researched and analyzed sales of competitive assets and applied the techniques of the sales comparison approach in advancing an opinion of value
- Interviewed professionals knowledgeable about the subject’s type and market
- Advanced an opinion of the Hypothetical As Is, Prospective As Complete and As stabilized market value based on the Cost Approach, Sales Comparison Approach and Income Approach.

**Inspection Details**

The entirety of the subject and its environs were inspected by Peter Enright, MAI on March 5, 2026

**Property Specific Data Requested and Received**

*BBG received all requested information from the client.*

## PROPERTY DATA RECEIVED

Proforma  
 Unit Mix and Building Description  
 Construction Budget  
 Building Plans

**Data Sources**

## DATA SOURCES

Site Size	Dept. of City Planning
Building Size	Architectural Plans
Tax Data	Assessor
Zoning Information	Planning Dept.
Flood Status / Demographics	FEMA / Claritas
Market Data	CoStar/Moody's Analytics
Projected Expenses / Rent Roll	Property Contact and/or Client
Architectural Plans	Property Contact and/or Client
Construction Budget	Property Contact and/or Client

## VALUATION METHODOLOGY

**Most Probable Purchaser**

To apply the most relevant valuation methods and data, the appraiser must first determine the most probable purchaser of the subject property. The most probable purchaser of the subject "As Is" is a developer.

**Valuation Methods Utilized**

This appraisal employs all three typical approaches to value: the Cost Approach, the Sales Comparison Approach, and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that all approaches would be considered meaningful and applicable in developing a credible value conclusion.

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## DEFINITIONS

Pertinent definitions, including the definition of market value, are included in the glossary, located in the Addenda to this report. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States:

### Market Value

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. <sup>[1]</sup>

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## LEVEL OF REPORTING DETAIL

Standards Rule 2-2 (Real Property Appraisal, Reporting) contained in USPAP requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report.

This report is prepared as an **Appraisal Report**. An Appraisal Report must at a minimum summarize the appraiser's analysis and the rationale for the conclusions.

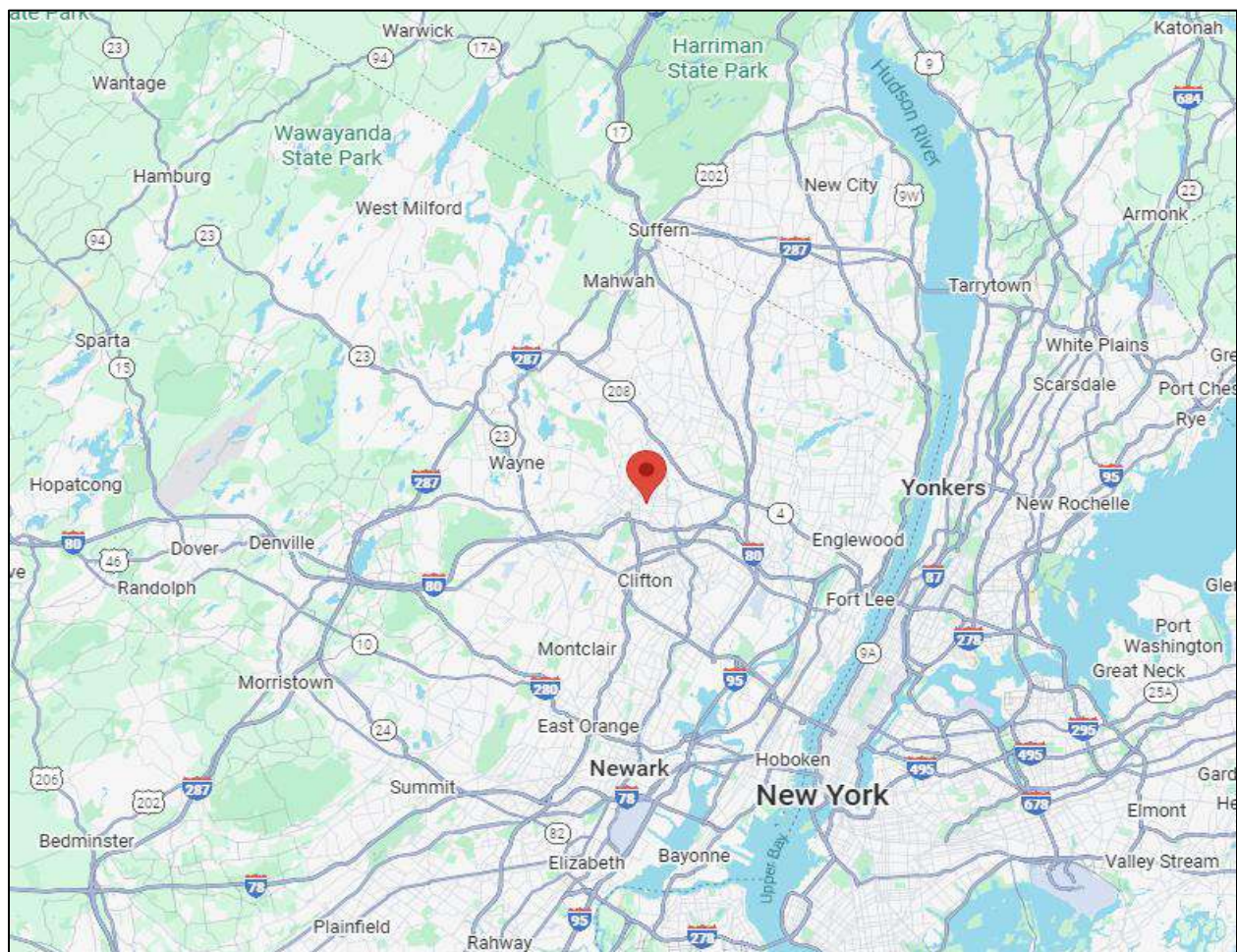
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<sup>[1]</sup> (Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472)

## REGIONAL OVERVIEW

The subject is located within the city limits of Paterson, New Jersey in the Passaic County portion of the New York-Northern New Jersey-Long Island, NY-NJ-PA MSA metropolitan statistical area (MSA). Passaic County is a densely populated region that plays a significant role in the state's economic and geographic landscape. Bordered by Bergen, Essex, and Morris counties, and extending to the New York state line, Passaic County includes a mix of urban centers, suburban communities, and natural preserves. The county seat, Paterson, is a historically significant industrial city known for its role in America's textile manufacturing and the iconic Great Falls of the Passaic River. With a population exceeding 500,000 residents, the county features a range of economic activities from manufacturing to healthcare and education, along with substantial transportation infrastructure linking it to the greater New York City metropolitan area.

### REGIONAL MAP



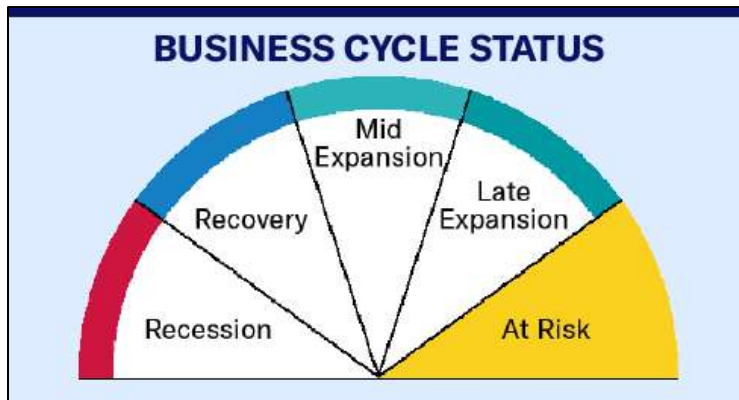
### ECONOMIC OVERVIEW

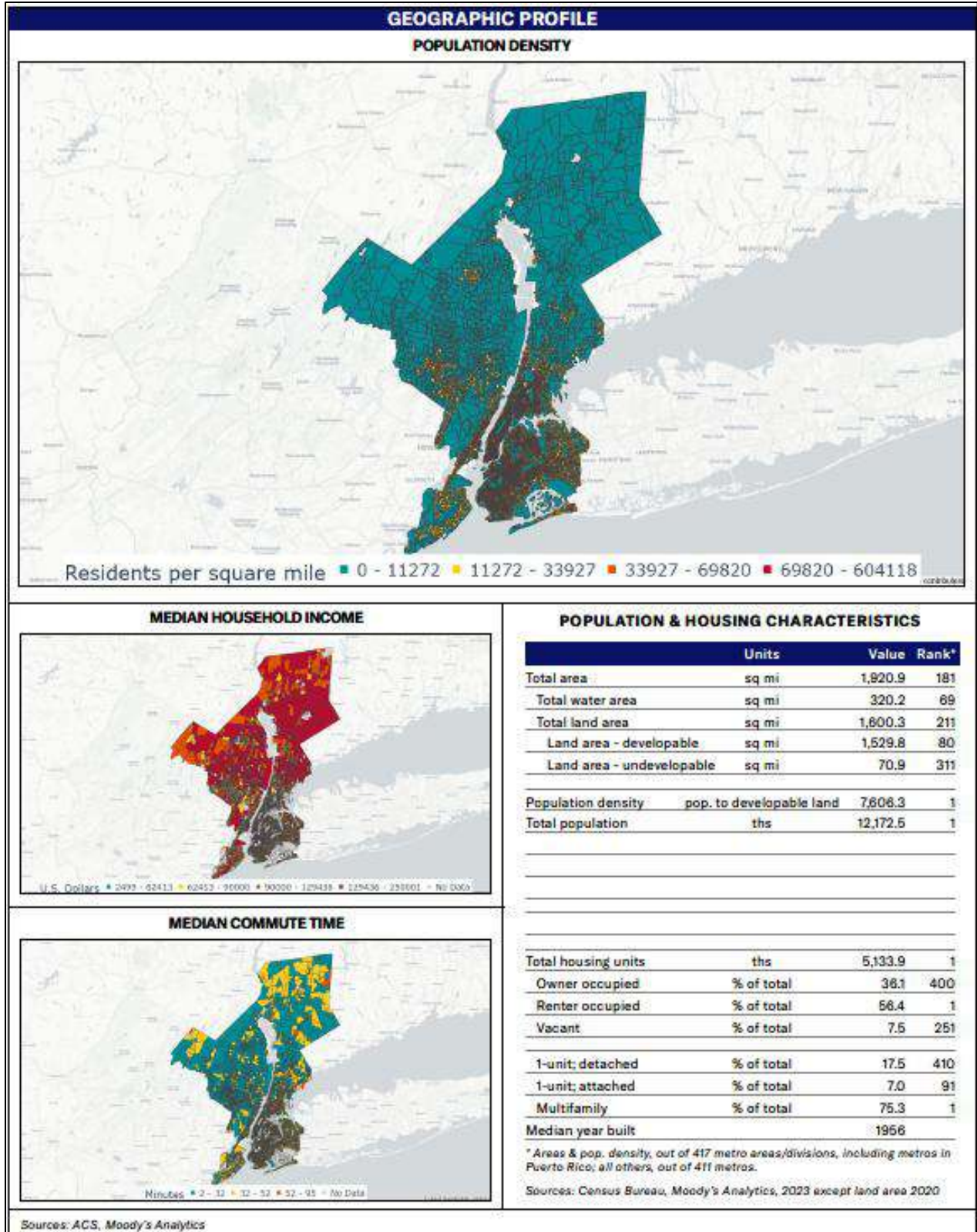
The profile of the regional analysis was provided by Moody's Analytics, a leading provider of economic, financial, and industry information. The most recent analysis as of 1H 2026 is reported as of August 2025.

The short- and long-term value of real estate is influenced by a variety of interacting factors. Regional analysis identifies those factors that affect property value, and the role they play within the region. The four primary forces that determine the supply and demand for real property, and consequently affect market value, are environmental characteristics, governmental forces, social factors, and economic trends.

The following profile of the New York-Jersey City-White Plains, NY-NJ MSA (“NEY”) was prepared by Moody’s Analytics (dated August 2025) whose core assets of proprietary editorial and research content as well as economic and financial databases are a source of information on national and regional economies, industries, financial markets, and demographics. Moody’s Analytics approach to the analysis of the U.S. economy consists of building a large-scale, simultaneous equation econometric model, which they simulate and adjust with local market information, creating a model of the U.S. macro economy that is both top-down and bottom-up. In this model, those variables that are national in nature are modeled nationally while those that are regional in nature are modeled regionally. Interest rates, prices, and business investment are modeled as national variables; key sectors such as labor markets (employment, labor force), demographics (population, households, and migration), and construction activity (housing starts and sales) are modeled regionally and then aggregated to national totals. This approach allows local information to influence the macroeconomic outlook. Therefore, changes in fiscal policy at the national level (changes in tax rates, for example) are translated into their corresponding effects on state economies. At the same time, the growth patterns of large states, such as California, New York, and Texas, play a major role in shaping the national outlook.

In addition, on a regional basis, the modeling system is explicitly linked to other states through migration flows and unemployment rates. Moody’s Analytics model structure also accounts for migration between states.





### **Recent Performance**

Over the past few months, New York-Jersey City-White Plains is growing modestly. A strong July seemed to upend a more negative narrative, but absent government and healthcare, there is little positivity. Consumer industries have picked up the pace, although their office-using counterparts are backtracking, leaving NWY more dependent on low-wage jobs. The household survey also shows employment struggling to gain traction, with the labor force no longer benefiting from an influx of immigrants. Condo prices are rising at a steady clip, led by Brooklyn, although a lack of new construction suggests that limited supply is playing a key role.

### **Finance**

Pivotal tech and finance will resume pulling in the right direction, but headwinds abound. High tech has created more new jobs on net than more heralded financial services for decades, despite its smaller size, and this trend should continue. In that vein, CBRE reports that the pace of new leasing for tech firms was the strongest in a quarter century in the first half of the year. The continued attraction for adults with a bachelor's degree will ensure further gains, and rapid growth in artificial intelligence will drive further investment. OpenAI opened its first East Coast office in Manhattan last fall. This, combined with the presence of numerous AI startups, bodes well.

The outlook for financial services is more bearish. While equity prices keep rising, that will prove difficult to sustain. Key firms Morgan Stanley and Goldman Sachs have already cut some jobs this year, and if conditions deteriorate, layoffs will broaden. Expected interest rate cuts will provide a boost, but increased concern about the Federal Reserve's independence would increase long-term rates and negate any boost.

### **Health Care**

Pivotal health services will lose momentum. The sector has powered NWY in recent years as employment for the rest of the economy remains stuck at early-2023 levels. The state's CDPAP program, which allows many ill or disabled residents to hire friends and family as home care providers, creates a floor. Meanwhile, investment by key institutions, including Lenox Hill Hospital's recent expansion, injects some upside.

Still, the coming years will bring more obstacles. Reduced Medicaid funding will hit the city hard, as nearly half of all residents rely on government support. Combine this with a public health system—NYC Health + Hospitals—that is only barely profitable after many years of losses, and concerns abound. Keeping in mind domestic out-migration and more restrictive immigration will sap the supply of workers, driving up labor costs and holding back job growth.

### **Conversions**

The pivot from offices toward multifamily housing will provide some support to builders. While the conversion process is complex and costly, it is growing more prevalent. Office rents are moving sideways as occupancy remains far below its pre-pandemic levels. Meanwhile, the continued inflow of residents is driving more developers to look to multifamily housing. The nation's largest conversion project, the new SoMa building in the Financial District, has begun leasing. High rents and an educated population suggest additional conversions in Lower Manhattan, although Midtown West, with a similar profile, could be next.

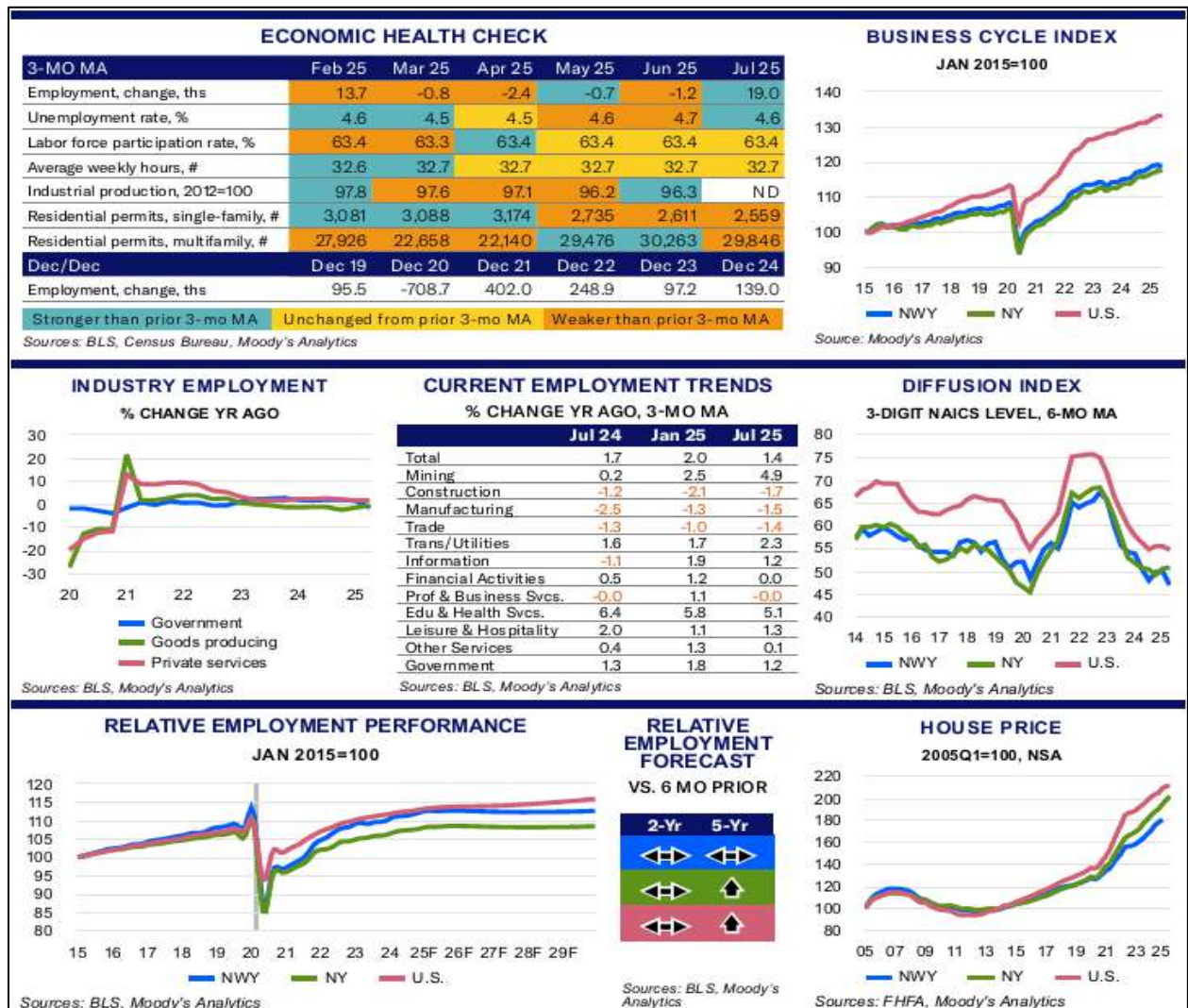
### **Key Economic Indicators**

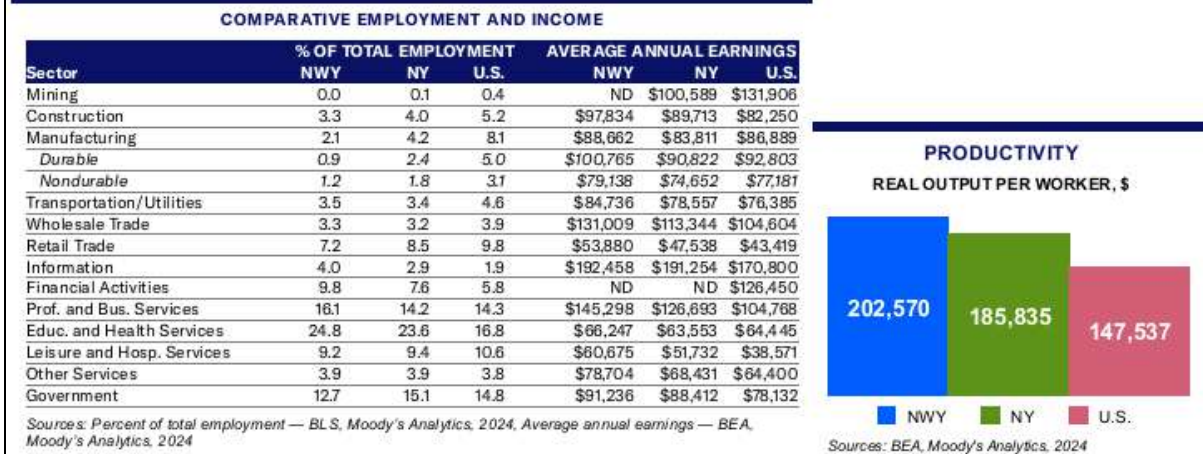
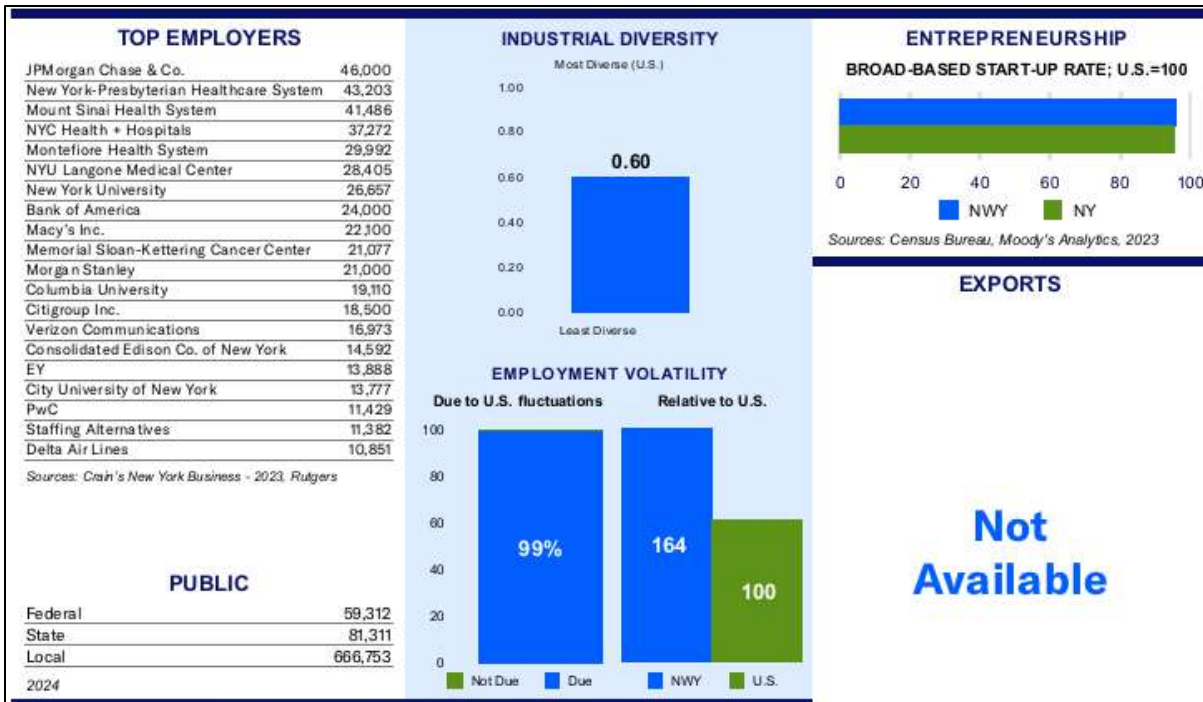
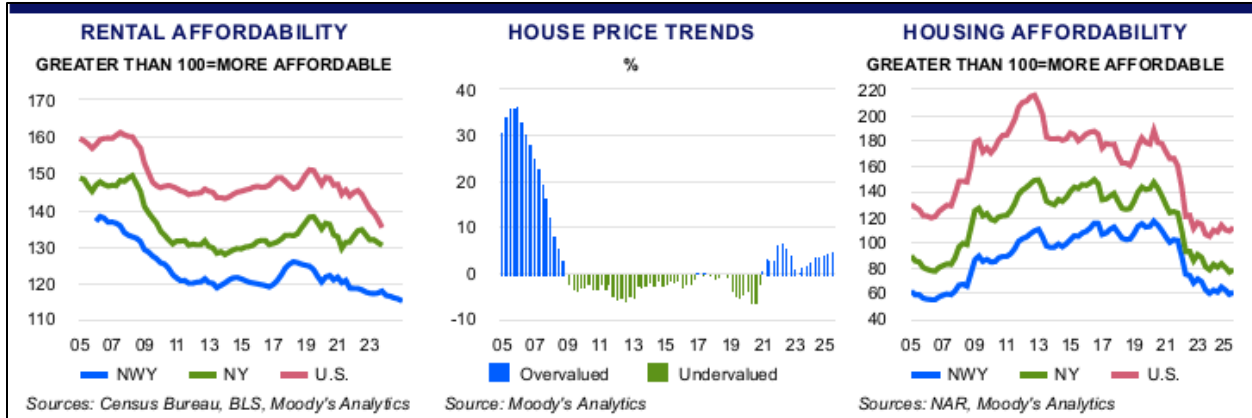
The following table below shows economic and employment trends in the New York-Jersey City-White Plains, NY-NJ MSA as compiled by Moody's Analytics. We note that both salient economic and employment indicators are forecasted to increase from CY 2024-2029. The GMP fully rebounded in CY 2021 from the historical peak in CY 2019 following the onset of the COVID-19 economic lockdowns and has been resilient since, increasing annually. As such, the economic fallout of the regional economy from the COVID lockdowns were seen to be only a temporary economic obsolescence and the MSA is considered to be fully recovered.

In the near term, New York-Jersey City-White Plains will struggle in the face of near-term challenges. Wall Street faces headwinds, and healthcare will grapple with policy changes and worker shortages. Tech, however, will remain an important growth driver. In the longer run, high costs and worsening demographics mean below-average growth.

2019	2020	2021	2022	2023	2024	INDICATORS	2025	2026	2027	2028	2029	2030
1,173.1	1,144.6	1,200.4	1,239.0	1,266.6	1,298.9	Gross metro product (C17\$ bil)	1,317.8	1,332.7	1,347.4	1,368.0	1,392.9	1,422.8
2.6	-2.4	4.9	3.2	2.2	2.6	% change	1.5	1.1	1.1	1.5	1.8	2.1
6,207.3	5,564.3	5,719.3	6,104.9	6,251.8	6,364.2	Total employment (ths)	6,432.7	6,428.2	6,416.2	6,416.5	6,425.2	6,450.1
1.8	-10.4	2.8	6.7	2.4	1.8	% change	1.1	-0.1	-0.2	0.0	0.1	0.4
3.8	11.4	8.8	4.9	4.6	4.8	Unemployment rate (%)	4.8	5.5	5.5	5.2	5.0	4.8
3.0	3.6	7.4	1.3	5.8	5.7	Personal income growth (%)	4.8	4.3	3.6	3.1	3.4	3.8
74.4	75.6	77.3	80.1	83.8	87.0	Median household income (\$ ths)	90.7	94.1	97.5	100.5	103.3	106.5
12,462.5	12,375.9	12,069.4	11,970.9	12,037.1	12,172.5	Population (ths)	12,222.0	12,226.4	12,206.4	12,178.6	12,149.5	12,142.7
0.1	-0.7	-2.5	-0.8	0.6	1.1	% change	0.4	0.0	-0.2	-0.2	-0.2	-0.1
-50.9	-105.4	-330.3	-155.9	14.7	84.5	Net migration (ths)	0.8	-43.0	-66.5	-73.0	-72.7	-48.9
3,836	2,139	2,908	2,659	2,665	3,191	Single-family permits (#)	2,902	2,877	2,811	2,751	2,694	2,627
38,505	32,192	30,311	34,104	40,739	35,514	Multifamily permits (#)	29,159	31,222	28,766	26,023	24,069	22,951
3.1	3.5	8.9	10.9	5.2	8.2	FHFA house price index (% change)	5.5	2.0	2.4	3.2	3.6	3.8

The following tables and charts show recent employment and economic trends in the New York-Jersey City-White Plains, NY-NJ MSA showing similar trending both historically and projected as the Key Economic Indicators:



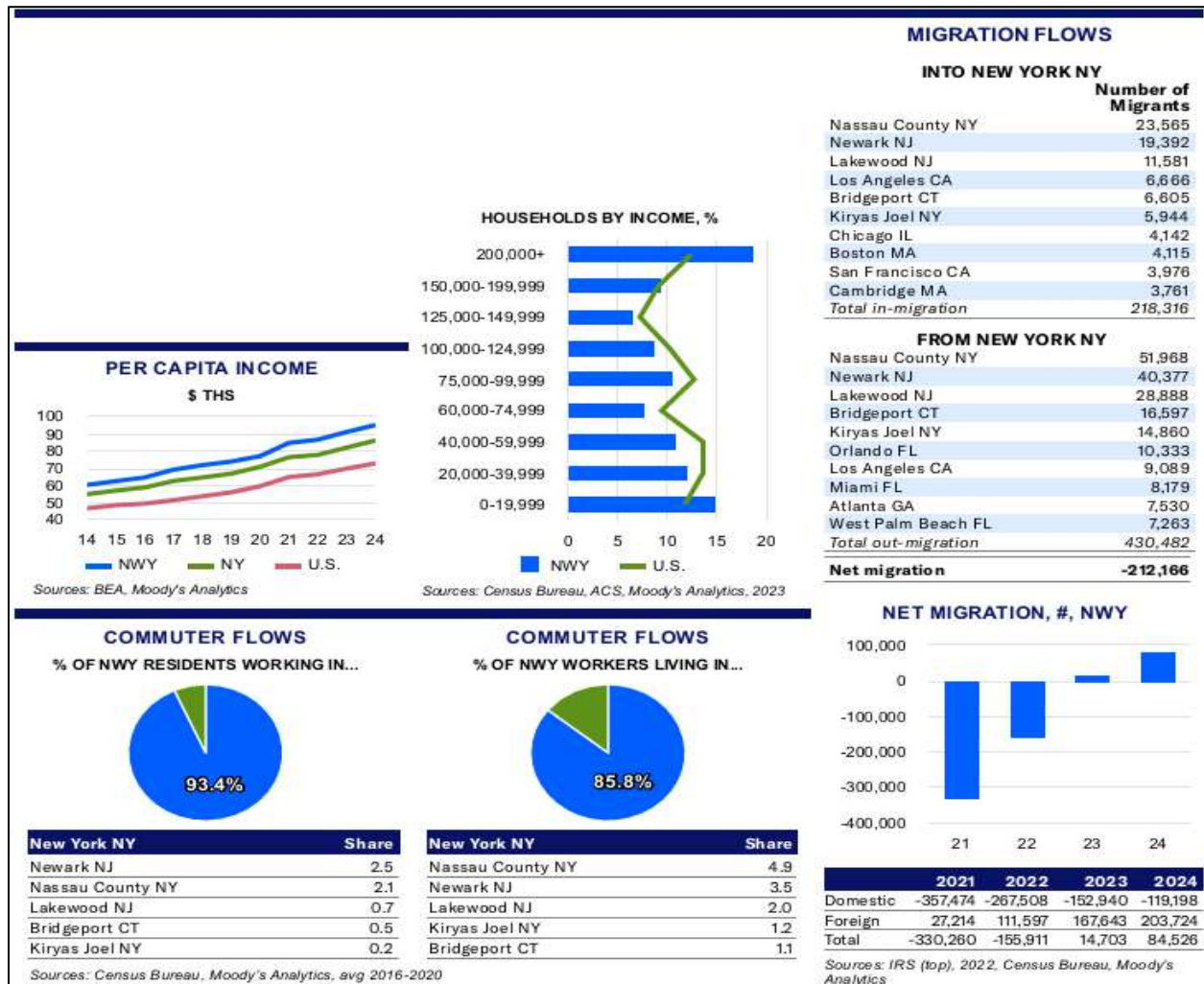
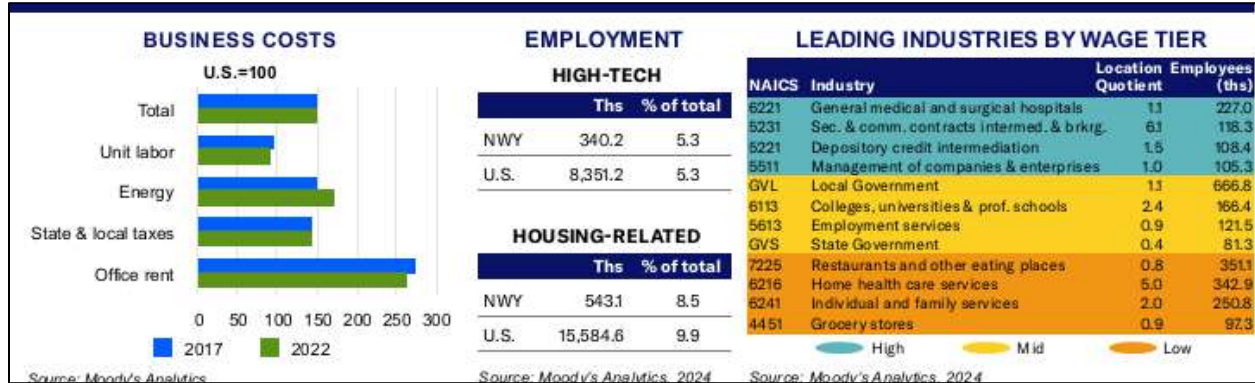


### PRODUCTIVITY

REAL OUTPUT PER WORKER, \$

Sources: BEA, Moody's Analytics, 2024



The table above lists the most recent survey of the largest private employers within the New York-Jersey City-White Plains, NY-NJ MSA. As can be seen in this table, the largest employers are in the financial, education, telecommunications, retail, and medical sectors. This diversity of employment sectors suggests a skilled labor force and a lack of a dependence on one particular industry.



**Economic Outlook**

New York-Jersey City-White Plains will keep moving forward in the year ahead, but the metro division will lose ground. Key drivers such as finance and healthcare will soften, and while tourists will bolster consumer industries, the flow of international visitors could slow meaningfully. Meanwhile, reduced immigration and persistent domestic out-migration amid high costs will drive longer-term struggles.

STRENGTHS & WEAKNESSES	
<b>STRENGTHS</b>	
<ul style="list-style-type: none"> <li>» Financial capital of the world.</li> <li>» Magnet for educated workers.</li> <li>» High per capita income.</li> <li>» Strong international immigration.</li> </ul>	
<b>WEAKNESSES</b>	
<ul style="list-style-type: none"> <li>» High costs, including taxes, housing, office rents and energy.</li> <li>» Rapidly aging infrastructure.</li> <li>» Troubled fiscal health made worse by population losses.</li> </ul>	

FORECAST RISKS	
SHORT TERM 	LONG TERM 
<b>RISK EXPOSURE 2025-2030</b>	
<b>408</b>	5th quintile <span style="float: right;">Most=1, Least=411</span>
<b>UPSIDE</b>	
<ul style="list-style-type: none"> <li>» More rapid interest rate cuts drive equity markets higher, bolstering Wall Street.</li> <li>» Office-to-residential conversions surge, improving housing affordability.</li> </ul>	
<b>DOWNSIDE</b>	
<ul style="list-style-type: none"> <li>» Reduced international visitors take a major toll on hotels and consumer industries, decimating low- and mid-wage workers.</li> <li>» Medicaid cuts and worker shortages send healthcare into a downward spiral.</li> </ul>	
<b>MOODY'S RATING</b>	
<b>Aa2</b>	COUNTY AS OF FEB 20, 2024

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# PRIMARY MARKET AREA ANALYSIS

## *General Overview*

Paterson is the largest city in and the county seat of Passaic County, in the U.S. state of New Jersey. According to the U.S. Census Bureau, the city had a total area of 8.71 square miles, including 8.41 square miles of land and 0.29 square miles of water (3.38%). Unincorporated communities, localities and place names located partially or completely within the city include Riverside and Totowa.

## *Geography*

Paterson is at the bottom part of Passaic County, which is near the north edge of New Jersey, as a county that spans some hilly areas and has dozens of lakes. The county covers a region about 30 × 20 miles wide. The region is split by major roads including portions of Interstate 80, which runs through Paterson. The Garden State Parkway (GSP) cuts across the south of Paterson, near Clifton, New Jersey. The Passaic River winds northeast past Totowa into Paterson, where the river then turns south to Passaic town, on the way to Newark, further south.

The city borders the municipalities of Clifton, Haledon, Hawthorne, Prospect Park, Totowa, and Woodland Park (formerly West Paterson) in Passaic County; and both Elmwood Park (formerly East Paterson) and Fair Lawn in Bergen County.

## *Transportation*

By road, Paterson is served directly by Interstate 80, as well as State Routes 4, 19, and 20. The Garden State Parkway, U.S. Route 46, State Routes 3, 17, 21, and 208 are also nearby and serve as feeder roads to the community. Paterson also served as the terminus for numerous major secondary roads in northern New Jersey. Paterson Plank Road linked the city to Jersey City and eventually, the Hudson River waterfront in Hoboken, while the Paterson-Hamburg Turnpike connected the city with Sussex County along what is now parts of State Route 23.

The city is served by the NJ Transit Main Line commuter rail service to Hoboken, with the station located in Downtown Paterson. Bus service to locations in Passaic, Bergen, Essex and Hudson counties is provided by NJ Transit, making the city a regional transit hub. The Broadway Bus Terminal, also in downtown, is the terminus for many NJ Transit bus lines.

## *Conclusion*

The market area is positively impacted due to proximity to New York City. The area also benefits from its locational characteristics near larger cities, yet without some of the business costs associated in nearby urban centers such as Newark or New York City. The long-term outlook for the market area is stable, and growth will be influenced by the broader New York MSA economy and employment trends.

## DEMOGRAPHIC OVERVIEW

Population characteristics and income levels were obtained from Claritas, Inc. for 1-, 3-, and 5-mile radii around the subject's location. A summary of the information is presented in the table below:

COMPARATIVE DEMOGRAPHIC ANALYSIS FOR PRIMARY TRADE AREA			
Description	49-51 Rosa Parks Blvd - 1 mi.	49-51 Rosa Parks Blvd - 3 mi.	49-51 Rosa Parks Blvd - 5 mi.
	Totals	Totals	Totals
<b>Population</b>			
2031 Projection	73,358	293,382	570,152
2026 Estimate	71,073	286,571	559,672
2020 Census	68,504	279,355	549,672
2010 Census	61,286	256,646	518,946
2026 Est. Median Age	33.88	37.63	39.13
2026 Est. Average Age	35.85	38.71	39.81
<b>Households</b>			
2031 Projection	23,910	96,353	191,828
2026 Estimate	23,127	94,010	188,202
2020 Census	22,235	91,525	184,745
2010 Census	19,189	83,451	173,942
<b>2026 Est. Average Household Size</b>	3.06	3.00	2.93
<b>2026 Est. Households by Household Income (%)</b>			
Household Income < \$15,000	15.15	10.09	8.11
Household Income \$15,000 - \$24,999	11.44	7.61	6.68
Household Income \$25,000 - \$34,999	9.09	5.89	5.77
Household Income \$35,000 - \$49,999	13.42	9.96	8.52
Household Income \$50,000 - \$74,999	15.66	14.03	12.96
Household Income \$75,000 - \$99,999	11.69	11.44	11.17
Household Income \$100,000 - \$124,999	8.35	9.23	9.36
Household Income \$125,000 - \$149,999	5.19	7.38	7.74
Household Income \$150,000 - \$199,999	5.06	9.05	10.15
Household Income \$200,000 - \$249,999	2.21	4.92	5.65
Household Income \$250,000 - \$499,999	1.85	6.01	7.58
Household Income \$500,000+	0.92	4.40	6.33
<b>2026 Est. Average Household Income</b>	\$73,654	\$119,945	\$138,494
<b>2026 Est. Median Household Income</b>	\$51,205	\$79,878	\$92,405
<b>2026 Est. Tenure of Occupied Housing Units (%)</b>			
Owner Occupied	18.35	42.36	49.60
Renter Occupied	81.65	57.64	50.41
<b>2026 Est. Median All Owner-Occupied Housing Value</b>	\$406,005	\$535,839	\$605,779
Source: 2026 Claritas, Inc.			

POPULATION AND HOUSEHOLD CHANGES			
	49-51 Rosa Parks Blvd - 1 mi.	49-51 Rosa Parks Blvd - 3 mi.	49-51 Rosa Parks Blvd - 5 mi.
Projected Population Change (2026 - 2031)	3.2%	2.4%	1.9%
Estimated Population Change (2020 - 2026)	3.8%	2.6%	1.8%
Actual Population Change (2010 - 2020)	11.8%	8.8%	5.9%
Projected Households Change (2026 - 2031)	3.4%	2.5%	1.9%
Estimated Households Change (2020 - 2026)	4.0%	2.7%	1.9%
Actual Households Change (2010 - 2020)	15.9%	9.7%	6.2%

Source: 2026 Claritas, Inc.

# SITE DESCRIPTION

## GENERAL SITE DESCRIPTION OVERVIEW

<b>Location</b>	The subject is situated at the northeast corner of Rosa Parks Boulevard and Keen Street within the city of Paterson, Passaic County, NJ		
<b>Parcel Number</b>	Block 3007, Lot 19		
<b>Site Area</b>			
<b>Primary Site</b>	2,346 square feet		(0.540 acres)
<b>Configuration</b>	Rectangular		
<b>Topography</b>	Generally level		
<b>Drainage</b>	Appears adequate		
<b>Utilities/Municipal Services</b>	Typical utilities and municipal services available to site including water, sewer, natural gas, electricity, telephone and cable tv/internet.		
<b>Floodplain</b>	<b>Zone</b>	<b>Map</b>	<b>Date</b>
	Zone X (Unshaded)	34031C0216G	April 17, 2020
	Zone X (Unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.		
<b>Census Tract No.</b>	1808.00		
<b>Latitude, Longitude</b>	40.92711, -74.15863		
<b>Soil/Subsoil Conditions</b>	We did not receive or review a soil report. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property.		
<b>Environmental Concerns</b>	None detrimental known		
<b>Land Use Restrictions</b>	A title report was not provided, however, we are unaware of any detrimental easements, encroachments or other restrictions that would adversely affect the site's use or marketability.		
<b>Hazards Nuisances</b>	None observed		
<b>Frontage</b>	51' along Rosa Parks Blvd. and 46' along Keen Street		
<b>Access</b>	Curb cuts. The public concrete sidewalks adjacent to the building's public street frontage are in average overall condition. Public roadways were also observed to be in average condition.		
<b>Visibility</b>	The site is deemed to have adequate light, air, and view characteristics.		
<b>Surrounding Land Uses</b>	Consists of similar vacant lots, 1-4 family homes, and multifamily buildings.		
<b>Opportunity Zone</b>	No		
<b>Transportation Facilities</b>	The site is readily accessible via car and public transportation via local expressways. Paterson is served by an extensive network of NJ Transit bus routes that provide frequent connections within the city. The Paterson Train Station is serviced by the NJ Transit rail system (Main Line) that provides direct access to Manhattan.		
<b>Comments</b>	Overall, the subject site is functionally adequate and well suited for its proposed use. The subject property site offers the requisite exposure, accessibility, access to neighborhood services and linkage to employment centers so as to adequately support the proposed use.		

**ZONING**

**General**

<b>Property Jurisdiction</b>	Paterson, New Jersey
<b>Zoning Classification</b>	R-2
<b>Description</b>	Low Medium Density Residential District
<b>Date of Ordinance</b>	June 4th, 1979 (adopted); June 2016 (amended)
<b>Zoning Intent/Purpose</b>	The intent of the R-2 Low Medium Density Residential District is to permit single and two family dwellings at the low to medium densities permitted in the district, together with such uses as places of worship, recreational facilities, schools and other such permitted uses that are typically located in residential neighborhoods. Certain accessory uses that are customarily incidental to one and two-family residences and that are compatible with low to medium density residential surroundings are permitted as well. It is the further intent of this district to preserve the existing neighborhood character and the quality of the physical environment in these areas of the City. In keeping with this intent, higher density residential uses (i.e., townhouses and all kinds of multiple-family dwellings), as well as business, industrial and other non-residential uses are strictly prohibited. No new construction of such prohibited land uses, nor conversion of residential dwellings into such prohibited land uses, is permitted to occur with the R-2 District. In fill development consisting of single-family homes, two-family homes and/or other permitted uses that preserve the existing density, pattern, scale, and building height of the existing neighborhood is encouraged.
<b>Reconstruction of Non-Conforming Structures &amp; Uses</b>	<p><b>§500-6.5 Repairs and Maintenance</b></p> <p>A. On any non-conforming structure or portion of a structure containing a non-conforming use, no alteration or reconstruction other than normal maintenance may be done and no increase or expansion of the non-conforming use shall result from such maintenance.</p> <p>B. Nothing in this ordinance shall be deemed to prevent the strengthening or restoring to a safe condition of any building or part thereof declared to be unsafe by any official charged with protecting the public safety, upon order of such official.</p> <p>C. Should any non-conforming structure or non-conforming portion of structure be destroyed by any means by at least 50% as determined by the Construction Official, it shall not be reconstructed except in conformity with the provisions of this Ordinance. Reconstruction of a non-conforming structure or portion of structure that is destroyed less than 50% may be restored to its prior condition provided that it may not enlarge the previously existing non-conformance.</p>

ZONING REQUIREMENTS			
Category	Required	Actual	Conforming/Complying
Current Use:	One- To Two-Family Development	Multifamily Development	Legal Non-Conforming
Min. Lot Size:	5,000 square feet	2,346 square feet	Legal Non-Complying
Min. Lot Width:	50 Ft	>50 Ft	Legal Complying
Max. Lot Coverage (Corner):	40%	>40%	Legal Non-Complying
Max. Bldg. Height:	35 Ft	<35 Ft (estimated)	Legal Complying
Min. Front Yard:	20 Ft	<20 Ft (estimated)	Legal Non-complying
Min. Rear Yard:	20 Ft	<20 Ft (estimated)	Legal Non-complying
Min. Side Yard :	14 Ft	<20 Ft (estimated)	Legal Non-complying
Min. Parking:	10 surface spaces	None	Legal Non-Complying

**ZONING CONFORMITY AND COMPLIANCE CONCLUSION**

As the subject is a vacant land parcel and, as such, is currently in conformance to the zoning requirements of this district. The subject’s proposed use as a multifamily development is not in compliance. The bulk and setback requirements are also not in compliance. This appraisal is specifically based on the hypothetical assumption that the subject will receive all necessary variances for the development of a 7-Unit multifamily building.

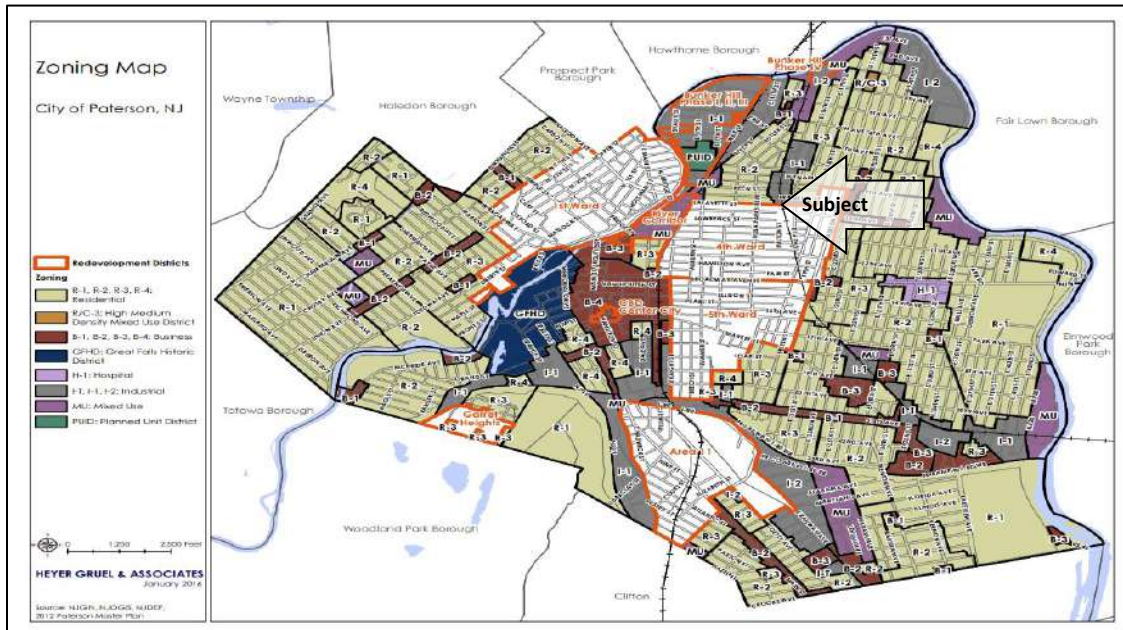
Finally, we note that although we have analyzed the zoning requirements in relation to the subject and considered the conformance of the proposed use, we are not experts in the interpretation of complex zoning ordinances. Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners



and architects. The depth of our study correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence. This appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

No known zoning changes to uses other than these are currently being considered or anticipated as we are unaware of any future zoning changes.

# ZONING MAP



## National Flood Hazard Layer FIRMette



**Legend**

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

**SPECIAL FLOOD HAZARD AREAS**

- Without Base Flood Elevation (BFE) Zone A, B, C, AP
- With BFE or Depth Zone AC, AD, AE, AH, VC, AP
- Regulatory Floodway

**OTHER AREAS OF FLOOD HAZARD**

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

**OTHER AREAS**

- Area of Minimal Flood Hazard Zone S
- Effective LOMR
- Area of Undetermined Flood Hazard Zone U

**GENERAL STRUCTURES**

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

**OTHER FEATURES**

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

**MAP PANELS**

- Digital Data Available
- No Digital Data Available
- Unmapped

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

This map complies with FEMA's standards for the use of digital flood maps. If it is not used as described below, the usermap shown complies with FEMA's base map accuracy standards.

The flood hazard information is derived directly from the authoritative NFHL with corrections provided by FEMA. This map was exported on 3/7/2025 at 2:56 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

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



# IMPROVEMENTS DESCRIPTION

## GENERAL IMPROVEMENT DESCRIPTION OVERVIEW *UPON COMPLETION*

<b>Address</b>	49-51 Rosa Parks Blvd. (a/k/a 49-51 Graham Blvd.) Paterson, New Jersey 07524	
<b>Building Design</b>	Walk-Up Multifamily Apartment Building	
<b>Year Built (Commenced)</b>	2026	
<b>Number of Buildings</b>	1	
<b>Number of Stories</b>	3	
<b>Total Number of Apt Units</b>	7	
<b>Building Class</b>	B	
<b>Net Residential Rentable Area</b>	2,794 square feet	<i>(Per Architectural Plans)</i>
+ Residential Common Area	1,247 square feet	
<b>Gross Building Area (Above-Grade)</b>	<b>4,041 square feet</b>	<i>(Per Architectural Plans)</i>
<b>Ceiling Heights</b>	9'-11/8" (Floors 1-3)	
<b>Utility Metering</b>	Assumed electricity and (electric) heat/hot water will be separately metered and charged to the tenants. Landlord will be responsible for water/sewer, trash, and common area electricity. Assumed no fuel service to the subject.	
<b>Parking Ratio</b>	0 spaces per dwelling unit	
<b>Elevator(s)</b>	No	
<b>ADA Compliance</b>	The property is assumed to be ADA compliant for the first floor only.	

## UNIT SUMMARY

Type	Comments	No.	Size (SF)	NRA (SF)
Studio	Proposed Average Size	7	399	2,794
<b>Total/Avg</b>		<b>7</b>	<b>399</b>	<b>2,794</b>

## CONSTRUCTION DETAIL *UPON COMPLETION*

<b>Foundation</b>	Poured concrete slab on grade
<b>Construction / Exterior Walls</b>	Brick/Masonry Veneer, James Hardie Plank Horizontal Lap Siding, Aluminum Coping
<b>Roof Type / Roof Cover</b>	Flat with Parapet Walls / Rubber Membrane
<b>Windows</b>	Vinyl / Low E With Argon, Black Exterior/White Interior, Casement (Single Pane) Double-Hung (Double Pane)
<b>Basement / Ground Floor</b>	There will be no basement

## INTERIOR DETAIL *UPON COMPLETION*

<b>Walls</b>	Single Layer Gypsum Wallboard; Drywall and ceramic wainscot (bathrooms)
<b>Floor Coverings</b>	Hardwood / vinyl floors and ceramic tile
<b>Unit Amenities</b>	In-Unit Washer/Dryer, Dishwasher
<b>Lighting</b>	Ceiling mounted fixtures; LED/Incandescent
<b>Ceiling Heights</b>	9'-1 <sup>1</sup> / <sub>8</sub> " (Floors 1-3)
<b>Kitchen Finish</b>	The kitchens will be equipped with good/excellent quality finishes assumed to include quartz countertops, ceramic tile backsplash, etc., and good quality (assumed stainless steel) appliances.
<b>Bathroom Finish</b>	The bathrooms will be equipped with good/excellent quality finishes and features including tub and shower combination.

**MECHANICAL DETAIL UPON COMPLETION**

<b>Heating/Cooling</b>	PTAC/thru-wall units via electric furnace and electric hot water tanks.
<b>Plumbing</b>	Assumed to code and adequate.
<b>Electrical/Gas</b>	Assumed to code and adequate. Meters assumed to be located on ground floor or on exterior façade.
<b>Security</b>	Deadbolt entry doors, individually monitored security system.
<b>Fire Protection</b>	Assumed to code; Fully sprinklered, smoke detectors, pull alarm stations and fire extinguishers.

**SITE IMPROVEMENTS UPON COMPLETION**

<b>Parking Type</b>	None
<b>Landscaping</b>	A variety of trees, shrubbery and grass
<b>Amenities (Project)</b>	Rooftop Terrace/Deck, Tenant Amenity Room (1st Floor)

**CONSTRUCTION COSTS**

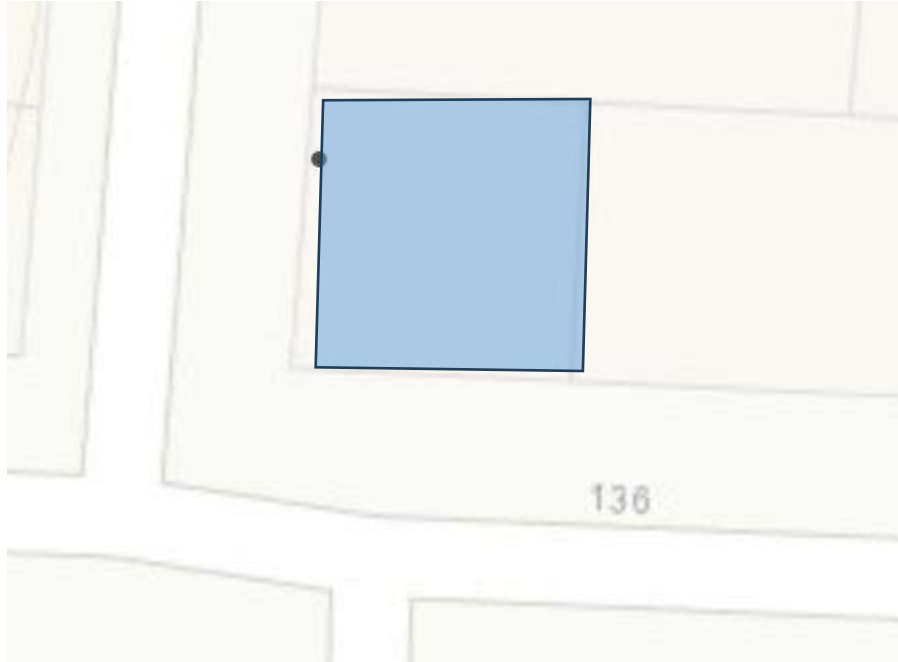
Type	Amount	\$/Unit	\$/SF
Construction Costs (Soft) Estimated	\$51,863	\$7,409	\$13
Construction Costs (Hard)	\$691,500	\$98,786	\$171
<b>Total Developers Cost:</b>	<b>\$743,363</b>	<b>\$106,195</b>	<b>\$184</b>

**SUMMARY UPON COMPLETION**

<b>Building Condition</b>	Good/Excellent; Based on the subject's new vintage, the improvements are considered to be in an overall good condition.
<b>Building Quality</b>	Good/Excellent; The subject is of overall good/excellent quality and is considered superior to other properties in the neighborhood.
<b>Design and Functionality</b>	Based on the building plans as well as observations from the site inspection, no functional obsolescence was observed.
<b>Actual Age</b>	0 years
<b>Expected Economic Life</b>	60 years
<b>Effective Age (As Complete)</b>	0 years
<b>Remaining Economic Life</b>	60 years
<b>Comments</b>	The subject property appears to be suitable for its proposed use providing tenants with an adequate residence that is considered superior for facilities in this area. Overall, it is our opinion that the subject property satisfies the requirements for the proposed use as a walk-up multifamily apartment building.

# REAL PROPERTY TAXES AND ASSESSMENT

## TAX MAP



## PROPERTY ASSESSMENT

The assessment and real estate tax information is provided by the City of Paterson Tax Assessor’s Office. Paterson underwent a revaluation for 2026 and the current equalization ratio is 100%. The subject is identified by parcel number Block 3007, Lot 19. The following is a summary of the property assessment (2025):

REAL ESTATE TAX ASSESSMENT			
Assessment	Market Value	Ratio	Assessed Value
Land	\$92,600	100.00%	\$92,600
Building	+ \$437,300	100.00%	+ \$437,300
<b>Total</b>	<b>\$529,900</b>	<b>100.00%</b>	<b>\$529,900</b>

The current/proposed improvements of the subject property have not yet been assessed by the city assessor and are expected to be re-assessed after the completion of construction. The current 2026 assessment reflects the existing 2-family dwelling. Upon receipt of the certificate of occupancy, the City of Paterson Assessor will estimate the contribution of the new improvements, and an added assessment will be levied and included along with the land assessment on the tax rolls for the subject property.

## ASSESSMENT ANALYSIS

Properties in New Jersey are not re-assessed upon sale. Existing properties are only revalued when a town-wide revaluation is ordered by the county board of taxation or if subject property is substantially improved or expanded.

ASSESSMENT SUMMARY				
Upon Sale	Re-Assessments	Last Reval.	Next Reval.	Upon Renovations
No	Random	2015	2026	Significant Alteration

The city last underwent a city-wide revaluation in 2015. The City of Paterson has begun a citywide hybrid re-assessment of all properties. The process began on April 7, 2025 and will finish by January 1, 2026. The Passaic County Board of Taxation and the New Jersey Division of Taxation have directed the City of Paterson to undertake the Reassessment Program beginning with the tax year 2026 and continuing through 2030. This program will ensure uniform and equitable assessments throughout the municipality, account for the recent changes in the real estate market and significantly reduce the costly tax appeals experienced in the past. The City has contracted Appraisal Systems, Inc. to assist in conducting the Reassessment Program. Value letters are being mailed beginning Tuesday, February 3, 2026

### AD VALOREM TAXES

New Jersey's real property tax is an "ad valorem tax," or a tax according to value. All real property is assessed according to the same standard of value except for qualified agricultural or horticultural land. The standard measure of property value is "true value" or market value, that is, what a willing, knowledgeable buyer would pay a willing, knowledgeable seller on the open market at a bona fide sale as of the statutory October 1 pretax year assessment date. The value of qualified farmland is based upon its productive capabilities when devoted to agricultural or horticultural uses. Real property is required to be assessed at some percentage of true value established by the county board of taxation in each county. All 21 counties in New Jersey endeavor to assess all real property at 100%. However, absent a recent revaluation, assessed values rarely represent 100% of market value.

New Jersey's equalization program is designed to ensure that each taxing district, as a whole, is treated equitably. Equalized valuations are used to apportion among taxing districts within a county the costs of county government; as a component of the formula used for the distribution of school aid; and for the distribution of costs of school districts covering more than one municipality. The principal part of the work of equalization lies in determining the aggregate true value of all real estate in each of the state's 566 taxing districts. This figure is established by a program of assessment- sales ratio analysis. Procedures of sales data collection and analysis have been developed by the Property Administration Branch of the Division of Taxation, but the success of the process requires the cooperation of every county board of taxation and every local tax assessor. County, municipal and school budget costs determine the amount of property tax to be paid. A town's general tax rate is calculated by dividing the total dollar amount it needs to raise to meet local budget expenses by the total assessed value of all its taxable property. An individual's property taxes are then calculated by multiplying that general tax rate by the assessed value of his particular property. Because of New Jersey's strong "home rule" concept of government, the State does not participate in the making of local budgets, nor does it receive any of the property taxes collected.

### TAX RATES

Taxes are levied on the subject by County, Town, School/Library and Special Districts based upon \$100 per assessed value. The estimated 2026 tax rate is reported to be 2.26 per \$100, which is a decrease of about 58% from the 2025 tax rate of 5.335.

The following table illustrates the City of Paterson tax rates over the last 7 years after the last city-wide revaluation. As illustrated, the tax rate increased an average of 4.36% per year over the past seven years.

HISTORICAL TAX RATES		
Fiscal Year	Tax Rate	% Change
2019	4.134%	
2020	4.175%	1.0%
2021	4.476%	7.2%
2022	4.610%	3.0%
2023	4.903%	6.4%
2024	5.095%	3.9%
2025	5.335%	4.7%
2026	2.260%	-57.6%

**CURRENT REAL ESTATE TAX LIABILITY**

Based on the current 2025 tax rate, the subject’s real estate tax liability is illustrated in the chart below:

CURRENT REAL ESTATE TAX LIABILITY				
FY	Taxable A.V.		Tax Rate (per \$100)	RE Tax Liability
2026	\$529,900	x	2.26	= \$11,976

**REASSESSMENT – CHANGE IN TAXES**

Given the structural renovations/alterations that will be conducted at the subject, a re-assessment is expected to be triggered.

Assessments are based on the valuation of a property for taxation purposes and allocate the tax levy among property owners when the tax rate is applied. Because the real property assessment is the result of a “mass appraisal” it is considered less in relation to the value opinion stated in this report.

Therefore, in determining our assessed value of the subject, we have utilized the common valuation methods by balancing comparable property assessments on a per buildable unit basis.

**Assessment Comparisons – Multifamily**

In order to project the subject property’s stabilized assessed value, we have surveyed assessments of comparable market-rate apartment buildings (land and improvements) in the City of Paterson, NJ summarized in the following table.

The majority of recently constructed buildings in the City of Paterson benefit from tax abatements and the full assessment of those assets have not been established. Nonetheless, in order to forecast real estate tax liability, we surveyed those of comparable new vintage buildings in the area within the same municipality, which buildings of varying vintages:

REAL ESTATE TAX COMPARABLES						
No.	Property Name / Address	Year Built	No. Units	Taxable A.V. (FY 2026)	Tax Liability \$/Unit	Assessed Value \$/Unit
	<b>Subject Property (Current - Land)</b>	<b>2026</b>	<b>7</b>	<b>\$529,900</b>	<b>\$1,711</b>	<b>\$75,700</b>
	<b>Subject Property (Forecasted - Improved)</b>	<b>2026</b>	<b>7</b>	<b>\$1,155,000</b>	<b>\$3,729</b>	<b>\$165,000</b>
1	84 Auburn Street	2020	6	\$981,900	<b>\$3,698</b>	\$163,650
2	190 N 5th Street	2019	6	\$995,900	<b>\$3,751</b>	\$165,983
	<b>Low</b>	---	6	\$981,900	\$3,698	\$163,650
	<b>High</b>	---	6	\$995,900	\$3,751	\$165,983
	<b>Average</b>	---	6	\$988,900	\$3,725	\$164,817

The subject’s forecasted assessed value is slightly below the range on a per unit basis owing to the subject’s small unit types/sizes. Owing to the paucity of new construction homes with updated/stabilized assessments within the influencing area, we have utilized the above comparable tax properties.

Considering such, the subject’s forecasted assessed value and tax liability is deemed reasonable and reflective of the market owing to its new vintage and expected completion date.

**CONCLUSION**

Based on the preceding, we have concluded to the following assessed value per unit:

CONCLUDED ASSESSED VALUE				
A.V. Per Unit		No. Units		Total A.V.
\$165,000	x	7	=	\$1,155,000

This unabated real estate tax burden has been applied in the stabilized pro-forma in the *Income Capitalization Approach* as well as in Year 1 of the exemption tax savings cash flow model projection.

Notably, as we are projecting the taxes upon a stabilized scenario, we are not considering the upcoming reassessment as we expect the ratio of income and real estate taxes to remain consistent. Further, we have utilized the estimated 2026 tax rate given that we are reassessing the taxes based on the 2026 assessments of the tax comparables.

TAX PROJECTION	
Forecasted Assessor's Appraised Value	\$1,155,000
Forecasted Taxable Value	\$1,155,000
Tax Rate (per \$100)	<u>2.26</u>
<b>Total Forecasted Property Taxes</b>	<b>\$26,103</b>
per unit	\$3,729

**PILOT REAL ESTATE TAX SAVINGS ANALYSIS**

The subject property is expected to qualify for a 30-year PILOT upon completion. Accordingly, a cash flow valuation model for the subject property has been prepared in order to add the incremental worth of future real estate tax



savings that are forecasted to occur from 2025/26 to 2054/55 since said abated real estate taxes will not continue into perpetuity.

**Assumptions**

In determining the tax savings, the following assumptions were made:

- ❖ We have estimated that the subject’s unabated real estate assessment of \$92,600 will not increase for the entire 30-year model, which anticipates no city-wide revaluation.
- ❖ The current land assessment of \$92,600 will remain frozen for the first 10 years of the model, with the unabated assessed value being phased in at 5% annually from Years 12 to 30.
- ❖ The 2026 tax rate of 2.26 is projected to increase 3.00% annually throughout the cash flow model.
- ❖ The projected tax savings are discounted to present value through the application of a 6.00% discount rate.

The scheduled phase-out of the PILOT is provided on the following table. The projected PILOT payments, projected tax savings, and net present value of the projected real estate tax savings are illustrated on the following chart, which will be processed as an adjustment to value in the valuation of the subject property in the Income Capitalization Approach and Sales Comparison Approach sections of the appraisal.

NPV OF PILOT TAX SAVINGS - AS STABILIZED											
Tax Year	Program Year	Notes	Unabated A.V.	Abated A.V.	Tax Rate	Exemption Amount	Market Taxes	Abated Taxes	Tax Savings	NPV @ (6.00%)	
1 (2026/27)	1	Current Yr.	\$1,155,000	\$92,600	2.2600%	\$1,062,400	\$26,103	\$2,093	\$24,010	\$22,651	
2 (2027/28)	2	Stabilized Yr.	\$1,155,000	\$92,600	2.3278%	\$1,062,400	\$26,886	\$2,156	\$24,731	\$22,010	
3 (2028/29)	3		\$1,155,000	\$92,600	2.3976%	\$1,062,400	\$27,693	\$2,220	\$25,472	\$21,387	
4 (2029/30)	4		\$1,155,000	\$92,600	2.4696%	\$1,062,400	\$28,523	\$2,287	\$26,237	\$20,782	
5 (2030/31)	5		\$1,155,000	\$92,600	2.5436%	\$1,062,400	\$29,379	\$2,355	\$27,024	\$20,194	
6 (2031/32)	6		\$1,155,000	\$92,600	2.6200%	\$1,062,400	\$30,261	\$2,426	\$27,834	\$19,622	
7 (2032/33)	7		\$1,155,000	\$92,600	2.6986%	\$1,062,400	\$31,168	\$2,499	\$28,669	\$19,067	
8 (2033/34)	8		\$1,155,000	\$92,600	2.7795%	\$1,062,400	\$32,103	\$2,574	\$29,530	\$18,527	
9 (2034/35)	9		\$1,155,000	\$92,600	2.8629%	\$1,062,400	\$33,066	\$2,651	\$30,415	\$18,003	
10 (2035/36)	10		\$1,155,000	\$92,600	2.9488%	\$1,062,400	\$34,058	\$2,731	\$31,328	\$17,493	
11 (2036/37)	11		\$1,155,000	\$92,600	3.0373%	\$1,062,400	\$35,080	\$2,812	\$32,268	\$16,998	
12 (2037/38)	12		\$1,155,000	\$57,750	3.1284%	\$1,097,250	\$36,133	\$1,807	\$34,326	\$17,059	
13 (2038/39)	13		\$1,155,000	\$115,500	3.2222%	\$1,039,500	\$37,217	\$3,722	\$33,495	\$15,704	
14 (2039/40)	14		\$1,155,000	\$173,250	3.3189%	\$981,750	\$38,333	\$5,750	\$32,583	\$14,412	
15 (2040/41)	15		\$1,155,000	\$231,000	3.4185%	\$924,000	\$39,483	\$7,897	\$31,587	\$13,180	
16 (2041/42)	16		\$1,155,000	\$288,750	3.5210%	\$866,250	\$40,668	\$10,167	\$30,501	\$12,006	
17 (2042/43)	17		\$1,155,000	\$346,500	3.6266%	\$808,500	\$41,888	\$12,566	\$29,321	\$10,889	
18 (2043/44)	18		\$1,155,000	\$404,250	3.7354%	\$750,750	\$43,144	\$15,100	\$28,044	\$9,825	
19 (2044/45)	19		\$1,155,000	\$462,000	3.8475%	\$693,000	\$44,439	\$17,775	\$26,663	\$8,813	
20 (2045/46)	20		\$1,155,000	\$519,750	3.9629%	\$635,250	\$45,772	\$20,597	\$25,174	\$7,850	
21 (2046/47)	21		\$1,155,000	\$577,500	4.0818%	\$577,500	\$47,145	\$23,572	\$23,572	\$6,934	
22 (2047/48)	22		\$1,155,000	\$635,250	4.2043%	\$519,750	\$48,559	\$26,708	\$21,852	\$6,064	
23 (2048/49)	23		\$1,155,000	\$693,000	4.3304%	\$462,000	\$50,016	\$30,010	\$20,006	\$5,238	
24 (2049/50)	24		\$1,155,000	\$750,750	4.4603%	\$404,250	\$51,517	\$33,486	\$18,031	\$4,453	
25 (2050/51)	25		\$1,155,000	\$808,500	4.5941%	\$346,500	\$53,062	\$37,143	\$15,919	\$3,709	
26 (2051/52)	26		\$1,155,000	\$866,250	4.7319%	\$288,750	\$54,654	\$40,990	\$13,663	\$3,003	
27 (2052/53)	27		\$1,155,000	\$924,000	4.8739%	\$231,000	\$56,294	\$45,035	\$11,259	\$2,335	
28 (2053/54)	28		\$1,155,000	\$981,750	5.0201%	\$173,250	\$57,982	\$49,285	\$8,697	\$1,701	
29 (2054/55)	29		\$1,155,000	\$1,039,500	5.1707%	\$115,500	\$59,722	\$53,750	\$5,972	\$1,102	
30 (2055/56)	30		\$1,155,000	\$1,097,250	5.3258%	\$57,750	\$61,513	\$58,438	\$3,076	\$536	
31 (2056/57)	31		\$1,155,000	\$1,155,000	5.4856%	\$0	\$63,359	\$63,359	\$0	\$0	
									\$697,249	\$338,895	
									Rounded to nearest \$10,000	\$700,000	\$340,000

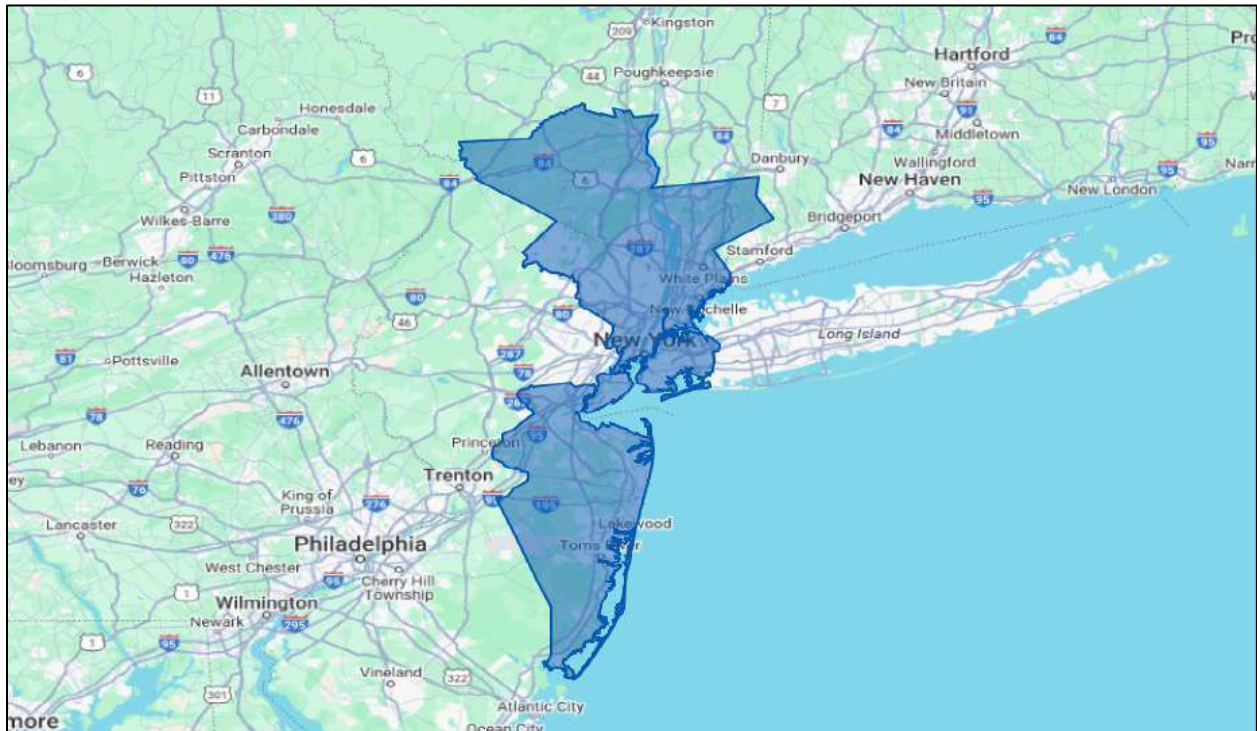


# MARKET ANALYSIS

## NEW YORK MULTIFAMILY MARKET

CoStar is the source for the following data. The data reflects conditions of 2025 Q3, the most recent available as of Q1 2026. The initial discussion provides information on the overall **New York Multifamily market**, followed by the subject's submarket. The subject is located within the **Passaic County submarket**, which will be discussed later in this report.

### NEW YORK MULTIFAMILY MARKET MAP



CoStar's forecast scenarios include its Houseview Base Case, introduced in 2023, and several algorithmic forecast scenarios. These have been produced using CoStar's internal econometric property sector models based on inputs from Oxford Economics' macroeconomic models in its North American Cities and Regions service published in September 2024.

The Houseview Base Case forecast scenario is based on the Algorithmic Base Case below, where manual interventions are made to the property sector forecasts to account for structural and cyclical impacts in the commercial real estate markets that are not adequately reflected in macroeconomic forecasts. For example, tighter financial conditions have resulted in higher cap rates and steeper valuation losses. At the same time, low office utilization rates caused by the adoption of hybrid work arrangements have weakened fundamentals beyond what headline job gains or losses encapsulate. These interventions result in forecasts that are better aligned with the professional views of CoStar's property sector specialists.

The Houseview offers two accompanying scenarios: the Houseview Moderate Upside and the Houseview Severe Downside. The former provides a more optimistic view of the economy, with job gains and economic growth

moderately improved over the Houseview Base Case. At the same time, the latter sees a more muted economic environment.

The Algorithmic Base Case forecast is based on the Oxford Economics baseline forecast, which reflects moderate economic growth throughout 2024, driven by a solid labor market and the strong state of household balance sheets. GDP is expected to grow by 2.7% in 2024 and 2.0% in 2025, an upgrade from the previous quarter's forecast. Job gains have been slowing and are expected to continue to slow for the next few years as the labor market rebalances. Firms are projected to add 2.2 million positions in 2024, compared to 2.9 million in 2023 and 1.5 million in 2025. The unemployment rate is expected to end the year at 4.3%, staying there through mid-2026 and declining through the forecast period to about 4.2%.

Headline and core inflation are expected to continue easing through the next four quarters but remain above the Federal Reserve's 2% target rate throughout 2024. The Federal Reserve is expected to continue to lower rates after beginning its easing cycle with a surprise 50 basis point cut. The path to its neutral rate is expected to be bumpy due to seasonality and base effects. Capital markets remain calm. Spreads between BBB corporate bonds and the 10-year Treasury stay between 1.0% and 1.25% through the end of the forecast period.

CoStar also offers a forecast based on the 2024Q3 Algorithmic Moderate Upside scenario, which sees economic activity surprising to the upside over the coming year under a concerted global strengthening of demand. The Moderate Upside has the economy reaccelerating to 3% in 2025 compared to 2% in the Algorithmic Base Case forecast and adding about 3.3 million jobs in 2024 before slowing to 2.5 million in 2025. The unemployment rate will fall to a historic low of 2.4% by the end of this year before rising to 3.1% in 2025 and around 3.5% in the longer term.

The Algorithmic Moderate Downside scenario envisions conditions where higher inflation, higher interest rates, and weakening consumer confidence cause a contraction in economic output in the fourth quarter of 2024. The economy will grow by 2.2% in 2024 compared to 2.7% in the Algorithmic Base Case scenario and will contract by 0.4% in 2025. Activity remains sluggish, and the economy will not return to its 2024Q3 level until late 2026. Financial market turmoil unfolds, as well as weaker consumer confidence and reduced business investment.

Job losses will begin in the fourth quarter of 2024 and continue through the end of 2026, with employment falling by about 1.8 million jobs during that time. The unemployment rate rises to 4.2% by the end of 2024, 5.9% by the end of 2025, and 6.8% by 2026. The shock to aggregate demand and the labor market leads to slower inflation, weaker asset prices, and higher bond yields, leading to deteriorating financial conditions, with risk spreads widening to 200 basis points by early 2025 before easing slowly into 2026.

The Algorithmic Interest Rate Shock forecast consists of the same economic forecast as the Moderate Downside scenario but delivers a shock to the BBB corporate bond yield as a proxy for a sudden increase in risk originating in financial markets or from significant and unexpected geopolitical events. In this scenario, higher risk spreads of about 300 basis points by late 2025 drive cap rates higher, which causes sharper near-term property value losses before recovering.

The Algorithmic Severe Downside scenario envisions a severe global recession that might occur during a major geopolitical crisis impacting supply chains, commodity prices and domestic consumer and business sentiment. This combination results in a severe and prolonged contraction in output and employment, which spills over to reduced capital accumulation and total factor productivity.

In this scenario, the economy begins to contract sharply in the fourth quarter of 2024 and is in recession through mid-2026, with GDP falling about 7% peak through the trough. Job losses start immediately and continue through early 2025, with more than 7.3 million positions lost during that time. The unemployment rate will rise to 10% by mid-2026 and remain elevated through the decade's end. The surge in unemployment and prolonged economic

weakness triggers a sharp increase in personal and corporate insolvencies, and asset prices plummet. Risk spreads widen to about 425 basis points in mid- to late-2025 before recovering.

CoStar rates multifamily properties using a star rating, in which 1 and 2-star properties generally equate to the more traditional Class C rating; 3-star properties generally equate to Class B; and 4 and 5-star properties generally equate to Class A.

Class A – They are characterized by high quality construction and finishes, high occupancy levels, sophisticated amenities, and top rental rates. A+ properties would suggest "trophy" properties with the characteristics noted above.

Class B – These apartment properties are regarded as modern (although not necessarily new) buildings, or old (i.e., Class C) structures recently renovated to modern standards. Good locations, reasonably high occupancy levels, and competitive rental rates characterize these buildings.

Class C – The lowest quality apartments available in the market are found in Class C buildings. These buildings are generally old, but in fair condition. Rental rates are the lowest within the market and amenities are minimal.

**KEY INDICATORS AT A GLANCE**

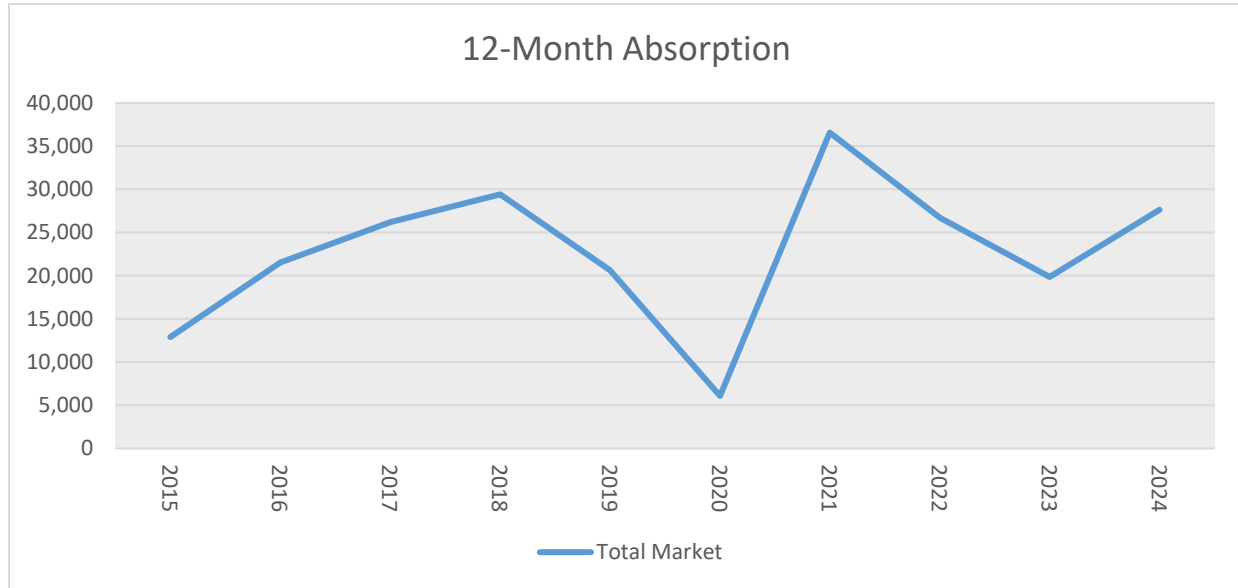
	PRIOR QUARTER	CURRENT QUARTER	COMPARISON
Vacancy (%)	3.14%	3.34%	increased 20 Basis Points
Absorption (Units)	7,263	9,131	increased 1,868 Units
Quoted Rental Rates (\$/Unit/Month)	\$3,358	\$3,360	increased \$2 Per Unit
Inventory (Units)	1,594,425	1,607,195	increased 12,770 Units
Net Deliveries (Units)	9,382	12,770	increased 3,388 Units
Under Construction (Units)	49,690	40,666	decreased 9,024 Units
Overall Comparison	<p><i>The New York Multifamily market ended the third quarter 2025 with an overall vacancy rate of 3.34%. The vacancy rate increased over the previous quarter, with net absorption totaling 9,131 units in the third quarter 2025. Rental rates increased \$2.01 per unit per month over the previous quarter and ended at \$3,360 per unit per month. A total of 12,770 units was delivered in the quarter, with 40,666 units still under construction at the end of the quarter.</i></p>		

## NEW YORK MULTIFAMILY MARKET STATISTICS

PERIOD	EXISTING INVENTORY (UNITS)	VACANCY %	NET ABSORPTION (UNITS)	NET COMPLETIONS (UNITS)	UNDER CONST. (UNITS)	QUOTED RATES (\$/UNIT/MONTH)
2025 Q3	1,607,195	3.34%	9,131	12,770	40,666	\$3,360
2025 Q2	1,594,425	3.14%	7,263	9,382	49,690	\$3,358
2025 Q1	1,585,042	3.02%	7,188	5,879	56,303	\$3,318
2024 Q4	1,579,125	3.11%	7,814	9,368	57,628	\$3,283
2024	1,579,125	3.11%	27,647	32,742	57,628	\$3,283
2023	1,546,385	2.84%	19,879	23,525	69,587	\$3,214
2022	1,522,858	2.64%	26,710	28,702	59,741	\$3,144
2021	1,494,155	2.54%	36,570	20,981	53,312	\$3,032
2020	1,473,175	3.62%	6,087	17,763	53,445	\$2,893
2019	1,455,412	2.86%	20,639	21,606	50,609	\$2,912
2018	1,433,806	2.82%	29,414	23,726	46,379	\$2,865
2017	1,410,080	3.27%	26,207	29,104	50,122	\$2,814
2016	1,380,973	3.13%	21,534	17,139	57,817	\$2,770

The New York Multifamily market ended the third quarter with a vacancy rate of 3.34%. The vacancy rate increased over the previous quarter, with net absorption totaling 9,131 units in the third quarter. Rental rates increased compared to the previous quarter, ending third quarter at \$3,360. A total of 12,770 units was delivered to the market, with 40,666 units still under construction at the end of the quarter.

### ABSORPTION



Net absorption for the overall New York Multifamily market was 9,131 units in the third quarter 2025. That compares to 7,263 units in the second quarter 2025, 7,188 units in the first quarter 2025, and 7,814 units in the fourth quarter 2024. Net absorption in the market over the prior 12 months totaled 31,396 units.

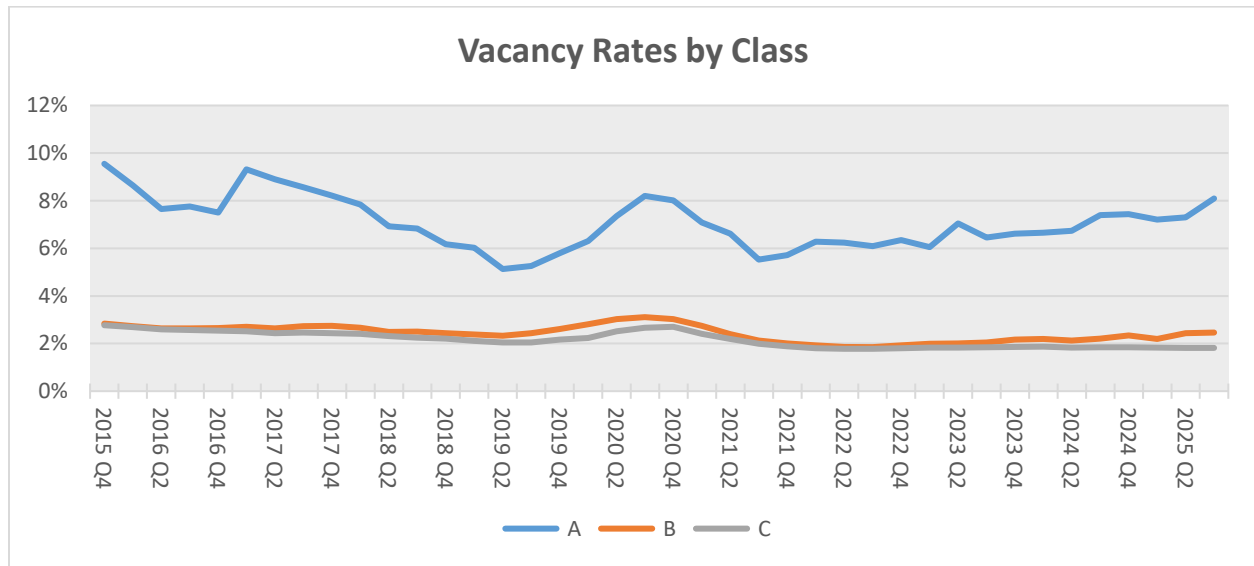
The Class A (4 & 5 Star) Multifamily market recorded net absorption of 7,535 units in the third quarter 2025, compared to 7,258 units in the second quarter 2025, 5,152 units in the first quarter 2025, and 6,770 units in the fourth quarter 2024.

The Class B (3 Star) Multifamily market recorded net absorption of 1,623 units in the third quarter 2025, compared to -105 units in the second quarter 2025, 1,945 units in the first quarter 2025, and 1,167 units in the fourth quarter 2024.

The Class C (1 & 2 Star) Multifamily market recorded net absorption of -27 units in the third quarter 2025, compared to 110 units in the second quarter 2025, 91 units in the first quarter 2025, and -123 units in the fourth quarter 2024.

Net absorption for the Passaic County submarket was 136 units in the third quarter 2025. That compares to 183 units in the second quarter 2025, 71 units in the first quarter 2025, and 85 units in the fourth quarter 2024.

**VACANCY**



Vacancy for the overall New York Multifamily market increased to 3.34% in the third quarter 2025. That compares to 3.14% in the second quarter 2025, 3.02% in the first quarter 2025, and 3.11% in the fourth quarter 2024.

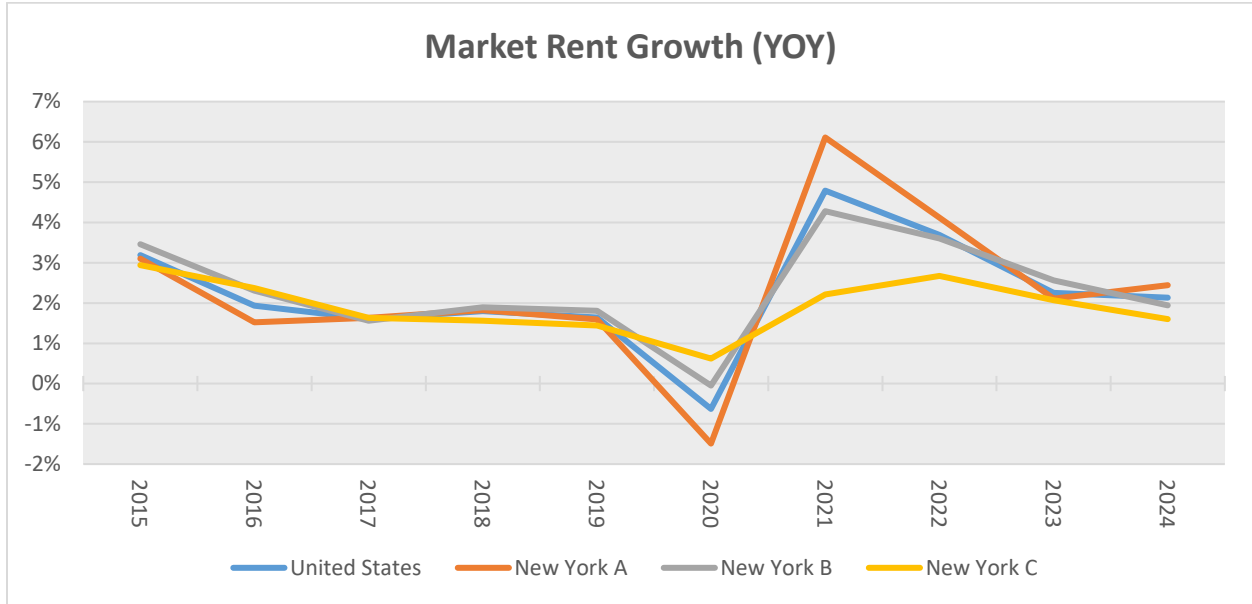
Class A (4 & 5 Star) projects reported a vacancy rate of 8.09% at the end of the third quarter 2025, 7.30% at the end of the second quarter 2025, 7.21% at the end of the first quarter 2025, and 7.44% at the end of the fourth quarter 2024.

Class B (3 Star) projects reported a vacancy rate of 2.46% at the end of the third quarter 2025, 2.43% at the end of the second quarter 2025, 2.19% at the end of the first quarter 2025, and 2.34% at the end of the fourth quarter 2024.

Class C (1 & 2 Star) projects reported a vacancy rate of 1.82% at the end of the third quarter 2025, 1.82% at the end of the second quarter 2025, 1.83% at the end of the first quarter 2025, and 1.84% at the end of the fourth quarter 2024.

The overall vacancy rate in the New York Passaic County submarket at the end of the third quarter 2025 was 3.41%. The vacancy rate was 3.99% at the end of the second quarter 2025, 2.38% at the end of the first quarter 2025 and 2.45% at the end of the fourth quarter 2024.

**RENTAL RATES**



The average asking rental rate for available Multifamily space, all classes, was \$3,360 per unit per month at the end of the third quarter 2025 in the New York market area. This represented a 0.1% increase in quoted rental rates from the end of the second quarter 2025, when rents were reported at \$3,358 per unit.

The average quoted rate within the Class A (4 & 5 Star) sector was \$4,466 at the end of the third quarter 2025, while Class B (3 Star) rates stood at \$3,113, and Class C (1 & 2 Star) rates at \$2,160. At the end of the second quarter 2025, Class A (4 & 5 Star) rates were \$4,463 per unit, Class-B (3 Star) rates were \$3,115, and Class C (1 & 2 Star) rates were \$2,155.

The average quoted asking rental rate in New York’s Passaic County district was \$2,115 per unit per month at the end of the third quarter 2025. In the second quarter 2025, quoted rates were \$2,130.

**INVENTORY & CONSTRUCTION**

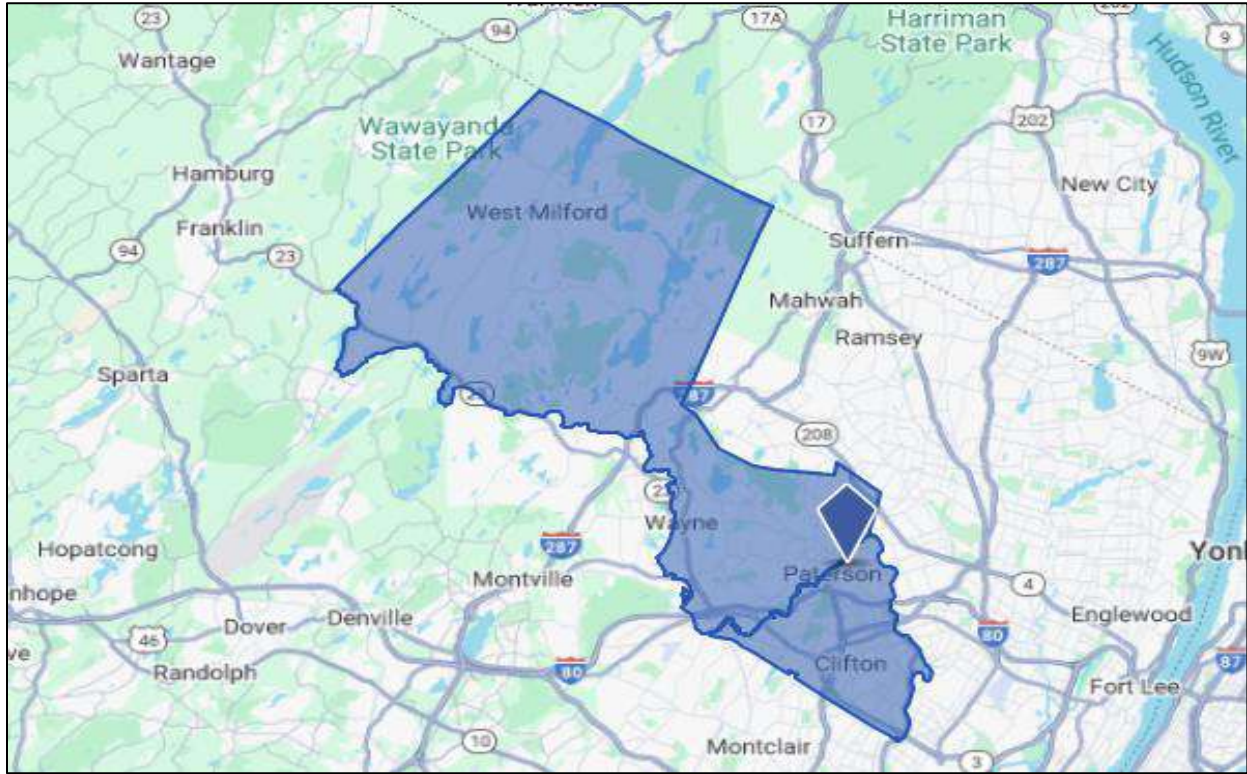
During the third quarter 2025, a total of 12,770 units was completed in the New York market area. This compares to a total of 9,382 units completed in the second quarter 2025, a total of 5,879 units completed in the first quarter 2025, and 9,368 units completed in the fourth quarter 2024. There were 40,666 units of Multifamily space under construction at the end of the third quarter 2025.

SUBTYPE	EXISTING INVENTORY (UNITS)	NET DELIVERIES (12 MONTHS)	UNDER CONSTRUCTION (UNITS)
Class A (4 & 5 Star)	329,999	31,221	31,481
Class B (3 Star)	593,129	6,269	8,899
Class C (1 & 2 Star)	684,067	-91	286
<b>Total</b>	<b>1,607,195</b>	<b>37,399</b>	<b>40,666</b>

## PASSAIC COUNTY MULTIFAMILY SUBMARKET

According to CoStar, the subject is identified to be located within the **Passaic County multifamily submarket**, discussed below.

### PASSAIC COUNTY MULTIFAMILY SUBMARKET MAP



#### KEY INDICATORS AT A GLANCE

	PRIOR QUARTER	CURRENT QUARTER	COMPARISON
Vacancy (%)	3.99%	3.41%	decreased 58 Basis Points
Absorption (Units)	183	136	decreased 47 Units
Quoted Rental Rates (\$/Unit/Month)	\$2,130	\$2,115	decreased \$15 Per Unit
Inventory (Units)	23,229	23,229	no change Units
Net Deliveries (Units)	570	0	decreased 570 Units
Under Construction (Units)	1,233	1,321	increased 88 Units
Overall Comparison			

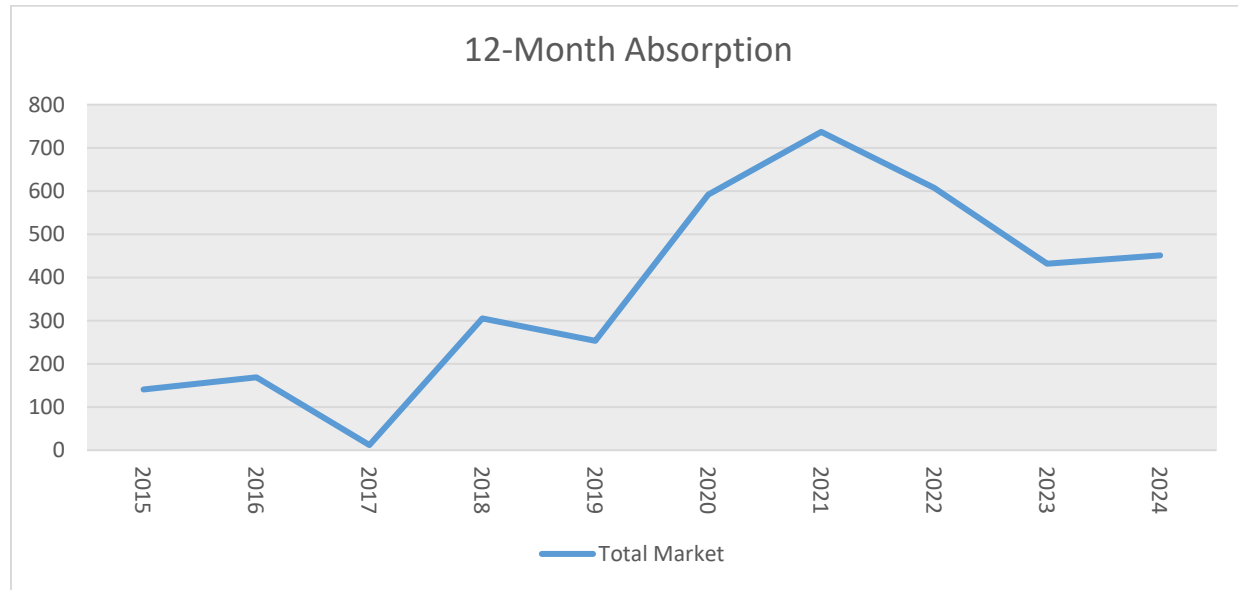
*The Passaic County Multifamily market ended the third quarter 2025 with an overall vacancy rate of 3.41%. The vacancy rate decreased over the previous quarter, with net absorption totaling 136 units in the third quarter 2025. Rental rates decreased \$14.93 per unit per month over the previous quarter and ended at \$2,115 per unit per month. A total of 0 units was delivered in the quarter, with 1,321 units still under construction at the end of the quarter.*

### PASSAIC COUNTY MULTIFAMILY MARKET STATISTICS

PERIOD	EXISTING INVENTORY (UNITS)	VACANCY %	NET ABSORPTION (UNITS)	NET COMPLETIONS (UNITS)	UNDER CONST. (UNITS)	QUOTED RATES (\$/UNIT/MONTH)
2025 Q3	23,229	3.41%	136	0	1,321	\$2,115
2025 Q2	23,229	3.99%	183	570	1,233	\$2,130
2025 Q1	22,659	2.38%	71	56	1,803	\$2,112
2024 Q4	22,603	2.45%	85	121	1,859	\$2,104
2024	22,603	2.45%	451	493	1,859	\$2,104
2023	22,110	2.30%	432	600	947	\$2,031
2022	21,510	1.51%	607	420	1,087	\$1,954
2021	21,090	2.43%	737	597	819	\$1,852
2020	20,493	3.17%	592	679	812	\$1,752
2019	19,814	2.83%	253	187	984	\$1,710
2018	19,627	3.18%	305	266	408	\$1,668
2017	19,361	3.41%	12	78	344	\$1,625
2016	19,283	3.08%	169	220	116	\$1,583

The Passaic County Multifamily market ended the third quarter with a vacancy rate of 3.41%. The vacancy rate decreased over the previous quarter, with net absorption totaling 136 units in the third quarter. Rental rates increased compared to the previous quarter, ending third quarter at \$2,115. A total of 0 units was delivered to the market, with 1,321 units still under construction at the end of the quarter.

#### ABSORPTION



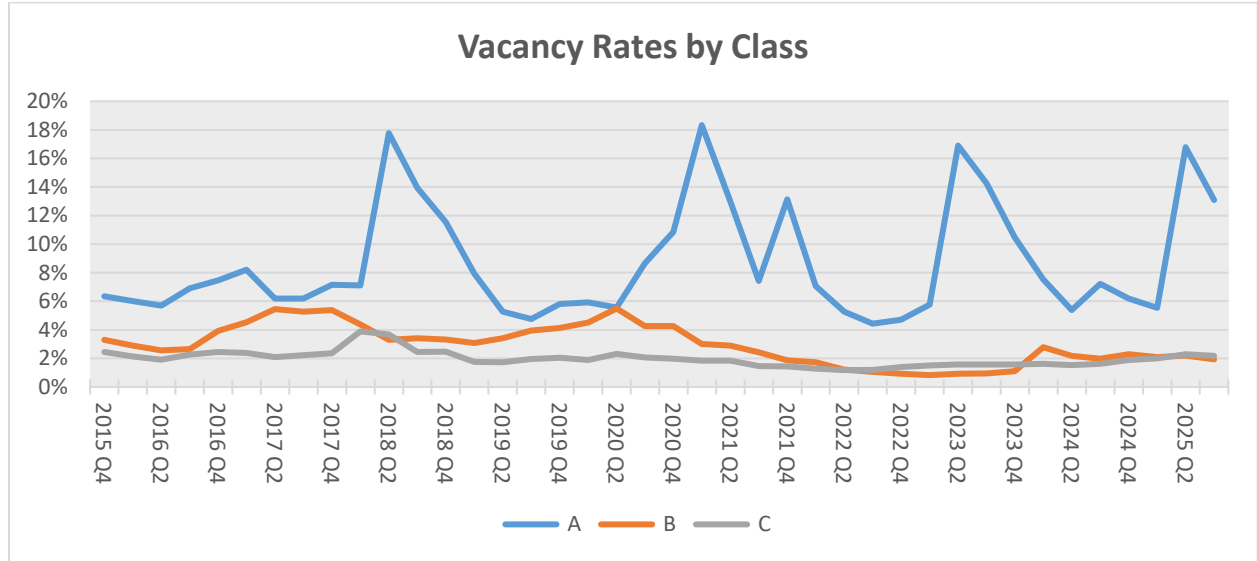
Net absorption for the overall Passaic County Multifamily market was 136 units in third quarter 2025. That compares to 183 units in second quarter 2025, 71 units in first quarter 2025, and 85 units in fourth quarter 2024. Net absorption in the market over the prior 12 months totaled 475 units.

The Class A (4 & 5 Star) Multifamily market recorded net absorption of 103 units in the third quarter 2025, compared to 154 units in the second quarter 2025, 15 units in the first quarter 2025, and 24 units in the fourth quarter 2024.

The Class B (3 Star) Multifamily market recorded net absorption of 20 units in the third quarter 2025, compared to 68 units in the second quarter 2025, 71 units in the first quarter 2025, and 96 units in the fourth quarter 2024.

The Class C (1 & 2 Star) Multifamily market recorded net absorption of 13 units in the third quarter 2025, compared to -39 units in the second quarter 2025, -16 units in the first quarter 2025, and -35 units in the fourth quarter 2024.

**VACANCY**



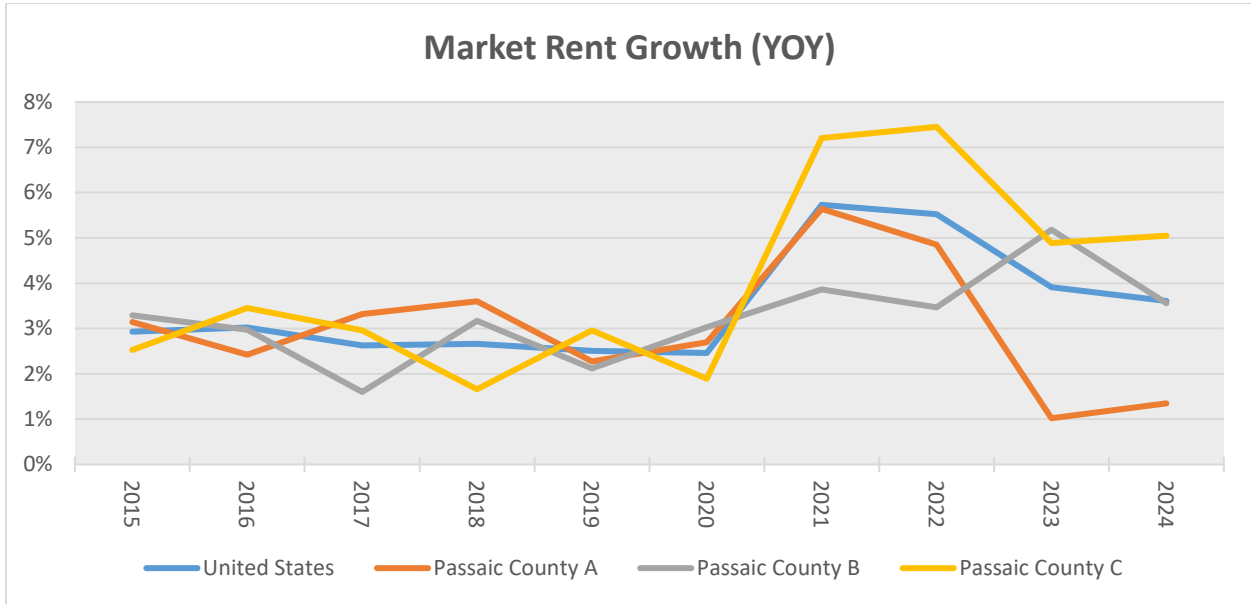
Vacancy for the overall Passaic County Multifamily market decreased to 3.41% in the third quarter 2025. That compares to 3.99% in the second quarter 2025, 2.38% in the first quarter 2025, and 2.45% in the fourth quarter 2024.

Class A (4 & 5 Star) projects reported a vacancy rate of 13.08% at the end of the third quarter 2025, 16.78% at the end of the second quarter 2025, 5.53% at the end of the first quarter 2025, and 6.18% at the end of the fourth quarter 2024.

Class B (3 Star) projects reported a vacancy rate of 1.93% at the end of the third quarter 2025, 2.21% at the end of the second quarter 2025, 2.08% at the end of the first quarter 2025, and 2.30% at the end of the fourth quarter 2024.

Class C (1 & 2 Star) projects reported a vacancy rate of 2.19% at the end of the third quarter 2025, 2.29% at the end of the second quarter 2025, 2.00% at the end of the first quarter 2025, and 1.88% at the end of the fourth quarter 2024.

**RENTAL RATES**



The average asking rental rate for available Multifamily space, all classes, was \$2,115 per unit per month at the end of the third quarter 2025 in the Passaic County market area. This represented a 0.7% decrease in quoted rental rates from the end of the second quarter 2025, when rents were reported at \$2,130 per unit.

The average quoted rate within the Class A (4 & 5 Star) sector was \$3,131 at the end of the third quarter 2025, while Class B (3 Star) rates stood at \$2,051, and Class C (1 & 2 Star) rates at \$1,802. At the end of the second quarter 2025, Class A (4 & 5 Star) rates were \$3,214 per unit, Class-B (3 Star) rates were \$2,041, and Class C (1 & 2 Star) rates were \$1,809.

**INVENTORY & CONSTRUCTION**

During the third quarter 2025, a total of 0 units was completed in the Passaic County market area. This compares to a total of 570 units completed in the second quarter 2025, a total of 56 units completed in the first quarter 2025, and 121 units completed in the fourth quarter 2024. There were 1,321 units of Multifamily space under construction at the end of the third quarter 2025.

SUBTYPE	EXISTING INVENTORY (UNITS)	NET DELIVERIES (12 MONTHS)	UNDER CONSTRUCTION (UNITS)
Class A (4 & 5 Star)	2,770	492	1,000
Class B (3 Star)	7,215	255	321
Class C (1 & 2 Star)	13,244	0	0
<b>Total</b>	<b>23,229</b>	<b>747</b>	<b>1,321</b>

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# HIGHEST AND BEST USE

## INTRODUCTION

The highest and best use is the reasonable, probable, and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible and that results in the highest value. These criteria are often considered sequentially. The tests of legal permissibility and physical possibility must be applied before the remaining tests of financial feasibility and maximal productivity. A financially feasible use is precluded if it is legally prohibited or physically impossible. If a reasonable possibility exists that one of the prior, unacceptable conditions can be changed, is it appropriate to proceed with the analysis with such an assumption.

## HIGHEST AND BEST USE CRITERIA

The site's highest and best use is analyzed both as vacant and as improved, and if improvements are proposed then an as proposed analysis is required. In all cases, the property's highest and best use must meet four criteria: (1) legally permissible; (2) physically possible; (3) financially feasible; and (4) maximally productive.

## HIGHEST AND BEST USE AS VACANT

### LEGALLY PERMISSIBLE

This test addresses which uses are permitted by zoning and private restrictions on the site. The subject site is situated in the R-2 which permits only 1- and 2-family development as of right. However, this appraisal is based on the hypothetical assumption that the subject has received approvals for the development of a 7-unit multifamily property. It is our opinion that the site, if vacant, could be developed for the above hypothetically legally permitted (and assumed) uses. No known zoning changes to uses other than these are currently being considered or anticipated.

### PHYSICALLY POSSIBLE

This test addresses the physical characteristics associated with the site that might affect its highest and best use. All necessary utilities are available, and there are no apparent easements or encroachments that would hinder or prevent development. The size falls generally within the range of improved sites in the area and is not considered to restrict the utility in relation to competing sites, and assuming variances are granted for minimum lot size and dimensions. Any of the above legally permitted uses, therefore, are considered physically possible.

### FINANCIALLY FEASIBLE

Financial feasibility is determined by the relationship of supply and demand for the legally probable land uses versus the cost to create them. The market analysis section reveals that multifamily uses in the subject's market are generally stabilized.

Owing to the significant demand of development sites and abundance of recently constructed three-family to large multifamily developments in the market area serve as direct evidence that new three-family townhouse, garden apartment and low-rise multifamily development is financially feasible to operate as a rental facility.

Comparisons of rental rates, operating expenses and construction costs indicate the property is capable of providing an adequate return on investment to warrant new townhouse, garden apartment and low-rise multifamily development in the current market. This assertion is supported by the fact that the property has the potential to

generate rental income as shown in the income approach. Therefore, multifamily use is considered financially feasible.

**MAXIMALLY PRODUCTIVE**

This test is applied to the uses that have passed the first three tests. The maximally productive use is the selected land that yields the highest value of the possible uses.

Given the zoning and the character of the surrounding neighborhood, multifamily development operated as a rental facility appears to be the maximally productive allowable use.

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# VALUATION PROCESS

## OVERVIEW

The three traditional approaches to valuing improved properties are:

- **Cost Approach** - an estimate of the replacement cost of all structural improvements as if new, less loss in value attributable to depreciation from all causes plus the value of the land as if vacant.
- **Income Capitalization Approach** - the processing of a projected net income into an opinion of value via one or more capitalization techniques; and
- **Sales Comparison Approach** - a comparison of the property appraised with reasonable similar, recently conveyed properties for which the price, terms and conditions of sale are known;

The **Cost Approach** is based on the premise that the value of a property can be indicated by the current cost to construct a reproduction or replacement for the improvements minus the amount of depreciation evident in the structures from all causes plus the value of the land and entrepreneurial profit. This approach to value is particularly useful for appraising new or nearly new improvements.

The **Income Capitalization Approach** is based on the principle of anticipation that recognizes the present value of the future income benefits to be derived from ownership in a particular property. The Income Capitalization Approach is most applicable to properties that are bought and sold for investment purposes and is considered very reliable when adequate income and expense data are available. Since income producing real estate is most often purchased by investors, this approach is valid and is generally considered the most applicable when the property being appraised was designed for or is easily capable of producing a rental income.

The **Sales Comparison Approach** is founded upon the principle of substitution that holds that the cost to acquire an equally desirable substitute property without undue delay ordinarily sets the upper limit of value. At any given time, prices paid for comparable properties are construed by many to reflect the value of the property appraised. The validity of a value indication derived by this approach is heavily dependent upon the availability of data on recent sales of properties similar in location, size, and utility to the appraised property.

## SUMMARY

This appraisal employs all three typical approaches to value: the Cost Approach, the Sales Comparison Approach, and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that all approaches would be considered meaningful and applicable in developing a credible value conclusion. The client also requires an insurable value of the improvements.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value or is a correlation of all the approaches used in the appraisal.

# COST APPROACH

## GENERAL PROCESS

The Cost Approach is based on the principle of substitution, which states that no prudent person will pay more for a property than the cost of acquiring a site and constructing, without undue delay, an equally desirable and useful property. The steps have been outlined in the Valuation Process section of this report.

The procedure for applying the Cost Approach within the appraisal framework for the subject property is as follows:

- *A land value estimate is derived through an analysis of comparable sales where the sales of similar sites are analyzed on a per unit basis.*
- *An estimate of replacement cost new is estimated after a physical inspection of the improvements or review of the architectural drawings.*
- *From replacement cost new, any accrued depreciation is deducted. These items can be segregated into physical, functional, and economic obsolescence.*
- *Additional cost items would include indirect costs, developer's profit, and other extraordinary items.*
- *The final value via the Cost Approach is sum of land and depreciated cost of improvements.*

## LAND VALUATION

The Sales Comparison Approach is employed to develop an opinion of land value. In the Sales Comparison Approach, we developed an opinion of value by comparing similar, recently sold sites in the surrounding or competing area to the subject property. In order to determine the value of the subject property, these comparable sales and/or listings are then evaluated and adjusted based on their differences when compared to the subject property. Inherent in this approach is the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

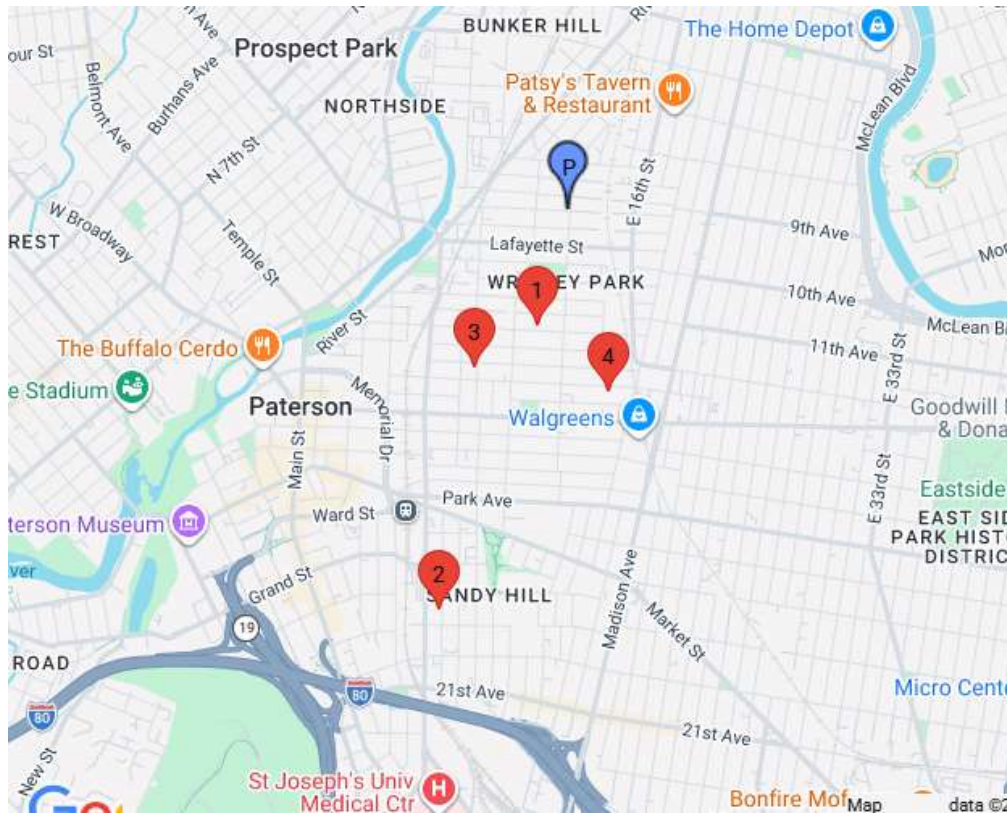
### Reconciliation

Once all of the comparables have been adjusted, a single-value must be concluded based on the indications produced from the analysis of the comparables.

## UNIT OF COMPARISON

In the valuation of the subject site's fee simple interest, the Sales Comparison Approach has been used to establish prices being paid for comparably zoned land. The most widely used and market-oriented unit of comparison for properties with characteristics similar to those of the subject is the sale price **per buildable dwelling unit**.

**COMPARABLE LAND SALES MAP AND SALES SUMMARY**



SUMMARY OF LAND SALES										
No.	Property / Location	Date of Sale	Site Size (Net SF)	Zoning	Property Use	Buildable Units	Approvals	Sale Price	Price per SF (Net)	Price per Unit
1	Land 352 Hamilton Avenue Paterson, NJ	Listing	5,663	RA-2; 4th Ward Redevelopment Residential	Land	9	Yes	\$900,000	\$158.93	\$100,000
2	Land 201 Governor Street Paterson, NJ	Nov-24	2,500	RA-2; 4th Ward Redevelopment Residential	Land	11	Yes	\$1,111,000	\$444.40	\$101,000
3	Land 116 Madison Street Paterson, NJ	Jun-24	2,500	RA-2; 5th Ward Redevelopment Residential	Land	6	Yes	\$600,000	\$240.00	\$100,000
4	Land 200-202 Summer Street Paterson, NJ	Apr-24	5,000	RA-2; 4th Ward Redevelopment Residential	Land	7	Yes	\$350,000	\$70.00	\$50,000
<b>Subj.</b>	Land 49-51 Rosa Parks Boulevard Paterson, New Jersey	---	2,346	R-2	Land	7	---	---	---	---

## COMMENTS

Sale Comp 1 - This is the listing for proposed 9-unit multifamily building in Paterson, New Jersey.

According to the listing on CoStar, all necessary city approvals are in-place, the buyer will only have to apply for permits and break ground immediately.

The building will incorporate a lobby, a mail room, a stairwell, a refuse and recycling room, and a studio unit on the ground floor. The 2nd and 3rd floors will each feature (1) one-bedroom unit and (3) two-bedroom units. Additionally, there will be (6) off-street parking spaces and a bike rack. The building is proposed to encompass 5,520 square feet of ground floor area. The plans call for a total of 9 units (8 units + basement level studio).

Furthermore, the listing states that the project may qualify for a 20 or 30 year tax abatement subject to city approvals.

Sale Comp 2 - On November 22, 2024, the site was acquired by 201 Governor Project LLC ("grantee") from Plum Group Holdings LLC ("grantor") for a total consideration of \$1,111,000. The property was purchased as a vacant development site for a proposed 11-unit apartment building.

The underlying site is a rectangular-shaped, 2,500 square foot (0.057-acre) parcel located along the northern side of Governor Street, between Carroll Street and Rosa Parks Boulevard, within the 4th Ward area of Paterson, NJ. The subject is further identified on the Passaic County tax maps as Block 3211, Lot 36.

Sale Comp 3 - Sale of approved development site currently improved with a 2-family dwelling to be demolished to allow for development. Transaction negotiated without the use of broker.

Sale Comp 4 - Arms length sale of a site approved for a 7-unit multifamily asset. List price at the time of sale \$399,000. 14-days on the market.

## ADJUSTMENT PROCESS

The sales we utilized represent the best available information that could be compared to the subject property. The major elements of comparison for an analysis of this type include the property rights conveyed, the financial terms incorporated into a particular transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

## PROPERTY RIGHTS CONVEYED

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 is the fee simple interest. Since all of the comparable properties have fee simple ownership interests, no adjustments are required.

## FINANCIAL TERMS

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. All of the sales were cash transactions or financed at market rates. No adjustments are required.

## TERMS/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.

Comparable No. 1 is a listing. Thus, we applied an adjustment based on the time on the market and the typical price discount of listings in the submarket to reflect the possibility of a potential price negotiation. As shown, Sale 4 closed for 12.50% below its asking price. All other sales appear to be arm's length transactions, and no other adjustments were made.

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## EXPENDITURES IMMEDIATELY AFTER SALE

Expenditures after sale refers to any capital expenditures a new owner would incur after the transaction.

Comparables 1, 2 and 3 sold as vacant land, therefore no adjustments were required. Comparable Sale 4 included existing site improvements at the time of sale, warranting an upward adjustment.

## MARKET CONDITIONS

This adjustment category accounts for differences in economic conditions between the effective date of appraisal and the transaction date of the comparable, such as may be caused by changing supply and demand factors, rental rates, vacancy rates and/or capitalization rates.

Given the recent transactions of the comparable sales, no market condition adjustment was required.

## LOCATION

The appeal of a property's location to users of and/or investors in a particular property type can influence value significantly. This factor broadly considers the impact of demographics, geographical attributes, access to transportation networks and local land use trends on pricing. Comparisons of location can often be derived, or even quantified, by examining rent, vacancy, capitalization rate, and land value trends in the subject and directly competitive areas.

All of the comparables were considered similar to the subject, and no adjustments were required for this category.

## BUILDABLE UNITS

Sites with a higher density allow for a larger buildings and are considered superior to similar sites with a lower building density allowance.

All of the comparables were considered similar to the subject, and no adjustments were required for this category.

## ZONING/INTENDED USE

The value of vacant land is largely contingent upon its potential use. This factor considers the uses permitted by the applicable development standards, per the subject's zoning designation.

All of the comparables were considered similar to the subject, and no adjustments were required for this category.

## APPROVALS

Discussions with Andrea Nesctico from IPRG Real Estate Group in Newark also indicated that in-place approvals have a drastic effect on sale price, depending on how far along the site is in the approval process (shovel ready, etc.,) as well as location, proposed size (unit size aka larger unit sizes/types are a higher buildable and vice versa), and utility. As such, sites with approved zoning plans sell at premiums given the long approval process.

All of the comparables were considered similar to the subject, and no adjustments were required for this category.

## UTILITIES/INFRASTRUCTURE

Infrastructure adjustments may reflect differences in utility availability/capacity, developmental plans or other outside influences.

All of the comparables were considered similar to the subject, and no adjustments were required for this category.

### CONCLUSION OF LAND VALUE

After adjustments, the comparable land sales reflect a range from \$57,143 to \$101,000 per buildable unit, with an average of \$87,036 per buildable unit. Primary reliance was placed on Comparable Sale 2 (\$101,000 per buildable unit adjusted average) given it is the most recently-closed sale.

Based on the preceding, we conclude that the indicated value of the vacant land by the Sales Comparison Approach is **\$100,000 per buildable unit**, calculated in the following table.

LAND SALE ADJUSTMENT GRID – per Dwelling Unit					
Property / Location	Subject	Sale 1	Sale 2	Sale 3	Sale 4
	49-51 Rosa Parks Blvd. Paterson, NJ	Land 352 Hamilton Avenue Paterson, NJ	Land 201 Governor Street Paterson, NJ	Land 116 Madison Street Paterson, NJ	Land 200-202 Summer Street Paterson, NJ
Date of Sale	----	Listing	Nov-24	Jun-24	Apr-24
Site Size (SF)	2346	5,663	2,500	2,500	5,000
Units	7	9	11	6	7
Sale Price	----	\$900,000	\$1,111,000	\$600,000	\$350,000
Zoning	R-2	RA-2	RA-2	RA-2	RA-2
Property Use	Land	Land	Land	Land	Land
<b>Unadjusted Price per Unit</b>		<b>\$100,000</b>	<b>\$101,000</b>	<b>\$100,000</b>	<b>\$50,000</b>
<b>Transactional Adjustments</b>					
<b>Property Rights Conveyed</b>	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		0%	0%	0%	0%
<b>Financing Terms</b>	Assumed Cash	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%
<b>Conditions of Sale</b>	At Market	Listing	Similar	Similar	Similar
Adjustment		-10%	0%	0%	0%
<b>Expenditures Immed After Sale</b>	None	None	None	None	Yes
Adjustment		0%	0%	0%	14%
<b>Market Conditions</b>	Mar-26	Listing	Nov-24	Jun-24	Apr-24
Adjustment		0%	0%	0%	0%
<b>Total Transactional Adjustments</b>		<b>-10%</b>	<b>0%</b>	<b>0%</b>	<b>14%</b>
<b>Adjusted Price per Unit</b>		<b>\$90,000</b>	<b>\$101,000</b>	<b>\$100,000</b>	<b>\$57,143</b>
<b>Property Adjustments</b>					
	<i>Average</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>
<b>Location</b>		0%	0%	0%	0%
	7	9	11	6	7
<b>Buildable Units</b>		0%	0%	0%	0%
	R-2	RA-2	RA-2	RA-2	RA-2
<b>Zoning / Intended Use</b>		0%	0%	0%	0%
	Yes	Yes	Yes	Yes	Yes
<b>Approvals</b>		0%	0%	0%	0%
	Comer	Mid-Block	Mid-Block	Mid-Block	Mid-Block
<b>Utilities / Infrastructure</b>	All available to site.	0%	0%	0%	0%
<b>Total Property Adjustments</b>		0%	0%	0%	0%
<b>Indication for Subject per Unit</b>		<b>\$90,000</b>	<b>\$101,000</b>	<b>\$100,000</b>	<b>\$57,143</b>

## MARKET VALUE “AS COMPLETE”

In order to determine value “As Complete”, we make additions for site and building improvements and profit factor.

The value indicated by the cost approach is arrived at by combining the cost to construct the improvements less the amount of accrued depreciation from all causes plus the value of the land and site improvements. This approach to value is particularly useful for appraising new or recently constructed improvements and special purpose properties.

## REPLACEMENT COST NEW

Our estimate of replacement cost new (RCN) is based on the Calculator Section in Marshall Valuation Service (MVS), a nationally recognized publication containing construction costs for all types of building and site improvements. Base costs are revised monthly and adjustment factors are provided to reflect regional and local cost variations.

## BASE BUILDING COSTS

The published costs include all direct costs for the base structure, tenant improvements, and the following indirect costs:

- Plans, specifications, and building permits, including engineer’s and architect’s fees;
- Interest on construction loan during the construction period;
- Sales tax on materials; and
- Contractor’s overhead and profit, including worker’s compensation, fire and liability insurance, unemployment insurance, etc.

These base building costs, adjusted for any unique building characteristics and cost multipliers, are presented in the cost summary chart at the end of this section.

## SITE IMPROVEMENT COSTS

Site improvements include the paving, landscaping, signage, yard lighting, and other miscellaneous items. An itemization of the site improvements are summarized in the chart at the end of the section.

## INDIRECT COSTS

Indirect costs not included in Base Building Costs include such items as developer overhead, property taxes, permanent loan fees, legal costs, developer fees, contingencies, and lease-up and marketing costs. Research into these costs leads to the conclusion that an average property requires an allowance for other indirect costs of between 5% and 25% percent of Base Building Costs plus Site Improvement Costs.

- We have estimated indirect costs of **7.5%** in our analysis.

### ***Marshall Valuation Service - Comparable Unit Cost Calculations***

To determine the reasonableness of the developer’s estimates, we have estimated the replacement cost new of the subject property, utilizing the Marshall Valuation Service. The MVS Method indicates the following costs:

COST APPROACH - MARSHALL VALUATION SERVICE			
Replacement Cost New (RCN)	Area (SF)	\$/SF	Subtotal
Building Improvements			
Base Cost	4,041	\$120.00	\$484,920
Appliances	7	\$5,850	\$40,950
Sprinklers	4,041	\$6.72	\$27,156
Subtotal			\$553,026
Multipliers			
Current Cost		1.040	
Local Area		1.210	
Story Height		1.000	
Product of Multipliers			x 1.258
<b>Adjusted Base Building Cost</b>			\$695,927
<b>Total Direct Costs</b>			\$695,927
Plus: Other Indirect Costs (% of Direct Costs)	7.5%		\$52,195
<b>Subtotal Replacement Cost New (RCN)</b>			<b>\$748,122</b>
<b>Rounded to the nearest \$10,000</b>			<b>\$750,000</b>
<b>Source: Marshall Valuation Service</b>			
Type: Multiple Residence	Section: 12	Class : D	
Date: Aug-2024	Page: 16	Quality: Average/Good	

#### Multipliers

- *The current cost multiplier is a time modifier that reflects the difference between the manual's date and the effective date of appraisal.*
- *The height multiplier accounts for additional costs associated with constructing residential buildings with more than three stories.*
- *The local multiplier is a location modifier that reflects the difference between the manual's base unit cost and the subject's locational influences such as union wages, cost of goods and labor.*

#### Developer's Cost Estimate

We were provided with a budget of the development costs for the subject project which are summarized as follows:

CONSTRUCTION COSTS			
Type	Amount	\$/Unit	\$/SF
Construction Costs (Soft) Estimated	\$51,863	\$7,409	\$12.83
Construction Costs (Hard)	\$691,500	\$98,786	\$171.12
<b>Total Developers Cost:</b>	<b>\$743,363</b>	<b>\$106,195</b>	<b>\$183.96</b>

The preceding hard costs were provided by the property contact, whereas the soft costs were allocated at 7.5% of the hard costs (excluding purchase of land and loan fees).

## COST OF COMPARABLE AND DEVELOPER'S BUDGET

Comparable constructions costs from similar new, proposed and recently completed multifamily properties are analyzed. Additionally, the developer's construction cost budget is also analyzed when available. The following is a summary of our findings.

CONSTRUCTION COST COMPARABLES					
	Subject	Comp 1	Comp 2	Comp 3	Reconciled
Location:	49-51 Rosa Parks Blvd. Paterson, New Jersey	71-87 16th Avenue Paterson, NJ	71-73 Pearl Street Paterson, NJ	201 Governor St Paterson, NJ	208 Hamilton Avenue Paterson, New Jersey
Actual/Budget	Budget	Budget	Budget	Budget	BBG Conclusion
Year of Cost Data	2026	2025-26	2025-26	2025-26	Current
Size (SF):	4,041	17,154	16,560	4,836	6,704
No. of Apt Units:	7	15	15	11	11
Total Costs (\$)	\$743,363	\$3,617,956	\$3,092,711	\$1,578,100	\$1,596,375
Cost component (\$/Units)					
Building Hard Costs	\$691,500	\$224,369	\$191,796	\$133,455	\$135,000
<b>Direct/Hard Costs Total</b>	<b>\$691,500</b>	<b>\$224,369</b>	<b>\$191,796</b>	<b>\$133,455</b>	<b>\$135,000</b>
Indirect/Soft Costs	\$51,863	\$16,828	\$14,385	\$10,009	\$10,125
<i>as a % of Direct</i>	<i>7.5%</i>	<i>7.5%</i>	<i>7.5%</i>	<i>7.5%</i>	<i>7.5%</i>
Total Costs (Per Unit)	\$106,195	\$241,197	\$206,181	\$143,464	\$145,125
<b>Conclusion (Relative to Subject)</b>	<b>\$743,363</b>	<b>\$2,653,167</b>	<b>\$2,267,991</b>	<b>\$1,578,104</b>	<b>\$1,596,375</b>

## COST RECONCILIATION

COST RECONCILIATION			
Approach	Total Cost	\$/Unit	\$/SF
<b>Cost Comparables</b>	<b>\$1,596,375</b>	<b>\$145,125</b>	<b>\$238.12</b>
<b>Developer's Cost Estimate</b>	<b>\$743,363</b>	<b>\$106,195</b>	<b>\$183.96</b>
Marshall Valuation Method	\$695,927		
<u>Plus: Soft Costs (7.5%)</u>	<u>+ \$52,195</u>		
<b>Marshall Valuation Method Total</b>	<b>\$748,122</b>	<b>\$106,875</b>	<b>\$185.13</b>

The Comparative Unit Cost method using MVS resulted in a higher estimate compared to the developer's cost estimate. The Comparative Unit Cost method is notably similar to the cost comparables. In Paterson, we typically see total costs around \$125k/unit and \$225/unit based on our extensive experience appraising Paterson ground-up construction.

Typically, the developer's estimate is preferred, since it is geared to the specifics of an individual project at this point in time, while the MVS estimate is a generalized guide. We rely on the developer's estimate as the primary indication as follows.

CONSTRUCTION COST RECONCILIATION		
Source	Indication	Weight
Marshall Valuation Service	\$748,122	Secondary
Developer's Estimate	\$743,363	Primary
Cost Comparables	\$1,596,375	Secondary
<b>Construction Cost Conclusion</b>	<b>\$743,363</b>	<b>Developer's Estimate</b>

## ENTREPRENEURIAL PROFIT

Entrepreneurial profit, also referred to as developer's profit, represents the profit required to motivate a developer to construct and lease-up a property. Anticipated developer's profit varies widely between individual projects depending on location and market conditions but generally lies within the range of 20% to 40% of direct and indirect building and site costs.

- In this analysis, we estimated entrepreneurial profit at **40%** of replacement cost.

## ACCRUED DEPRECIATION

Three different sources of depreciation may affect the existing improvements:

<b>Physical Deterioration</b>	Since the property will be new vintage, no physical deterioration was observed.
<b>Functional Obsolescence</b>	The subject improvements will be constructed utilizing modern materials and techniques. Furthermore, based on the plans, the design and layout of the property is consistent with current market standards. As such, no functional obsolescence affects the proposed improvements.
<b>External Obsolescence</b>	Based upon a review of the specific location of the subject, as well as local market conditions, no external obsolescence appears to be present.
<b>Total Depreciation</b>	Since the property is new vintage, no depreciation deduction was made.

## CONCLUSION OF COST APPROACH

The preceding pages provides a summary of the Cost Approach, which concludes a market value opinion as follows:

COST APPROACH METHOD VALUE CONCLUSION		
Component		Indication
Total Construction Costs		\$743,363
<i>Plus: Entrepreneurial Profit (40%)</i>	+	\$297,345
<b>Subtotal</b>		<b>\$1,040,708</b>
Add: Site Value "As Is / As Vacant"	+	\$700,000
<b>Subtotal</b>		<b>\$1,740,708</b>
<b>Final Indicated Value "As Complete"</b>		<b>\$1,740,708</b>
<b>Rounded to nearest \$10,000</b>		<b>\$1,740,000</b>

# INCOME CAPITALIZATION APPROACH

## GENERAL PROCESS

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. Commonly used measures of anticipated benefits are:

- **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 determined by existing leases.
- **Effective Gross Income:** The anticipated income from all operations of real property adjusted for vacancy and collection losses.
- **Net Operating Income:** The anticipated net income remaining after all operating expenses are deducted from effective gross income.
- **Equity Dividend:** The portion of net income that remains after debt service is paid; this is returned to the equity position.
- **Reversions:** A lump-sum benefit an investor expects to receive upon the termination of the investment.

## DIRECT VS. YIELD CAPITALIZATION

The income capitalization approach supports two methodologies: Direct and Yield capitalization.

- **Direct Capitalization:** 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 net income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only one year's income is used. Yield and calculated changes are implied but not explicitly identified.<sup>1</sup>
- **Yield Capitalization:** A method used to convert future benefits into present value by (1) discounting each future benefit at an appropriate yield rate, or (2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate.<sup>2</sup>

## CONCLUSION

The following analysis utilizes the following methods:

As a rental property with short-term leases, a regular cash flow is anticipated. Therefore, it is appropriate to apply the **direct capitalization method**, which converts a single year's income into an indication of value.

<sup>1</sup> *The Appraisal of Real Estate*, 15th edition (Chicago, IL: Appraisal Institute 2020): 459

<sup>2</sup> *The Appraisal of Real Estate*, 15th edition (Chicago, IL: Appraisal Institute 2020): 475

## INCOME ANALYSIS

The subject's potential gross income is a function of rental payments under the terms of current and anticipated leases. This can include base rent as well as expense reimbursements and ancillary income.

### *Rental Rates*

Based on the approved plans, the subject will offer 7 residential units. A summary of the proposed rent roll is as follows:

RECONSTRUCTED PROPOSED RENT ROLL							
No.	Unit	Type	No. of Rooms	Comments	Actual Proposed Area (SF)	BBG Forecasted Market Rent	Owner's Proforma Market Rents
1	101	Studio	2.0		550	\$2,000	\$2,000
2	201	Studio	2.0		350	\$2,000	\$2,000
3	202	Studio	2.0		350	\$2,000	\$2,000
4	203	Studio	2.0		422	\$2,000	\$2,000
5	301	Studio	2.0		350	\$2,000	\$2,000
6	302	Studio	2.0		350	\$2,000	\$2,000
7	303	Studio	2.0		422	\$2,000	\$2,000
<b>Totals</b>			<b>14.0</b>		<b>2,794</b>	<b>\$14,000</b>	<b>\$14,000</b>
<b>Annual</b>						<b>\$168,000</b>	<b>\$168,000</b>

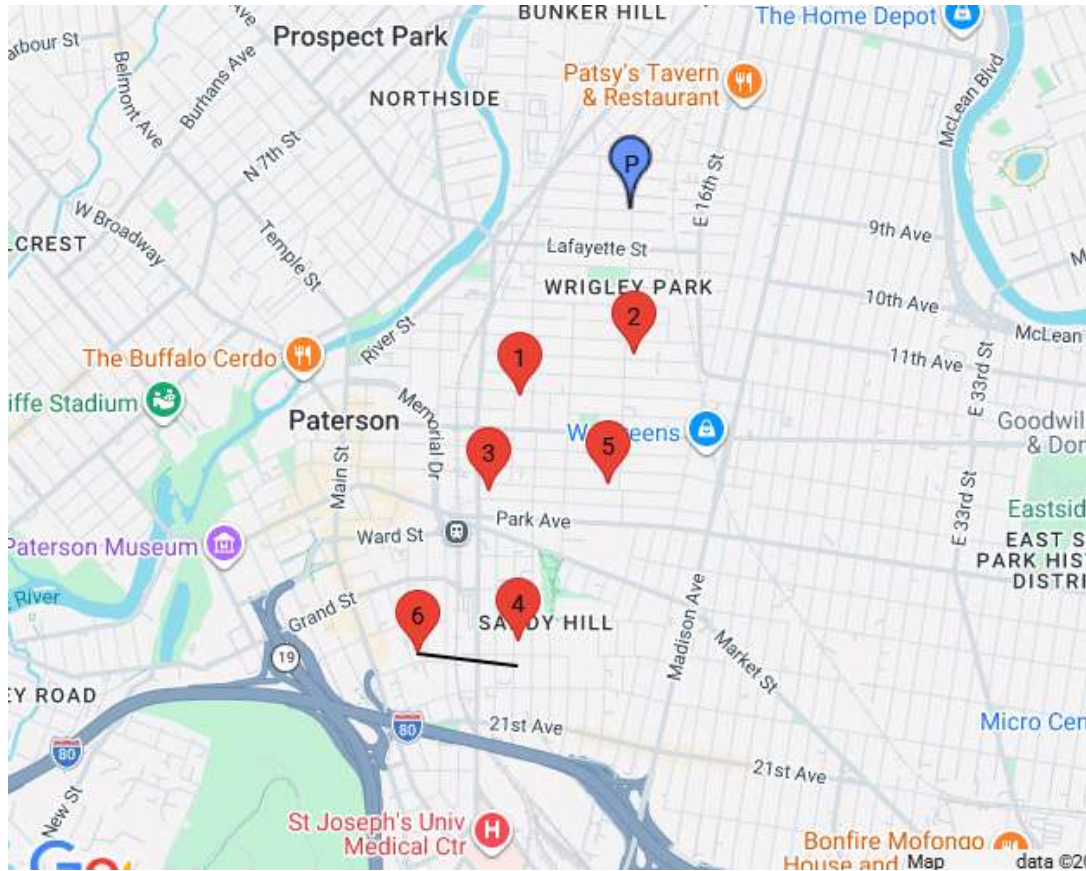
## MARKET RENT

In order to determine market rent, we have examined the following rental activity in the submarket with rental survey dates of July 2025 and March (refer to rent sheets in the addendum for details). As previously noted, assumed electricity and (electric) heat/hot water will be separately metered and charged to the tenants. Landlord will be responsible for water/sewer, trash, and common area electricity. Assumed no fuel service to the subject.

### *Comparable Rents*

A full description of each property and their amenity packages and utility structure can be found in the addenda. Most comparable properties offer similar level of common area and unit amenities to the subject. Utilities included in the rent of the comparable properties are similar to the subject. All comparable rental properties are within a reasonable size and are good indicators of rental prices for the subject.

### COMPARABLE RENTAL MAP



COMPARABLE RENTAL SURVEY						
No.	Property / Location	No. Units	Year Built / Renovated	Avg Unit Size (SF)	Distance (Miles)	Occup.
1	65-67 Auburn Street	15	2023	610	0.0	100%
2	159-161 12th Avenue	20	2021	614	0.3	100%
3	39-43 16th Avenue	30	2018	636	0.4	100%
4	133-135 Pearl Street	10	2021	598	0.5	100%
5	107-109 Beech Street	20	2021	613	0.8	100%
6	135 Beech Street	20	2021	525	0.8	100%
	Minimum	10	---	525	0.0	100%
	Maximum	30	---	636	0.8	100%
	Average	19	---	599	0.4	100%
	<b>Subject</b>	<b>7</b>	<b>2026</b>	<b>399</b>	<b>---</b>	<b>95%+</b>

The preceding comparable properties are analyzed in the following tables in order to estimate market rent for the subject property.

Owing to the paucity of available and reliable rental data within the subject’s immediate vicinity, we expanded our search to include other similar areas, as well as buildings of varying sizes. Given that the selected rental units would compete directly with the subject for prospective tenants, this is considered reasonable.

**Studio Units**

UNIT-BY-UNIT ANALYSIS – Studio/Efficiency						
Comp No.	Property Name	Year Built / Renovated	Unit Type	Size (SF)	Rental Rate (\$/mo.)	Rental Rate (\$/SF)
	39-43 16th Avenue	2018	Studio	378	\$2,000	\$5.29
<b>Subject</b>	<b>Proposed 7-Unit Apartment Bui</b>	<b>2026</b>	<b>Studio</b>	<b>399</b>	<b>\$2,000</b>	<b>\$5.01</b>
	135 Beech Street	2021	Studio	400	\$2,000	\$5.00
	159-161 12th Avenue	2021	Studio	430	\$1,668	\$3.88
	107-109 Beech Street	2021	Studio	430	\$2,000	\$4.65
	65-67 Auburn Street	2023	Studio	450	\$1,700	\$3.78
	65-67 Auburn Street	2023	Studio	450	\$1,739	\$3.86
	133-135 Pearl Street	2021	Studio	450	\$2,000	\$4.44
<b>Rental Range (\$/mo.): \$1,668 to \$2,000</b>			<b>Average: \$1,888</b>			
<b>Rental Range (\$/SF): \$3.78 to \$5.29</b>			<b>Average: \$4.49</b>			
<b>Unit Size (SF): 378 to 450</b>			<b>Average: 423</b>			

The subject's average 399 SF studio units are within the range of the comparable properties with regard to size. Notably, the property contact provided us with proforma rental rates of \$2,000 per month.

- Primary reliance was placed on Comparable Rental 1, 2 and 4, while acknowledging the subject's utility as a walk-up vs. an elevator-served apartment building.

The reconciled average market rent for this unit type is **\$2,000 per month**, or \$5.01 per square foot due to the subject's small unit sizes. The reconciled rental rate is within the range of comparable rentals.

**RECONCILIATION**

Important considerations in determining potential rental value include location, access to transportation, neighborhood amenities as well as building design, condition/vintage and unit amenities. The comparable rents, unless specifically described, are all similar in their physical and locational appeal and are good indicators of value.

Other factors to consider are the project amenities and unit amenities/finishes that the subject offers including on-site surface or garage parking, dishwashers, utilities, etc. Typically, the smaller units rent for less on a per month basis and higher on a per square foot, vice versa. Units leased in winter months typically lease at a discount relative to summer months.

**MARKET RENT CONCLUSIONS**

Following are the concluded market rents for the subject property:

RECONCILED MARKET RATES						
Type	No.	Size (SF)	Rent/Mo.	Rent/SF	Total/Mo.	
Studio	7	399	\$2,000	\$5.01	\$14,000	
<b>Total/Avg</b>	<b>7</b>	<b>399</b>	<b>\$2,000</b>	<b>\$5.01</b>	<b>\$14,000</b>	

## PATERSON RENT LEVELING ORDINANCE

The Rent Leveling Office serves the interests of tenants, in terms of assuring their occupancy of well-maintained and improved housing at fair and reasonable levels of rent, landlords, in terms of assuring them as far as possible rentals which will yield a fair return on their investments while affording them the opportunity to make expenditures designed to upgrade the quality of the housing stock and the City of Paterson, in terms of assuring the maintenance of the fiscal well-being of the City to the extent that this well-being is based on the taxing of real property and on the welfare of tenants and landlords as well as on the preservation of good housing and the enhancement of neighborhoods.

The functions of the Rent Leveling Office include to supply information and assistance to landlords and tenants, to remedy violations of the Rent Leveling Ordinance by ordering rebates and increases, to accept and process complaints from tenants of illegal increases, to accept and process applications from landlords for rental increases under the hardship, exemptions, capital improvement and service rent increase provisions of the Rent Leveling Ordinance.

## RENT CONTROLLED APARTMENTS

The Rent Leveling Ordinance provisions cover all dwellings where two or more apartments are rented. The following are exempt: building in which only one (1) unit is rented; motels; hotels; rooming houses licensed by the Director of the Department of Community Affairs; federally and state subsidized housing; buildings as to which initial certificates of occupancy for new construction are issued after 1976; and substantially rehabilitated residential structures, (for certain periods), as defined in Section 381-12 of the Ordinance.

## RENT CONTROLLED INCREASES

Every landlord may annually request an increase in the existing base rent for rent controlled apartments limited to 5% or 3.5% for head of household tenants 65 years of age or older or found to be disabled by the Social Security Administration under either the Social Security Disability or SSI Disability Programs.

## METHODS OF RAISING LEGAL CONTROLLED RENTS

There are three reasons why a landlord can request a surcharge or increase besides the routine annual increase.

1. If the landlord makes certain capital improvements to the property, he/she may be able to have the cost passed on to the tenants.
2. If the landlord is not making the profit, he/she is entitled to, he/she can petition for a hardship rent increase.

If the landlord is supplying certain increased services, the landlord can petition for a rent surcharge. Should the landlord apply for and receive approval for an increase for any of the above-mentioned reasons, the tenant will receive prior notification letters from the Rent Leveling Office.

## GROSS RESIDENTIAL INCOME

Upon completion, the subject's potential gross residential income is summarized by income type:

TOTAL POTENTIAL GROSS INCOME		
	Monthly	Annual
BBG Forecasted Potential Gross Income	\$14,000	\$168,000
<b>Total</b>	<b>\$14,000</b>	<b>\$168,000</b>

## VACANCY AND COLLECTION LOSS

A brief survey of the influencing market has indicated that there is a strong demand for housing among buildings similar to the subject property, with comparable properties experiencing low overall vacancy rates. Additionally, we

surveyed a total of 115 apartments within 6 competitive rental properties. Occupancy data for the market, submarket, and the subject is summarized in the following table.

VACANCY SUMMARY		
Indication	Range	Avg.
CoStar New York Multi-Family Market Occupancy		96.66%
CoStar Passaic County Multi-Family Submarket Occupancy		96.59%
Rental Comparable Properties	100% - 100%	100.00%
Sale Comparable Properties	70% - 100%	94.00%
Subject's Stabilized Apartment Occupancy		95%+

In addition to physical vacancy loss, the subject will also suffer losses due to rental write offs, bad debt, etc. Typically, discounted employee-occupied units are included as a payroll expense, and model units are accounted for in administrative expenses. Investors typically expect credit losses of 0.15% to 3.00% for apartment projects with the lower end of the range representative of Class A communities.

**Conclusion**

Based on the preceding overall vacancy rate summaries, plus investor expectations, a vacancy and collection loss of 5.0% (including a 0.5% collection loss), is applied to the apartment income to allow for periodic interim vacancy during lease rollover.

VACANCY & COLLECTION LOSS SUMMARY			
Income Type	Annual Income	V/C %	Total
Base Rental Income	\$168,000	5.0%	\$8,400
<b>Totals/Avg</b>	<b>\$168,000</b>		<b>\$8,400</b>

**EFFECTIVE GROSS INCOME**

The summation of the preceding income analysis results in what is commonly referred to as the *effective gross income* (EGI).

EFFECTIVE GROSS INCOME	
Income	FY 2027
Base Rental Income	\$168,000
<b>Total Potential Gross Income</b>	<b>\$168,000</b>
Vacancy & Collection Loss	(\$8,400)
<b>Effective Gross Income</b>	<b>\$159,600</b>

## OPERATING EXPENSE ANALYSIS

As the subject is a proposed development, actual historical operations are not applicable. Therefore, we requested proforma operations from the property contact and were supplied with a budget upon completion of the improvements.

A summary of the pro forma operating analysis for the subject, as well as our projections, are as follows. Each of the respective expense items is estimated in the following analysis with consideration given to comparable expense data from the local market.

PRO FORMA OPERATING ANALYSIS						
	Budget			BBG Projection*		
	Total	per Unit	per SF	Total	per Unit	per SF
<b>INCOME</b>						
Base Rental Income	\$168,000	\$24,000	\$25.06	\$168,000	\$24,000	\$41.57
<b>Total Potential Gross Income</b>	<b>\$168,000</b>	<b>\$24,000</b>	<b>\$25.06</b>	<b>\$168,000</b>	<b>\$24,000</b>	<b>\$41.57</b>
Vacancy & Collection Loss	(\$8,400)	(\$1,200)	(\$1.25)	(\$8,400)	(\$1,200)	(\$2.08)
<b>EFFECTIVE GROSS INCOME</b>	<b>\$159,600</b>	<b>\$22,800</b>	<b>\$23.81</b>	<b>\$159,600</b>	<b>\$22,800</b>	<b>\$39.50</b>
<b>OPERATING EXPENSES</b>						
Real Estate Taxes	\$1,200	\$171	\$0.30	\$26,103	\$3,729	\$6.46
Insurance	\$6,300	\$900	\$1.56	\$6,300	\$900	\$1.56
Electricity	\$1,350	\$193	\$0.33	\$840	\$120	\$0.21
Water/Sewer	\$1,400	\$200	\$0.35	\$3,150	\$450	\$0.78
Repairs & Maintenance	\$9,576	\$1,368	\$2.37	\$5,110	\$730	\$1.26
Management	\$11,172	\$1,596	\$2.76	\$4,788	\$684	\$1.18
Payroll	\$4,788	\$684	\$1.18	\$3,850	\$550	\$0.95
General Administration	<i>(Not Reported)</i>			\$875	\$125	\$0.22
Replacement Reserves	\$3,192	\$456	\$0.79	\$1,750	\$250	\$0.43
<b>TOTAL EXPENSES</b>	<b>\$38,978</b>	<b>\$5,568</b>	<b>\$9.65</b>	<b>\$52,766</b>	<b>\$7,538</b>	<b>\$13.06</b>
<b>NET OPERATING INCOME</b>	<b>\$120,622</b>	<b>\$17,232</b>	<b>\$29.85</b>	<b>\$106,834</b>	<b>\$15,262</b>	<b>\$26.44</b>

\*Fiscal Year beginning January 2027

### COMPARABLE EXPENSE DATA

Each of the respective expense items is projected in consideration of actual historical operations and market data. The following table summarizes the expenses from similar properties in the general vicinity of the subject property. Although an attempt was made to categorize expenses on a similar basis to the subject, the nature of the raw data prevented such in some categories, especially with regard to the level of detail. The management fee for a property is typically based upon a percentage of the EGI, which is denoted separately. Property insurance is also shown on the basis of per square foot of building area, which is shown separately in the table.

COMPARABLE EXPENSES									
	Comp #1		Comp #2		Comp #3		Comp #4		
Property Address	191-197 Broadway		197-199 12th Avenue		84-86 Auburn Street		47-51 12th Avenue		
City, State	Paterson, NJ		Paterson, NJ		Paterson, NJ		Paterson, NJ		
Year Built	2024		2024		2020		2019		
No. Units	5		10		6		24		
Gross Building Area	4,211		7,446		4,099		21,868		
Type	Low-Rise Brick MF		Low-Rise Brick MF		Wood-Frame MF		Low-Rise Brick MF		
Year Operations	FY 2024		FY 2024/25		FY 2024		FY 2024		
<b>Income</b>	<b>per unit</b>	<b>per sq. ft.</b>	<b>per unit</b>	<b>per sq. ft.</b>	<b>per unit</b>	<b>per sq. ft.</b>	<b>per unit</b>	<b>per sq. ft.</b>	
Effective Gross Income	\$31,080	\$36.90	\$25,440	\$34.17	\$19,457	\$28.48	\$22,592	\$24.79	
<b>Expense</b>	<b>per unit</b>	<b>per sq. ft.</b>	<b>per unit</b>	<b>per sq. ft.</b>	<b>per unit</b>	<b>per sq. ft.</b>	<b>per unit</b>	<b>per sq. ft.</b>	
Real Estate Taxes	\$440	\$0.52	\$411	\$0.55	\$990	\$1.45	\$147	\$0.16	
Insurance	\$1,200	\$1.42	\$380	\$0.51	\$640	\$0.94	\$705	\$0.77	
Electricity	\$100	\$0.12	\$50	\$0.07	\$219	\$0.32	\$236	\$0.26	
Water/Sewer	\$300	\$0.36	\$120	\$0.16	\$658	\$0.96	\$429	\$0.47	
Repairs & Maintenance	\$600	\$0.71	\$360	\$0.48	\$722	\$1.06	\$1,197	\$1.31	
Management	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$678	\$0.74	
<b>Mgmt % of EGI</b>	<b>Self-Mgmt</b>		<b>Self-Mgmt</b>		<b>Self-Mgmt</b>		<b>3.0%</b>		
Payroll	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$231	\$0.25	
General Administration	\$0	\$0.00	\$95	\$0.13	\$276	\$0.40	\$136	\$0.15	
<b>Total Expenses</b>	<b>\$2,640</b>	<b>\$3.13</b>	<b>\$1,416</b>	<b>\$1.90</b>	<b>\$3,504</b>	<b>\$5.13</b>	<b>\$3,759</b>	<b>\$4.13</b>	
<b>Total Expenses w/o Taxes</b>	<b>\$2,200</b>	<b>\$2.61</b>	<b>\$1,005</b>	<b>\$1.35</b>	<b>\$2,514</b>	<b>\$3.68</b>	<b>\$3,612</b>	<b>\$3.96</b>	
<b>Expense Ratio % (w/o Taxes)</b>	<b>7.1%</b>		<b>4.0%</b>		<b>12.9%</b>		<b>16.0%</b>		

### EXPENSE PROJECTIONS

#### Real Estate Taxes

This item covers the cost of ad valorem taxes and special assessments collected by the various taxing authorities described in the Real Property Taxes and Assessment section of this report. As previously discussed, we projected real estate taxes at market levels, which amounted to \$26,103, or \$3,729 per unit.

#### Insurance

This item covers the cost of fire and extended coverage premiums for the property. Since insurance underwriting parameters are generally based upon square footage of building area rather than the number of units, we have expressed insurance costs in accordance with the market.

INSURANCE (PER SQ.FT.)			
Expense Comps			BBG
Range	Average	Budget	Forecast
\$0.51–\$1.42	\$0.91	\$1.56	\$1.56

In recent years, insurance carrier dislocation has resulted in significant increases in premiums for rental apartment buildings. Thus, considering growing insurance expenses and balancing the comparable and pro forma operating

49-51 ROSA PARKS BOULEVARD (A/K/A 49-51 GRAHAM BOULEVARD) APPRAISAL



analysis, we have projected an insurance cost slightly above the range due to the inverse relationship between size and per square foot, however, notably below the budget.

### **Operating**

The most reliable indicator for utility expenses is the history of the subject, which was unavailable. Repairs & Maintenance pertains to general upkeep of the property, whereas Painting & Decorating is specific to the normal turnover costs of units as they are vacated. Services include such items as snow & trash removal, grounds maintenance, extermination, etc.

Some management companies expense items which 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.

<b>OPERATING EXPENSES (PER UNIT)</b>				
<b>Expense Item</b>	<b>Expense Comps</b>			<b>BBG</b>
	<b>Range</b>	<b>Average</b>	<b>Budget</b>	<b>Forecast</b>
Electricity	\$50–\$236	\$151	\$193	\$120
Water/Sewer	\$120–\$658	\$377	\$200	\$450
Repairs & Maintenance	\$360–\$1,197	\$720	\$1,368	\$730
<b>Total Operating</b>	<b>\$530–\$1,862</b>	<b>\$1,248</b>	<b>\$1,761</b>	<b>\$1,300</b>

Balancing the budgeted and comparable expenses, our total operating expenses are within the comparable range and considered to appropriately reflect stabilized operations. We concluded an R&M towards the comparable average, given the budgeted figure was notably above the comparable range.

### **Administrative**

Administrative expenses are subcategorized into three separate expense items, as shown in the following table. General administrative expenses allow for any expenditure not included in the above categories including advertising, non-recoverable legal, routine engineering, accounting fees, permits and dues, miscellaneous charges, and office expenses.

<b>ADMINISTRATIVE EXPENSES (PER UNIT)</b>				
<b>Expense Item</b>	<b>Expense Comps</b>			<b>BBG</b>
	<b>Range</b>	<b>Average</b>	<b>Budget</b>	<b>Forecast</b>
Management	\$678	\$678	\$1,596	\$684
Payroll	\$231	\$231	\$684	\$550
General Administration	\$95–\$276	\$169	\$0	\$125
<b>Total Administration</b>	<b>\$95–\$1,045</b>	<b>\$472</b>	<b>\$2,280</b>	<b>\$1,359</b>

Management entails the cost of third-party management of the property. The market generally commands 2% to 6% of EGI for professional management of a property, depending upon the income levels of the property and the potential of the area. The expense sources are shown as a percentage of effective gross income.

MANAGEMENT FEE (% of EGI)			
Expense Comps			BBG
Range	Average	Budget	Forecast
3.0%	3.0%	7.0%	3.0%

As a smaller building, payroll covers the part time super's costs whose duties include trash, landscape and snow removal, common area cleaning and general maintenance. For this service a visiting super, spending a few hours per week is sufficient. The total payroll expense, as detailed in the chart, amount to \$3,850, which reflects staff used to run a property such as the subject.

The concluded payroll is slightly below the budget, however, reasonably reflects typical operations of the subject property based on our knowledge of the area.

PAYROLL SUMMARY		
Personnel	Full/Part Time	Annual Pay
Visiting Porter	Part-Time	\$ 3,850
<b>Total Payroll Expense</b>		<b>\$ 3,850</b>

### **Replacement Reserves**

This expense accounts for the eventual required replacement of short-lived items such as carpeting and drapes, ranges and refrigerators, flooring, disposals, pavement, and roofs.

Considering the subject's age/condition and quality, number of buildings (roofs), available on-site parking, unit types and sizes, as well as reviews of engineering reports specifically designed at estimating the annual reserves for replacement for apartment complexes, the reserves for replacement were concluded at **\$250 per unit**.

RESERVES FOR REPLACEMENT		
Survey/Investment Type	Range (Per Unit)	Average
PwC Real Estate Investor Survey (4Q25)		
Apartment	\$150 - \$2,000	\$507
<b>Indicated Reserves for Replacement:</b>	<b>\$150 - \$2,000</b>	<b>\$507</b>

## TOTAL EXPENSES & REPLACEMENT RESERVES

For all expenses, we relied upon the subject's pro forma operating analysis and market data. In order to provide a more equitable basis of comparison, taxes and reserves are excluded from the subject and comparables.

EXPENSE COMPARISON*			
Source	\$/SF	\$/Unit	Expense Ratio
<b>Expense Comps</b>	\$1.35–\$3.96	\$1,005–\$3,612	4.0%–16.0%
Average	\$2.90	\$2,333	10.0%
Budget	\$5.16	\$3,144	21.7%
<b>Forecast</b>	\$6.17	\$3,559	15.6%

\* Taxes and replacement reserves are excluded as basis of comparison.

The forecast figures are within the range of the comparable expenses on an expense ratio and a per unit basis, while above the range on a per square foot basis. This is reasonable given the subject's small average unit size and studio units. Therefore, the forecasted expense ratio is considered reasonable with regard to the budgeted and comparable operating expense ratios.

## NET OPERATING INCOME

Following is a summary of the income and expense projections for the subject as of the date of valuation, March 5, 2026, which is a summation of the preceding analysis.

DIRECT CAPITALIZATION				
Income	FY 2027			
Base Rental Income	\$168,000			
<b>Total Potential Gross Income</b>	<b>\$168,000</b>			
Vacancy & Collection Loss	<u>(\$8,400)</u>			
<b>Effective Gross Income</b>	<b>\$159,600</b>			
Operating Expenses	Total	\$/Unit	\$/SF	as % of EGI
Real Estate Taxes	\$26,103	\$3,729	\$6.46	16.4%
Insurance	\$6,300	\$900	\$1.56	3.9%
Electricity	\$840	\$120	\$0.21	0.5%
Water/Sewer	\$3,150	\$450	\$0.78	2.0%
Repairs & Maintenance	\$5,110	\$730	\$1.26	3.2%
Management (3.0%)	\$4,788	\$684	\$1.18	3.0%
Payroll	\$3,850	\$550	\$0.95	2.4%
General Administration	\$875	\$125	\$0.22	0.5%
Replacement Reserves	\$1,750	\$250	\$0.43	1.1%
<b>Total Expenses</b>	<b>\$52,766</b>	<b>\$7,538</b>	<b>\$13.06</b>	<b>33.1%</b>
<b>NET OPERATING INCOME (NOI)</b>	<b>\$106,834</b>	<b>\$15,262</b>	<b>\$26.44</b>	

## VALUE BY INCOME CAPITALIZATION

The selection of the most appropriate overall capitalization rate ( $R_o$ ) in Direct Capitalization can be accomplished by several methods. Overall Capitalization Rates can be estimated with various techniques, depending upon the quality and quantity of data available. This appraisal will consider the following techniques: (a) investor surveys, (b) market participants, (c) the Ellwood method (aka Akerson formula) and (d) derivation from comparable sales.

### INVESTOR SURVEYS

INVESTOR SURVEYS		
Survey/Investment Type	OAR Range	Average
PwC Real Estate Investor Survey (4Q25)		
Apartment	4.00% - 6.50%	5.23%
Situs RERC Real Estate Report (4Q25)		
Apartment	4.50% - 6.00%	5.30%
RealtyRates.com Investor Survey (4Q25)		
Apartments	5.17% - 12.01%	8.29%
<b>Indicated OAR:</b>	<b>4.00% - 12.01%</b>	<b>6.27%</b>

The subject property represents a Class B property in a secondary market. Due to the class and size of the property, it would not like likely attract the attention of institutional investors. Thus, the subject warrants a capitalization rate towards the average of the reported investor surveys, however, this appraisal placed minimal emphasis on the investor surveys.

## MARKET PARTICIPANT INTERVIEWS

As a part of our constant and ongoing dialogue with brokers and other real estate professionals, local market participants were surveyed to assist us in our advance an opinion of the going-in capitalization rates for similar quality, multifamily/mixed-use projects in the Northern New Jersey region.

MARKET PARTICIPANT INTERVIEWS			
Respondent	Company	Survey Date	Cap Rate Range
Confidential, Broker	JLL	Mar-26	5.25% - 7.25%
Andre Balthazard, Broker	Cushman & Wakefield	Mar-26	5.25% - 7.00%
Eli Herskowitz, Broker	Sage Real Estate Advisors	Mar-26	5.00% - 8.00%
<b>Reported Range</b>			<b>5.00% - 8.00%</b>

Overall, our survey respondents indicated the above mentioned OAR range with the low end being a well located, recently gut renovated and/or new vintage properties with superior features/quality and facilities reflecting upside in rental potential, and the upper end of the range being required for an older property suffering from deferred maintenance and in a secondary/peripheral location.

## ELLWOOD METHOD

The method of capitalization employed in this report is the mortgage equity technique commonly referred to as the Akerson formula of the Ellwood method. This technique considers the return of equity including any potential appreciation or depreciation in property value over the income projection period as well as the effects of financing through mortgage amortization and equity benefits. The following criteria were used to determine the capitalization rate for the subject property.

As previously mentioned, yield capitalization measures a single year's anticipated income in order to determine its capital sum by means of an overall capitalization rate. This appropriate rate considers risk, debt, and equity goal requirements. This analysis relies on existing (or projected) income and market expenses in order to determine annual net operating income levels. The net operating income is capitalized to a present market value.

### *Financing*

Lending institutions typically lend at a 60% to 80% loan to value ratio. Interest rates, in a recent period of time, ranged from 6.0% to 8.5% with loan terms at five years and with twenty- to thirty-year payout schedules. We projected a **70%** loan to value ratio, a **6.25%** interest rate, and a 30-year payout. The mortgage constant is **0.0739**.

### *Holding Period*

Most investors/purchasers intend to hold a property for a period that typically ranges from five to twenty years. We have selected a period of **10** years.

### *Equity Yield*

This is a competitive rate of return reflecting the inherent risks, illiquidity, potential benefits, and availability of tax shelter of property ownership relative to prospective rates of return for alternative investment opportunities.

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Typical investors require a rate of return for investment quality property such as the subject which is greater than the safe or "risk-less" rates offered for long-term treasury notes and bonds or high-grade corporate bonds. The difference between an investor's required rate of return and the safe rate is basically the premium necessary to compensate the investor for the added risks of lack of liquidity offered by a real estate investment.

SURVEY OF COMPETITIVE RATES	
Type	Rate (%)
Federal Funds Rate (Avg.)	3.64%
Prime Rate	6.75%
10-Year Treasury Bond	4.13%
30-Year Treasury Bond	4.74%
10-Year Corporate Bonds (AAA)	5.36%
10-Year Corporate Bonds (BAA)	5.77%
30-Year Municipal Bonds	4.20%
Source: Federal Reserve Statistical Release	Mar-26

- The **Federal Funds Rate** is a foundational rate determining the cost of funds by Federal Reserve banks to depository institutions.
- The **Prime Rate** is a base rate posted by large banks for loans to corporations. It is a rate for business loans to banks' most creditworthy customers. It is no longer a lending rate per se, but a base rate from which other rates are adjusted.
- The **10- and the 30-year Treasury Bonds** are long-term obligations that are guaranteed by the federal government.
- The **10-Year Corporate Bonds with AAA** credit exhibit a minimal amount of risk. **Baa** debt is issued by weaker corporate borrowers and exhibits corresponding risk, liquidity, and pricing characteristics compared to higher-grade obligations.
- **Municipal Bonds** are free of tax liabilities and, therefore, the return is typically less than investment opportunities which are taxable.

In selecting an appropriate yield rate, we have considered the foregoing yields as well as the property's location, age, and condition relative to competing properties. In the development of the yield rate for the subject property, consideration was given to the risk, liquidity, and the time and expense of asset management inherent with income-producing property investment.

The summation approach was utilized to account for yield expectations associated with these investment considerations as applied to a leased fee property. A **4.75%** basic rate was used based on the return exhibited by the rates reflective of a "safe" alternative investment. The safe rate is adjusted for asset management, liquidity, and risk, resulting in a **8.50%** overall yield rate.

Two other sources of anticipatory yield rates are provided by the PwC Real Estate and the Real Estate Research Corporations' (R.E.R.C.) investment surveys which summarize expected rates of return, including capitalization rates and income and expense growth rates, from a representative sample of institutional investors. The rates reflect acceptable expectations of yields desired by investors currently in the marketplace.

INVESTOR SURVEYS		
Survey/Investment Type	Discount (IRR) Range	Average
PwC Real Estate Investor Survey (4Q25)		
Apartment	6.00% - 9.00%	7.44%
Situs RERC Real Estate Report (4Q25)		
Apartment	6.00% - 8.00%	7.00%
RealtyRates.com Investor Survey (4Q25)		
Apartments	8.01% - 14.11%	10.75%
<b>Indicated IRR:</b>	<b>6.00% - 14.11%</b>	<b>8.40%</b>

For investment grade apartment properties, the real estate investment surveys range from 6.00% to 14.11%, with an average discount rate of 8.40%, which supports the built-up method indicator. Due to the increased risk associated with the equity position we have increased the overall yield rate by 150 basis points to conclude to an equity yield rate of a **10.00%**.

### **Change in Value**

We have concluded at an increase of **25%** over the holding period. Using these components, calculation of the capitalization rate is presented:

ELLWOOD METHOD ASSUMPTION CONCLUSIONS	
Assumptions Underlying Capitalization Rate Development	
Loan to value ratio	70%
Interest Rate	6.25%
Term (years payout)	30
Annual Constant	0.0739
Equity Yield Rate	10.00%
Holding Period	10
Appreciation Over Term	25%

ELLWOOD METHOD CALCULATION							
Development of Capitalization Rate							
Mortgage Funds	0.7	x	0.0739	=		0.0517	
Equity Funds	0.3	x	0.1000	=		<u>0.0300</u>	
Weighted Rate						0.0817	
Less Adjustment for Mortgage Amortization							
0.1576		x	0.7	x	0.0627	=	<u>0.0069</u>
Basic Rate						0.0748	
Less Adjustment for Appreciation							
25%		x	0.0627	=		0.0157	
Capitalization Rate						<u>0.0591</u>	
<b>Rounded to nearest %</b>						<b>6.00%</b>	

The Ellwood method of developing an overall capitalization rate suggests a rate of **6.00%**.

## MARKET DERIVATION

When adequate data is available, the overall rate is best derived from the comparable sales employed in the Sales Comparison Approach. The following table summarized capitalization rates extracted from the comparable sales, excluding sales that did not report a capitalization rate.

CAPITALIZATION RATE SUMMARY					
No.	Property / Location	Date of Sale	Year Built	Capitalization Rate	NOI/Unit
1	60-62 Plum Street, Paterson, NJ	Listing	2024	6.11%	\$18,176
2	197-199 12th Avenue, Paterson, NJ	Listing	2024	5.39%	\$18,120
3	108 Mill Street, Paterson, NJ	Mar-25	2022	6.99%	\$17,699
4	191-197 Broadway, Paterson, NJ	Sep-24	2024	5.95%	\$14,432
5	208 Redwood Avenue, Paterson, NJ	Jul-24	2023	6.74%	\$15,474
<b>S</b>	<b>Subject</b>	---	<b>2027</b>	---	<b>\$16,324</b>
	Low			5.39%	\$14,432
	High			6.99%	\$18,176
	Median			6.11%	\$17,699
	Average			6.24%	\$16,780

The capitalization rates (unless otherwise stated in the sale sheets) are derived from the in-place EGI (applying market/legal rent to vacant and/or owner-occupied units) and in-place expenses at the time of sale (based on marketing brochures or actual property statements), with adjustments for taxes (if applicable), and inclusive of expenses mentioned previously plus a management expense (if self-managed) and replacement reserves, similar to the subject's proforma. Generally, T-12 capitalization rates (all other things being equal), could potentially be  $\pm 25$  to  $\pm 75$  bps lower (i.e., more aggressive) than rates calculated on a proforma income, similar to the subject, while fee simple sales (due to high vacancy, etc.) utilizing full market rents to derive the PGI and market expenses, could potentially reflect  $\pm 25$  to  $\pm 75$  bps higher (i.e., more conservative) as a rent roll with 100% market rents is typically not achievable for an operating multifamily /mixed-use property.

All comparable sales are verified from buyer/seller, brokers/OMs and deeds along with other data sources including Zillow, CoStar, LoopNet, and MLS. The capitalization rates from the comparable sales are from sources deemed reliable and are further detailed in the addendum sheets.

## CONCLUDED OVERALL RATE

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. Therefore, in developing our opinion of a reasonable cap rate for the subject, we have given consideration to the following:

### ***Factors exerting downward pressure on the capitalization rate include:***

- Upon completion, the subject will be in a(n) good/excellent quality and condition. It is assumed there will be limited operating risk as a new building with individually metered units and virtually no risk of unscheduled capital investment as the asset is new. As the building will be a 2026/27 completed project, this is considered superior to some of the older vintage sales, putting downward pressure on the OAR.

**Factors exerting neutral pressure on the capitalization rate include:**

- The subject is well located in the submarket, with strong demand for apartment housing and low vacancy rates. This is considered similar to the comparable sales.
- The apartments are expected to achieve full market capture upon stabilization.

**Factors exerting upward pressure on the capitalization rate include:**

- Following the Federal Reserve’s December 2025 rate cut to a 3.50%–3.75% range, policymakers signaled a cautious, data-driven approach. With inflation still above target and the labor market softening, limited additional easing may occur if conditions warrant. Overall, given the short-term uncertainty, this continues to reflect an upward influence on capitalization rates as yields remain high until further rate cuts and proven stable inflation rates, which has been considered with respect to our conclusion herein.
- The prospective future stabilized date presents additional risk and puts upward pressure on the capitalization rate. This also considers the potential of reduced interest rates.

**Conclusion**

Typically, most weight is placed on the rates derived from sources most closely associated with the subject’s immediate market, that is, comparable sales, particularly if the comparable sales have a similar risk profile to the subject.

The capitalization rate for Comparable Listings No. 1 and 2 are based on the asking prices and if the actual sale prices are lower the resulting cap rate would be higher.

- Considering the subject’s superior characteristics as a new vintage property, primary reliance was placed positioned just below the comparable sale average.
- Secondary reliance was placed on Comparable Listing No. 1 and Sale No. 4 owing to their similar characteristics, both containing all 1-bedroom apartments, slightly superior to the subject due to the smaller unit types. Listing 2 and Sales 3 and 5 contain two and three-bedroom units, which generate higher NOI/Unit and thus yield higher capitalization rates.

In conclusion, based upon the preceding and the subject’s configuration of all studio apartments and lower NOI/Unit, we reconciled an overall capitalization rate of **6.00%**, which is appropriate for the subject. The summary of the capitalization rate and conclusion is below:

SUMMARY CAPITALIZATION RATE AND CONCLUSION		
Method	Range	Average
Investor Surveys	4.00% - 12.01%	6.27%
Market Participants	5.00% - 8.00%	6.50%
Ellwood Method		6.00%
Market Extraction	5.39% - 6.99%	6.24%
<b>Primary Weight</b>		<b>Market Extraction</b>
<b>Secondary Weight</b>		<b>Ellwood Method</b>
<b>Capitalization Rate Conclusion</b>		<b>6.00%</b>

## AS STABILIZED VALUE INDICATION FROM DIRECT CAPITALIZATION

An opinion of market value is indicated by the Direct Capitalization Method by dividing the net operating income (NOI), derived earlier in this section by the appropriate capitalization rate. Our conclusion via the Direct Capitalization Method is as follows, as previously discussed.

DIRECT CAPITALIZATION METHOD VALUE CONCLUSION			
NET OPERATING INCOME	\$106,834	\$15,262	\$26.44
OAR	Value	\$/Unit	\$/SF
Based on Most Probable Rate of 6.00%	\$1,780,567	\$254,367	\$440.63
Reconciled Value	\$1,780,567	\$254,367	\$440.63
Plus: PV of 30-Year Tax PILOT	\$340,000	\$48,571	\$84.14
Final Indicated Value	\$2,120,567	\$302,938	\$524.76
Rounded to nearest \$10,000	\$2,120,000	\$302,857	\$524.62

## VALUE AS COMPLETE

In order to determine the value "As Complete" we must make deductions for rent loss, marketing and leasing expenses and a lease-up profit factor.

**Residential Rent Loss from Absorption** Based on the following absorption rates and our knowledge within the submarket of similar assets, we have concluded to **4 units** leased per month, thus taking **2 months** of lease-up. This assumes a pre-completion marketing, thus making the actual exposure period less, assuming 50% of the apartments absorbed over the period. Further, as previously discussed, rent concessions are uncommon in this area and none are expected to be offered, thus no additional deductions were made for concessions. Presented:

LEASE-UP COST TO ACHIEVE APARTMENT STABILIZATION					
Month Post Completion	Starting Inventory	Average Rent Per Month	Units Rented	Remaining Inventory	Lost Rent
1	7	\$2,000	4	3	\$14,000
2	3	\$2,000	3	0	\$6,000
<b>Total</b>					<b>\$20,000</b>

**Residential Marketing and Leasing expenses** This includes all costs involved in advertising and promoting the lease-up of the building. We have allotted **8.3%** (equivalent to 1-months rent) of the residential income for this expense, to assume a swift lease-up of the apartments, which is typical for this type of calculation. Presented:

MARKETING AND LEASING EXPENSES	
Annual Potential Income	\$168,000
Marketing & Leasing Expenses (8.3%)	\$13,994
<b>Total Estimated Marketing &amp; Leasing Expenses</b>	<b>\$13,994</b>

**Profit Factor** Typically, we deduct from the "As Stabilized" value to reflect the risk of possessing a vacant property, which is considered to be moderate given the

occupancy trends, and employment opportunities within the influencing area. This figure is typically less than the risk of construction/renovations. Thus, considering the risk of leasing a vacant property, a profit for lease-up is made:

INCOME APPROACH PROFIT FACTOR	
Total Residential Rent Loss	\$20,000
Total Residential Marketing & Leasing Expenses	+ \$13,994
<b>Subtotal</b>	<b>\$33,994</b>
Profit Factor (20.0%)	20%
<b>Total Profit Factor</b>	<b>\$6,799</b>

**CALCULATION OF VALUE:**

Our conclusion via the Direct Capitalization Method "As Complete" as of November 5, 2026. Presented:

DIRECT CAPITALIZATION METHOD VALUE CONCLUSION - AS COMPLETE	
<b>Market Value "As Stabilized"</b>	<b>\$2,120,000</b>
<b>Less:</b>	
Rent Loss	(\$20,000)
Marketing & Leasing Expenses	(\$13,994)
Lease-Up Profit Factor (20.0%)	(\$6,799)
<b>Adjusted Value, "As Complete"</b>	<b>\$2,079,207</b>
<b>Rounded to nearest \$10,000</b>	<b>\$2,080,000</b>

**VALUE AS IS**

In order to determine the value "As Is" we must make additional deductions for construction costs and entrepreneurial profit.

**Construction Costs**

Based on materials we were provided with by the property owner and including soft costs; the projected capital expense budget is **\$743,363**. Based on discussions with the property contact and our knowledge of similar projects including 200 Summer Street and 197 12<sup>th</sup> Avenue, we assume the subject will be completed late 2026. Thus far, none has been spent to-date.

**Entrepreneurial Profit**

Entrepreneurial profit, also referred to as developer's profit, represents the profit required to motivate a developer to construct and/or renovate and lease-up a property. Anticipated developer's profit varies widely between individual projects depending on location and market conditions but generally lies within the range of 20% to 40% of direct and indirect building and site costs.

In this analysis, we deducted **40%** of the construction costs to reflect entrepreneurial profit for the risk of completing construction. This deduction equates to **\$297,345**.

**CALCULATION OF VALUE:**

Our conclusion via the Direct Capitalization Method "As Is" as of March 5, 2026 Presented:

<b>DIRECT CAPITALIZATION METHOD VALUE CONCLUSION - AS IS</b>	
<b>Market Value "As Complete"</b>	\$2,080,000
<b>Less:</b>	
BBG Concluded Construction Costs	(\$743,363)
Entrepreneurial Profit (40%)	(\$297,345)
<b>Adjusted Value, "As Is"</b>	<b>\$1,039,293</b>
<b>Rounded to nearest \$10,000</b>	<b>\$1,040,000</b>

# SALES COMPARISON APPROACH

## METHODOLOGY

In the Sales Comparison Approach, we developed an opinion of value by comparing similar, recently sold properties in the surrounding or competing area to the subject property. In order to determine the value of the subject property, these comparable sales and/or listings are then evaluated and adjusted based on their differences when compared to the subject property. Inherent in this approach is the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

## UNIT OF COMPARISON

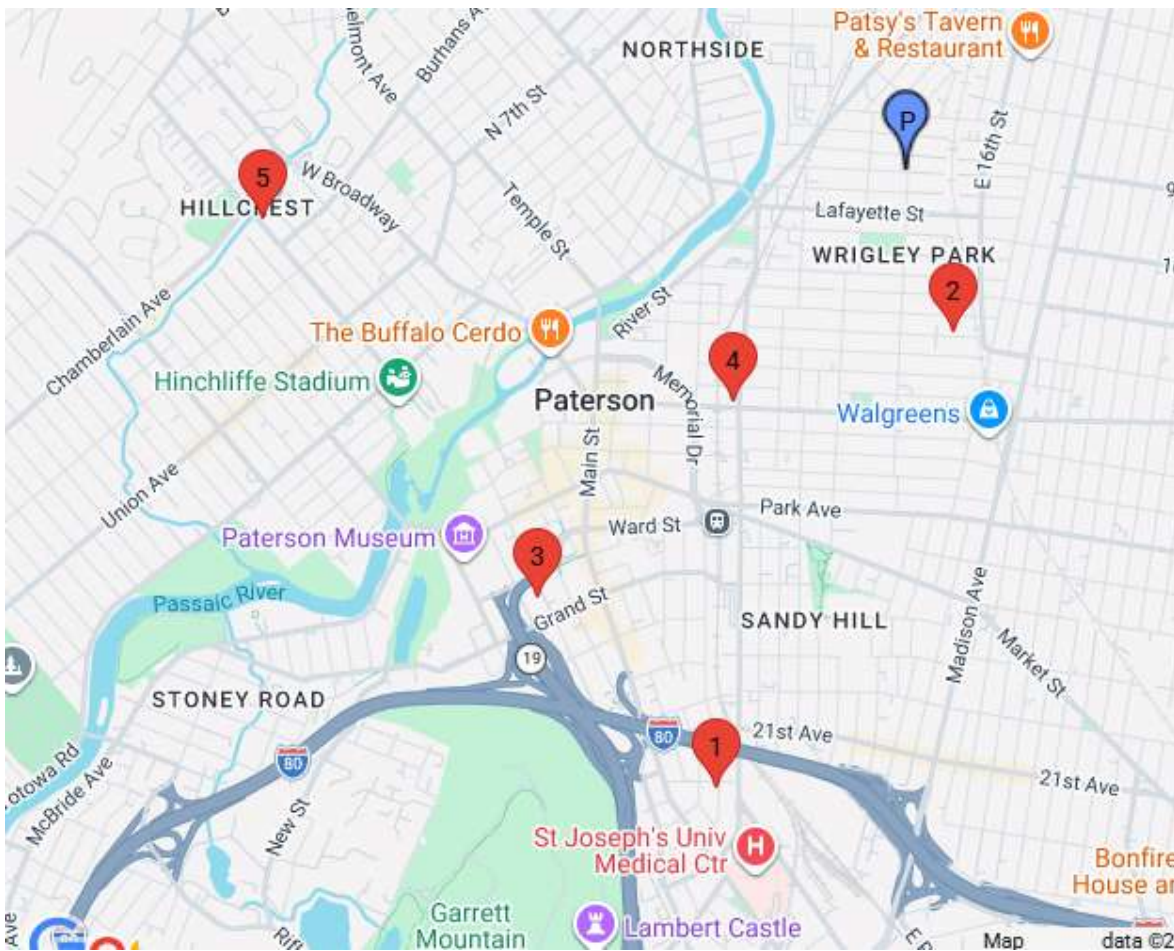
The most widely used and market-oriented unit of comparison for properties such as the subject is sale price **per unit**. All comparable sales and/or listings were analyzed on this basis.

Due to the nature of the subject property and the level of detail available for the comparable data, we elected to analyze the comparables through application of a traditional adjustment grid utilizing percentage adjustments.

## COMPARABLE IMPROVED SALES

On the following pages, we present a summary of the improved properties we compared to the subject property, a map showing their locations, and the adjustment process.

### COMPARABLE IMPROVED SALES MAP



SUMMARY OF IMPROVED SALES										
No.	Property / Location	Date of Sale	Distance (Miles)	Year Built/ Renovated	Bldg. Size (SF Gross)	No. Apt Units	Sales Price	Sales Price per \$/SF (Gross)	Sales Price per \$/Apt Unit	Overall Rate
1	Apartment 60-62 Plum Street Paterson, NJ	Listing	0.3	2024	16,196	20	\$7,200,000	\$445	\$360,000	6.11%
2	Apartment 197-199 12th Avenue Paterson, NJ	Listing	0.3	2024	9,600	10	\$3,850,000	\$401	\$385,000	5.39%
3	Apartment 108 Mill Street Paterson, NJ	Mar-25	0.8	2022	5,000	6	\$1,750,000	\$350	\$291,667	6.99%
4	Apartment 191-197 Broadway Paterson, NJ	Sep-24	0.0	2024	5,211	5	\$2,000,000	\$384	\$400,000	5.95%
5	Apartment 208 Redwood Avenue Paterson, NJ	Jul-24	1.2	2023	14,592	16	\$4,400,000	\$302	\$275,000	6.74%
<b>Subj.</b>	49-51 Rosa Parks Blvd. Paterson, NJ	---	---	2027	4,041	7	---	---	---	---

49-51 ROSA PARKS BOULEVARD (A/K/A 49-51 GRAHAM BOULEVARD) APPRAISAL



## **ADJUSTMENT PROCESS**

The sales we utilized represent the best available information that could be compared to the subject property. The major elements of comparison for an analysis of this type include the property rights conveyed, the financial terms incorporated into a particular transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property. Transactional adjustments are made sequentially while property adjustments are added and applied last.

## **PROPERTY RIGHTS CONVEYED**

This adjustment accounts for any impact that the property rights transferred to the buyer may have on sale price. For leased fee properties, the length of leases in place and the relationship of market to contract rent could impact value. Some properties may have stronger appeal to an owner-user or an investor, resulting in a premium or discount associated with fee simple property rights.

The subject and comparable sales are transactions of the leased fee interest. Thus, no adjustments were necessary.

## **FINANCIAL TERMS**

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.

All of the sales were reportedly sold all cash to the seller or financed at market rates by a disinterested third party, and no adjustments are warranted.

## **TERMS/CONDITIONS OF SALE**

Adjustments for conditions of sale typically reflect various motivations of the buyer and/or seller. In many situations, the conditions of sale may significantly affect transaction prices. Properties that are listed for sale may require adjustments herein.

Comparable No. 1 and 2 are listings. Thus, we applied adjustments based on the time on the market and the typical price discount of listings in the submarket to reflect the possibility of a potential price negotiation. All other sales appear to be arm's length transactions, and no other adjustments were made.

## **EXPENDITURES IMMEDIATELY AFTER SALE**

In order to arrive at the effective sale price, the actual sale price of each comparable is adjusted to account for any expenditures planned by the buyer immediately after sale, such as capital expenditures, cost to cure deferred maintenance, or lease-up costs.

All of the comparable sales were considered similar to the subject, and no adjustments were made.

## **MARKET CONDITIONS**

This adjustment category accounts for differences in economic conditions between the effective date of appraisal and the transaction date of the comparable, such as may be caused by changing supply and demand factors, rental rates, vacancy rates, and/or capitalization rates.

All the sales were transacted since Jul-24. Inflation rose significantly throughout 2022 and has remained elevated, although down from the highs. In response the Federal Reserve increased the federal funds rate in beginning in 2022

through to July 2023. The rapid increase in interest rates caused a shift in the mindset of investors and there was an increase in capitalization rates. Throughout 2024 and 2025, the capitalization rates have remained generally stable.

Based on the preceding as well as placing primary emphasis that all comparable sales sold during a time of stabilizing capitalization rates, no adjustments have been made to the closed comparable sales.

## **LOCATION**

The appeal of a property's location to users of and/or investors in a particular property type can influence value significantly. This factor broadly considers the impact of demographics, geographical attributes, access to transportation networks and/or employment centers and local land use trends on pricing. Comparisons of location can often be derived, or even quantified, by examining rent, vacancy, capitalization rate, and land value trends in the subject and directly competitive areas.

Comparable Sale 1 is located within close proximity to Saint Joseph's Hospital, a major medical facility in the Passaic County area. This area is historically more developed than other areas of Paterson and is more established/built-up as a result. As such, Comparable Sale 1 required a downward adjustment.

## **PROJECT SIZE - UNITS**

Normally, all other characteristics being equal, the per square foot value of a property is affected by its size. Building size and price per square foot typically have an inverse relationship. Larger buildings tend to achieve lower pricing on a per-unit basis due to their economies of scale, and smaller pool of prospective buyers.

All of the comparables were considered similar to the subject, and no adjustments were required for this category.

## **AVERAGE UNIT SIZE (SF)**

The average unit size of a property may affect the sales price. Generally, smaller average unit sizes are indicative of smaller unit types, which tend to command lower monthly rents but higher rents on a per square foot basis, and vice versa.

Given the variation in unit types across the comparable sales, we have utilized average unit size as the basis for our unit of comparison. Lastly, the smaller the average unit size, the higher the price per square foot and the lower the price per unit.

All comparable sales are observed to be larger in comparison to the subject property, requiring downward adjustments accordingly.

## **CONDITION/QUALITY**

Older properties that have been well maintained could be considered to be in better condition than newer properties that have not been well maintained or that have incurred deferred maintenance. Quality adjustments reflect differences in the quality and durability of construction materials, design, building classification, finish-out, etc.

Owing to their earlier vintages and quality, Comparable Sales 3 and 5 were both adjusted upward owing to the subject's expected superior quality. No further adjustments were required.

## **UTILITY**

This adjustment recognizes differences for market appeal amongst properties. This may include differences between walk-up properties vs. mid/high-rise elevator-served building as well as including the interior finishes, and layout of

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49-51 ROSA PARKS BOULEVARD (A/K/A 49-51 GRAHAM BOULEVARD) APPRAISAL



each comparable as compared to the subject property. Further, site/unit amenities are also a contributory factor in this adjustment as properties with significant amenities generally achieve slightly higher rents which translates into higher value contribution to the property such as on-site parking, fitness center, etc.

Please refer to the following utility adjustment chart:

UTILITY ADJUSTMENT					
Adjustment	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Elevator	-5%	0%	0%	0%	-5%
Garage Parking	-5%	-5%	-5%	0%	-5%
<b>Total Adj.</b>	<b>-10%</b>	<b>-5%</b>	<b>-5%</b>	<b>0%</b>	<b>-10%</b>

### TAX BENEFIT

This adjustment reflects any tax benefits offered to each comparable. Since the tax exemption was added after conducting the final value, comparables offering tax benefits are negatively adjusted.

All comparable sales have PILOT tax exemptions, and downward adjustments were made based on the remaining tax benefits.

## COMPARABLE IMPROVED SALES ADJUSTMENT GRID

COMPARABLE SALE SUMMARIES AND ADJUSTMENTS						
	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Property / Location	49-51 Rosa Parks Blvd. Paterson, NJ	Apartment 60-62 Plum Street Paterson, NJ	Apartment 197-199 12th Avenue Paterson, NJ	Apartment 108 Mill Street Paterson, NJ	Apartment 191-197 Broadway Paterson, NJ	Apartment 208 Redwood Avenue Paterson, NJ
Date of Sale	---	Listing	Listing	Mar-25	Sep-24	Jul-24
Year Built/ Renovated	2027	2024	2024	2022	2024	2023
Bldg. Size (SF Gross)	4,041	16,196	9,600	5,000	5,211	14,592
No. Apt Units	7	20	10	6	5	16
Occup.	0%	70%	100%	100%	100%	100%
Sale Price	---	\$7,200,000	\$3,850,000	\$1,750,000	\$2,000,000	\$4,400,000
NOI per SF	\$28.28	\$22.44	\$18.87	\$21.24	\$13.85	\$16.97
NOI per Unit	\$16,324	\$18,176	\$18,120	\$17,699	\$14,432	\$15,474
Overall Rate	---	6.11%	5.39%	6.99%	5.95%	6.74%
<b>Unadjusted Price (\$ per Unit)</b>	-----	<b>\$360,000</b>	<b>\$385,000</b>	<b>\$291,667</b>	<b>\$400,000</b>	<b>\$275,000</b>
<b>Transactional Adjustments</b>						
<b>Property Rights Conveyed</b>	<b>Leased Fee</b>	<b>Leased Fee</b>	<b>Leased Fee</b>	<b>Leased Fee</b>	<b>Leased Fee</b>	<b>Leased Fee</b>
Adjustment	(Assumed Stabilized)	0%	0%	0%	0%	0%
<b>Financing</b>	<b>Assumed Cash</b>	<b>Similar</b>	<b>Similar</b>	<b>Similar</b>	<b>Similar</b>	<b>Similar</b>
Adjustment		0%	0%	0%	0%	0%
<b>Terms/Conditions of Sale</b>	<b>At Market</b>	<b>Listing</b>	<b>Listing</b>	<b>Similar</b>	<b>Similar</b>	<b>Similar</b>
Adjustment		-5%	-5%	0%	0%	0%
<b>Expenditures After Sale</b>	<b>None</b>	<b>Similar</b>	<b>Similar</b>	<b>Similar</b>	<b>Similar</b>	<b>Similar</b>
Adjustment		0%	0%	0%	0%	0%
<b>Market Conditions</b>	<b>Mar-26</b>	<b>Listing</b>	<b>Listing</b>	<b>Mar-25</b>	<b>Sep-24</b>	<b>Jul-24</b>
Adjustment		0%	0%	0%	0%	0%
<b>Total Transactional Adjustment</b>		<b>-5%</b>	<b>-5%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>Adjusted Price (\$ per Unit)</b>		<b>\$342,000</b>	<b>\$365,750</b>	<b>\$291,667</b>	<b>\$400,000</b>	<b>\$275,000</b>
<b>Property Adjustments</b>						
	<b>Average</b>	<b>Superior</b>	<b>Similar</b>	<b>Similar</b>	<b>Similar</b>	<b>Similar</b>
<b>Location</b>		-5%	0%	0%	0%	0%
<b>Project Size - Units</b>	7	20	10	6	5	16
		0%	0%	0%	0%	0%
<b>Average Unit Size (SF)</b>	399	650	745	783	808	753
		-5%	-10%	-10%	-10%	-10%
<b>Condition/Quality</b>	<b>Good/Excellent</b> <i>Upon Completion</i>	<b>Good/Excellent</b>	<b>Good/Excellent</b>	<b>Good</b>	<b>Good/Excellent</b>	<b>Good</b>
		0%	0%	10%	0%	10%
<b>Utility</b>	<b>Good/Excellent</b> <i>See Utility Chart</i>	<b>Superior</b>	<b>Superior</b>	<b>Superior</b>	<b>Similar</b>	<b>Superior</b>
		-10%	-5%	-5%	0%	-10%
<b>Tax Benefit</b>	<b>Yes</b> <i>30-Yr PILOT</i>	<b>30-Yr Pilot</b>	<b>30-Yr Pilot</b>	<b>30-Yr Pilot</b>	<b>30-Yr Pilot</b>	<b>30-Yr Pilot</b>
		-17%	-9%	-13%	-39%	-16%
<b>Total Property Adjustments</b>		<b>-37%</b>	<b>-24%</b>	<b>-18%</b>	<b>-49%</b>	<b>-26%</b>
<b>Total Adj. Excluding Tax Benefit</b>		<b>-20%</b>	<b>-15%</b>	<b>-5%</b>	<b>-10%</b>	<b>-10%</b>
<b>Indication for Subject:</b>		<b>\$214,219</b>	<b>\$279,157</b>	<b>\$238,750</b>	<b>\$202,398</b>	<b>\$202,188</b>

## CONCLUSION OF SALES COMPARISON APPROACH

All adjustments are percentages. A positive adjustment indicates an inferior characteristic to the subject. A negative adjustment indicates a superior characteristic to the subject.

The reduction in the standard deviation indicates a tightening of the range of per unit prices and provides a higher degree of confidence in the applied adjustments. The comparable set is the most appropriate set that is a reasonable representation of the asset. The sales presented and analyzed represent a cross-section of market activity for similar assets in the submarket.

Primary reliance was placed on Comparable Listing No. 2 owing to its recency, recognizing its slightly larger 1-bedroom unit types/sizes, superior NOI/Unit.

As such, based on this analysis and recognition of the elasticity of per unit prices for assets with similar physical and economic characteristics, we conclude that the indicated value by the Sales Comparison Approach is **\$275,000 per unit**. Further, the concluded value on a per square foot basis is above the sale range, due to the smaller units.

49-51 ROSA PARKS BOULEVARD (A/K/A 49-51 GRAHAM BOULEVARD) APPRAISAL



## VALUE INDICATION FROM SALES COMPARISON APPROACH – AS STABILIZED

Our conclusion via the Sales Comparison Approach is as follows, as previously discussed.

SALES COMPARISON APPROACH VALUE CONCLUSION - AS STABILIZED	
Indicated Value Per Unit	\$275,000
No. Units	x 7
<b>Indicated Value</b>	<b>\$1,925,000</b>
<i>Plus: PV of 30-Year Tax PILOT</i>	<i>\$340,000</i>
<b>Final Indicated Value</b>	<b>\$2,265,000</b>
<b>Rounded to nearest \$10,000</b>	<b>\$2,270,000</b>
<b>Per Unit</b>	<b>\$324,286</b>

## VALUE INDICATION FROM SALES APPROACH - AS COMPLETE

As discussed in the Income Capitalization Approach section of this report, the following adjustments have been applied. The adjusted value via the Sales Comparison Approach is illustrated in the following table, calculated:

SALES COMPARISON APPROACH VALUE CONCLUSION - AS COMPLETE	
<b>Market Value "As Stabilized"</b>	<b>\$2,270,000</b>
<b>Less:</b>	
Rent Loss	(\$20,000)
Marketing & Leasing Expenses	(\$13,994)
Lease-Up Profit Factor (20.0%)	(\$6,799)
<b>Adjusted Value, "As Complete"</b>	<b>\$2,229,207</b>
<b>Rounded to nearest \$10,000</b>	<b>\$2,230,000</b>

## VALUE INDICATION FROM SALES APPROACH - AS IS

The adjusted value via the Sales Comparison Approach is illustrated in the following table, calculated:

SALES COMPARISON APPROACH VALUE CONCLUSION - AS IS	
<b>Market Value "As Complete"</b>	<b>\$2,130,000</b>
<b>Less:</b>	
BBG Concluded Construction Costs	(\$743,363)
Entrepreneurial Profit (40.0%)	(\$297,345)
<b>Adjusted Value, "As Is"</b>	<b>\$1,089,293</b>
<b>Rounded to nearest \$10,000</b>	<b>\$1,090,000</b>

## RECONCILIATION

VALUE INDICATIONS			
<b>Hypothetical As Is Market Value as of March 5, 2026</b>			
<b>Cost Approach</b>	\$700,000	\$100,000	Per Dwelling Unit
<i>Underlying Land Value</i>	\$700,000	\$100,000	<i>Per Buildable Dwelling Unit</i>
<b>Sales Comparison Approach</b>	\$1,190,000	\$170,000	Per Dwelling Unit
<b>Income Capitalization Approach</b>			
<b>Direct Capitalization</b>	\$1,040,000	\$148,571	Per Dwelling Unit
<b>Approach Reliance</b>	<b>Cost Approach</b>		
<b>Value Conclusion - As Is</b>	<b>\$700,000</b>	<b>\$100,000</b>	<b>Per Dwelling Unit</b>
<b>Prospective As Complete as of November 5, 2026</b>			
<b>Cost Approach</b>	\$1,740,000	\$248,571	Per Dwelling Unit
<b>Sales Comparison Approach</b>	\$2,230,000	\$318,571	Per Dwelling Unit
<b>Income Capitalization Approach</b>			
<b>Direct Capitalization</b>	\$2,080,000	\$297,143	Per Dwelling Unit
<b>Approach Reliance</b>	<b>Direct Capitalization</b>		
<b>Value Conclusion - As Complete</b>	<b>\$2,080,000</b>	<b>\$297,143</b>	<b>Per Dwelling Unit</b>
<b>Prospective As Stabilized as of January 5, 2027</b>			
<b>Sales Comparison Approach</b>	\$2,270,000	\$324,286	Per Dwelling Unit
<b>Income Capitalization Approach</b>			
<b>Direct Capitalization</b>	\$2,120,000	\$302,857	Per Dwelling Unit
<b>Approach Reliance</b>	<b>Direct Capitalization</b>		
<b>Value Conclusion - As Stabilized</b>	<b>\$2,120,000</b>	<b>\$302,857</b>	<b>Per Dwelling Unit</b>

The **Cost Approach** is generally reliable for newer properties that have not been impacted by a significant level of accrued depreciation. Since the property is proposed and has plans to be developed, the cost approach has been applied.

The **Income Capitalization Approach** is the primary approach used by investors in making purchase decisions for income producing properties and Direct Capitalization is the primary valuation method used. For our analysis, income and expenses were derived from actual and market figures and were considered reliable. Vacancy rates were based on market and submarket surveys and were reflective of demand for the subject property. There was good quality data available for development of the appropriate capitalization rate. Therefore, we place primary emphasis on 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 unit basis a strong indicator of value.

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, given the physical and/or locational differences of the comparables, required adjustments were made accordingly. The Sales Comparison Approach is the secondary approach used by investors for income-producing properties. Therefore, the Sales Comparison Approach was developed primarily as support for the Income Approach.

### **Conclusion**

In concluding to the prospective as stabilized and as complete values, sole emphasis has been placed on the Income Capitalization Approach, which provides the most credible indication of the market value for an investment property similar to the subject. Furthermore, the indicated value developed by this approach is supported by the Sales Comparison Approach, the secondary approach to value.

In concluding to the as is value we relied on the Cost/Sales Comparison Approach as development sites are not typically purchased for their explicit income generating capabilities and there were sufficient sales to credibly determine land value. Secondary reliance was placed on the Income Capitalization Approach as the subject is nearly complete and expected to be leased-up in the near future.

### **CONCLUDED OPINION OF VALUE**

<b>MARKET VALUE CONCLUSION(S)</b>			
<b>Appraisal Premise</b>	<b>Interest Appraised</b>	<b>Date of Value</b>	<b>Value Conclusion</b>
Hypothetical Market Value - As Is	Fee Simple	March 5, 2026	\$700,000
Prospective Market Value - As Complete	Fee Simple	November 5, 2026	\$2,080,000
Prospective Market Value - As Stabilized	Leased Fee	January 5, 2027	\$2,120,000

### **MARKETING TIME AND EXPOSURE TIME**

We believe the concluded market value for the subject property is consistent with an anticipated marketing time and exposure time of 12 months. Our opinion of value is consistent with recent sales and the return parameters are considered adequate to generate investor interest in the property. Our estimate is reasonably consistent with historic exposure times and is considered a reasonable estimate of the exposure time for the subject. Additionally, a time of 12 months is typically quoted as an adequate marketing time by area brokers, given proper pricing and an adequate commitment to marketing. Furthermore, market conditions are not expected to change dramatically in the short term, so a marketing time equal to the historic exposure time is considered a reasonable expectation. Based on these factors, our conclusion of 12 months for an adequate marketing time and exposure time is considered reasonable.

# CERTIFICATION

I certify that, to the best of my knowledge and belief:

- 1 The statements of fact contained in this report are true and correct.
- 2 The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and 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 no personal interest with respect to the parties involved with this assignment.
- 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 This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
- 8 My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the state of New Jersey.
- 9 The reported analyses, opinions, and Value Indications were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics, the Standards of Professional Practice of the Appraisal Institute.
- 10 Peter J. Enright, MAI has made a personal exterior inspection of the property that is the subject
- 11 No one provided significant real property appraisal assistance to the person signing this certification.
- 12 Peter J. Enright, MAI has not provided 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.



**Peter J. Enright, MAI**

Senior Appraiser

New Jersey State Certified General Real Estate Appraiser License #42RG000130200

penright@bbgres.com

# STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

- 1) Notwithstanding that the Appraiser may comment on, analyze, or assume certain conditions in the appraisal, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
  - a) 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. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
  - b) 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. Further, 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. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
  - c) Any legal description or plats reported in the appraisal 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. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
  - d) 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. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
  - e) The appraisal report 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 appraisal report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the appraisal 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 opinion. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that 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.

- f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of the property. Since the Appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.
- g) No monetary liability or responsibility is assumed 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.
- h) It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein. Further, 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.
- i) Unless otherwise stated within the appraisal report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's inspection.
- j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report. Further, unless so stated in the appraisal report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.
- k) 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 monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.
- l) BBG, Inc., excepting employees of BBG Assessment, Inc., and the appraiser(s) are not experts in determining the presence or absence of hazardous substances 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. BBG, Inc. and the appraiser(s) assume no monetary liability or 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. The Client is free to retain an expert on such matters in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.
- m) BBG, Inc. is not an expert 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. BBG, Inc. assumes no monetary liability or 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 contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the appraisal report.

- 2) If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.
- 3) If provided, the estimated insurable value is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.
- 4) The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.
- 5) The value opinions reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values stated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
- 6) Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such 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.
- 7) The Appraiser assumes no monetary liability or 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.
- 8) Any proposed or incomplete improvements included in the appraisal 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.
- 9) If the appraisal 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.
- 10) 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 opinions of value.

- 11) The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the Appraiser. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.
- 12) The submission of the appraisal report constitutes completion of the services authorized and agreed upon. Such appraisal report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, or judicial or administrative proceedings. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. The Client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files, and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the opinion of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.
- 13) Client shall not disseminate, distribute, make available or otherwise provide any Appraisal Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties) except to (a) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the Appraisal Report provided that either Appraiser has received an acceptable release from such third party with respect to such Appraisal Report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the Appraisal Report to such third party, (b) any third party service provider (including rating agencies and auditors) using the Appraisal Report in the course of providing services for the sole benefit of an Intended User, or (c) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the Appraisal Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, the receipt of an Appraisal Report by such party shall not confer any right upon such party to use or rely upon such report, and Appraiser shall have no liability for such unauthorized use or reliance upon such report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Appraisal Report.



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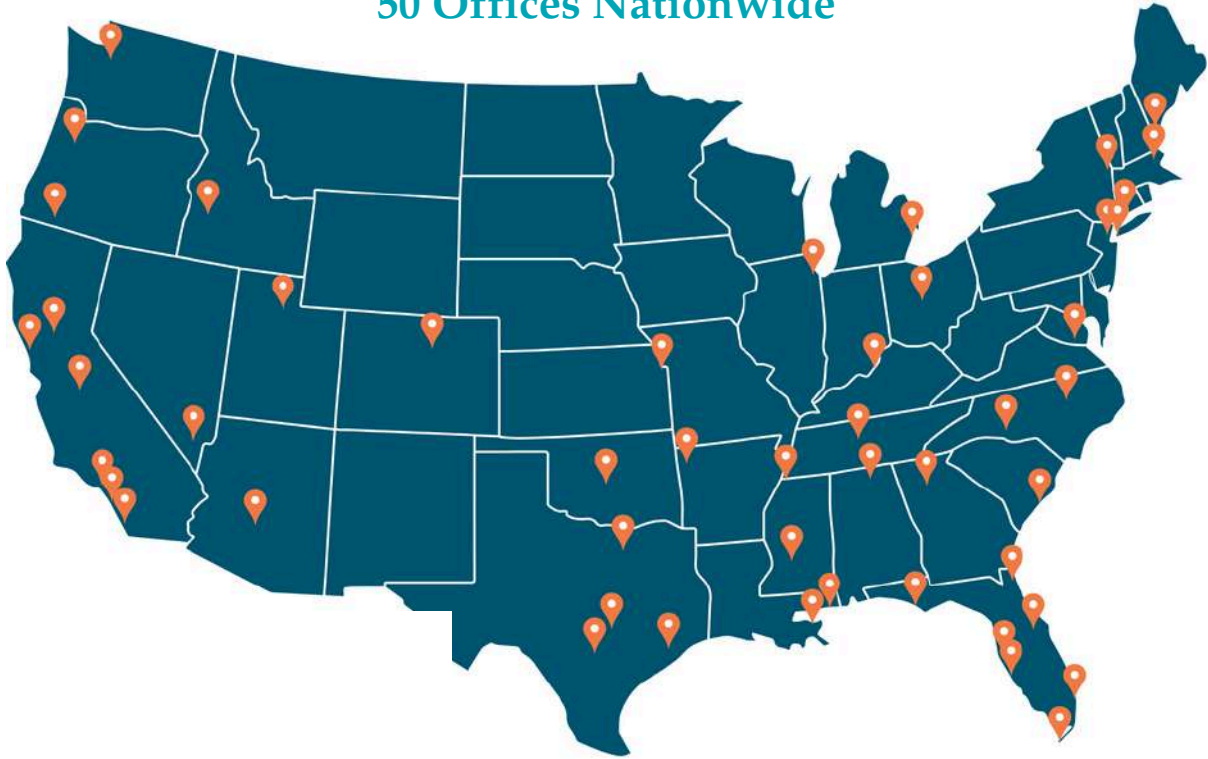
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- + Survey Services
- + Zoning Services
- + Seismic & Structural Engineering
- + HUD Due Diligence Reporting
- + Energy Consulting
- + Indoor Air Quality Services
  - + Radon/ACM/LBP/Mold

# ADDENDA

**Glossary** ..... **A**

**Construction Budget** ..... **B**

**Pro Forma** ..... **C**

**Comparable Land Sales** ..... **D**

**Comparable Rents** ..... **E**

**Comparable Improved Sales** ..... **F**

**Letter of Engagement** ..... **G**

**Appraiser Qualifications and License** ..... **H**

## GLOSSARY

**Appraisal:** (noun) the act or process of developing an opinion of value; an opinion of value. (adjective) of or pertaining to appraising and related functions such as appraisal practice or appraisal services.<sup>7</sup>

**Appraisal Practice:** valuation services performed by an individual acting as an appraiser, including but not limited to appraisal and appraisal review.<sup>7</sup>

**Appraisal Review:** (noun) the act or process of developing an opinion about the quality of another appraiser's work (i.e., a report, part of a report, a workfile, or some combination of these), that was performed as part of an appraisal or appraisal review assignment, (adjective) of or pertaining to an opinion about the quality of another appraiser's work that was performed as part of an appraisal or appraisal review assignment.<sup>7</sup>

**Appraiser:** one who is expected to perform valuation services competently and in a manner that is independent, impartial and objective.<sup>7</sup>

**Appraiser's Peers:** other appraisers who have expertise and competency in a similar type of assignment.<sup>7</sup>

**Assessed Value:** The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.<sup>1</sup>

**Asset:**

1. Any item, the rights to which may have economic value, including financial assets (cash or bonds), business interests, intangible assets (copyrights and trademarks), and physical assets (real estate and personal property).
2. In general business usage, something owned by a business and reflected in the owner's business sheet.

**Asset:** A resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.<sup>2</sup>

**Assignment:** a valuation service that is provided by an appraiser as a consequence of an agreement with a client.<sup>7</sup>

**Assignment Conditions:** Assumptions, extraordinary assumptions, hypothetical conditions, laws and regulation, jurisdictional exceptions, and other conditions that affect the scope of work.<sup>7</sup>

**Assignment Elements:** Specific information needed to identify the appraisal or appraisal review problem: client and any other intended users, intended use of the appraiser's opinions and conclusions, type and definition of value; effective date of the appraiser's opinions and conclusions; subject of the assignment and its relevant characteristics; and assignment conditions.<sup>7</sup>

**Assignment Results:** An appraiser's opinions or conclusions, not limited to value, that were developed when performing an appraisal assignment, an appraisal review assignment, or a valuation service other than an appraisal or appraisal review.<sup>7</sup>

**Bias:** a preference or inclination that precludes an appraiser's impartiality, independence, or objectivity in an assignment.<sup>7</sup>

**Business Enterprise:** an entity pursuing an economic activity.<sup>7</sup>

**Business Equity:** the interests, benefits, and rights inherent in the ownership of a business enterprise or a part thereof in any form (including, but not necessarily limited to, capital stock, partnership interests, cooperatives, sole proprietorships, options, and warrants).<sup>7</sup>

**Capital Expenditure:** Investments of cash (or the creation of liability) to acquire or improve an asset, e.g., land, buildings, building additions, site improvements, machinery, equipment; as distinguished from cash outflows for expense items that are normally considered part of the current period's operations. Also referred to as Cap Ex.<sup>1</sup>

**Cash Equivalency Analysis:** An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash or its equivalent.<sup>1</sup>

**Client:** the party or parties (i.e., individual, group or entity) who engage an appraiser by employment or contract in a specific assignment, whether directly or through an agent.<sup>7</sup>

**Condominium Ownership:** A form of fee ownership of separate units or portions of multiunit buildings that provides for formal filing and recording of a divided interest in real estate.<sup>1</sup>

**Confidential Information:**

1: information that is either:

- Identified by the client as confidential when providing it to a valuer and that is not available from any other source, or
- Classified as confidential or private by applicable law or regulation.

2: Information that is either

- Identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or
- Classified as confidential or private by applicable law or regulation \*
- NOTICE: For example, pursuant to the passage of the Gramm-Leach-Bliley Act in November 1999, some public agencies have adopted privacy regulations that affect appraisers. The Federal Trade Commission (FTC) issued two rules. The first rule (16 CFR 313) focuses on the protection of "non-public personal information" provided by consumers to those involved in financial activities "found to be closely related to banking or usual in connection with the transaction of banking." These activities include "appraising real or personal property." The second rule (16 CFR 314) requires appraisers to safeguard customer non-public personal information. Significant liability exists for appraisers should they fail to comply with these FTC rules.<sup>7</sup>

**Cost:** the actual or estimated amount required to create, reproduce, replace or obtain a property.<sup>7</sup>

**Cost Approach:** A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.<sup>1</sup>

**Credible:** worthy of belief.<sup>7</sup>

**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.<sup>1</sup>

**Disposition Value:** The most probable price that a specified interest in real property should bring under the following conditions: 1) Consummation of a sale within a specific time, which is short than the typical exposure time for such a property in that market. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) An adequate marketing effort will be made during the exposure time. 8) Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration of the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.<sup>1</sup>

**Economic Life:** The period over which improvements to real estate contribute to property value.<sup>1</sup>

**Effective Date:** the date to which the appraiser's analysis, opinions and conclusions apply, also referred to as date of value.<sup>7</sup>

**Effective Gross Income Multiplier (EGIM):** The ratio between the sale price (or value) of a property and its effective gross income.<sup>1</sup>

**Effective Rent:** Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions, the rent that is effectively paid by a tenant net of financial concessions provided by a landlord.<sup>1</sup>

**Exposure Time:** an opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at the market value on the effect date of the appraisal.<sup>7</sup>

**Extraordinary Assumption:** an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.<sup>7</sup>

**Fair Market Value:**

1. In nontechnical usage, a term that is equivalent to the contemporary usage of market value.
2. As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency. For example, one definition of *fair market value* provided by the Internal Revenue Service for certain purposes is as follows: The price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts. The fair market value of a particular item of property includible in the decedent's gross estate is not to be determined by a forced sale price. Nor is the fair market value of an item of property to be determined by the sale price of the item in a market other than that in which such item is most commonly sold to the public, taking into account the location of the item wherever appropriate. (IRS Regulation §20.2031-1) <sup>1</sup>

**Fair Share:**

1. A share of a fund or deposit that is divided or distributed proportionately.
2. A share of a burden or obligation that is divided proportionately; e.g., a tenant in a multitenant building or development may be required to pay a pro rata share of the building's operating expenses based on the number of square feet the tenant occupies. In a shopping center, the tenant's share of operating costs is often stated as a fraction, with the gross leasable area of the tenant's premises as the numerator and the gross leasable area or gross leased area of the entire shopping center as the denominator.
3. The share of a trade area that a retail facility is likely to capture; assumes that capture is a function of property size as a proportion of the overall inventory of competitive space in the trade area, i.e., that the facility captures a "fair share" of the trade area.<sup>1</sup>

**Fair Value:**

1. 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. (FASB)
2. The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties. (This does not apply to valuations for financial reporting.) (IVS).<sup>1</sup>
3. 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.<sup>2</sup>

**Feasibility Analysis:** a study of the cost benefit relationship of an economic endeavor.<sup>1</sup>

**Fee Simple Estate:** Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>1</sup>

**Floor Area Ratio (FAR):** The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.<sup>1</sup>

**Going Concern:**

1. An established and operating business having an indefinite future life.
2. An organization with an indefinite life that is sufficiently long that, over time, all currently incomplete transformations [transforming resources from one form to a different, more valuable form] will be completed.<sup>1</sup>

**Gross Building Area (GBA):**

1. Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.
2. Gross leasable area plus all common areas.
3. For residential space, the total area of all floor levels measured from the exterior of the walls and including the super structure and substructure basement; typically does not include garage space.<sup>1</sup>

**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. (IVS).
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. (Uniform Appraisal Standards for Federal Land Acquisitions) <sup>1</sup>

**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.<sup>7</sup>

**Income Capitalization Approach:** Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.<sup>1</sup>

**Inspection:** Personal observation of the exterior or interior of the real estate that is the subject of an assignment performed to identify the property characteristics that are relevant to the assignment, such as amenities, general physical condition, and functional utility. Note that this is not the inspection process performed by a licensed or certified building inspector.<sup>1</sup>

**Insurable Value:** A type of value for insurance purposes.<sup>1</sup>

**Intangible Property (Intangible Assets):** Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment.<sup>7</sup>

**Intended Use:** the user(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment.<sup>7</sup>

**Intended User:** the client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment.<sup>7</sup>

**Internal Rate of Return ("IRR"):** The annualized yield rate or rate of return on capital that is generated or capable of being generalized within an investment of portfolio over a period of ownership. Alternatively, the indicated return of capital associated with a projected or pro forma income stream. The discount rate that equates the present value of the net cash flows of a project with the present value of the capital investment. It is the rate at which the Net Present Value (NPV) equals zero. The IRR reflects both the return on invested capital and the return of the original investment, which are basic considerations of potential investors. Therefore, deriving the IRR from analysis of market transactions of similar properties having comparable income patterns is a proper method for developing market discount rates for use in valuations to arrive at Market Value. Used in discounted cash flow analysis to find the implied or expected rate of return of the project, the IRR is the rate of return which gives a zero net present value (NPV). See also equity yield rate (YE); financial management rate of return (FMRR); modified internal rate of return (MIRR); yield rate (Y).<sup>1</sup>

**Investment Value:** 1) The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2) The value of an asset to the owner or a prospective owner for individual investment or operational objectives. (IVS)<sup>1</sup>

**Jurisdictional Exception:** an assignment condition established by applicable law or regulation, which precludes an appraiser from complying with a part of USPAP.<sup>7</sup>

**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.<sup>1</sup>

**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.<sup>1</sup>

**Liquidation Value:** The most probable price that a specified interest in real

property should bring under the following conditions: 1) Consummation of a sale within a short time period; 2) The property is subjected to market conditions prevailing as of the date of valuation; 3) Both the buyer and seller are acting prudently and knowledgeable; 4) The seller is under extreme compulsion to sell; 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) A normal marketing effort is not possible due to the brief exposure time 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.<sup>1</sup>

**Load Factor:** A measure of the relationship of common area to useable area and therefore the quality and efficiency of building area layout, with higher load factors indicating a higher percentage of common area to overall rentable space than lower load factors; calculated by subtracting the amount of usable area from the rentable area and then dividing the difference by the usable area:<sup>1</sup>

Load Factor =

$$\frac{(\text{Rentable Area} - \text{Useable Area})}{\text{Useable Area}}$$

**Market Value:** a type of value stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the value definition that is identified by the appraiser as applicable in an appraisal.<sup>7</sup>

**Market Value "As If Complete" On The Appraisal Date:** Market value as if complete on the effective date of the appraisal is an estimate of the market value of a property with all construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value should reflect the market value of the property as if complete and prepared for occupancy by tenants.

**Market Value "As Is" On The Appraisal Date:** Value As Is -The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning. See also effective date; prospective value opinion.

**Market Value of the Total Assets of the Business:** The market value of the total assets of the business is the market value of all of the tangible and intangible assets of a business as if sold in aggregate as a going concern. This assumes that the business is expected to continue operations well into the future.<sup>4</sup>

**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. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property Market Value Opinions" address the determination of reasonable exposure and marketing time).<sup>3</sup>

**Mass Appraisal:** the process of valuing a universe of properties as of a given date using standard methodology, employing common data and allowing for statistical testing.<sup>7</sup>

**Mass Appraisal Model:** a mathematical expression of how supply and demand factors interact in a market.<sup>7</sup>

**Misleading:** intentionally or unintentionally misrepresenting, misstating or concealing relevant facts or conclusions.<sup>7</sup>

**Net Lease:** A lease in which the landlord passes on all expenses to the tenant. See also lease.<sup>1</sup>

**Net Rentable Area (NRA):** 1) The area on which rent is computed. 2) The Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor.<sup>5</sup>

**Penetration Ratio (Rate):** The rate at which stores obtain sales from within a trade area or sector relative to the number of potential sales generated; usually applied to existing facilities. Also called: penetration factor.<sup>1</sup>

**Personal Inspection:** a physical observation performed to assist in identifying relevant property characteristics in a valuation service.<sup>7</sup>

**Personal Property:** any tangible or intangible article that is subject to ownership and not classified as real property, including identifiable tangible objects that are considered by the general public as being "personal", such as furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment, and intangible property that is created and stored electronically such as plans for installation art, choreography, emails or designs for digital tokens.<sup>7</sup>

**Physical Characteristics:** attributes of a property that are observable or measurable as a matter of fact, as distinguished from opinions and conclusions, which are the result of some level of analysis or judgement.<sup>7</sup>

**Price:** the amount asked, offered or paid for a property.<sup>7</sup>

**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.<sup>1</sup>

**Real Estate:** an identified parcel or tract of land, including improvements, if any.<sup>7</sup>

**Real Property:** the interests, benefits and rights inherent in the ownership of real estate.<sup>7</sup>

**Reconciliation:** A phase of a valuation assignment in which two or more value indications are processed into a value opinion, which may be a range of value, a single point estimate, or a reference to a benchmark value.<sup>1</sup>

**Relevant Characteristics:** features that may affect a property's value or marketability such as legal, economic or physical characteristics.<sup>7</sup>

**Reliable Measurement:** [The IAS/IFRS framework requires that] neither an asset nor a liability is recognized in the financial statements unless it has a cost or value that can be measured reliably.<sup>2</sup>

**Remaining Economic Life:** The estimated period over which existing improvements are expected to contribute economically to a property; an estimate of the number of years remaining in the economic life of a structure or structural components as of the effective date of the appraisal; used in the economic age-life method of estimating depreciation.<sup>1</sup>

**Replacement Cost:** The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout.<sup>1</sup>

**Report:** any communication, written or oral, of an appraisal or appraisal review that is transmitted to the client or a party authorized by the client upon completion of an assignment.<sup>7</sup>

**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."<sup>1</sup>

**Sales Comparison Approach:** The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of

comparable sales is available.<sup>1</sup>

**Scope of Work:** the type and extent of research and analyses in an appraisal or appraisal review assignment.<sup>7</sup>

**Signature:** personalized evidence indicating authentication of the work performed by the appraiser and the acceptance of the responsibility for content, analyses and the conclusions in the report.<sup>7</sup>

**Stabilized value:** A value opinion that excludes from consideration any abnormal relationship between supply and demand such as is experienced in boom periods when cost and sale price may exceed the long-term value, or during periods of depression, when cost and sale price may fall short of long-term value. It is also a value opinion that excludes from consideration any transitory condition that may cause excessive construction costs, e.g., a premium paid due to a temporary shortage of supply.

**Substitution:** The principle of substitution states that when several similar or commensurate commodities, goods, services are available, the one with the lowest price will attract the greatest demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based.<sup>3</sup>

**Total Assets of a Business:** Total assets of a business is defined by the Appraisal Institute as “the tangible property (real property and personal property, including inventory and furniture, fixtures and equipment) and intangible property (cash, workforce, contracts, name, patents, copyrights, and other residual intangible assets, to include capitalized economic profit).”

**Use Value:**

The value of a property assuming a specific use, which may or may not be the property’s highest and best use on the effective date of the appraisal. Use value may or may not be equal to market value but is different conceptually.<sup>1</sup>

**Valuation Service:** a service pertaining to an aspect of property value, regardless of the type of service and whether it is performed by appraisers or by others.<sup>7</sup>

**Value:** the monetary relationship between properties and those who buy and sell, or use those properties, expressed as an opinion of the worth of a property at a given time.<sup>7</sup>

**Workfile:** data, information and documentation necessary to support the appraiser’s opinions and conclusions and to show compliance with USPAP.<sup>7</sup>

<sup>1</sup>Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute 2010). <sup>2</sup>Appraisal Institute, *International Financial Reporting Standards for Real Property Appraiser*, IFRS Website, [www.ifrs-ebooks.com/index.html](http://www.ifrs-ebooks.com/index.html). <sup>3</sup>Appraisal Institute, *The Appraisal of Real Estate*, 13th ed. (Chicago: Appraisal Institute 2008). <sup>4</sup> This definition is taken from “Allocation of Business Assets Into Tangible and Intangible Components: A New Lexicon,” *Journal of Real Estate Appraisal*, January 2002, Volume LXX, Number 1. This terminology is to replace former phrases such as: value of the going concern. <sup>5</sup>Finacial Publishing Company, *The Real Estate Dictionary*, 7 ed. <sup>6</sup> U.S. Treasury Regulations. <sup>7</sup>USPAP 2020-2021

## CONSTRUCTION BUDGET

**CONSTRUCTION BUDGET**

ITEM #	DESCRIPTION OF WORK	SCHEDULED VALUE	AMOUNT PAID	BALANCE	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9
1	Excavating/Earth removal	\$10,000	\$0.00	\$10,000	10,000								
2	Footings & Foundation	\$85,000	\$0.00	\$85,000	85,000								
3	Water & Sewer Service Connection	\$5,000	\$0.00	\$5,000	5,000								
4	Drainage	\$5,000	\$0.00	\$5,000	5,000								
5	Framing & Staircase	\$100,000	\$0.00	\$100,000		100,000							
6	Exterior (siding, brick)	\$35,000	\$0.00	\$35,000			35,000						
7	Roofing	\$20,000	\$0.00	\$20,000			20,000						
8	Fire Protection System	\$8,000	\$0.00	\$8,000			8,000						
9	Sprinklers	\$28,000	\$0.00	\$28,000			28,000						
10	Plumbing	\$75,000	\$0.00	\$75,000			75,000						
11	PTAC & Mechanical	\$40,000	\$0.00	\$40,000			40,000						
12	Hot Water Tanks	\$7,000	\$0.00	\$7,000							7,000		
13	Electric	\$60,000	\$0.00	\$60,000			60,000						
14	Electric Service	\$2,500	\$0.00	\$2,500				2,500					
15	Intercom	\$5,000	\$0.00	\$5,000			3,500				1,500		
16	Security Cameras	\$5,000	\$0.00	\$5,000			5,000						
17	Light Fixtures (exterior)	\$500	\$0.00	\$500						500			
18	Insulation	\$6,000	\$0.00	\$6,000				6,000					
19	Sheetrock	\$35,000	\$0.00	\$35,000				35,000					
20	Spackle	\$11,000	\$0.00	\$11,000				11,000					
21	Primer & Paint	\$18,000	\$0.00	\$18,000					18,000				
22	Kitchen Cabinets	\$7,000	\$0.00	\$7,000						7,000			
23	Kitchen Countertops	\$7,000	\$0.00	\$7,000							7,000		
24	Kitchen Sink & Faucets	\$2,000	\$0.00	\$2,000								2,000	
25	Kitchen Backsplash	\$3,500	\$0.00	\$3,500							3,500		
26	Appliances	\$11,000	\$0.00	\$11,000									11,000
27	Doors	\$5,000	\$0.00	\$5,000					5,000				
28	Door Frame	\$5,000	\$0.00	\$5,000					5,000				
29	Door Locks	\$500	\$0.00	\$500								500	
30	Trim	\$25,000	\$0.00	\$25,000						25,000			
31	Flooring in Apartments	\$16,000	\$0.00	\$16,000						16,000			
32	Common Area Flooring	\$2,500	\$0.00	\$2,500								2,500	
33	Lobby Door	\$6,000	\$0.00	\$6,000							6,000		
34	Mailboxes	\$4,000	\$0.00	\$4,000									4,000
35	Landscaping	\$5,000	\$0.00	\$5,000								5,000	
36	Final Cleaning	\$5,000	\$0.00	\$5,000									5,000
37	Sidewalks	\$6,000	\$0.00	\$6,000							6,000		
38	Construction Management	\$20,000	\$0.00	\$20,000	\$2,500	\$2,500	\$2,500	\$2,500	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
	<b>Total</b>	<b>\$691,500</b>	<b>\$0</b>	<b>\$691,500</b>	<b>\$107,500</b>	<b>\$102,500</b>	<b>\$277,000</b>	<b>\$57,000</b>	<b>\$30,000</b>	<b>\$50,500</b>	<b>\$33,000</b>	<b>\$12,000</b>	<b>\$22,000</b>

## PRO FORMA

**Income & Expense**

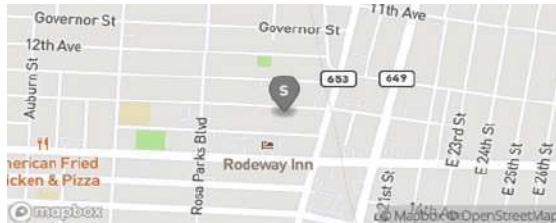
# of Units	Bedrooms	Rent	Monthly Rents
7	Studio (350sf)	\$ 2,000	\$ 14,000
		Monthly Income	\$ 14,000
		Gross Income	\$ 168,000
		Vacancy 5%	\$ 8,400
		<b>Gross Effective after Vacancy</b>	<b>\$ 159,600</b>
		INSURANCE (\$900 per unit)	\$ 6,300
		MAINTENANCE 5%	\$ 7,980
		MANAGEMENT 7%	\$ 11,172
		RESERVES 2%	\$ 3,192
		Payroll 3%	\$ 4,788
		Service Contracts 1%	\$ 1,596
		TAXES (30 yr Tax Abatement)	\$ 1,200
		PSEG	\$ 1,350
		WATER & SEWER	\$ 1,400
		<b>Total Expenses</b>	<b>\$ 38,978</b>
		<b>NET INCOME</b>	<b>\$ 120,622</b>
		<b>6.00%</b>	
		<b>Cap Value</b>	<b>\$ 2,010,367</b>

## COMPARABLE LAND SALES

**Sale #1**

**Land**

352 Hamilton Avenue  
 Paterson, NJ 07501-1798  
 Passaic County  
 BBG Property #1232047



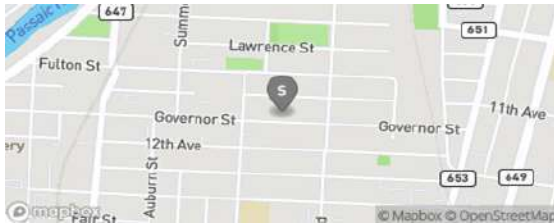
Property Data			
Property Type/Use	Land Multifamily	Lat/Long	40.919690 / -74.1566
Parcel ID #	Block 3509   Lot 19	Census Tract	1814.00
Opportunity Zone	No	Frontage	n/a
Gross Land Area	5,663 SF 0.13 Acres	Net Land Area	5,663 SF 0.13 Acres
Flood Panel	34031C0216G Dated April 17, 2020	Flood Designation	Zone X (Unshaded)
Zoning Code	RA-2	Zoning Description	4th Ward Redevelopment Residential
Utilities	Typical utilities and municipal services available to site including water, sewer, natural gas, electricity, telephone and cable tv/internet.	Terrain / Topography	Generally level
Easements / Encroachments	A title report was not provided, however, we are unaware of any detrimental easements, encroachments or other restrictions that would adversely affect the site's use or marketability.		
Comments	n/a		

Sale Transaction Data for BBG Event #1411556				Net Area	Gross Area
Transaction Date	1/18/2025	Consideration	\$900,000	\$158.93 psf \$6,923,077 per acre	\$158.93 psf \$6,923,077 per acre
Sale Status	Listing	Adjustments	\$0	\$0	\$0
		Cash Equivalent Price	\$900,000	\$158.93 psf \$6,923,077 per acre	\$158.93 psf \$6,923,077 per acre
Property Rights	Fee Simple				
Transaction Component	Real Estate				
Tenancy	Vacant				
Grantor	JEREZ JORGE/JEREZ WILLIAM				
Grantee	N/A				
Comments	<p>This is the listing for proposed 9-unit multifamily building in Paterson, New Jersey.</p> <p>According to the listing on CoStar, all necessary city approvals are in-place, the buyer will only have to apply for permits and break ground immediately.</p> <p>The building will incorporate a lobby, a mail room, a stairwell, a refuse and recycling room, and a studio unit on the ground floor. The 2nd and 3rd floors will each feature (1) one-bedroom unit and (3) two-bedroom units. Additionally, there will be (6) off-street parking spaces and a bike rack. The building is proposed to encompass 5,520 square feet of ground floor area. The plans call for a total of 9 units (8 units + basement level studio).</p> <p>Furthermore, the listing states that the project may qualify for a 20 or 30 year tax abatement subject to city approvals.</p>				
Verification	<p>5/22/2025 CoStar Listing</p>				

**Sale #2**

**Land**

201 Governor Street  
 Paterson, NJ 07501  
 Passaic County  
 BBG Property #1446324



**Property Data**

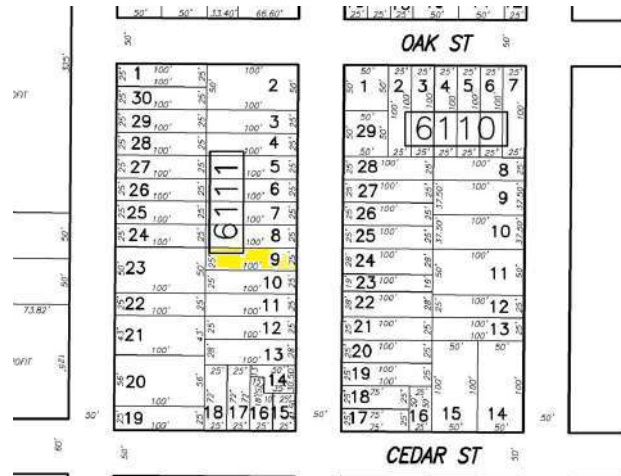
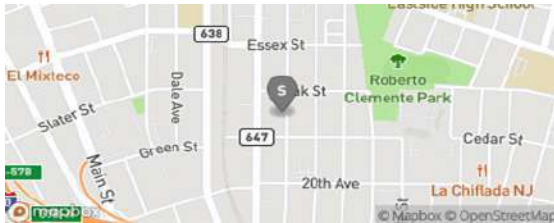
Improvement Details			
Property Type/Use	Multifamily Apartments	Lat/Long	40.922332 / -74.1604
Parcel ID #	Block 3211, Lot 36	Number of Buildings	1
Year Built	2026	Year Renovated	N/A
Quality	Good/Excellent	Condition	Good/Excellent
Class	Class B	Construction Details	Board and Batten Siding, Brick/Masonry Veneer
Gross Building Area	4,836 SF	Rentable Area	3,905 SF
Multifamily Units	11	Floor Area Ratio	1.93
Number of Stories	3	Income Restricted	Property is not income restricted
HAP Contract	No HAP in place	Census Tract	1814.00
Opportunity Zone	No	Site Size (Net)	2,500 SF (0.06 acres)
Site Size (Gross)	2,500 SF (0.06 acres)		
Flood Zone	Zone X (Unshaded)		
Project Amenities	Rooftop Terrace/Deck, Activities Room		
Unit Amenities	Dishwasher, In-Unit Washer/Dryer		

**Unit Mix**

Unit Count	Unit Size (SF)	Unit Plan	Comments
11	355	Studio	Average Proposed Size
11	355 SF Avg.		

Sale Transaction Data for BBG Event #1760317				PSF (GBA)	PSF (Rentable)	Per Unit
Transaction Date	11/22/2024	Consideration	\$1,111,000	\$229.74	\$284.51	\$101,000
Sale Status	Closed	Adjustments	\$0	\$0.00	\$0.00	\$0
Occupancy at TOS	0%	Cash Equivalent Price	\$1,111,000	\$229.74	\$284.51	\$101,000
Property Rights	Fee Simple					
Transaction Component	Real Estate					
Tenancy	Vacant					
Grantor	Plum Group Holdings LLC					
Grantee	201 Governor Project LLC					
Record Info	4819-1					
Comments	<p>On November 22, 2024, the site was acquired by 201 Governor Project LLC ("grantee") from Plum Group Holdings LLC ("grantor") for a total consideration of \$1,111,000. The property was purchased as a vacant development site for a proposed 11-unit apartment building.</p> <p>The underlying site is a rectangular-shaped, 2,500 square foot (0.057-acre) parcel located along the northern side of Governor Street, between Carroll Street and Rosa Parks Boulevard, within the 4th Ward area of Paterson, NJ. The subject is further identified on the Passaic County tax maps as Block 3211, Lot 36.</p>					
Verification	2/4/2026 RealQuest / BBG Appraised					

**Sale #3**  
**Land**  
 116 Madison Street  
 Paterson, NJ 07501  
 Passaic County  
 BBG Property #611787



**Property Data**

*Improvement Details*

Property Type/Use	Multifamily Apartments	Lat/Long	40.910890 / -74.1656
Legal	See property identification		
Parcel ID #	Block 6111, Lot 9	Number of Buildings	1
Year Built	0	Year Renovated	N/A
Quality		Condition	
Class	Class B	Construction Details	
Gross Building Area	4,475 SF	Rentable Area	3,623 SF
Multifamily Units	6		
Number of Stories	3	Floor Area Ratio	1.79
HAP Contract	No HAP in place	Income Restricted	Property is not income restricted
Opportunity Zone	No	Census Tract	1822.00
Site Size (Gross)	2,500 SF (0.06 acres)	Site Size (Net)	2,500 SF (0.06 acres)
Flood Zone	Zone X (Unshaded)		
Comments	Proposed 3-story walk-up multifamily building to contain 6-apartments and 4,475 square feet of gross building area.		

**Unit Mix**

Unit Count	Unit Size (SF)	Unit Plan	Comments
1	486	1BR-1BA	n/a
5	627	1BR-1BA	n/a
6	603 SF Avg.		

<b>Sale Transaction Data for BBG Event #1290686</b>				<b>PSF (GBA)</b>	<b>PSF (Rentable)</b>	<b>Per Unit</b>
Transaction Date	<b>6/3/2024</b>	Consideration	<b>\$600,000</b>	<b>\$134.08</b>	<b>\$165.61</b>	<b>\$100,000</b>
Sale Status	<b>Closed</b>	Adjustments	<b>\$0</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0</b>
Occupancy at TOS	<b>0%</b>	Cash Equivalent Price	<b>\$600,000</b>	<b>\$134.08</b>	<b>\$165.61</b>	<b>\$100,000</b>
Property Rights	<b>Fee Simple</b>					
Transaction Component	<b>Real Estate</b>					
Tenancy	<b>Vacant</b>					
Grantor	<b>CMF Bergen Group 42 CV22 LLC</b>					
Grantee	<b>Pat Res 24 LLC</b>					
Record Info	<b>Deed Book: 4740 Page: 59</b>					
Comments	<b>Sale of approved development site currently improved with a 2-family dwelling to be demolished to allow for development. Transaction negotiated without the use of broker.</b>					
Verification	<b>12/3/2024</b>					
	<b>Proposed building plans and deed</b>					

**Sale #4**  
**Land**  
 200-202 Summer Street  
 Paterson, NJ 07501-1518  
 Passaic County  
 BBG Property #718818



Property Data			
Property Type/Use	Land Multifamily	Lat/Long	40.920656 / -74.1637
Parcel ID #	Block 3607, Lot 3	Census Tract	34-031-1815-00
Opportunity Zone	Yes	Frontage	50' along Summer Street
Gross Land Area	5,000 SF 0.11 Acres	Net Land Area	5,000 SF 0.11 Acres
Flood Panel	34031C0216G Dated April 17, 2020	Flood Designation	Zone X (Unshaded)
Zoning Code	RA-2	Zoning Description	4th Ward Redevelopment Residential
Utilities	Typical utilities and municipal services available to site including water, sewer, natural gas, electricity, telephone and cable tv/internet.		Terrain / Topography Generally level
Easements / Encroachments	A title report was not provided, however, we are unaware of any detrimental easements, encroachments or other restrictions that would adversely affect the site's use or marketability.		
Comments	5,000 square foot site with pedestrian and vehicular access via Summer Street.		

Sale Transaction Data for BBG Event #1626549				Net Area	Gross Area
Transaction Date	4/3/2024	Consideration	\$350,000	\$70.00 psf \$3,181,818 per acre	\$70.00 psf \$3,181,818 per acre
Sale Status	Closed	Adjustments	\$0	\$0	\$0
		Cash Equivalent Price	\$350,000	\$70.00 psf \$3,181,818 per acre	\$70.00 psf \$3,181,818 per acre
Property Rights	Fee Simple				
Transaction Component	Real Estate				
Tenancy	Vacant				
Grantor	200 Summer LLC				
Grantee	167 Temple St LLC				
Record Info	Deed Book: 4683 Page: 52				
Comments	Arms length sale of a site approved for a 7-unit multifamily asset. List price at the time of sale \$399,000. 14-days on the market.				
Verification	12/3/2024 Mordy Abelesz of EXP Realty and deed.				

## COMPARABLE RENTS

**Multifamily Rent #1**  
**65-67 Auburn Street**  
 65-67 Auburn Street  
 Paterson, NJ 07501  
 Passaic County  
 BBG Property #535918



**Property Data**

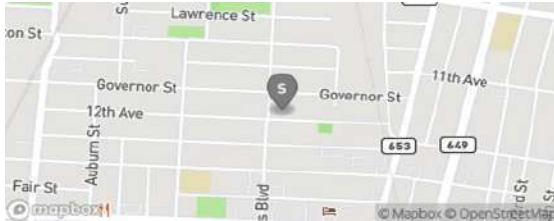
<i>Improvement Details</i>			
Property Type/Use	Multifamily Apartments	Lat/Long	40.920030 / -74.1643
Legal	Block 3611, Lot 24		
Parcel ID #	Block 3611, Lot 24	Number of Buildings	1
Year Built	2023	Year Renovated	N/A
Quality	Good/Excellent	Condition	Good/Excellent
Class	Class B	Construction Details	Brick and vinyl siding exterior. Flat roof with sealed membrane surface.
Gross Building Area	16,972 SF	Rentable Area	9,150 SF
Multifamily Units	15		
Number of Stories	4	Floor Area Ratio	3.12
HAP Contract	No HAP in place	Income Restricted	Property is not income restricted
Opportunity Zone	Yes	Census Tract	1815.00
Parking	Garage: 7 Total: 7	Parking Ratio	0.77:1,000 SF of Rentable Area 0.47 Spaces per Unit
Site Size (Gross)	5,442 SF (0.12 acres)	Site Size (Net)	5,442 SF (0.12 acres)
Flood Zone	Zone X (Unshaded)		
Comments	4-story elevator served apartment building constructed in 2023 containing 15-apartments and 16,972 square feet of gross building area.		

**Multifamily Rental Survey Details**

Leasing Incentives	n/a
Rent Premiums	n/a
Utilities Paid By	<b>Tenant pays Cable, Electric, Gas</b> <b>Landlord pays Sewer, Trash, Water</b>
Occupancy Rate	<b>100%</b>
Comments	n/a
Confirmed By	<b>8/25/2025</b> <b>Rent Roll</b>

Rental Unit Detail								
# Units	Unit Plan	Unit Size (SF)	% AMI	Quoted Rent Low	Quoted Rent High	Eff. Rent Low	Eff. Rent High	Comments
3	Studio	450	N/A	\$1,700	\$1,739	\$1,700	\$1,739	n/a
12	1BR-1BA	650	N/A	\$1,645	\$2,205	\$1,645	\$2,205	n/a
15		610 SF Avg.		\$1,884 Average per Unit		\$1,884 Average per Unit		
				\$3.09 Average PSF		\$3.09 Average PSF		

**Multifamily Rent #2**  
**159-161 12th Avenue**  
 159-161 12th Avenue  
 Paterson, NJ 07501  
 Passaic County  
 BBG Property #311840



**Property Data**

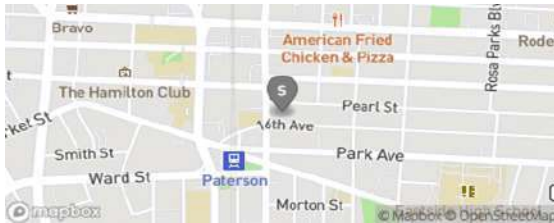
<i>Improvement Details</i>			
Property Type/Use	Multifamily Apartments	Lat/Long	40.921530 / -74.1586
Legal	Not provided.		
Parcel ID #	Block: 3502 Lots: 41 & 42	Number of Buildings	1
Year Built	2021	Year Renovated	N/A
Quality	Good	Condition	Good
Class	Class B	Construction Details	Brick/Masonry Veneer
Gross Building Area	20,605 SF	Rentable Area	12,280 SF
Multifamily Units	20		
Number of Stories	5	Floor Area Ratio	4.12
HAP Contract	No HAP in place	Income Restricted	Property is not income restricted
Opportunity Zone	No	Census Tract	1814.00
Parking	Garage: 8 Total: 8	Parking Ratio	0.65:1,000 SF of Rentable Area 0.40 Spaces per Unit
Site Size (Gross)	5,000 SF (0.11 acres)	Site Size (Net)	5,000 SF (0.11 acres)
Flood Zone	Zone X (Unshaded)		
Project Amenities	Activities Room, Elevator, Fitness Center, Parking Garage		
Unit Amenities	Laundry Connections, Standard Appliances		
Comments	NJ Transit and private carrier buses can be accessed within 1-block. NJ Transit trains can be accessed at Paterson Station 1-mile southwest. Downtown Paterson and Passaic County Offices are located 1-mile west. Local, state and interstate highways are proximal to the site.		

**Multifamily Rental Survey Details**

Leasing Incentives	<b>None</b>
Rent Premiums	<b>None</b>
Utilities Paid By	<b>Tenant pays Cable, Electric, Gas</b> <b>Landlord pays CAM, Insurance, Management, Sewer, Taxes, Trash, Water</b>
Occupancy Rate	<b>100%</b>
Comments	<b>n/a</b>
Confirmed By	<b>10/13/2025</b> <b>CoStar</b>

Rental Unit Detail								
# Units	Unit Plan	Unit Size (SF)	% AMI	Quoted Rent Low	Quoted Rent High	Eff. Rent Low	Eff. Rent High	Comments
4	Studio	430	N/A	\$1,668	\$1,668	\$1,668	\$1,668	
16	1BR-1BA	660	N/A	\$1,929	\$1,929	\$1,929	\$1,929	
20		614 SF Avg.		\$1,877 Average per Unit		\$1,877 Average per Unit		
				\$3.06 Average PSF		\$3.06 Average PSF		

**Multifamily Rent #3**  
**39-43 16th Avenue**  
 39-43 16th Avenue  
 Paterson, NJ 07501  
 Passaic County  
 BBG Property #332225



**Property Data**

*Improvement Details*

Property Type/Use	Multifamily Apartments	Lat/Long	40.916407 / -74.1658
Parcel ID #	Block: 4317 Lot: 2	Number of Buildings	1
Year Built	2018	Year Renovated	N/A
Quality	Good	Condition	Good
Class	Class B	Construction Details	Wood frame with stucco and vinyl siding
Gross Building Area	24,056 SF	Rentable Area	19,080 SF
Multifamily Units	30		
Number of Stories	4	Floor Area Ratio	2.54
HAP Contract	No HAP in place	Income Restricted	Property is not income restricted
Opportunity Zone	No	Census Tract	1817.02
Parking	Garage: 21 Total: 21	Parking Ratio	1.10:1,000 SF of Rentable Area 0.70 Spaces per Unit
Site Size (Gross)	9,464 SF (0.22 acres)	Site Size (Net)	9,464 SF (0.22 acres)
Flood Zone	Zone X (Unshaded)		
Comments	NJ Transit and private carrier buses can be accessed within 1-block NJ Transit trains can be accessed nearby at Paterson Station with service to Secaucus Junction, Hoboken, Newark and New York City.		

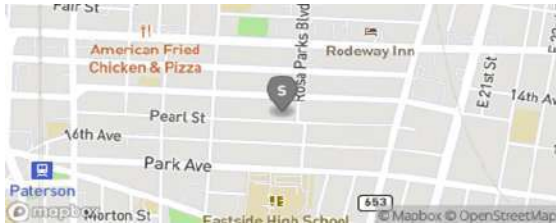
**Multifamily Rental Survey Details**

Leasing Incentives	<b>None</b>
Rent Premiums	<b>None</b>
Utilities Paid By	<b>Tenant pays Cable, Electric, Gas Landlord pays CAM, Insurance, Management, Sewer, Taxes, Trash, Water</b>
Occupancy Rate	<b>100%</b>
Comments	<b>n/a</b>
Confirmed By	<b>8/2/2025 Florio Management</b>

**Rental Unit Detail**

# Units	Unit Plan	Unit Size (SF)	% AMI	Quoted Rent Low	Quoted Rent High	Eff. Rent Low	Eff. Rent High	Comments
9	Studio	378	N/A	\$2,000	\$2,000	\$2,000	\$2,000	n/a
15	1BR-1BA	638	N/A	\$0	\$0	\$0	\$0	n/a
6	2BR-1BA	1,018	N/A	\$0	\$0	\$0	\$0	n/a
30		0 SF Avg.		\$600 Average per Unit \$0.94 Average PSF		\$600 Average per Unit \$0.94 Average PSF		

**Multifamily Rent #4**  
**133-135 Pearl Street**  
 133-135 Pearl Street  
 Paterson, NJ 07501  
 Passaic County  
 BBG Property #334392



**Property Data**

Improvement Details			
Property Type/Use	Multifamily Apartments	Lat/Long	40.916670 / -74.1598
Legal	Not Provided.		
Parcel ID #	Block: 4207 Lots: 17 & 18	Number of Buildings	1
Year Built	2021	Year Renovated	N/A
Quality	Good	Condition	Good
Class	Class B	Construction Details	Brick and vinyl siding exterior, metal windows with insulated glass, flat roof with rubber membrane surface.
Gross Building Area	8,870 SF	Rentable Area	5,980 SF
Multifamily Units	10		
Number of Stories	3	Floor Area Ratio	1.72
HAP Contract	No HAP in place	Income Restricted	Property is not income restricted
Opportunity Zone	Yes	Census Tract	1823
Parking	Garage: 8 Total: 8	Parking Ratio	1.34:1,000 SF of Rentable Area 0.80 Spaces per Unit
Site Size (Gross)	5,150 SF (0.12 acres)	Site Size (Net)	5,150 SF (0.12 acres)
Flood Zone	Zone X (Unshaded)		
Project Amenities	Elevator, Game/Media Room, Parking Garage		
Unit Amenities	Laundry Appliances, Standard Appliances		
Comments	NJ Transit and private carrier buses can be accessed within 2-blocks. NJ Transit trains can be accessed at Paterson Station within 1/2-mile. Local, state and interstate highways are proximal to the site.		

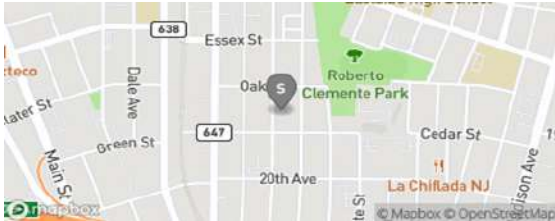
**Multifamily Rental Survey Details**

Leasing Incentives	<b>None</b>
Rent Premiums	<b>None</b>
Utilities Paid By	<b>Tenant pays Cable, Electric, Gas Landlord pays CAM, Insurance, Management, Sewer, Taxes, Trash, Water</b>
Occupancy Rate	<b>100%</b>
Comments	<b>n/a</b>
Confirmed By	<b>8/18/2025 Florio Management</b>

**Rental Unit Detail**

# Units	Unit Plan	Unit Size (SF)	% AMI	Quoted Rent Low	Quoted Rent High	Eff. Rent Low	Eff. Rent High	Comments
2	Studio	450	N/A	\$2,000	\$2,000	\$2,000	\$2,000	
8	1BR-1BA	635	N/A	\$0	\$0	\$0	\$0	
10		0 SF Avg.		\$400 Average per Unit \$0.67 Average PSF		\$400 Average per Unit \$0.67 Average PSF		

**Multifamily Rent #5**  
**107-109 Beech Street**  
 107-109 Beech Street  
 Paterson, NJ 07501  
 Passaic County  
 BBG Property #332385



**Property Data**

*Improvement Details*

Property Type/Use	Multifamily Apartments	Lat/Long	40.910819 / -74.1643
Legal	Not Provided		
Parcel ID #	Block 6303 Lot 5	Number of Buildings	1
Year Built	2021	Year Renovated	N/A
Quality	Excellent	Condition	Good
Class	Class B	Construction Details	Wood frame with thin brick veneer and stucco finish
Gross Building Area	20,605 SF	Rentable Area	12,267 SF
Multifamily Units	20		
Number of Stories	5	Floor Area Ratio	4.12
HAP Contract	No HAP in place	Income Restricted	Property is not income restricted
Opportunity Zone	No	Census Tract	1822.00
Parking	Garage: 8 Total: 8	Parking Ratio	0.65:1,000 SF of Rentable Area 0.40 Spaces per Unit
Site Size (Gross)	5,000 SF (0.11 acres)	Site Size (Net)	5,000 SF (0.11 acres)
Flood Zone	Zone X (Unshaded)		
Project Amenities	Parking Garage, Elevator, Study Rooms, Conference Room, Bike Storage, Lounge		

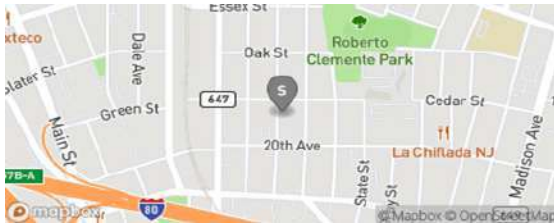
**Multifamily Rental Survey Details**

Leasing Incentives	<b>None</b>
Rent Premiums	<b>None</b>
Utilities Paid By	<b>Tenant pays Cable, Electric, Gas Landlord pays CAM, Insurance, Management, Sewer, Taxes, Trash, Water</b>
Occupancy Rate	<b>100%</b>
Comments	<b>n/a</b>
Confirmed By	<b>9/30/2025 Florio Management</b>

**Rental Unit Detail**

# Units	Unit Plan	Unit Size (SF)	% AMI	Quoted Rent Low	Quoted Rent High	Eff. Rent Low	Eff. Rent High	Comments
4	Studio	430	N/A	\$2,000	\$2,000	\$2,000	\$2,000	
16	1BR-1BA	659	N/A	\$0	\$0	\$0	\$0	
20		0 SF Avg.		\$400 Average per Unit \$0.65 Average PSF		\$400 Average per Unit \$0.65 Average PSF		

**Multifamily Rent #6**  
**135 Beech Street**  
 135 Beech Street  
 Paterson, NJ 07501  
 Passaic County  
 BBG Property #1446855



**Property Data**

*Improvement Details*

Property Type/Use	Multifamily Apartments	Lat/Long	40.909875 / -74.1644
Parcel ID #	Block 6302, Lot 11	Number of Buildings	1
Year Built	2021	Year Renovated	N/A
Quality	Good/Excellent	Condition	Good/Excellent
Class	Class C	Construction Details	Brick/Masonry Veneer
Gross Building Area	17,119 SF	Rentable Area	10,500 SF
Multifamily Units	20		
Number of Stories	4	Floor Area Ratio	3.42
HAP Contract	No HAP in place	Income Restricted	Property is not income restricted
Opportunity Zone	No	Census Tract	1822.00
Parking	Garage: 20 Total: 20		
Site Size (Gross)	5,000 SF (0.11 acres)	Site Size (Net)	5,000 SF (0.11 acres)
Project Amenities	Parking Garage		
Unit Amenities	Stainless Steel Appliances, Stainless Steel Sink, In-Unit Washer/Dryer		

**Multifamily Rental Survey Details**

Leasing Incentives	<b>None</b>
Rent Premiums	<b>None</b>
Utilities Paid By	<b>Tenant pays Cable, Electric, Gas Landlord pays CAM, Insurance, Management, Sewer, Taxes, Trash, Water</b>
Occupancy Rate	<b>100%</b>
Comments	<b>n/a</b>
Confirmed By	<b>11/6/2025 Florio Management</b>

**Rental Unit Detail**

# Units	Unit Plan	Unit Size (SF)	% AMI	Quoted Rent Low	Quoted Rent High	Eff. Rent Low	Eff. Rent High	Comments
10	Studio	400	N/A	\$2,000	\$2,000	\$2,000	\$2,000	n/a
10	1BR-1BA	650	N/A	\$2,500	\$2,500	\$2,500	\$2,500	n/a
20		525 SF Avg.		\$2,250 Average per Unit \$4.29 Average PSF		\$2,250 Average per Unit \$4.29 Average PSF		

## COMPARABLE IMPROVED SALES

**Sale #1**  
**Apartment**  
 60-62 Plum Street  
 Paterson, NJ 07503-3038  
 Passaic County  
 BBG Property #1221795



**Property Data**

*Improvement Details*

Property Type/Use	Multifamily Apartments	Lat/Long	40.905751 / -74.1674
Parcel ID #	Block 5807, Lot 2	Number of Buildings	1
Year Built	2024	Year Renovated	N/A
Quality	Good	Condition	Good/Excellent
Class	Class B	Construction Details	Vinyl Siding/EIFS and wood frame
Gross Building Area	16,196 SF	Rentable Area	13,000 SF
Multifamily Units	20		
Number of Stories	5	Floor Area Ratio	3.87
HAP Contract	No HAP in place	Income Restricted	Property is not income restricted
Opportunity Zone	No	Census Tract	1829.00
Parking	Covered: 18 Total: 18	Parking Ratio	1.38:1,000 SF of Rentable Area 0.90 Spaces per Unit
Site Size (Gross)	4,182 SF (0.10 acres)	Site Size (Net)	4,182 SF (0.10 acres)
Project Amenities	Elevator		

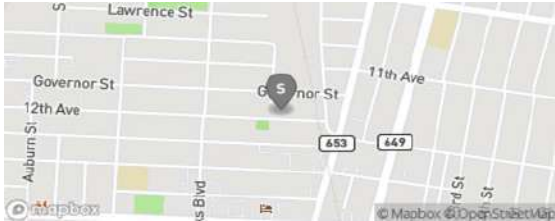
**Unit Mix**

Unit Count	Unit Size (SF)	Unit Plan	Comments
10	600	1BR-1BA	n/a
10	700	2BR-1BA	n/a
20	650 SF Avg.		

Sale Transaction Data for BBG Event #1401315				PSF (GBA)	PSF (Rentable)	Per Unit
Transaction Date	3/1/2025	Consideration	\$7,200,000	\$444.55	\$553.85	\$360,000
Sale Status	Listing	Adjustments	\$-1,250,121	\$-77.19	\$-96.16	\$-62,506
Occupancy at TOS	70%	Cash Equivalent Price	\$5,949,879	\$367.37	\$457.68	\$297,494
Property Rights	Leased Fee					
Transaction Component	Real Estate					
Tenancy	Multiple					
Grantor	62 PLUM STREET LLC					
Grantee	N/A					
Comments	<p>This comparable listing is a 5-story elevator-served, mid-rise apartment building containing 20 units and 18 covered/garage parking spaces. The property benefits from a 30 year PILOT, with \$1,250,121 remaining in present value tax savings.</p> <p>The property consists of one- and two-bedroom apartments, with recently signed rents of \$2,300 to \$2,350 per month, with an average of \$2,325 per unit/mo., reflecting full market levels.</p> <p>The property is newly constructed and there have been no prior transactions within the past three years. The current listing was put on the market approximately in Q1 2025 by thenunegroup with an initial asking price of \$7,200,000. The property was 70% occupied at the time of the listing.</p> <p>Based on the average in-place rent (and applying it to the remaining vacant units), the proforma apartment PGI equates to \$558,000 plus \$150 per space for parking, the total PGI equates to \$590,400. Applying a market oriented 5% V/C and 35% expense ratio, the market derived OAR equates to 6.11% (applying full taxes plus the present value of the PILOT).</p>					
Verification	<p>5/21/2025</p> <p>Thenunegroup (broker) / Traded NJ</p>					

Financial Attributes	In-Place Income		
	Amount	PSF (Rentable)	Per Unit
Rental Income	\$558,000	\$42.92	\$27,900
Other Income	\$32,400	\$2.49	\$1,620
Gross Annual Income	\$590,400	\$45.42	\$29,520
Vacancy Expense	\$31,140	\$2.40	\$1,557
Effective Gross Income	\$559,260	\$43.02	\$27,963
Expenses	\$190,741	\$14.67	\$9,537
Reserves	\$5,000	\$0.38	\$250
Net Operating Income	\$363,519	\$27.96	\$18,176
GIM	10.08		
EGIM	10.64		
Overall Rate	6.11%		
Operating Expense Ratio	35.00%		

**Sale #2**  
**Apartment**  
 197-199 12th Avenue  
 Paterson, NJ 07501-1650  
 Passaic County  
 BBG Property #1336395



**Property Data**

*Improvement Details*

Property Type/Use	Multifamily Apartments	Lat/Long	40.921444 / -74.1566
Parcel ID #	08-03502-0000-00026	Number of Buildings	1
Year Built	2024	Year Renovated	N/A
Quality	Excellent	Condition	Excellent
Class	Class B	Construction Details	Brick/Masonry Veneer
Gross Building Area	9,600 SF	Rentable Area	7,450 SF
Multifamily Units	10		
Number of Stories	3	Floor Area Ratio	1.25
HAP Contract	No HAP in place	Income Restricted	Property is not income restricted
Opportunity Zone	No	Census Tract	1814.00
Parking	Surface: 7 Garage: 8 Total: 15	Parking Ratio	2.01:1,000 SF of Rentable Area 1.50 Spaces per Unit
Site Size (Gross)	7,700 SF (0.18 acres)	Site Size (Net)	7,700 SF (0.18 acres)
Project Amenities	Recycling, BBQ/Picnic Area, Parking Garage, Surface Parking		
Unit Amenities	Air Conditioning, Stainless Steel Appliances, In-Unit Washer/Dryer		
Comments	GBA re-measured via aerial web-based mapping tool (Excluding ground floor garage area); NRA via rent roll.		

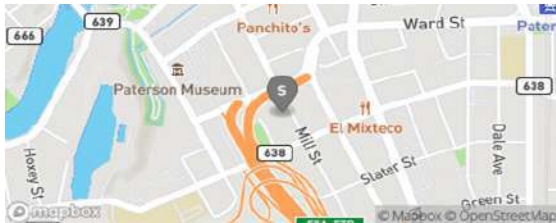
**Unit Mix**

Unit Count	Unit Size (SF)	Unit Plan	Comments
6	705	1BR-1BA	n/a
4	805	1BR-1BA	Plus Den
10	745 SF Avg.		

Sale Transaction Data for BBG Event #1540678				PSF (GBA)	PSF (Rentable)	Per Unit
Transaction Date	8/8/2025	Consideration	\$3,695,000	\$384.90	\$495.97	\$369,500
Sale Status	Listing	Adjustments	\$-334,007	\$-34.79	\$-44.83	\$-33,401
Occupancy at TOS	100%	Cash Equivalent Price	\$3,360,993	\$350.10	\$451.14	\$336,099
Property Rights	Leased Fee					
Transaction Component	Real Estate					
Tenancy	Multiple					
Grantor	223 GODWIN LLC					
Grantee	N/A					
Comments	<p>This comparable listing consists of a 10-unit multifamily building housed in approximately 9,600 square feet of gross building area, built in 2023.</p> <p>The unit mix consists of four (4) 1BD-1BA (+den) units and six (6) 1BD-1BA units with rents ranging from \$2,000 to \$2,300 respectively. The property also contains (15) parking spaces. Moreover, as observed in the pictures posted on the listing, there are covered-garage parking spaces as well as a surface parking lot in the rear.</p> <p>The property benefits from a 30-Year PILOT Tax Exemption, and is in year 1 with \$334,007 remaining in present value of tax savings.</p> <p>There have been no other prior sales within the past three years. Gershon Adjaye of KW New York City Now is representing the seller. The property was initially listed on August 17, 2025 for a total of consideration of \$3,850,000. The has been reduced to \$3,695,000 as of October 2025. Although inquired, we are unaware of the seller's motivations.</p> <p>According to our conversations with Gershon Adjaye, there is an in-place NOI of \$240,243, which equates to an OAR of 6.25%-6.52% for the listing. This OAR is based on exempt taxes (\$4,107 payable) and significantly understates expenses not considering mgmt., v/c, R&amp;M, etc.</p> <p>Utilizing a market expense ratio of ~25%, inclusive of \$250/unit for replacement reserves, 3% for management, and other other investor expenses, there is a market-derived NOI of \$181,196, which equates to an implied OAR of 5.39%.</p>					
Verification	<p>8/25/2025</p> <p>Gershon Adjaye - (973) 583-3030 X254</p>					

Financial Attributes	In-Place Income		
	Amount	PSF (Rentable)	Per Unit
Rental Income	\$254,400	\$34.15	\$25,440
Gross Annual Income	\$254,400	\$34.15	\$25,440
Vacancy Expense	\$12,720	\$1.71	\$1,272
Effective Gross Income	\$241,680	\$32.44	\$24,168
Expenses	\$57,984	\$7.78	\$5,798
Reserves	\$2,500	\$0.34	\$250
Net Operating Income	\$181,196	\$24.32	\$18,120
GIM	13.21		
EGIM	13.91		
Overall Rate	5.39%		
Operating Expense Ratio	25.03%		

**Sale #3**  
**Apartment**  
 108 Mill Street  
 Paterson, NJ 07501  
 Passaic County  
 BBG Property #1409748



**Property Data**

<i>Improvement Details</i>			
Property Type/Use	Multifamily Apartments	Lat/Long	40.912285 / -74.1756
Parcel ID #	Block 4711, Lot 9	Number of Buildings	1
Year Built	2022	Year Renovated	N/A
Quality	Good	Condition	Good
Class	Class B	Construction Details	Hardie Plank and vinyl siding, with brick/stone veneer and flat room membrane
Gross Building Area	5,000 SF	Rentable Area	4,700 SF
Multifamily Units	6	Floor Area Ratio	1.04
Number of Stories	3	Income Restricted	Property is not income restricted
HAP Contract	No HAP in place	Census Tract	
Opportunity Zone	No	Parking Ratio	0.43:1,000 SF of Rentable Area 0.33 Spaces per Unit
Parking	Garage: 2 Total: 2	Site Size (Net)	4,792 SF (0.11 acres)
Site Size (Gross)	4,792 SF (0.11 acres)		
Project Amenities	Attached Garage Parking		
Unit Amenities	Stainless Steel Sink, Stainless Steel Appliances		

<b>Unit Mix</b>			
Unit Count	Unit Size (SF)	Unit Plan	Comments
2	550	1BR-1BA	n/a
4	900	3BR-2BA	n/a
6	783 SF Avg.		

Sale Transaction Data for BBG Event #1626473				PSF (GBA)	PSF (Rentable)	Per Unit
Transaction Date	3/17/2025	Consideration	\$1,750,000	\$350.00	\$372.34	\$291,667
Sale Status	Closed	Adjustments	\$-230,000	\$-46.00	\$-48.94	\$-38,333
Occupancy at TOS	100%	Cash Equivalent Price	\$1,520,000	\$304.00	\$323.40	\$253,333
Property Rights	Leased Fee					
Transaction Component	Real Estate					
Tenancy	Multiple					
Grantor	108-110 MILL ST LLC					
Grantee	PURPLE REAL ESTATE LLC					
Record Info	4873/176					

Comments This comparable sale consists of a 3-story walk-up multifamily apartment building containing a total of 6 dwelling units housed in 5,000 square feet of gross building area, built in 2022. There are attached parking garages on the first floor of the building.

The property benefits from a 30-year PILOT tax exemption, which is in year 3 out of 30 years and has an estimated present value of tax savings equal to \$231,313 (\$230,000 rounded).

There have been no other prior sales within the past three years. Youssef Genid of Realty One Group Legend represented the sale. Although inquired, we are unaware of the initial asking price, marketing exposure time, and motivations behind the sale. According to Mr. Genid, there was a 9.00% capitalization rate.

Based on the reported in-place income from LoopNet, which details two 1-bedroom units with an asking rent of \$1,700 and four 3-bedroom units with average rents of \$2,950 per month. Assuming a discount to the asking rent in-line with market, we assume \$1,650 and \$2,850 for the one and three bedroom rents. This would imply a PGI of \$176,400. The reported NOI of \$157,500 from CoStar, after a 5% vacancy and collection loss, would imply an expense ratio of ~16%, which is underrepresented based on our experience in the submarket.

Utilizing a 5% v/c ratio and approximately a 35% expense ratio plus \$250/per unit for reserves, there is an implied NOI of \$106,195, which equates to an OAR of 6.99%.

Verification	3/17/2025
	Deed / Youssef Genid (listing Broker) at OnerealtyOneGroup

Financial Attributes	In-Place Income		
	Amount	PSF (Rentable)	Per Unit
Rental Income	\$176,400	\$37.53	\$29,400
Gross Annual Income	\$176,400	\$37.53	\$29,400
Vacancy Expense	\$8,820	\$1.88	\$1,470
Effective Gross Income	\$167,580	\$35.66	\$27,930
Expenses	\$59,885	\$12.74	\$9,981
Reserves	\$1,500	\$0.32	\$250
Net Operating Income	\$106,195	\$22.59	\$17,699
GIM	8.62		
EGIM	9.07		
Overall Rate	6.99%		
Operating Expense Ratio	36.63%		

**Sale #4**  
**Apartment**  
 191-197 Broadway  
 Paterson, NJ 07522  
 Passaic County  
 BBG Property #1123808



**Property Data**

<i>Improvement Details</i>			
Property Type/Use	Multifamily Apartments	Lat/Long	40.918994 / -74.1666
Parcel ID #	Block 3614, Lot 7	Number of Buildings	1
Year Built	2024	Year Renovated	N/A
Quality	Good	Condition	Good
Class	Class B	Construction Details	Brick/Stone Veneer and Clapboard Siding
Gross Building Area	5,211 SF	Rentable Area	4,040 SF
Multifamily Units	5		
Number of Stories	3	Floor Area Ratio	0.62
HAP Contract	No HAP in place	Income Restricted	Property is not income restricted
Opportunity Zone	No	Census Tract	1832.00
Site Size (Gross)	8,377 SF (0.19 acres)	Site Size (Net)	8,377 SF (0.19 acres)

**Unit Mix**

Unit Count	Unit Size (SF)	Unit Plan	Comments
1	440	1BR-1BA	Average
1	630	1BR-1BA	n/a
3	990	2BR-1BA	n/a
5	808 SF Avg.		

Sale Transaction Data for BBG Event #1338033				PSF (GBA)	PSF (Rentable)	Per Unit
Transaction Date	9/12/2024	Consideration	\$2,000,000	\$383.80	\$495.05	\$400,000
Sale Status	Closed	Adjustments	\$-788,010	\$-151.22	\$-195.05	\$-157,602
Occupancy at TOS	100%	Cash Equivalent Price	\$1,211,990	\$232.58	\$300.00	\$242,398
Property Rights	Leased Fee					
Transaction Component	Real Estate					
Tenancy	Multiple					
Grantor	22SB LLC					
Grantee	191-197 BROADWAY LLC					
Record Info	Book/Page (4787/279)					
Comments	This comparable sale consists of a 3-story plus basement, walk-up, building containing a total of 5 apartments housed in 5,211 square feet of gross building area, built in 2024.					

The property also benefits from a 30-year PILOT Tax Exemption, in year 1 with \$788,010 remaining in present value of tax savings.

Notably, the architectural plans outlined 4 total units, however, the broker indicates there are 5 approved residential units and 1 community / recreational room that the owner converted into a 2-bedroom unit and charged \$2,000 per month.

The offering memorandum indicated that all the apartments were approved as either one and two-bedrooms, however, the developer/owner converted all units and added an additional bedroom to each apartment (not matching the building plans). Per the OM, the 1brs are leasing for \$2,000 per month and the true 2BRs are leased for \$2,350 to 2,500 per month. At the time of the listing, 2 units were rented and 3 had approved applications with 1 fully vacant apartment. At the time of closing, we assume the property was fully occupied.

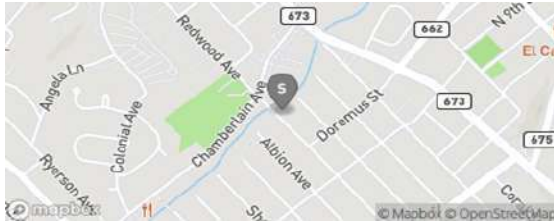
There have been no other prior sales within the past three years. Notably, according to CoStar, the property was listed on March 6, 2026 for \$1,800,000 by Sheila Esdaile at Nicholas Real Estate Agency reflecting a 7% OAR (utilizing exempt taxes). The property closed on September 12, 2024 for \$2MM. We were unable to review the deed, but based on a review of public records, we assume this was an arm's length transaction.

Based on the I&E from the offering memorandum, as well as applying \$250 pu of replacement reserves, 3% mgmt., and other investor expenses, the market derived OAR equates to 5.95% (utilizing full taxes plus the present value of the PILOT tax savings).

Verification	3/10/2025 Deed
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Financial Attributes	In-Place Income		
	Amount	PSF (Rentable)	Per Unit
Rental Income	\$155,400	\$38.47	\$31,080
Gross Annual Income	\$155,400	\$38.47	\$31,080
Vacancy Expense	\$7,770	\$1.92	\$1,554
Effective Gross Income	\$147,630	\$36.54	\$29,526
Expenses	\$73,969	\$18.31	\$14,794
Reserves	\$1,500	\$0.37	\$300
Net Operating Income	\$72,161	\$17.86	\$14,432
GIM	7.80		
EGIM	8.21		
Overall Rate	5.95%		
Operating Expense Ratio	51.12%		

**Sale #5**  
**Apartment**  
 208 Redwood Avenue  
 Paterson, NJ 07522-1961  
 Passaic County  
 BBG Property #1092503



**Property Data**

<i>Improvement Details</i>			
Property Type/Use	Multifamily Apartments	Lat/Long	40.925296 / -74.1881
Parcel ID #	Block 1006, Lot 55	Number of Buildings	1
Year Built	2023	Year Renovated	N/A
Quality	Good	Condition	Good
Class	Class B	Construction Details	Hardie Plank and vinyl siding, flat roof with sealed membrane surface.
Gross Building Area	14,592 SF	Rentable Area	12,040 SF
Multifamily Units	16	Floor Area Ratio	1.02
Number of Stories	4	Income Restricted	Property is not income restricted
HAP Contract	No HAP in place	Census Tract	1803.02
Opportunity Zone	No	Parking Ratio	0.66:1,000 SF of Rentable Area 0.50 Spaces per Unit
Parking	Garage: 8 Total: 8	Site Size (Net)	14,375 SF (0.33 acres)
Site Size (Gross)	14,375 SF (0.33 acres)		
Flood Zone	Zone AE		
Project Amenities	Elevator		

**Unit Mix**

Unit Count	Unit Size (SF)	Unit Plan	Comments
2	450	Studio	n/a
6	650	1BR-1BA	n/a
8	905	2BR-2BA	n/a
16	753 SF Avg.		

Sale Transaction Data for BBG Event #1265370				PSF (GBA)	PSF (Rentable)	Per Unit
Transaction Date	7/19/2024	Consideration	\$4,400,000	\$301.54	\$365.45	\$275,000
Sale Status	Closed	Adjustments	\$-725,000	\$-49.68	\$-60.22	\$-45,312
Occupancy at TOS	100%	Cash Equivalent Price	\$3,675,000	\$251.85	\$305.23	\$229,688
Property Rights	Leased Fee					
Transaction Component	Real Estate					
Tenancy	Multiple					
Grantor	Redwood Apartments LLC					
Grantee	Redwood AMG LLC					
Record Info	Deed book: 4741 Page: 149					
Comments	This comparable sale is an elevator-served, mid-rise apartment building containing 16 units and covered parking spaces.					

The property also benefits from a 30-year PILOT Tax Exemption, and is in year 2 with \$725,000 (rounded) remaining in present value of tax savings.

The unit mix consists of studio, one- and two-bedrooms with rents of \$1,550, \$1,850 and \$2,250 per unit/mo., with an average of \$2,013 per unit/mo., reflecting near full market levels.

There have been no other prior sales within the past three years. Based on a review of public sources and discussions with the brokers, the most recent sale is considered an arm's length transaction. The recent sale was an unpriced listing of a newly constructed multifamily asset. The property was on the market 7-months. Details of building and financial information provided by selling broker Joni Sweetwood of Kislak Company. The buyer broker was Robert Squires at Kislak Company.

The capitalization rate based on the proforma income and full purchase price of \$4,400,000 is a 6.74% capitalization rate, utilizing full taxes plus the PV of the PILOT tax savings.

Verification	11/13/2024
	Joni Sweetwood of Kislak Company and deed

Financial Attributes	In-Place Income		
	Amount	PSF (Rentable)	Per Unit
Rental Income	\$386,400	\$32.09	\$24,150
Other Income	\$13,800	\$1.15	\$862
Gross Annual Income	\$400,200	\$33.24	\$25,012
Vacancy Expense	\$19,320	\$1.60	\$1,208
Effective Gross Income	\$380,880	\$31.63	\$23,805
Expenses	\$129,297	\$10.74	\$8,081
Reserves	\$4,000	\$0.33	\$250
Net Operating Income	\$247,583	\$20.56	\$15,474
GIM	9.18		
EGIM	9.65		
Overall Rate	6.74%		
Operating Expense Ratio	35.00%		

## LETTER OF ENGAGEMENT



March 5, 2026

Forte Series A LLC  
58 main Street, Fl 2  
Hackensack, NJ 07601

Attn: Shauzab Ladha  
Via: [sladha@forteifund.com](mailto:sladha@forteifund.com)

RE: **Proposal to Provide Appraisal Services**  
Multifamily Property  
49-51 Graham Avenue / Rosa Parks Boulevard  
Paterson, NJ

## PROPOSAL SPECIFICATIONS

Client	Forte Series A, LLC
Intended Use	Loan underwriting
Intended Users	Forte Series A, LLC their affiliates, participants and/or assigns
Scope of Work - Appraisal	<p>The appraisal will utilize all applicable valuation approaches to develop an as is and as completed/stabilized market value opinions of the subject property's fee simple estate.</p> <p><b>The value conclusion will be developed under the hypothetical condition that the property has been approved for a 7-unit multifamily development.</b></p> <p>The value opinions will be developed and presented in an <b>Appraisal Report</b> in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. As approved by the client, a third-party group will inspect the property and provide photographs and detailed inspection notes.</p>
Fee Structure	\$3,400
Delivery	No more than 10 business days from receipt of retainer
Retainer	\$3,400 (100%)
Expenses	Fee quoted includes all expenses

Payment Terms

**Electronic payment using the information below:**

Bank of America Acct#: 488038497058

Payment via ACH - Routing #: 111000025

Payment via Wire - Routing#: 026009593

RE: Invoice#: Please reference BBG's file # from the document

Report Copies

1 Email PDF to the client; hard copies available upon request

The attached Terms and Conditions of the Engagement are deemed part of this Appraisal Services Agreement and are incorporated fully herein by reference and shall apply to any appraisal reports, contract or orders into which they are incorporated. In addition, with respect to any appraisal report, any use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by BBG, Inc. and its agents, servants, employees, principals, affiliated companies and all those in privity with them, constitutes acceptance of such Terms and Conditions of the Engagement, as well as acceptance of all other appraisal statements, limiting conditions and assumptions stated in the appraisal report. Use of this appraisal report constitutes acknowledgement and acceptance of the Terms and Conditions of the Engagement, special assumptions (if any), extraordinary assumptions (if any), and hypothetical conditions (if any) on which this estimate of market value is based. This appraisal report has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any other party who is not the identified client within this report who uses or relies upon any information in this report does so at their own risk.

Client acknowledges and agrees that BBG may anonymize all property and operational information ("Client Data") provided and aggregate with other anonymized data from other Clients and/or other sources and use such aggregated, anonymized Client Data in existing or future BBG product offerings. BBG shall process the Client Data in a manner that renders the form and source of the Client Data unidentifiable to any other Client or third party.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

Sincerely,

A handwritten signature in blue ink, appearing to read 'E. Hoening', with a horizontal line underneath.

Eric Hoening, MAI  
Senior Managing Director  
813-629-6329  
[ehoening@bbgres.com](mailto:ehoening@bbgres.com)  
as an agent of BBG, Inc.

AGREED AND ACCEPTED



\_\_\_\_\_  
Signature

\_\_\_\_\_  
Shauzab Ladha  
Name

\_\_\_\_\_  
917 656 5784  
Phone Number

\_\_\_\_\_  
March 5, 2026  
Date

\_\_\_\_\_  
CEO  
Title

\_\_\_\_\_  
sladha@forteifund.com  
Email

If entity responsible for payment is different from entity engaging, please provide contact information below:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Email

\_\_\_\_\_  
Phone Number

If Site/Data Contact are different from entity engaging, please provide contact information below:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Email

\_\_\_\_\_  
Phone Number

## Terms and Limiting Conditions of the Engagement - Appraisal

The Terms and Limiting Conditions of the Engagement are deemed part of the attached Proposal Specifications and Appraisal Services Agreement and are incorporated fully therein, and shall apply to any appraisal services, oral testimony, reports, contracts, or orders into which they may be incorporated.

### A) Definitions. In the Terms and Conditions of the Engagement:

1. "BBG, Inc." means BBG, Inc. and its agents, successors, assigns, servants, employees, principals, affiliated companies and all those in privity with them.
2. "Appraiser" means the appraiser(s) performing part or all of the appraisal services and/or signing an appraisal report.
3. "Appraisal Services Agreement" means any written agreement with Client for performance of the appraisal services by Appraiser, including any agreement entered into electronically.
4. "Client" means any party identified expressly as a client in an Appraisal Services Agreement and also any party identified expressly as a client by the Appraiser in an appraisal report.
5. "Appraisal" means any appraisal report(s) prepared by or oral report and/or testimony presented by BBG, Inc.
6. "Report" means a written or oral report prepared by and/or oral testimony presented by BBG, Inc.

### B) Venue and Jurisdiction

**THIS APPRAISAL SERVICES AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC SUBSTANTIVE LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION. IF ANY ACTION RELATING TO THIS APPRAISAL SERVICES AGREEMENT OR THE CONTEMPLATED TRANSACTIONS IS BROUGHT BY A PARTY HERETO AGAINST ANY OTHER PARTY HERETO, THE PREVAILING PARTY IN SUCH ACTION WILL BE ENTITLED TO RECOVER ALL REASONABLE EXPENSES RELATING THERETO (INCLUDING REASONABLE ATTORNEYS' FEES AND EXPENSES) FROM THE NON-PREVAILING PARTY.**

Each party to this Appraisal Services Agreement (a) hereby irrevocably submits to the exclusive jurisdiction and venue of the state courts located in Dallas County, Texas (or, if but only if such court lacks jurisdiction, the United States District Court for the Northern District of Texas) for the purpose of any Action between any of the parties hereto arising in whole or in part under or in connection with this Appraisal Services Agreement, any Ancillary Agreement, or the Contemplated Transactions, (b) hereby waives and agrees not to assert any claim that he, she or it is not subject personally to the jurisdiction of the above-named courts or that any such Action brought in the above-named courts should be dismissed on grounds of forum non conveniens. Notwithstanding the foregoing, a party hereto may commence any Action in a court other than the above-named courts solely for the purpose of enforcing an order or judgment issued by the above-named courts.

### C) Limitations of Liability

It is expressly agreed that in any action which may be brought against BBG, Inc., arising out of, relating to, or in any way pertaining to this engagement, this Appraisal Services Agreement, or any services, reports, information, or opinions contained therein or presented, BBG, Inc. shall not be responsible or liable for any incidental or consequential losses, unless the same was fraudulent or prepared with gross negligence. It is further agreed that the collective liability of BBG, Inc. in any such action shall not exceed the fees paid for the preparation of the respective report or services unless the same was fraudulent or prepared with gross negligence. Finally, it is agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.

Client hereby agrees to indemnify, defend, protect, and hold BBG, Inc. harmless from and against all claims, damages, losses and expenses, including attorneys' fees, expenses and costs, incurred upon investigating and defending any claim, action or proceeding arising from, or in any way connected to, relating to, or in any way pertaining to this engagement, this Appraisal Services Agreement, or any services, reports, information, or opinions contained therein or presented.

Further, you acknowledge that any opinions and conclusions expressed by professionals employed by BBG, Inc. related to this agreement are representations made by them as employees and not as individuals. BBG, Inc.'s responsibility is limited to you as a Client. The use of BBG, Inc.'s product by anyone other than the stated intended users is not intended unless expressly stated and shall be solely at the risk of you and/or third parties. BBG, Inc. acknowledges that Client and stated intended users will be the end-users of, and can rely upon, the opinions and conclusions of BBG, Inc.

#### **D) Confidentiality**

The parties agree that (i) this Appraisal Services Agreement and the terms contained herein, (ii) opinions or valuation conclusions, (iii) 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, and (iv) all information regarding the property of whatever nature made available to either party by the other (including all versions of BBG, Inc.'s final report and all prior drafts of same) and methods of each party revealed during the performance of the Services (altogether, collectively, the "Confidential Information") shall be treated as strictly confidential. Accordingly, neither party nor any employee, agent or affiliate thereof shall disclose the same to any third party, other than the stated intended users, without the written consent of other party and approval of Appraiser; provided, however, that, a party shall not hereby be precluded from disclosure of Confidential Information that may be compelled by legal requirements, or from disclosing this Appraisal Services Agreement (and the terms contained herein) to its attorneys, accountants, auditors, lenders, and other professionals who may be bound to that party by duties of confidence.

Do not provide Personally Identifiable Information (PII) to BBG, Inc. or any of its agents. PII is any piece of information meant to identify a specific individual. This includes data such as a Social Security number, driver's license number and financial account numbers.

#### **E) General Assumptions and Limiting Conditions**

Appraisal services have been provided with the following general assumptions:

1. Notwithstanding that the Appraiser may comment on, analyze or assume certain conditions in the appraisal assignment, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
  - a) 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. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
  - b) Unless otherwise stated in the written report or oral 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. Further, 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. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
  - c) Any legal description or plats reported in the appraisal 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. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
  - d) 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. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way, except as stated.
  - e) The appraisal report 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; additionally, 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 opinion. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations

of any zoning or other regulations affecting the subject property, that 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.

- f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of the property. Since the Appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.
  - g) No monetary liability or responsibility is assumed 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 or oral report.
  - h) It is assumed the subject property is not adversely affected by the potential of floods unless otherwise stated herein. Further, 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 existing or proposed buildings.
  - i) Unless otherwise stated within the appraisal report or oral report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's or Consultant's inspection.
  - j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report or oral report. Further, unless so stated in the report or oral report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.
  - k) 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 monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.
  - l) BBG, Inc., excepting employees of BBG Assessment, Inc., and the appraiser(s) are not experts in determining the presence or absence of hazardous substances 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. BBG, Inc. and the appraiser(s) assume no monetary liability or 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. The Client is free to retain an expert on such matters in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.
  - m) BBG, Inc. is not an expert 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. BBG, Inc. assumes no monetary liability or 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 contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the report.
2. If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.
  3. If provided, the estimated insurable value or cost is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not

be solely relied upon for insurable value or cost purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.

4. The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. Any appraisal report is based on market conditions existing as of the effective date.
5. Any value opinions reported or expressed apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values stated herein is applicable only under the program of utilization shown. These separate valuations are invalidated for any other application.
6. Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such 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.
7. The Appraiser assumes no monetary liability or 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.
8. Any proposed or incomplete improvements included in the appraisal 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.
9. If the appraisal 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.
10. 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 opinions of value.
11. The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the Appraiser or Consultant. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.
12. The submission of the appraisal report constitutes completion of the services authorized and agreed upon unless other services are provided for in this agreement. Such report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, or judicial or administrative proceedings, unless otherwise defined herein. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work. A payment agreement must be reached in advance of the Appraiser providing such services.

13. Client shall not disseminate, distribute, make available or otherwise provide any appraisal report prepared hereunder to any third party, other than the stated intended users, (including without limitation, incorporating or referencing the report, in whole or in part, in any offering or other material intended for review by other parties) except to (a) intentionally deleted (b) any third party service provider (including rating agencies and auditors) using the report in the course of providing services for the sole benefit of an Intended User, or (c) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, the receipt of a report by such party shall not confer any right upon such party to use or rely upon such report, and Appraiser shall have no liability for such unauthorized use or reliance upon such report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the report.
14. BBG, Inc. will provide services consistent with the degree of skill typically exercised by appraisers in the geographic area.
15. BBG, Inc. will not subcontract any part of BBG, Inc.'s obligations under the Agreement, without the prior, written consent of Client, which may be withheld, conditioned or delayed at the sole discretion of Client.

## **EXHIBIT A**

### **Data Request**

Data to be furnished as applicable or available:

- Survey
- Site plan
- Unit mix
- Property details
- Entitlement details
- Construction budget and timeline
- Operating budget
- Past third party reports: appraisals, ESAs, PCAs, soils
- Property contact to schedule the inspection

Additional information may be requested during the course of the assignment.

## APPRAISER QUALIFICATIONS AND LICENSE



**Peter Enright, MAI**  
Senior Appraiser  
Office: 347-537-2139  
[penright@bbgres.com](mailto:penright@bbgres.com)

## Profile

Peter Enright is a Senior Appraiser for BBG working out of the New York office. Peter has been appraising commercial real estate since 1991. His appraisal experience includes virtually all property types throughout the country, specializing in large income producing properties. Past assignments have included existing and proposed office buildings, shopping centers including enclosed regional malls, existing and proposed residential condominium projects, mobile home parks, hotels, industrial buildings, healthcare facilities, recreational marinas and vacant land. Peter is proficient in the use of Argus cash flow software and can analyze and construct the most complex cash flow projections. He is also a MAP certified HUD appraiser.

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## Professional Affiliations

### Appraisal Institute

Member: MAI since 1998

### Certified General Real Estate Appraiser:

State of New Jersey (License No. RG013202)

State of New York (License No. 46000043154)

State of Maryland (License No. 35449)

State of Delaware (License No. X1-0010841)

Commonwealth of Pennsylvania (License No. GA003817)

State of Connecticut (License No. RCG.0001656)

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## Education

BA Economics Major, Rutgers College, Rutgers University 1988

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**State Of New Jersey**  
**New Jersey Office of the Attorney General**  
**Division of Consumer Affairs**



THIS IS TO CERTIFY THAT THE  
REAL ESTATE APPRAISERS BOARD

HAS CERTIFIED

PETER J. ENRIGHT  
[REDACTED]

FOR PRACTICE IN NEW JERSEY AS A(N): **Certified General Appraiser**

12/04/2025 TO 12/31/2027

VALID

**42RG00130200**

LICENSE/REGISTRATION/CERTIFICATION #

Handwritten signature of the licensee, appearing to be 'A M'.

Signature of Licensee/Registrant/Certificate Holder

Handwritten signature of the acting director, appearing to be 'Enright'.

ACTING DIRECTOR

U